

SUN LIFE MALAYSIA TAKAFUL BERHAD
200501012215 (689263-M)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2025

Registration No.

200501012215 (689263-M)

SUN LIFE MALAYSIA TAKAFUL BERHAD
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DIRECTORS' REPORT

The Directors are pleased to present this report together with the Company's audited financial statements for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is engaged principally in underwriting Family Takaful, including investment-linked business. There were no significant changes in the Company's principal activities during the financial year.

FINANCIAL RESULTS

	RM'000
Net profit for the financial year	<u>65,228</u>

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 2024:

	RM'000
Dividend paid on 2 July 2025:	
Final Single-Tier Dividend in respect of the Ordinary Shares of 3.57 sen per share	4,999
Final Single-Tier Dividend in respect of the Islamic Perpetual Non-cumulative Preference Shares of 0.8 sen per share	<u>1</u>
	<u>5,000</u>

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

RESERVES AND PROVISIONS

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

TAKAFUL AND RETAKAFUL CERTIFICATE LIABILITIES

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

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DIRECTORS' REPORT (CONTINUED)

SHARE CAPITAL

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

BAD AND DOUBTFUL DEBTS

Before the Company's financial statements were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to writing off of 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 Company's financial statements inadequate to any substantial extent.

CURRENT ASSETS

Before the Company's financial statements were made out, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, at their values as shown in the Company's accounting records were 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 Company's financial statements misleading.

VALUATION METHODS

As of the date of this report, the Directors are not aware of any circumstances that has arisen which render adherence to the existing methods of valuation of assets or liabilities of 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 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 Company that arose since the end of the financial year.

No contingent or other liability of 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 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 certificates of Takaful underwritten in the ordinary course of the Company's business.

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DIRECTORS' REPORT (CONTINUED)

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 Company's financial statements, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the Company's operations for 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 Company's operations for the financial year in which this report is made.

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
Datin K. Komalavalli K.R. Gopal	Independent Director
Vivien Kusumowardhani	Independent Director
Ooi Say Teng	Non-Independent Non-Executive Director
Puneet Nayyar (Appointed on 12 August 2025)	Executive Director
Randy Lianggara (Resigned on 11 August 2025)	Executive Director

DIRECTORS' BENEFITS

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

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

INDEMNITY AND TAKAFUL

The Company's Directors and Officers are covered by Directors and Officers liability takaful 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 takaful contribution paid for this cover, during the financial year, amounted to RM69,920.

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DIRECTORS' REPORT (CONTINUED)

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.

DIRECTORS' REMUNERATION

Directors' remuneration of the Company for the financial year is RM851,000. The details of Directors' remuneration are set out in Note 14 to the financial statements.

CORPORATE GOVERNANCE DISCLOSURES

Board of Directors (the Board)

Composition of the Board

The Board currently has five (5) members, comprising one (1) Independent Chairman, two (2) Independent Directors, one (1) Non-Independent Non-Executive Director 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, takaful, 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.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Dato' Noorazman is currently the Chairman of the Board of Sun Life Malaysia Assurance Berhad, CTOS Digital Berhad, MUFG Bank (Malaysia) Berhad and sits on the Board of Kumpulan Perangsang Selangor Berhad.

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 was appointed as a member of the Investment Panel member of Kumpulan Wang Persaraan (KWAP), a statutory body that manages the pension scheme of public employees. He has ceased as the Non-Executive Board member in Audit Oversight Board (AOB) of the Securities Commission Malaysia, with effect from 30 July 2025.

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

Mr. Ooi Say Teng

Non-Independent Non-Executive Director

Date of Appointment: 8 September 2017

Membership of Board Committees:

- Member of Audit Committee
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee
- Member of Executive 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 board of Directors for Tune Insurance Malaysia Berhad, Labuan Reinsurance (L) Ltd and was the Deputy Chairman for Malaysia Life Reinsurance Berhad.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Mr. Ooi is currently also a Non-Independent Non-Executive Director of Sun Life Malaysia Assurance Berhad.

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

Datin K. Komalavalli K.R. Gopal

Independent Director

Date of Appointment: 2 September 2022

Membership of Board Committees:

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

Datin Komala holds a Bachelor of Economics (Hons) from the University of Malaya.

Datin Komala has an extensive 37 years of experience in regulating and supervising the banking and insurance industries in Malaysia as a central banker, prior to her retirement from Bank Negara Malaysia in 2019. She commenced her career at the Ministry of Finance, Malaysia in 1982 and moved on to Bank Negara Malaysia in 1988. Prior to assuming her supervision role for the safety and soundness of individual financial institutions in 2002, Datin Komala has also been extensively involved in macro policy formulation, designed to facilitate the growth and capacity building of the industry to be able to support the developmental needs of the Malaysian economy. Datin Komala has been directly responsible for engaging with Boards and senior managements of financial institutions to ensure early identification of emerging issues and implementation of pre-emptive remedial actions and effective resolution strategies best suited to achieve the desired outcomes.

Post retirement, Datin Komala has been a consultant and board member of various institutions.

Datin Komala does not hold any shares in the Company.

Ms. Vivien Kusumowardhani

Independent Director

Date of Appointment: 19 August 2022

Membership of Board Committees:

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

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Ms. Vivien obtained her Executive Master of Business Administration from Instituto de Empresa, Madrid, Spain in March 1988. She also holds a Bachelor of Business Administration from City University of New York – Baruch College, New York, USA. She is a member of Professional Designation in Life Insurance – The Fellow, Life Management Institute (FLMI) with distinction.

Ms. Vivien has over 42 years of experience in Marketing and Business Development, Bancassurance and Corporate Communications, having served as a Board Member of Indonesia Life Insurance Association (also known as Asosiasi Asuransi Jiwa Indonesia - AAJI) and held key positions in MetLife Sejahtera, Sewu New York Life and ING Aetna Life Indonesia.

Ms. Vivien is currently the President Commissioner and Chairperson of Sun Life Financial Indonesia. She also serves as Chairperson of Indonesia Canada Chamber of Commerce (ICCC), a member of the Board of Supervisors of Yayasan CARE Peduli (CARE Indonesia), and a member of the Management Board of Yayasan Kanker Indonesia (Indonesia Cancer Foundation).

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

Mr. Puneet Nayyar
Executive Director

Date of Appointment: 12 August 2025

Membership of Board Committees:

- Member of Executive Committee

Mr. Nayyar is currently the Chief Actuary, Sun Life Asia, where he leads the Regional Office Actuarial Teams 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 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 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.

Prior to 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.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

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 following 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 Meetings

Pursuant to BNM Policy Document on Corporate Governance, each Director must attend at least 75% of the Board meeting held in a financial year for the financial year ended 31 December 2025, all Directors recorded full attendance at Board meeting.

A total of seven (7) Board meetings were held during the financial year ended 31 December 2025.

The details of attendance of each Directors are as follow:

Directors	Attendance	%
Dato' Noorazman Bin Abd Aziz (Chairman)	7/7	100%
Datin K. Komalavalli K.R. Gopal	7/7	100%
Vivien Kusumowardhani	7/7	100%
Ooi Say Teng	7/7	100%
Randy Lianggara*	2/2	100%
Puneet Nayyar**	3/3	100%

* Appointed on 21 March 2025 and resigned on 11 August 2025.

**Appointed on 12 August 2025.

Directors' Training

The Board acknowledges the importance of continuing education for Directors to ensure that each Director is well equipped with the necessary skills and knowledge to perform their duties and responsibilities.

During the financial year ended 31 December 2025, all Board members attended various training programmes and workshops on issues relevant to their duties and responsibilities to further enhance their skills and knowledge and keep abreast with the latest development in the industry.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Training (continued)

Training attended by the Directors during the financial year ended 31 December 2025 were as follows:

No.	Training Programme	Attended By
1.	KPMG - Directors Training on Sustainability	Dato' Noorazman Bin Abd Aziz Ooi Say Teng Vivien Kusumowardhani Datin K. Komalavalli K.R. Gopal Puneet Nayyar
2.	EY - e-Invoicing overview and MyInvois Portal Guidance	Dato' Noorazman Bin Abd Aziz Ooi Say Teng Vivien Kusumowardhani Datin K. Komalavalli K.R. Gopal
3.	Malaysian Takaful Association (MTA) - Hijrah27 - Comprehensive Overview of the Hijrah Plan	Dato' Noorazman Bin Abd Aziz Ooi Say Teng Vivien Kusumowardhani Datin K. Komalavalli K.R. Gopal
4.	In House - SLM Board Cybersecurity Landscape Briefing	Dato' Noorazman Bin Abd Aziz Ooi Say Teng Vivien Kusumowardhani Datin K. Komalavalli K.R. Gopal
5.	In House - Annual Engagement Session between the Board and the Shariah Committee Risk Management in Takaful	Dato' Noorazman Bin Abd Aziz Vivien Kusumowardhani Datin K. Komalavalli K.R. Gopal Puneet Nayyar
6.	FIDE Forum - The Influence of Board Culture on Corporate Performance	Dato' Noorazman Bin Abd Aziz Datin K. Komalavalli K.R. Gopal
7.	Institute of Corporate Directors Malaysia (ICDM) - Mandatory Accreditation Program Part II: <ul style="list-style-type: none">• Leading for Impact (LIP)• Building high-impact boards for sustainable growth	Dato' Noorazman Bin Abd Aziz
8.	Bank Negara Malaysia (BNM) - Engagement with Chairpersons and CEOs of Insurers and Takaful Operators & Associations	Dato' Noorazman Bin Abd Aziz
9.	ID@INCEIF - Shariah Unplugged: Islamic Law by Datuk Prof Dr Mohamad Akram Laidin	Dato' Noorazman Bin Abd Aziz
10.	ID@INCEIF - Maqasid Al Shariah: Methodology Issues by Prof. Dr. Jasser Auda, ISTAC-IIUM	Dato' Noorazman Bin Abd Aziz
11.	INCEIF - Dialogue Session: Reshaping The Future: Islamic Economics for a Humane and Sustainable	Dato' Noorazman Bin Abd Aziz
12.	Asian Institute of Chartered Bankers (AICB) - Climate Risk Management: What Bank Directors Need to Know	Dato' Noorazman Bin Abd Aziz
13.	AICB - Climate Risk Management: What Bank Directors Need to Know	Dato' Noorazman Bin Abd Aziz

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Training (continued)

No.	Training Programme	Attended By
14.	Kumpulan Perangsang Selangor Berhad (KPSB) - Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	Dato' Noorazman Bin Abd Aziz
15.	KPSB - Section 17A of the Malaysian Anti-Corruption Commission (MACC) – Strengthening Corporate Integrity	Dato' Noorazman Bin Abd Aziz
16.	Kumpulan Wang Persaraan (KWAP) - Annual Integrity, Governance and Anti-Corruption Training for Investment Panel (IP)	Dato' Noorazman Bin Abd Aziz
17.	KWAP - Board and Investment Panel Training on Board Dynamics: Building Effective, Ethical and High Performing Boards	Dato' Noorazman Bin Abd Aziz
18.	ID@INCEIF - AI and the Future of Business Education: Adapt Wisely or Become Obsolete	Dato' Noorazman Bin Abd Aziz
19.	KWAP - Leadership Risk and Compliance Awareness Session 2025 <ul style="list-style-type: none"> • Insider Trading • Anti Money Laundering 	Dato' Noorazman Bin Abd Aziz
20.	INCEIF University & Dubai Islamic Bank - Quarterly Islamic Banking Webinar Series with Dubai Islamic Bank: Sustainable Finance & Responsible Investment Framework	Dato' Noorazman Bin Abd Aziz
21.	KWAP - Investment Workshop Investment Opportunities Voices from Investors and Industry	Dato' Noorazman Bin Abd Aziz
22.	Securities Commission (SC) - ASEAN Capital Markets Forum (ACMF) International Conference	Dato' Noorazman Bin Abd Aziz
23.	Asia School of Business (ASB) - FIDE FORUM x ASB Governance Programme	Dato' Noorazman Bin Abd Aziz
24.	ASB - Public Lecture by Professor Joseph E. Stiglitz	Dato' Noorazman Bin Abd Aziz
25.	CTOS – Anti-Bribery and Anti-Corruption Training	Dato' Noorazman Bin Abd Aziz
26.	ID@INCEIF - Third Sector Empowerment: Driving Social Transformation in Malaysia	Dato' Noorazman Bin Abd Aziz
27.	MUFG Bank - <ul style="list-style-type: none"> • Annual FCC Awareness Session for Board of Directors • Cyber Resilience in the Artificial Intelligence and Quantum Computing Landscape • Climate Reporting Readiness Workshop 	Dato' Noorazman Bin Abd Aziz
28.	ID@INCEIF - Third Sector Empowerment: Driving Social Transformation in Malaysia	Dato' Noorazman Bin Abd Aziz
29.	In House - 2025 Cyber Drill Exercise	Puneet Nayyar Datin K. Komalavalli K.R. Gopal Vivien Kusumowardhani
30.	Actuarial Society of Hong Kong (ASHK) - Professionalism Webinar 2025	Puneet Nayyar

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Training (continued)

No.	Training Programme	Attended By
31.	ASHK - <ul style="list-style-type: none">• Online CPD seminar• Fellow Program Course 2025 ASHK Health Insurance Conference	Puneet Nayyar
32.	Iclif & ASB - The Financial Institutions Directors' Education (FIDE) Program Module A and B – Insurance	Puneet Nayyar
33.	Swiss Re - Future Proof: Hong Kong's Path to Sustainable Innovation	Puneet Nayyar
34.	In House - Directors' Orientation Programme - Takaful	Puneet Nayyar
35.	Society of Actuaries (SA) & Sun Life - AI Insight - The State of AI and the Actuarial Profession Webinar	Puneet Nayyar
36.	Sun Life - 2025 Sun Life Asia Risk, Actuarial, ALM & products conference	Puneet Nayyar
37.	Sun Life - AI in Actuarial: From Possibility to Practice webcast	Puneet Nayyar
38.	ASB - Trump's Tariffs and the Global Economy: What's Next, and What Can Be Done?	Ooi Say Teng
39.	Climate Governance Malaysia (CGM) - National Climate Governance Summit 2025; Transition Finance: The Foundation of The Transition Economy	Datin K. Komalavalli K.R. Gopal
40.	FIDE Forum - E-Invoice I Service Tax Impact on Independent Directors	Datin K. Komalavalli K.R. Gopal
41.	FIDE Forum - Engagement Session with FIDE FORUM Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024	Datin K. Komalavalli K.R. Gopal
42.	FIDE Forum - Tokenising Financial Assets: What Financial Leaders Needs to Know Today	Datin K. Komalavalli K.R. Gopal
43.	FIDE Forum - Future of Directorship in the Digital Era	Datin K. Komalavalli K.R. Gopal
44.	FIDE Forum - Asia School of Business: 10th Anniversary Celebrations - Leadership & Entrepreneurship – The Resilience Playbook	Datin K. Komalavalli K.R. Gopal
45.	PIDM - National Resolution Symposium 2025 Precaution Over Reaction: Harvesting Readiness in an Uncertain World	Datin K. Komalavalli K.R. Gopal
46.	BNM - Sasana Symposium 2025: Structural Reforms – Building a Resilient Malaysia	Datin K. Komalavalli K.R. Gopal
47.	Perkumpulan Komisaris Independen Asuransi Indonesia (PERKOMINA) - Inaugurasi & Seminar “PSAK 117 & KUHD 251”	Vivien Kusumowardhani
48.	Indonesia Insurance Summit 2025 - Reimagining the Future of Insurance: Innovation for Sustainable Future	Vivien Kusumowardhani
49.	Asian Institute of Insurance (AII) - Cyber Risk & Cybersecurity Briefing for Board Members	Vivien Kusumowardhani

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

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 and one (1) Non-Independent Non-Executive Director. Five (5) 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	%
Vivien Kusumowardhani (Chairperson)	5/5	100%
Dato' Noorazman Bin Abd Aziz	5/5	100%
Datin K. Komalavalli K.R. Gopal	5/5	100%
Ooi Say Teng	5/5	100%

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. Three (3) 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	%
Vivien Kusumowardhani (Chairperson)	3/3	100%
Dato' Noorazman Bin Abd Aziz	3/3	100%
Datin K. Komalavalli K.R. Gopal	3/3	100%
Ooi Say Teng	3/3	100%

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Board Committees (continued)

Nomination and Remuneration Committee (NRC) (continued)

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, the Shariah Committee 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 three (3) Independent Directors and one (1) Non-Independent Non-Executive Director. 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	%
Datin K. Komalavalli K.R. Gopal (Chairperson)	5/5	100%
Vivien Kusumowardhani	5/5	100%
Dato' Noorazman Bin Abd Aziz	5/5	100%
Ooi Say Teng	5/5	100%

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.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Board Committees (continued)

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 12 August 2025)

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

- i) Reviews and recommends for approval of the matters set out in clauses 6.4 and 6.5 of the Shareholders Agreement before being tabled to the relevant Board Committees (as applicable) and, subsequently, to the Board for deliberation and approval.
- ii) Reviews and recommends for approval of the matters set out in clauses 9.3(a), (b) and (c) of the Shareholders Agreement before being tabled to the Board for deliberation and approval.

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.

Shariah Committee (SC)

The SC members and meeting attendance during the financial year are as follows:

Members	Attendance	%
Sheikh Professor Dato' Dr Asmadi Mohamed Naim (Chairman)	10/10	100%
Sheikh Azizi Che Seman	10/10	100%
Sheikh Professor Dr. Abd Ghafar Ismail	10/10	100%
Sheikh Dr. Md Nurdin Ngadimon	10/10	100%
Sheikh Dr Ghazali Jaapar	10/10	100%

The SC's duties and responsibilities are as follows:

- (i) Provides decision or advice to the Company on the application of any rulings of the Shariah Advisory Council (SAC) or standards on Shariah matters that are applicable to the Company's business, operations, affairs and activities;
- (ii) Provides a decision or advice on matters which require a reference to be made to the SAC;
- (iii) Provides a decision or advice on the Company's business, operations, affairs and activities which may trigger a Shariah non-compliance event;
- (iv) Deliberates and affirms a Shariah non-compliance finding by any relevant functions;
- (v) Endorses a rectification measure to address a Shariah non-compliance event;
- (vi) Reviews and endorses Shariah governance related documents such as the Shariah-Compliant Business Policy, Shariah audit, and Shariah risk management; and
- (vii) Approves product concept, underlying Shariah contract, Shariah structure, Shariah features and its documentation.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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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.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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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. 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 Notes 14 and 20 to the Financial Statements.

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 Company for the year ended 31 December 2025 is as follows:

	RM'000
Fees payable to Ernst & Young PLT:	
Statutory audit	535
Regulatory related services	29
Non-audit related services	3
	<hr/> 567 <hr/>

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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AUDITORS

The auditors, Ernst & Young PLT, 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 11 March 2026.

DATO' NOORAZMAN BIN ABD AZIZ
DIRECTOR

OOI SAY TENG
DIRECTOR

Kuala Lumpur

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

We, Dato' Noorazman Bin Abd Aziz and Ooi Say Teng, being two of the Directors of Sun Life Malaysia Takaful Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements on pages 25 to 144 are drawn up to give a true and fair view of the Company's financial position as at 31 December 2025, and the Company's financial performance for the financial year ended 31 December 2025 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 11 March 2026.

DATO' NOORAZMAN BIN ABD AZIZ
DIRECTOR

OOI SAY TENG
DIRECTOR

Kuala Lumpur

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

I, Ong Le Keat, being the Officer primarily responsible for the financial management of Sun Life Malaysia Takaful Berhad, do solemnly and sincerely declare that the financial statements on pages 25 to 144 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.

ONG LE KEAT

Subscribed and solemnly declared by the above named Ong Le Keat at Kuala Lumpur, in the state of Wilayah Persekutuan in Malaysia on 11 March 2026.

Before me,

COMMISSIONER FOR OATHS

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

REPORT OF THE SHARIAH COMMITTEE

In the name of Allah, the Beneficent, the Merciful

We, the Sun Life Malaysia Takaful Berhad Shariah Committee (the Shariah Committee) reviewed the principles and the contracts relating to the transactions and applications introduced by Sun Life Malaysia Takaful Berhad (the Company) through the product literature, contract documents, financial statements, policies, and specific issues during the financial year ended 31 December 2025. We also conducted our review to form an opinion as to whether the Company complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The Company's management is responsible for ensuring that it conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on review of the operations by the Shariah Review, Risk Management, and the Internal Audit of the Company as presented to the Shariah Committee, and to report to you.

We assessed the work carried out by the Shariah review which included examining the relevant documentation and operational procedures adopted by the Company.

We planned and performed our review to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the Company has not violated the Shariah principles.

In our opinion:

1. The contracts, transactions, and dealings entered into and concluded by the Company during the financial year ended 31 December 2025 are in compliance with the Shariah principles.
2. The allocation of surplus sharing from the Participant Risk Fund (Tabarru' Funds) to the customers and Company conforms to the basis stipulated in the Surplus Recognition and Allocation Policy approved by us.
3. The allocation of profit sharing from the Participant Account/Universal Account to the customers and Company conforms to the basis stipulated in the Takaful Participants' Account – Investment Allocation and Management of Universal Takaful Business Policy approved by us.
4. There was no Qard recovery by the Shareholders Fund from the Family Takaful Fund in the financial year ended 31 December 2025.
5. All Shariah review and audit reports were shared to us, deliberated on, and ratified by us.
6. The allocation of zakat amounting to RM2,268,113 was deliberated and approved by the Shariah Committee.

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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REPORT OF THE SHARIAH COMMITTEE (CONTINUED)

We, being two of the members of the Company's Shariah Committee, do hereby confirm that the Company's operations for the financial year ended 31 December 2025 were conducted in conformity with Shariah, except where it is disclosed otherwise. Nothing has come to our attention that causes us to believe that the operations, business, affairs, and activities of the Company involve any material Shariah non-compliance.

SHEIKH PROFESSOR DATO' DR ASMADI MOHAMED NAIM
SHARIAH COMMITTEE

SHEIKH AZIZI CHE SEMAN
SHARIAH COMMITTEE

Kuala Lumpur
11 March 2026

**Independent auditors' report to the members of
Sun Life Malaysia Takaful Berhad
(Incorporated in Malaysia)
200501012215 (689263-M)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sun Life Malaysia Takaful Berhad, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 25 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and 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 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 Takaful 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), Report on the Shariah Committee and Sustainability Statement, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

**Independent auditors' report to the members of
Sun Life Malaysia Takaful 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 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 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 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 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 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 Company to cease to continue as a going concern.

**Independent auditors' report to the members of
Sun Life Malaysia Takaful 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 Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

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

Brandon Bruce Sta Maria
02937/09/2027 J
Chartered Accountant

Kuala Lumpur, Malaysia
11 March 2026

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	Family Takaful Fund		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Property and equipment	3	-	-	196	1,082
Intangible assets	4	-	-	10,580	13,858
Right-of-use assets		-	-	9	63
Investments:					
Fair value through other comprehensive income financial assets ("FVOCI")	5	2,557,211	2,258,917	3,217,461	2,901,496
Fair value through profit or loss financial assets ("FVTPL")	5	933,845	697,615	972,305	707,455
Amortised cost financial assets	7	87,779	132,468	124,353	146,507
Retakaful certificate assets	8	76,476	80,279	76,477	80,280
Takaful certificate assets	8	144,216	147,830	146,895	375,566
Other receivables	9	2,597	4,494	9,205	8,866
Current tax assets		67	-	7,565	9,339
Cash and bank balances		16,337	12,667	17,150	12,881
TOTAL ASSETS		3,818,528	3,334,270	4,582,196	4,257,393
EQUITY AND LIABILITIES					
Share capital	12	-	-	240,000	240,000
Retained earnings		-	-	529,233	469,005
Fair value through other comprehensive income reserve		95,109	61,192	103,627	61,903
Takaful finance reserve		(95,109)	(61,192)	(95,109)	(61,192)
TOTAL EQUITY		-	-	777,751	709,716
Retakaful certificate liabilities	8	6,493	5,997	6,493	5,997
Takaful certificate liabilities	8	3,716,182	3,230,684	3,606,740	3,382,066
Lease liabilities		-	-	9	64
Other payables	11	88,795	94,603	135,463	125,315
Deferred tax liabilities	10	7,058	2,461	55,740	34,235
Current tax liabilities		-	525	-	-
TOTAL LIABILITIES		3,818,528	3,334,270	3,804,445	3,547,677
TOTAL EQUITY AND LIABILITIES		3,818,528	3,334,270	4,582,196	4,257,393

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

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Family Takaful Fund		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Takaful revenue	13	432,363	347,595	482,483	430,818
Takaful service expenses	14	(447,942)	(365,309)	(413,534)	(401,618)
Takaful service result before retakaful certificates held		(15,579)	(17,714)	68,949	29,200
Allocation of retakaful contributions		(89,022)	(84,170)	(89,022)	(84,170)
Amounts recoverable from retakaful operators for incurred claims		88,826	83,967	88,857	83,995
Net expense from retakaful certificates held	15	(196)	(203)	(165)	(175)
Takaful service result		(15,775)	(17,917)	68,784	29,025
Investment income		113,090	97,894	138,145	121,955
Net fair value gains on FVOCI financial assets		692	2,043	1,394	2,206
Net fair value gains/(losses) on FVTPL financial assets		24,846	(16,832)	23,416	(15,998)
Net investment income	16(a)	138,628	83,105	162,955	108,163
Takaful finance expenses for takaful certificates issued		(121,366)	(65,697)	(139,107)	(73,828)
Retakaful finance income for retakaful certificates held		196	203	196	203
Net takaful finance result	16(b)	(121,170)	(65,494)	(138,911)	(73,625)
Net investment result		17,458	17,611	24,044	34,538
Other operating income		14	13	333	14
Other operating expenses		-	-	(738)	(180)
Other finance cost		-	-	(2)	(3)
Other income/(expenses)		14	13	(407)	(169)
Profit/(loss) before taxation		1,697	(293)	92,421	63,394
Tax attributable to participants		(1,697)	293	(1,697)	293
Profit before taxation attributable to Shareholders		-	-	90,724	63,687

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	Family Takaful Fund		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Profit before taxation attributable to Shareholders		-	-	90,724	63,687
Taxation	17	(1,697)	293	(24,925)	(17,169)
Tax attributable to participants	17	1,697	(293)	1,697	(293)
Tax attributable to Shareholders	17	-	-	(23,228)	(17,462)
Zakat		-	-	(2,268)	(1,592)
Net profit for the financial year		-	-	65,228	44,633
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		37,598	7,063	48,103	7,719
- Transfer to profit or loss upon disposal		(738)	(1,452)	(972)	(1,839)
- Gross fair value changes	5(c)	36,860	5,611	47,131	5,880
- Expected credit loss		5	(122)	6	(141)
- Deferred taxation	10	(2,948)	(449)	(5,413)	(513)
Net fair value changes		33,917	5,040	41,724	5,226
Takaful finance expenses for takaful certificates issued					
- Changes in fair value of underlying items	16	(33,917)	(5,040)	(33,917)	(5,040)
Net takaful financial result		(33,917)	(5,040)	(33,917)	(5,040)
Other comprehensive income for the financial year, net of tax		-	-	7,807	186
Total comprehensive income for the financial year		-	-	73,035	44,819
Basic earnings per share (sen)	18	-	-	46.59	31.88

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

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

<u>Company</u>	<u>Note</u>	<u>Non-distributable</u>				<u>Total</u> RM'000
		<u>Share capital</u> RM'000	<u>FVOCI*</u> <u>reserve</u> RM'000	<u>Takaful</u> <u>finance</u> <u>reserve</u> RM'000	<u>Retained</u> <u>earnings</u> RM'000	
As at 1 January 2024		240,000	56,677	(56,152)	429,372	669,897
Dividend paid	19	-	-	-	(5,000)	(5,000)
Total comprehensive income/(loss) for the financial year		-	5,226	(5,040)	44,633	44,819
As at 31 December 2024/1 January 2025		240,000	61,903	(61,192)	469,005	709,716
Dividend paid	19	-	-	-	(5,000)	(5,000)
Total comprehensive income/(loss) for the financial year		-	41,724	(33,917)	65,228	73,035
As at 31 December 2025		240,000	103,627	(95,109)	529,233	777,751

* FVOCI refers to fair value through other comprehensive income.

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

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Company	
		2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial year		65,228	44,633
Adjustments for:			
Depreciation of property and equipment	3	124	99
Amortisation of intangible assets	4	5,662	5,800
Amortisation of right-of-use assets	14(c)	54	56
Net amortisation of premiums	16(a)(i)	3,732	2,294
Net fair value gains on fair value through other comprehensive income financial assets	16(a)(ii)	(1,394)	(2,206)
Gain on disposal of property and equipment		(114)	-
Profit income	16(a)(i)	(134,447)	(119,173)
Dividend income	16(a)(i)	(8,662)	(6,205)
Expected credit loss on investments at fair value through other comprehensive income	16(a)(i)	6	(141)
Net fair value (gains)/losses on fair value through profit or loss financial assets	16(a)(iii)	(23,416)	15,998
Zakat		2,268	1,592
Finance cost		2	3
Taxation	17	24,925	17,169
Loss from operations before changes in operating assets and liabilities		(66,032)	(40,081)
Proceeds from disposal and maturity of investments		389,079	648,833
Purchase of investments	5(c)	(898,618)	(1,060,850)
Decrease/(increase) in other receivables		162	(3,810)
Increase in net takaful certificate liabilities		419,428	314,635
Decrease/(increase) in net retakaful certificate assets		4,299	(6,480)
Increase in other payables		9,472	3,579
		(142,210)	(144,174)
Investment income received:			
- Profit income		131,068	116,239
- Dividend income		8,540	6,268
Finance cost of leases paid		(2)	(3)
Income tax paid, net of refund		(7,438)	(8,266)
Zakat paid		(1,592)	(1,223)
Net cash used in operating activities		(11,634)	(31,159)

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

		Company	
		2025	2024
	Note	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	3	(265)	(1,392)
Purchase of intangible assets	4	(1,381)	(373)
Proceeds from disposal of property and equipment		138	9
Net cash used in investing activities		(1,508)	(1,756)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(55)	(56)
Dividend paid	19	(5,000)	(5,000)
Net cash used in financing activities		(5,055)	(5,056)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(18,197)	(37,971)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		159,372	197,343
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		141,175	159,372
Cash and cash equivalents comprise:			
Cash and bank balances		17,150	12,881
Fixed and call deposits with licensed financial institutions with original maturity of less than three months	7	124,025	146,491
		141,175	159,372

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1 CORPORATE INFORMATION

The Company is engaged principally in underwriting Family Takaful, including investment-linked business. There were no significant changes in these activities of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The Company's registered office is at the 11th Floor, No 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

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

The Directors regard Renggis Ventures Sdn Bhd as the immediate holding company, Avicennia Capital Sdn Bhd as the penultimate holding company, and Khazanah Nasional Berhad as the ultimate holding company. All three companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board in accordance with a resolution of the Directors on 11 March 2026.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

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

The Company operates a Family Takaful business, involving the administration, management, and operation of Takaful arrangements under Family Takaful certificates. This includes investment and savings components, retakaful business, and activities outlined in paragraph 5(4)(a) of the Islamic Financial Services Act 2013.

Under the concept of Takaful, individuals make contributions to a pool which is managed by a third party with the overall aim of using the monies to aid fellow participants on the occurrence of pre-agreed events. Accordingly, as a Takaful Operator, the Company manages the Family Takaful Fund in line with the principles of Wakalah (agency), which is the main business model adopted by the Company. Under the Wakalah model, the Takaful Operator is appointed to represent the participants in managing the funds (including the relevant assets and liabilities) towards the purpose outlined above.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The Company earns wakalah fees to manage the takaful certificates issued by the Family Takaful funds under the principles of Wakalah and may be remunerated in the form of annual management fees for investment-linked Family Takaful plan under wakalah bi al-istithmar. Investment profit sharing is based on Mudharabah, with varying ratios depending on the product design. However, the company does not share losses unless it is due to the Company's negligence or misconduct.

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

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

The preparation of financial statements in conformity with the MFRS Accounting Standards 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (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 standards that were effective and adopted

There were no new amendments to published standards that the Company has adopted for the first time for the current financial year.

(b) Standards and amendments to published standards that are applicable to 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 2026 and which may have an impact on 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 profit or loss, 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 profit or loss 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.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

- (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 Company is in the process of assessing the financial impact of this Standard on its financial statements.

2.2 Summary of material accounting policies

(a) 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 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.

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

Depreciation of 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:

Computer equipment	3 years
Motor vehicles	3 years

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies

(a) Property and equipment (continued)

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 statement 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(e)(ii) 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.

(b) Intangible assets

The Company's intangible assets consist of computer software, an exclusive partnership fee and work-in-progress.

(i) 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 one 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 three to five years.

At each date of the statement 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(e)(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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(b) Intangible assets (continued)

(ii) 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 Company with an exclusive right to the use of the partnership network. The fee for this right is amortised over its partnership agreement term, i.e., 10 years 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. See accounting policy Note 2.2(e)(ii) on impairment of non-financial assets.

(iii) Work-in-progress

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

(c) Financial assets

Initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures 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 Company commits 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 Company classifies 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 Company's business model in which a financial asset is managed ("business model test") and its contractual cash flow characteristics ("SPPI test") as below:

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(c) Financial assets (continued)

Classification and measurement (continued)

(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 Company determines their business model at the level best reflects how groups of financial assets are managed together to achieve its business objective.

The Company does 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 Company undertakes 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 Company's assessment; and
- 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).

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 Company's original expectations, 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 profit should not be restated.

(ii) SPPI test

Upon determination of business model, 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 profit within a lending arrangement are typically, the consideration of the time value of money and credit risk. The Company applies judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set in assessing the SPPI.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(c) Financial assets (continued)

(iii) Classification of financial assets

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

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 profit and dividend income. Profit 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 Company applies the new category under MFRS 9 of debt instruments measured 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. Profit 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 are 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(c) Financial assets (continued)

(iii) Classification of financial assets (continued)

Financial assets at amortised cost

The Company measures 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 profit.

After initial recognition, financial assets at amortised cost are measured at amortised cost using effective interest method, less impairment loss. Profit 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.

(d) 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 on the date of the statement of financial position.

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

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

The fair value of floating rate and overnight deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit/placement and accrued profit. The fair value of fixed profit/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 statement of financial position.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(e) Impairment

(i) Financial assets

The Company assesses 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 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 Company is 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.

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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(e) Impairment (continued)

(i) Financial assets (continued)

(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 2 to Stage 3 when there is objective evidence of impairment. Financial 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 due to the 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 no past historical lost experiences arising from these government securities in all jurisdictions.

Simplified approach for takaful receivables and other receivables

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all takaful 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(e) Impairment (continued)

(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 statement 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.

(f) 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 Company has also transferred substantially all risks and rewards of ownership.

(g) 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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Takaful and Retakaful Certificates classification

The Company issues takaful certificates in the normal course of business, under which it accepts significant takaful risk from its certificate holders. As a general guideline, the Company determines whether it has significant takaful 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 takaful risk.

(i) Takaful and Retakaful Certificates accounting treatment

(i) Separating components from takaful and retakaful certificates

The Company assesses its takaful and retakaful certificates held to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17 (distinct non takaful components). After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the takaful certificates. Currently, based on management's assessment, 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 a takaful certificates requires a takaful operator to repay to a participant in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the takaful certificates 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 takaful revenue and takaful expenses. The surrender options are considered non distinct investment components as the Company is unable to measure the value of the surrender option component separately from the family takaful portion of the certificate.

Some retakaful certificates held contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant 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 takaful component of the retakaful certificates and are, therefore, non-distinct investment components which are 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 Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of certificates with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous certificates, certificates with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a certificate as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single certificate contains components that need to be separated and treated as if they were stand-alone certificates. As such, what is treated as a certificate for accounting purposes may differ from what is considered as a certificate for other purposes (i.e., legal or management). MFRS 17 also notes that, for the purpose of level of aggregation, a group of certificates must not include certificates issued more than one year apart.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(ii) Level of aggregation (continued)

The Company has defined portfolios of takaful and retakaful certificates held based on how the takaful 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 certificates, the Company has elected to group together certificates where regulatory constraints limited the Company's ability to set prices or benefit levels for participants with differing characteristics.

The groups of certificates for which the fair value approach has been adopted on transition include certificates issued more than one year apart.

The portfolios of takaful certificates issued are divided into:

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

The portfolios of retakaful certificates held are divided into:

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

(iii) Recognition

The Company recognises groups of takaful certificates that it issues from the beginning of the coverage period of the group of certificates.

The Company applies the same recognition date treatment for profitable and onerous group of certificates.

The Company recognises a group of retakaful certificates held based on the beginning of the coverage period of the group of retakaful certificates held. However, the Company delays the recognition of a group of retakaful certificates held that provide proportionate coverage until the date when any underlying takaful certificate is initially recognised, if that date is later than the beginning of the coverage period of the group of retakaful certificates held.

Most of the retakaful certificates held by the Company provide proportionate cover. Therefore, the Company does not recognise a proportional retakaful certificate held until at least one underlying direct takaful certificate has been recognised.

The Company treats the retakaful certificates that provide non-proportionate cover to be based on the beginning of the coverage period of the group of retakaful certificates held. The Company adds new certificates to the group in the reporting period in which that certificate meets the criteria set out above.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(iv) Certificate boundary

The Company includes in the measurement of a group of takaful certificates all the future cash flows within the boundary of each certificate in the group. Cash flows are within the boundary of a takaful certificate if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contributions, or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of takaful certificates that contain the certificate and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the contributions 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 contributions or claims outside the boundary of the takaful certificate is not recognised, as such amounts relate to future takaful certificates.

(v) Takaful certificates – Initial and subsequent measurement

MFRS 17 introduces three new measurement models, reflecting a different extent of participant participation in investment performance or overall takaful operator 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 represents the risk-adjusted present value of an entity’s rights and obligations to the participants, comprising estimates of expected future cash flows, discounting and risk adjustment (“RA”) for non-financial risk. The CSM represents the unearned profit from 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 profit accretion at locked-in profit 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 certificates, if the following three requirements are met: the contractual terms specify that the participant participates in a share of a clearly identified pool of underlying items; the entity expects to pay to the participant an amount equal to a substantial share of the fair value returns on the underlying items; and the entity expects a substantial proportion of any change in the amounts to be paid to the participant to vary with the change in fair value of the underlying items.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(v) Takaful certificates – Initial and subsequent measurement (continued)

For certificates 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.

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

In determining the measurement models, the Company can first choose to use PAA if at the inception of the certificate, the coverage period of each takaful certificate in the group of takaful certificates is one year or less. Alternatively, 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 Company’s group of takaful certificates fail the PAA and VFA eligibility test, GMM will be used as the measurement model of that group of takaful certificates.

At the end of a reporting period, the carrying amount of a group of takaful certificates 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 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 Company estimates 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 certificate boundary including:

- Contributions and related cash flows
- Claims and benefits
- An allocation of takaful acquisition cash flows attributable to the portfolio to which the certificate belongs
- Claims handling costs

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(v) Takaful certificates – Initial and subsequent measurement (continued)

Estimates of future cash flows (continued)

The estimate of expected future cash flows includes all cash flows that are within the certificate boundary including: (continued)

- 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 takaful certificates
- Transaction-based taxes

Risk Adjustment for non-financial risk

The RA for non-financial risk represents the compensation that the Company require for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful certificates and covers takaful risk, lapse risk and expense risk. The risk adjustment reflects an amount that a takaful operator would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. The Company estimates the risk adjustment by referencing to provision of risk margin for adverse deviation (PRAD) technique. The PRAD technique requires 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 RBCT Framework for Takaful Operators. Besides that, the Company has decided to disaggregate the change in RA between the takaful service result and takaful finance income or expenses for GMM measured takaful certificates.

While the Company operates on multiple funds, only a single Risk Adjustment is recognised in the Shareholders' Fund, representing all non-financial risks associated with the Takaful certificates. This is in line with the single CSM reported under the Shareholders' Fund. There is no Risk Adjustment for retakaful certificates held, as the surplus arising from retakaful certificates held in the Family Takaful Fund will be transferred to the underlying direct takaful certificates.

Contractual Service Margin

The CSM is a component of the asset or liability for the group of takaful certificates that represents the unearned profit the Company will recognise as it provides services in the future.

While the Company operates on multiple funds, only a single CSM is reported under the Shareholders' Fund. This reflects the expectation that the surplus from the Family Takaful Fund will be fully distributed between the Shareholders' Fund and participants, leaving no unearned profit within the Family Takaful Fund. There is no CSM recognised for retakaful certificates held, as the surplus arising from retakaful certificates held in the Family Takaful Fund will be transferred to the underlying direct takaful certificates.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(v) Takaful certificates – Initial and subsequent measurement (continued)

Contractual Service Margin (continued)

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 Company has applied the fair value approach on transition for all takaful certificates issued and retakaful certificates held prior to transition date.

Thus, on 1 January 2022, the Company has identified, recognised and measured each group of takaful certificates 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.

Fair value approach

The Company has applied the fair value approach on transition for all direct certificates, as prior to transition, it grouped certificates 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 Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of takaful certificates and the fulfilment cashflows measured at that date. In determining fair value, the Company has applied the requirements of MFRS 13 *Fair Value Measurement*.

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

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

The Company has elected not to disaggregate takaful finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income.

An amount of the CSM releases for a group of takaful certificates is recognised in profit or loss as takaful revenue in each period to reflect the takaful certificate services provided under the group of takaful certificates 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(v) Takaful certificates – Initial and subsequent measurement (continued)

Contractual Service Margin (continued)

The coverage units are the quantity of takaful certificate services provided by the certificates, 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 certificates. The total coverage units of each takaful certificate 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 during 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 retakaful certificates held, the CSM amortisation is similar to the takaful certificates issued and the coverage units is the sum at risk covered by retakaful operator.

Loss components

Where, during the coverage period, a group of takaful certificates becomes onerous, 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 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 2.2(i)(vii).

Modification and derecognition

The Company derecognises takaful certificates when:

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

(vi) Qard

Any deficit in the participants' risk fund within the Family Takaful Fund is made good via a Qard, which is a profit-free financing, granted by the Shareholders' fund to the participants' risk fund. In the participants' risk fund, the Qard is included in the fulfilment cash flows used to measure the takaful liabilities under MFRS 17.

Qard is measured in the fulfilment cash flows at a value discounted for time value of money, which reflects the economic effect of the expected future cash flow, consistent with all the other cash flows measured in fulfilment cash flows. This accounting measurement does not affect the Family Takaful Fund's obligation to repay the nominal amount of Qard, nor does it affect or change any rights or obligations of the Shareholders' fund.

The Qard shall be repaid from future surpluses of the participants' risk fund.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(vii) Presentation

The Company has presented separately in the statement of financial position the carrying amount of portfolios of takaful certificates issued that are assets, portfolios of takaful certificates issued that are liabilities, portfolios of retakaful certificates held that are assets and portfolios of retakaful certificates held that are liabilities.

Any assets for takaful acquisition cash flows recognised before the corresponding takaful certificates are recognised are included in the carrying amount of the related portfolios of takaful certificates issued.

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into a takaful service result, comprising takaful revenue and takaful service expenses, and takaful finance income or expenses.

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

The Company separately presents income or expenses from retakaful certificates held from the expenses or income from takaful certificates issued.

Takaful revenue

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

- Expected Takaful 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 participants
- 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 takaful acquisition cash flows

For management judgement applied to the amortisation of CSM, please refer to Note 2.2(i)(v).

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(vii) Presentation (continued)

Benefits and claims expenses

Benefits and claims incurred during the financial year are recognised when a claimable event occurs and/or the Takaful operator 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 Family Takaful certificate are recognised as follows:

- maturity and other certificate 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; and
- surplus sharing of Takaful certificates in the financial year when surplus arises.

Retakaful claims are recognised when the related gross Takaful claim is recognised according to the terms of the relevant retakaful certificates.

Unallocated surplus

Surpluses of certificates under the surplus sharing Family Takaful Fund are attributable to certificate holders and shareholders, and the amount and timing of distribution to both the certificate holders and shareholders are determined by an actuarial valuation of the long-term liabilities to certificate holders as of the date of the statement of financial position and is made in accordance with the provisions of the Islamic Financial Services Act 2013 and the related regulations by the Company's Appointed Actuary.

Surpluses in the non-surplus sharing fund arising during the financial year are recognised in the statement of comprehensive income, and the unallocated surplus at the end of the financial year are held in the Takaful certificate liabilities.

Unallocated surpluses of the surplus sharing funds where the amount of surplus allocation to the certificate holders has yet to be determined by the end of the financial year are held within the Takaful certificate liabilities.

Loss components

The Company has grouped set of certificates that are onerous at initial recognition separately from profitable set of certificates 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 Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(i) Takaful and Retakaful Certificates accounting treatment (continued)

(vii) Presentation (continued)

Loss components (continued)

A loss component represents a notional record of the losses attributable to each group of onerous takaful certificates (or profitable group of certificates 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 certificates (since the loss component will have been materialised in the form of incurred claims).

Takaful finance income or expenses

Takaful finance income or expenses (TFIE) comprise the change in the carrying amount of the group of takaful certificates 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 Company defines the Family Takaful Fund as an underlying item. Hence, changes in measurement of a group of takaful certificates caused by changes in the value of the Family Takaful Fund are reflected in takaful finance income or expenses.

The Company does not disaggregate takaful finance income or expenses between profit or loss and OCI due to low market and profit risk exposed.

The Company systematically allocates expected total takaful finance income or expenses over the duration of the group of certificates to profit or loss using discount rates determined on initial recognition of the group of certificates, please refer to Note 22 for current discount rates.

Net income or expense from retakaful certificates held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from retakaful operators, and an allocation of the retakaful contribution paid.

The Company treats retakaful cash flows that are contingent on claims on the underlying certificates as part of the claims that are expected to be reimbursed under the retakaful certificates held and excludes investment components from an allocation of retakaful contributions presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to retakaful of onerous direct certificates are included as amounts recoverable from the retakaful operator.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(j) Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses 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 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 Company's control. The Company does not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

(k) Other revenue recognition

Other revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at its transaction price, being the amount of consideration which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. The Company recognise revenue when (or as) they transfer control over a product or service to customer. The following specific recognition criteria must also be met before revenue is recognised.

Profit income

Profit income is recognised using the effective profit rate method.

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

Dividend income

Dividend income is recognised when 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 transactions.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) 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 and surplus for the financial year and is measured using the tax rates enacted as of the date of the statement 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 it is probable that 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 statement 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.

(m) 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 Company's employees.

(ii) Post-employment benefits – defined contribution plan

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 Company has no further payment obligations.

(iii) Share-based payment plan

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

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(m) Employee benefits (continued)

(iii) Share-based payment plan (continued)

The share-based payment plan is based on the value of Sun Life Financial Inc.'s (SLF) common shares as disclosed in Note 14 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.

(n) Zakat

This represents the amount of 2.5% of profit before tax (PBT) from the Shareholder's fund, which the Company allocates to the zakat authorities, as approved by the Company's Shariah Committee.

(o) 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.

2.3 Material accounting judgements, estimates, and assumptions

The preparation of 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 statement 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 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 Company's reported results and financial position. However, the Directors are of the opinion that there are currently no accounting policies that require the exercise of significant judgement.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting judgements, estimates, and assumptions (continued)

(b) Key sources of estimation uncertainty and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Estimated impairment of intangible asset

The Company tests annually whether the intangible assets on partnership fee is impaired by measuring the recoverable amount of the cash generating units based on the value-in-use method, which requires the use of the estimates of future cash flow projections and discount rate. Changes to the assumption used by management, particularly the discount rate, may affect the results of the impairment assessment.

(ii) 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.

(iii) Takaful and retakaful certificates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. 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 Company. Such changes are reflected in the assumptions when they occur.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting judgements, estimates, and assumptions (continued)

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

(iii) Takaful and retakaful certificates (continued)

The methods used to measure takaful certificates

The Company primarily uses 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 Company bases mortality and morbidity on established Malaysian industry tables which reflect historical experiences, adjusted when appropriate to reflect 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 Company's historical experience of lapses and surrenders.

Discount rate and fund growth rates for Family Takaful certificates and investment-linked certificates are based on Government Investment Issues (GI) plus an illiquidity premium.

The key assumptions above are further described in Note 22.

Risk adjustment for non-financial risk

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

Amortisation of the Contractual Service Margin

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

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3 PROPERTY AND EQUIPMENT

<u>Company</u>	<u>Note</u>	<u>Computer equipment</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Work-in- progress</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>					
At 1 January 2024		641	284	1,938	2,863
Additions		9	-	1,383	1,392
Disposals		(13)	-	-	(13)
Reclassification of work-in-progress to intangible assets	4	-	-	(2,318)	(2,318)
At 31 December 2024/1 January 2025		637	284	1,003	1,924
Additions		5	260	-	265
Disposals		(12)	(284)	-	(296)
Reclassification of work-in-progress to intangible assets	4	-	-	(1,003)	(1,003)
At 31 December 2025		630	260	-	890
<u>Accumulated depreciation</u>					
At 1 January 2024		629	118	-	747
Charge for the financial year	14(c)	4	95	-	99
Disposals		(4)	-	-	(4)
At 31 December 2024/1 January 2025		629	213	-	842
Charge for the financial year	14(c)	5	119	-	124
Disposals		(12)	(260)	-	(272)
At 31 December 2025		622	72	-	694
<u>Net carrying amount</u>					
31 December 2025		8	188	-	196
31 December 2024		8	71	1,003	1,082

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4 INTANGIBLE ASSETS

<u>Company</u>	<u>Note</u>	Computer software RM'000	Partnership Fee RM'000	Work-in- progress	Total RM'000
<u>Cost</u>					
At 1 January 2024		21,644	37,130	-	58,774
Addition		373	-	-	373
Reclassification from Property and Equipment	3	2,318	-	-	2,318
At 31 December 2024/1 January 2025		24,335	37,130	-	61,465
Addition		155	-	1,226	1,381
Reclassification of work-in-progress		1,100	-	(1,100)	-
Reclassification from Property and Equipment	3	-	-	1,003	1,003
At 31 December 2025		25,590	37,130	1,129	63,849
<u>Accumulated amortisation</u>					
At 1 January 2024		18,850	22,707	-	41,557
Amortisation for the financial year	14(c)	2,162	3,638	-	5,800
At 31 December 2024/1 January 2025		21,012	26,345	-	47,357
Amortisation for the financial year	14(c)	2,024	3,638	-	5,662
At 31 December 2025		23,036	29,983	-	53,019
<u>Accumulated allowance for impairment loss</u>					
At 1 January 2024		-	250	-	250
Allowance for impairment loss		-	-	-	-
At 31 December 2024/1 January 2025		-	250	-	250
Allowance for impairment loss		-	-	-	-
At 31 December 2025		-	250	-	250
<u>Net carrying amount</u>					
31 December 2025		2,554	6,897	1,129	10,580
31 December 2024		3,323	10,535	-	13,858

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5 INVESTMENTS: FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS/FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Government Investment Issues	645,089	587,029	946,001	928,082
Cagamas Sukuk	-	10,156	-	10,156
Unquoted Sukuk	1,912,122	1,661,732	2,271,460	1,963,258
Quoted equity securities	157,209	110,062	175,697	119,902
Unit trust funds	668,205	587,553	668,205	587,553
Structured product (Note 6)	108,431	-	128,403	-
Total	3,491,056	2,956,532	4,189,766	3,608,951

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

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
FVOCI financial assets	2,557,211	2,258,917	3,217,461	2,901,496
FVTPL financial assets	933,845	697,615	972,305	707,455
Total	3,491,056	2,956,532	4,189,766	3,608,951

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

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
FVOCI financial assets	2,496,912	2,193,576	3,088,731	2,806,066

(a) FVOCI financial assets - Mandatorily measured

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Government Investment Issues	645,089	587,029	946,001	928,082
Cagamas Sukuk	-	10,156	-	10,156
Unquoted Sukuk	1,912,122	1,661,732	2,271,460	1,963,258
Total	2,557,211	2,258,917	3,217,461	2,901,496

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

(b) FVTPL financial assets – Mandatorily measured

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Quoted equity securities	157,209	110,062	175,697	119,902
Unit trust funds	668,205	587,553	668,205	587,553
Structured product	108,431	-	128,403	-
Total	933,845	697,615	972,305	707,455

(c) Carrying values of financial assets

	Note	Family Takaful Fund		
		FVTPL	FVOCI	Total
		RM'000	RM'000	RM'000
At 1 January 2024		721,480	1,865,932	2,587,412
Purchases		337,228	524,817	862,045
Maturities		-	(65,206)	(65,206)
Disposals		(319,762)	(73,490)	(393,252)
Fair value (losses)/gains recorded in:				
Profit or loss	16a)(iii)	(41,331)	-	(41,331)
Other comprehensive income		-	5,611	5,611
Movement in accrued profit		-	2,765	2,765
Amortisation adjustments	16(a)(i)	-	(1,512)	(1,512)
At 31 December 2024/1 January 2025		697,615	2,258,917	2,956,532
Purchases		363,890	384,003	747,893
Maturities		-	(62,495)	(62,495)
Disposals		(152,787)	(60,803)	(213,590)
Fair value gains recorded in:				
Profit or loss	16(a)(iii)	25,127	-	25,127
Other comprehensive income		-	36,860	36,860
Movement in accrued profit		-	3,077	3,077
Amortisation adjustments	16(a)(i)	-	(2,348)	(2,348)
At 31 December 2025		933,845	2,557,211	3,491,056

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5 **INVESTMENTS: FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS/FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTINUED)**

(c) Carrying values of financial assets (continued)

	Note	Company		
		FVTPL RM'000	FVOCI RM'000	Total RM'000
At 1 January 2024		729,754	2,474,409	3,204,163
Purchases		353,541	707,309	1,060,850
Maturities		-	(113,572)	(113,572)
Disposals		(334,154)	(173,213)	(507,367)
Fair value (losses)/gains recorded in:				
Profit or loss	16(a)(iii)	(41,686)	-	(41,686)
Other comprehensive income		-	5,880	5,880
Movement in accrued profit		-	2,977	2,977
Amortisation adjustments	16(a)(i)	-	(2,294)	(2,294)
At 31 December 2024/1 January 2025		707,455	2,901,496	3,608,951
Purchases		410,994	487,624	898,618
Maturities		-	(94,862)	(94,862)
Disposals		(169,968)	(123,263)	(293,231)
Fair value gains recorded in:				
Profit or loss	16(a)(iii)	23,824	-	23,824
Other comprehensive income		-	47,131	47,131
Movement in accrued profit		-	3,067	3,067
Amortisation adjustments	16(a)(i)	-	(3,732)	(3,732)
At 31 December 2025		972,305	3,217,461	4,189,766

(d) Fair value hierarchy

The Company categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by 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 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 profit rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

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

(d) Fair value hierarchy (continued)

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

There were no movements in Levels 1 and 2 of the fair value hierarchy for the financial years ended 31 December 2025 and 2024.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<u>2025</u>			
<u>Family Takaful Fund</u>			
<u>FVOCI financial assets</u>			
Government Investment Issues	-	645,089	645,089
Unquoted Sukuk	-	1,912,122	1,912,122
<u>FVTPL financial assets</u>			
Quoted equity securities	157,209	-	157,209
Unit trust funds	668,205	-	668,205
Structured product	-	108,431	108,431
	<u>825,414</u>	<u>2,665,642</u>	<u>3,491,056</u>

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

(d) Fair value hierarchy (continued)

	Level 1	Level 2	Total
	RM'000	RM'000	RM'000
<u>2025</u>	.		
<u>Company</u>			
<u>FVOCI financial assets</u>			
Government Investment Issues	-	946,001	946,001
Unquoted Sukuk	-	2,271,460	2,271,460
<u>FVTPL financial assets</u>			
Quoted equity securities	175,697	-	175,697
Unit trust funds	668,205	-	668,205
Structured product	-	128,403	128,403
	<u>843,902</u>	<u>3,345,864</u>	<u>4,189,766</u>
<u>2024</u>			
<u>Family Takaful Fund</u>			
<u>FVOCI financial assets</u>			
Government Investment Issues	-	587,029	587,029
Cagamas Sukuk	-	10,156	10,156
Unquoted Sukuk	-	1,661,732	1,661,732
<u>FVTPL financial assets</u>			
Quoted equity securities	110,062	-	110,062
Unit trust funds	587,553	-	587,553
	<u>697,615</u>	<u>2,258,917</u>	<u>2,956,532</u>
<u>Company</u>			
<u>FVOCI financial assets</u>			
Government Investment Issues	-	928,082	928,082
Cagamas Sukuk	-	10,156	10,156
Unquoted Sukuk	-	1,963,258	1,963,258
<u>FVTPL financial assets</u>			
Quoted equity securities	119,902	-	119,902
Unit trust funds	587,553	-	587,553
	<u>707,455</u>	<u>2,901,496</u>	<u>3,608,951</u>

There were no financial assets carried at Level 3 of the fair value hierarchy as at 31 December 2025 and 2024.

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6 STRUCTURED PRODUCT

The structured product is a principal protected interest rate-linked note involving an investment structure which performance is linked to the Kuala Lumpur Interbank Offered Rate (“KLIBOR”). The note comprises two underlying financial instruments, a negotiable instrument of deposit and options written on the KLIBOR.

The structured product of the Family Takaful Fund and the Company are 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 are measured. The carrying amount of the structured product is presented as follows:

	←----- 2025 ----->	
	<u>Notional amount</u>	<u>Net carrying amount</u>
	RM'000	RM'000
<u>Family Takaful Fund</u>		
Financial assets at FVTPL		
Interest rate-linked note	110,000	108,431
Total structured product	110,000	108,431
	<u>110,000</u>	<u>108,431</u>
<u>Company</u>		
Financial assets at FVTPL		
Interest rate-linked note	130,000	128,403
Total structured product	130,000	128,403
	<u>130,000</u>	<u>128,403</u>

The net carrying amount (2024: Nil) of the structured product of the Family Takaful Fund and Company represent the fair value of the product and are derived based on valuation techniques from market observable inputs. They are revalued at the reporting date using such values provided by the respective counterparties.

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7 INVESTMENTS: AMORTISED COST FINANCIAL ASSETS

<u>2025</u>	Family Takaful Fund RM'000	Company RM'000
Fixed and call deposits with licensed financial institutions	87,760	124,025
Accrued profit on fixed and call deposits	19	328
	<u>87,779</u>	<u>124,353</u>
Receivable within 12 months	<u>87,779</u>	<u>124,353</u>
<u>2024</u>	Family Takaful Fund RM'000	Company RM'000
Fixed and call deposits with licensed financial institutions	132,453	146,491
Accrued profit on fixed and call deposits	15	16
	<u>132,468</u>	<u>146,507</u>
Receivable within 12 months	<u>132,468</u>	<u>146,507</u>

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

There are no fixed and call deposits pledged to a financial institution as at 31 December 2025 (2024: Nil).

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8 TAKAFUL AND RETAKAFUL CERTIFICATES

The breakdown of groups of takaful certificates issued, and retakaful certificates held by the Company, that are in an asset position and those in a liability position is set out in the table below:

	2025			2024		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
<u>Family Takaful Fund</u>						
Takaful certificates not measured under the PAA	(144,216)	3,713,033	3,568,817	(147,830)	3,227,088	3,079,258
Takaful certificates measured under the PAA	-	3,149	3,149	-	3,596	3,596
Takaful certificate (assets)/liabilities	(144,216)	3,716,182	3,571,966	(147,830)	3,230,684	3,082,854
Retakaful certificates held not measured under the PAA	(75,195)	205	(74,990)	(71,977)	561	(71,416)
Retakaful certificates measured under the PAA	(1,281)	6,288	5,007	(8,302)	5,436	(2,866)
Retakaful certificate (assets)/liabilities	(76,476)	6,493	(69,983)	(80,279)	5,997	(74,282)
<u>Company</u>						
Takaful certificates not measured under the PAA	(146,890)	3,603,614	3,456,724	(375,564)	3,378,525	3,002,961
Takaful certificates measured under the PAA	(5)	3,126	3,121	(2)	3,541	3,539
Takaful certificate (assets)/liabilities	(146,895)	3,606,740	3,459,845	(375,566)	3,382,066	3,006,500
Retakaful certificates held not measured under the PAA	(75,196)	205	(74,991)	(71,977)	561	(71,416)
Retakaful certificates held measured under the PAA	(1,281)	6,288	5,007	(8,303)	5,436	(2,867)
Retakaful certificate (assets)/liabilities	(76,477)	6,493	(69,984)	(80,280)	5,997	(74,283)

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA.

8.1.1 Takaful certificates issued

The roll-forward of the net assets or liabilities for takaful certificates issued showing the liabilities for remaining coverage and the liabilities for incurred claims for the Family Takaful Fund and Company are disclosed in the tables below:

	Note	2025					2024				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000	Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
<u>Family Takaful Fund</u>											
At 1 January											
Takaful certificate liabilities		2,848,622	-	378,466	-	3,227,088	2,479,282	-	408,675	-	2,887,957
Takaful certificate assets		6,665	-	(154,495)	-	(147,830)	6,431	-	(152,872)	-	(146,441)
Net takaful certificate liabilities as at 1 January		2,855,287	-	223,971	-	3,079,258	2,485,713	-	255,803	-	2,741,516
Takaful revenue	13	(430,420)	-	-	-	(430,420)	(346,159)	-	-	-	(346,159)
Takaful service expenses	14	101,874	-	337,638	-	439,512	37,615	-	320,841	-	358,456
Surplus to Participants Account		27,009	-	(27,009)	-	-	22,365	-	(22,365)	-	-
Investment components		(149,689)	-	149,689	-	-	(188,698)	-	188,698	-	-
Takaful service result		(451,226)	-	460,318	-	9,092	(474,877)	-	487,174	-	12,297

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA. (continued)

8.1.1 Takaful certificates issued (continued)

	Note	2025					2024				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000	Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
Family Takaful Fund											
Takaful finance expenses	16(b)	155,179	-	104	-	155,283	70,737	-	-	-	70,737
Total changes in the statement of comprehensive income		(296,047)	-	460,422	-	164,375	(404,140)	-	487,174	-	83,034
Cash flows											
Contributions received		991,474	-	-	-	991,474	947,483	-	-	-	947,483
Claims and other expenses paid including investment components		-	-	(426,321)	-	(426,321)	-	-	(434,523)	-	(434,523)
Total cash flows		991,474	-	(426,321)	-	565,153	947,483	-	(434,523)	-	512,960
Other movements*		(245,758)	-	5,789	-	(239,969)	(173,769)	-	(84,483)	-	(258,252)
Net takaful certificate liabilities as at 31 December		3,304,956	-	263,861	-	3,568,817	2,855,287	-	223,971	-	3,079,258
Takaful certificate liabilities		3,298,188	-	414,845	-	3,713,033	2,848,622	-	378,466	-	3,227,088
Takaful certificate assets		6,768	-	(150,984)	-	(144,216)	6,665	-	(154,495)	-	(147,830)
Net takaful certificate liabilities as at 31 December		3,304,956	-	263,861	-	3,568,817	2,855,287	-	223,971	-	3,079,258

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA. (continued)

8.1.1 Takaful certificates issued (continued)

Company	Note	2025					2024				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000	Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
At 1 January											
Takaful certificate liabilities		2,908,863	91,196	378,466	-	3,378,525	2,568,872	69,659	408,797	-	3,047,328
Takaful certificate assets		(221,069)	-	(154,495)	-	(375,564)	(211,213)	-	(152,815)	-	(364,028)
Net takaful certificate liabilities as at 1 January		2,687,794	91,196	223,971	-	3,002,961	2,357,659	69,659	255,982	-	2,683,300
Takaful revenue	13	(480,191)	-	-	-	(480,191)	(428,867)	-	-	-	(428,867)
Takaful service expenses	14	141,378	(3,862)	267,870	-	405,386	117,956	22,466	254,504	-	394,926
Surplus to Participants Account		27,009	-	(27,009)	-	-	22,365	-	(22,365)	-	-
Investment components		(149,716)	-	149,716	-	-	(188,773)	-	188,773	-	-
Takaful service result		(461,520)	(3,862)	390,577	-	(74,805)	(477,319)	22,466	420,912	-	(33,941)
Takaful finance expenses/(income)	16(b)	174,041	(1,121)	104	-	173,024	79,797	(929)	-	-	78,868
Total changes in the statement of comprehensive income		(287,479)	(4,983)	390,681	-	98,219	(397,522)	21,537	420,912	-	44,927

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA. (continued)

8.1.1 Takaful certificates issued (continued)

Company	Note	2025					2024				
		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											
Contributions received		1,016,970	-	-	-	1,016,970	982,610	-	-	-	982,610
Claims and other expenses paid including investment components		-	-	(574,712)	-	(574,712)	-	-	(606,635)	-	(606,635)
Total cash flows		1,016,970	-	(574,712)	-	442,258	982,610	-	(606,635)	-	375,975
Other movements*		(310,635)	-	223,921	-	(86,714)	(254,953)	-	153,712	-	(101,241)
Net takaful certificate liabilities as at 31 December		3,106,650	86,213	263,861	-	3,456,724	2,687,794	91,196	223,971	-	3,002,961
Takaful certificate liabilities		3,102,556	86,213	414,845	-	3,603,614	2,908,863	91,196	378,466	-	3,378,525
Takaful certificate assets		4,094	-	(150,984)	-	(146,890)	(221,069)	-	(154,495)	-	(375,564)
Net takaful certificate liabilities as at 31 December		3,106,650	86,213	263,861	-	3,456,724	2,687,794	91,196	223,971	-	3,002,961

* "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 a takaful certificate are governed by other MFRS and IFRS standards. In such instances, when the takaful service expenses are incurred, a settlement of the LFRC and LFIC is deemed to have occurred, with a corresponding adjustment to other items in the statement of financial position such as accumulated depreciation, other allocated overhead amounts and amortisation of intangible assets.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA. (continued)

8.1.2 Retakaful certificates held

The roll-forward of the net assets or liabilities for retakaful certificates held showing the assets for remaining coverage and the amount recoverable for incurred claims for the Family Takaful Fund and Company are disclosed in the tables below:

	Note	2025					2024				
		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	
Family Takaful Fund											
At 1 January											
Retakaful certificate assets		(51,780)	-	123,757	-	71,977	(69,656)	-	139,037	-	69,381
Retakaful certificate liabilities		(1,613)	-	1,052	-	(561)	66	-	(321)	-	(255)
Net retakaful certificate (liabilities)/assets as at 1 January		(53,393)	-	124,809	-	71,416	(69,590)	-	138,716	-	69,126
Allocation of retakaful contributions	15	(76,900)	-	-	-	(76,900)	(74,249)	-	-	-	(74,249)
Amounts recoverable from retakaful operators	15	-	-	76,891	-	76,891	-	-	71,840	-	71,840
Retakaful investment components		-	-	-	-	-	140	-	(140)	-	-
Net (expense)/income from retakaful certificates held		(76,900)	-	76,891	-	(9)	(74,109)	-	71,700	-	(2,409)
Retakaful finance income	16(b)	196	-	-	-	196	203	-	-	-	203
Total changes in the statement of comprehensive income		(76,704)	-	76,891	-	187	(73,906)	-	71,700	-	(2,206)

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA. (continued)

8.1.2 Retakaful certificates held (continued)

	Note	2025					2024				
		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	
Family Takaful Fund											
Cash flows											
Contributions paid		58,960	-	-	-	58,960	90,103	-	-	-	90,103
Claims and benefits recovered		-	-	(55,573)	-	(55,573)	-	-	(85,607)	-	(85,607)
Total cash flows		58,960	-	(55,573)	-	3,387	90,103	-	(85,607)	-	4,496
Net retakaful certificate (liabilities)/assets as at 31 December		(71,137)	-	146,127	-	74,990	(53,393)	-	124,809	-	71,416
Retakaful certificate assets		(67,107)	-	142,302	-	75,195	(51,780)	-	123,757	-	71,977
Retakaful certificate liabilities		(4,030)	-	3,825	-	(205)	(1,613)	-	1,052	-	(561)
Net retakaful certificate (liabilities)/assets as at 31 December		(71,137)	-	146,127	-	74,990	(53,393)	-	124,809	-	71,416

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA. (continued)

8.1.2 Retakaful certificates held (continued)

Company	Note	2025					2024				
		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											
Retakaful certificate assets		(51,780)	-	123,757	-	71,977	(69,656)	-	139,037	-	69,381
Retakaful certificate liabilities		(1,613)	-	1,052	-	(561)	66	-	(321)	-	(255)
Net retakaful certificate (liabilities)/assets as at 1 January		(53,393)	-	124,809	-	71,416	(69,590)	-	138,716	-	69,126
Allocation of retakaful contributions	15	(76,900)	-	-	-	(76,900)	(74,249)	-	-	-	(74,249)
Amounts recoverable from retakaful operators	15	-	-	76,922	-	76,922	-	-	71,868	-	71,868
Retakaful investment components		-	-	-	-	-	140	-	(140)	-	-
Net (expense)/income from retakaful certificates held		(76,900)	-	76,922	-	22	(74,109)	-	71,728	-	(2,381)
Retakaful finance income	16(b)	196	-	-	-	196	203	-	-	-	203
Total changes in the statement of comprehensive income		(76,704)	-	76,922	-	218	(73,906)	-	71,728	-	(2,178)

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.1 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates not measured under PAA (continued)

8.1.2 Retakaful certificates held (continued)

Company	Note	2025					2024				
		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	RM'000	
Cash flows											
Contributions paid		58,960	-	-	-	58,960	90,103	-	-	-	90,103
Claims and benefits recovered		-	-	(55,603)	-	(55,603)	-	-	(85,635)	-	(85,635)
Total cash flows		58,960	-	(55,603)	-	3,357	90,103	-	(85,635)	-	4,468
Net retakaful certificate (liabilities)/assets as at 31 December		(71,137)	-	146,128	-	74,991	(53,393)	-	124,809	-	71,416
Retakaful certificate assets		(67,107)	-	142,303	-	75,196	(51,780)	-	123,757	-	71,977
Retakaful certificate liabilities		(4,030)	-	3,825	-	(205)	(1,613)	-	1,052	-	(561)
Net retakaful certificate (liabilities)/assets as at 31 December		(71,137)	-	146,128	-	74,991	(53,393)	-	124,809	-	71,416

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.2 Roll-forward of the net assets or liabilities for takaful certificates issued and retakaful certificates held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Certificates not measured under PAA.

8.2.1 Takaful certificates issued

The table below presents a roll-forward of the net assets or liabilities for takaful certificates issued and retakaful certificates held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin for the Family Takaful Fund and Company.

	Note	2025				2024			
		Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Family Takaful Fund		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January									
Takaful certificate liabilities		3,227,088	-	-	3,227,088	2,887,957	-	-	2,887,957
Takaful certificate assets		(147,830)	-	-	(147,830)	(146,441)	-	-	(146,441)
Net takaful certificate liabilities as at 1 January		3,079,258	-	-	3,079,258	2,741,516	-	-	2,741,516
Changes that relate to current services									
Experience adjustments		51,770	-	-	51,770	20,420	-	-	20,420
Changes that relate to past services									
Adjustments to liabilities for incurred claims		(42,678)	-	-	(42,678)	(8,123)	-	-	(8,123)
Takaful service result		9,092	-	-	9,092	12,297	-	-	12,297
Takaful finance expenses	16(b)	155,283	-	-	155,283	70,737	-	-	70,737
Total changes in the statement of comprehensive income		164,375	-	-	164,375	83,034	-	-	83,034
Cash flows									
Contributions received		991,474	-	-	991,474	947,483	-	-	947,483
Claims and other expenses paid including investment components		(426,321)	-	-	(426,321)	(434,523)	-	-	(434,523)
Total cash flows		565,153	-	-	565,153	512,960	-	-	512,960
Other movements*		(239,969)	-	-	(239,969)	(258,252)	-	-	(258,252)
Net takaful certificate liabilities as at 31 December		3,568,817	-	-	3,568,817	3,079,258	-	-	3,079,258
Takaful certificate liabilities		3,713,033	-	-	3,713,033	3,227,088	-	-	3,227,088
Takaful certificate assets		(144,216)	-	-	(144,216)	(147,830)	-	-	(147,830)
Net takaful certificate liabilities as at 31 December		3,568,817	-	-	3,568,817	3,079,258	-	-	3,079,258

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.2 Roll-forward of the net assets or liabilities for takaful certificates issued and retakaful certificates held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Certificates not measured under PAA. (continued)

8.2.1 Takaful certificates issued (continued)

Company	Note	2025				2024			
		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									
Takaful certificate liabilities		3,108,335	21,811	248,379	3,378,525	2,791,512	24,781	231,035	3,047,328
Takaful certificate assets		(407,369)	15,721	16,084	(375,564)	(393,845)	17,644	12,173	(364,028)
Net takaful certificate liabilities as at 1 January		2,700,966	37,532	264,463	3,002,961	2,397,667	42,425	243,208	2,683,300
Changes that relate to current services									
Contractual service margin recognised for services provided			-	(44,772)	(44,772)	-	-	(41,999)	(41,999)
Risk adjustment for the risk expired			(13,361)	-	(13,361)	-	(23,838)	-	(23,838)
Experience adjustments		25,004	-	-	25,004	12,219	-	-	12,219
		25,004	(13,361)	(44,772)	(33,129)	12,219	(23,838)	(41,999)	(53,618)
Changes that relate to future services									
Certificates initially recognised in the period		(164,087)	8,345	155,742	-	(175,058)	18,584	156,474	-
Changes in estimates that adjust the contractual service margin		144,492	(2,833)	(141,659)	-	109,251	(1,318)	(107,933)	-
Changes in estimates that do not adjust the contractual service margin		(1,169)	2,170	-	1,001	27,067	818	-	27,885
		(20,764)	7,682	14,083	1,001	(38,740)	18,084	48,541	27,885
Changes that relate to past services									
Adjustments to liabilities for incurred claims		(42,677)	-	-	(42,677)	(8,208)	-	-	(8,208)
Takaful service result		(38,437)	(5,679)	(30,689)	(74,805)	(34,729)	(5,754)	6,542	(33,941)
Takaful finance expenses	16(b)	154,450	1,283	17,291	173,024	63,294	861	14,713	78,868
Total changes in the statement of comprehensive income		116,013	(4,396)	(13,398)	98,219	28,565	(4,893)	21,255	44,927

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.2 Roll-forward of the net assets or liabilities for takaful certificates issued and retakaful certificates held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Certificates not measured under PAA. (continued)

8.2.1 Takaful certificates issued (continued)

Company	Note	2025				2024			
		Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows									
Contributions received		1,016,970	-	-	1,016,970	982,610	-	-	982,610
Claims and other expenses paid including investment components		(574,712)	-	-	(574,712)	(606,635)	-	-	(606,635)
Total cash flows		442,258	-	-	442,258	375,975	-	-	375,975
Other movements*		(86,714)	-	-	(86,714)	(101,241)	-	-	(101,241)
Net takaful certificate liabilities as at 31 December		3,172,523	33,136	251,065	3,456,724	2,700,966	37,532	264,463	3,002,961
Takaful certificate liabilities		3,320,880	32,463	250,271	3,603,614	3,108,335	21,811	248,379	3,378,525
Takaful certificate assets		(148,357)	673	794	(146,890)	(407,369)	15,721	16,084	(375,564)
Net takaful certificate liabilities as at 31 December		3,172,523	33,136	251,065	3,456,724	2,700,966	37,532	264,463	3,002,961

“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 a takaful certificate are governed by other MFRS and IFRS standards. In such instances, when the takaful service expenses are incurred, a settlement of the LFRC and LFIC is deemed to have occurred, with a corresponding adjustment to other items in the statement of financial position such as accumulated depreciation, other allocated overhead amounts and amortisation of intangible assets.

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.2 Roll-forward of the net assets or liabilities for takaful certificates issued and retakaful certificates held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Certificates not measured under PAA. (continued)

8.2.2 Retakaful certificates held

Family Takaful Fund	Note	2025				2024			
		Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retakaful certificate assets		71,977	-	-	71,977	69,381	-	-	69,381
Retakaful certificate liabilities		(561)	-	-	(561)	(255)	-	-	(255)
Net retakaful certificate assets as at 1 January		71,416	-	-	71,416	69,126	-	-	69,126
Changes that relate to current services									
Experience adjustments		7,274	-	-	7,274	(12,146)	-	-	(12,146)
Changes that relate to past services									
Changes in amounts recoverable arising from changes in liability		(7,283)	-	-	(7,283)	9,737	-	-	9,737
Net expense from retakaful certificates held		(9)	-	-	(9)	(2,409)	-	-	(2,409)
Retakaful finance income	16(b)	196	-	-	196	203	-	-	203
Total changes in the statement of comprehensive income		187	-	-	187	(2,206)	-	-	(2,206)
Cash flows									
Contributions paid		58,960	-	-	58,960	90,103	-	-	90,103
Claims and benefits received		(55,573)	-	-	(55,573)	(85,607)	-	-	(85,607)
Total cash flows		3,387	-	-	3,387	4,496	-	-	4,496
Net retakaful certificate assets as at 31 December		74,990	-	-	74,990	71,416	-	-	71,416
At 31 December									
Retakaful certificate assets		75,195	-	-	75,195	71,977	-	-	71,977
Retakaful certificate liabilities		(205)	-	-	(205)	(561)	-	-	(561)
Net retakaful certificate assets as at 31 December		74,990	-	-	74,990	71,416	-	-	71,416

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.2 Roll-forward of the net assets or liabilities for takaful certificates issued and retakaful certificates held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Certificates not measured under PAA. (continued)

8.2.2 Retakaful certificates held (continued)

Company	Note	2025				2024			
		Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retakaful certificate assets		71,977	-	-	71,977	69,381	-	-	69,381
Retakaful certificate liabilities		(561)	-	-	(561)	(255)	-	-	(255)
Net retakaful certificate assets as at 1 January		71,416	-	-	71,416	69,126	-	-	69,126
Changes that relate to current services									
Experience adjustments		7,307	-	-	7,307	(12,118)	-	-	(12,118)
Changes that relate to past services									
Changes in amounts recoverable arising from changes in liability		(7,285)	-	-	(7,285)	9,737	-	-	9,737
Net income from retakaful certificates held		22	-	-	22	(2,381)	-	-	(2,381)
Retakaful finance income	16(b)	196	-	-	196	203	-	-	203
Total changes in the statement of comprehensive income		218	-	-	218	(2,178)	-	-	(2,178)
Cash flows									
Contributions paid		58,960	-	-	58,960	90,103	-	-	90,103
Claims and benefits recovered		(55,603)	-	-	(55,603)	(85,635)	-	-	(85,635)
Total cash flows		3,357	-	-	3,357	4,468	-	-	4,468
Net retakaful certificate assets as at 31 December		74,991	-	-	74,991	71,416	-	-	71,416
At 31 December									
Retakaful certificate assets		75,196	-	-	75,196	71,977	-	-	71,977
Retakaful certificate liabilities		(205)	-	-	(205)	(561)	-	-	(561)
Net retakaful certificate assets as at 31 December		74,991	-	-	74,991	71,416	-	-	71,416

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates measured under PAA.

8.3.1 Takaful certificates issued

The roll-forward of the net assets or liabilities for takaful certificates issued showing the liabilities for remaining coverage and the liabilities for incurred claims for the Family Takaful Fund and Company are disclosed in the tables below:

	Note	2025					2024				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000	Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
<u>Family Takaful Fund</u>											
At 1 January											
Takaful certificate liabilities		(137)	-	3,744	(11)	3,596	(119)	-	3,771	(11)	3,641
Takaful certificate assets		-	-	-	-	-	-	-	-	-	-
Net takaful certificate (assets)/liabilities as at 1 January		(137)	-	3,744	(11)	3,596	(119)	-	3,771	(11)	3,641
Takaful revenue	13	(1,943)	-	-	-	(1,943)	(1,436)	-	-	-	(1,436)
Takaful service expenses	14	596	-	7,784	50	8,430	353	-	6,500	-	6,853
Surplus to Participants Account		-	-	-	-	-	-	-	-	-	-
Takaful service result		(1,347)	-	7,784	50	6,487	(1,083)	-	6,500	-	5,417
Takaful finance expenses	16(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(1,347)	-	7,784	50	6,487	(1,083)	-	6,500	-	5,417

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates measured under PAA. (continued)

8.3.1 Takaful certificates issued (continued)

	Note	2025					2024				
		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	
Family Takaful Fund											
Cash flows											
Contributions received		2,084	-	-	-	2,084	1,418	-	-	-	1,418
Claims and other expenses paid including investment components		-	-	(8,422)	-	(8,422)	-	-	(6,527)	-	(6,527)
Total cash flows		2,084	-	(8,422)	-	(6,338)	1,418	-	(6,527)	-	(5,109)
Other movements*		(609)	-	13	-	(596)	(353)	-	-	-	(353)
Net takaful certificate liabilities/(assets) as at 31 December		(9)	-	3,119	39	3,149	(137)	-	3,744	(11)	3,596
At 31 December											
Takaful certificate liabilities		(9)	-	3,119	39	3,149	(137)	-	3,744	(11)	3,596
Takaful certificate assets		-	-	-	-	-	-	-	-	-	-
Net takaful certificate liabilities/(assets) as at 31 December		(9)	-	3,119	39	3,149	(137)	-	3,744	(11)	3,596

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates measured under PAA. (continued)

8.3.1 Takaful certificates issued (continued)

Company	Note	2025					2024				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000	Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
At 1 January											
Takaful certificate liabilities		(202)	11	3,743	(11)	3,541	(127)	8	3,770	(11)	3,640
Takaful certificate assets		(2)	-	-	-	(2)	(76)	-	(39)	-	(115)
Net takaful certificate (assets)/liabilities as at 1 January		(204)	11	3,743	(11)	3,539	(203)	8	3,731	(11)	3,525
Takaful revenue	13	(2,292)	-	-	-	(2,292)	(1,951)	-	-	-	(1,951)
Takaful service expenses	14	326	(11)	7,783	50	8,148	150	3	6,539	-	6,692
Surplus to Participants Account		-	-	-	-	-	-	-	-	-	-
Takaful service result		(1,966)	(11)	7,783	50	5,856	(1,801)	3	6,539	-	4,741
Takaful finance expenses	16(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(1,966)	(11)	7,783	50	5,856	(1,801)	3	6,539	-	4,741

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates measured under PAA. (continued)

8.3.1 Takaful certificates issued (continued)

Company	Note	2025					2024				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000	Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Total RM'000
Cash flows											
Contributions received		2,083	-	-	-	2,083	1,701	-	-	-	1,701
Claims and other expenses paid including investment components		-	-	(8,408)	-	(8,408)	-	-	(6,527)	-	(6,527)
Total cash flows		2,083	-	(8,408)	-	(6,325)	1,701	-	(6,527)	-	(4,826)
Other movements*		51	-	-	-	51	99	-	-	-	99
Net takaful certificate (assets)/liabilities as at 31 December		(36)	-	3,118	39	3,121	(204)	11	3,743	(11)	3,539
At 31 December											
Takaful certificate liabilities		(31)	-	3,118	39	3,126	(202)	11	3,743	(11)	3,541
Takaful certificate assets		(5)	-	-	-	(5)	(2)	-	-	-	(2)
Net takaful certificate (assets)/liabilities as at 31 December		(36)	-	3,118	39	3,121	(204)	11	3,743	(11)	3,539

*"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 a takaful certificate are governed by other MFRS and IFRS standards. In such instances, when the takaful service expenses are incurred, a settlement of the LFRC and LFIC is deemed to have occurred, with a corresponding adjustment to other items in the statement of financial position such as accumulated depreciation, other allocated overhead amounts and amortisation of intangible assets.

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates measured under PAA. (continued)

8.3.2 Retakaful certificates held

The roll-forward of the net assets or liabilities for retakaful certificates held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to retakaful operators in the Family Takaful Fund and Company, are disclosed in the tables below:

	Note	2025					2024				
		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	
<u>Family Takaful Fund</u>											
At 1 January											
Retakaful certificate assets		5,000	-	3,302	-	8,302	3,760	-	1,304	-	5,064
Retakaful certificate liabilities		(3,501)	-	(1,935)	-	(5,436)	(4,681)	-	(1,423)	-	(6,104)
Net retakaful certificate assets/(liabilities) as at 1 January		1,499	-	1,367	-	2,866	(921)	-	(119)	-	(1,040)
Allocation of retakaful contributions	15	(12,122)	-	-	-	(12,122)	(9,921)	-	-	-	(9,921)
Amounts recoverable from retakaful operators	15	(60)	-	11,995	-	11,935	(57)	-	12,184	-	12,127
Retakaful investment components		-	-	-	-	-	-	-	-	-	-
Net (expense)/income from retakaful certificates held		(12,182)	-	11,995	-	(187)	(9,978)	-	12,184	-	2,206
Retakaful finance income	16(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(12,182)	-	11,995	-	(187)	(9,978)	-	12,184	-	2,206

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims – Certificates measured under PAA. (continued)

8.3.2 Retakaful certificates held (continued)

	Note	2025					2024				
		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	
Family Takaful Fund											
Cash flows											
Contributions paid		5,288	-			5,288	12,398	-	-	-	12,398
Claims and benefits recovered		-	-	(12,974)		(12,974)	-	-	(10,698)	-	(10,698)
Total cash flows		5,288	-	(12,974)		(7,686)	12,398	-	(10,698)	-	1,700
Net retakaful certificate (liabilities)/assets as at 31 December		(5,395)	-	388		(5,007)	1,499	-	1,367	-	2,866
At 31 December											
Retakaful certificate assets		(3,060)	-	4,341	-	1,281	5,000	-	3,302	-	8,302
Retakaful certificate liabilities		(2,335)	-	(3,953)	-	(6,288)	(3,501)	-	(1,935)	-	(5,436)
Net retakaful certificate (liabilities)/assets as at 31 December		(5,395)	-	388	-	(5,007)	1,499	-	1,367	-	2,866

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates measured under PAA. (continued)

8.3.2 Retakaful certificates held (continued)

Company	Note	2025					2024				
		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											
Retakaful certificate assets		5,001	-	3,302	-	8,303	3,760	-	1,021	-	4,781
Retakaful certificate liabilities		(3,501)	-	(1,935)	-	(5,436)	(4,681)	-	(1,423)	-	(6,104)
Net retakaful certificate assets/(liabilities) as at 1 January		1,500	-	1,367	-	2,867	(921)	-	(402)	-	(1,323)
Allocation of retakaful contributions	15	(12,122)	-	-	-	(12,122)	(9,921)	-	-	-	(9,921)
Amounts recoverable from retakaful operators	15	(60)	-	11,995	-	11,935	(57)	-	12,184	-	12,127
Retakaful investment components		-	-	-	-	-	-	-	-	-	-
Net (expense)/income from retakaful certificates held		(12,182)	-	11,995	-	(187)	(9,978)	-	12,184	-	2,206
Retakaful finance income	16(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(12,182)	-	11,995	-	(187)	(9,978)	-	12,184	-	2,206

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.3 Roll-forward of net assets or liabilities for takaful certificates issued and retakaful certificates held showing the liabilities for remaining coverage and the liabilities for incurred claims - Certificates measured under PAA. (continued)

8.3.2 Retakaful certificates held (continued)

Company	2025					2024				
	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	RM'000
Cash flows										
Contributions paid	5,288	-	-	-	5,288	12,399	-	-	-	12,399
Claims and benefits recovered	-	-	(12,974)	-	(12,974)	-	-	(10,415)	-	(10,415)
Total cash flows	5,288	-	(12,974)	-	(7,686)	12,399	-	(10,145)	-	1,984
Net retakaful certificate (liabilities)/assets as at 31 December	(5,395)	-	388	-	(5,007)	1,500	-	1,367	-	2,867
At 31 December										
Retakaful certificate assets	(3,060)	-	4,341	-	1,281	5,001	-	3,302	-	8,303
Retakaful certificate liabilities	(2,335)	-	(3,953)	-	(6,288)	(3,501)	-	(1,935)	-	(5,436)
Net retakaful certificate (liabilities)/assets as at 31 December	(5,395)	-	388	-	(5,007)	1,500	-	1,367	-	2,867

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

8.4.1 Takaful certificates issued

The impact on the current period of the transition approaches adopted to establishing CSMs for takaful certificates portfolios included in the Company is disclosed in the table below.

<u>Company</u>	2025			2024		
	Certificates using the fair value approach	All other certificates	Total	Certificates using the fair value approach	All other certificates	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Contractual service margin as at 1 January	19,867	244,596	264,463	12,729	230,479	243,208
Changes that relate to current services						
Contractual service margin recognised for services provided	(3,529)	(41,243)	(44,772)	(4,697)	(37,302)	(41,999)
Changes that relate to future services						
Certificates initially recognised in the period	-	155,742	155,742	-	156,474	156,474
Changes in estimates that adjust the contractual service margin	2,930	(144,589)	(141,659)	11,774	(119,707)	(107,933)
Takaful finance expenses	518	16,773	17,291	61	14,652	14,713
Total changes in the statement of comprehensive income	(81)	(13,317)	(13,398)	7,138	14,117	21,255
Contractual service margin as at 31 December	19,786	231,279	251,065	19,867	244,596	264,463

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.5 The components of new business

8.5.1 Takaful certificates issued

The components of new business for portfolios of takaful certificates issued by the Company during the financial year is disclosed in table below.

	2025			2024		
	Certificates Issued		Total	Certificates Issued		Total
	Non-onerous	Onerous		Non-onerous	Onerous	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Company</u>						
Estimate of present value of future cash outflows, excluding takaful acquisition cash flows	106,680	-	106,680	131,275	-	131,275
Estimates of takaful acquisition cash flows	242,758	-	242,758	240,600	-	240,600
Estimate of present value of future cash outflows	349,438	-	349,438	371,875	-	371,875
Estimates of present value of future cash inflows	(513,525)	-	(513,525)	(546,933)	-	(546,933)
Risk adjustment	8,345	-	8,345	18,584	-	18,584
CSM	155,742	-	155,742	156,474	-	156,474
Losses on onerous contracts at initial recognition	-	-	-	-	-	-

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8 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

8.6 The estimated timing of CSM recognition in profit or loss, for the Company is disclosed below:

	<u>< 1 year</u> RM'000	<u>1-2 years</u> RM'000	<u>2-3 years</u> RM'000	<u>3-4 years</u> RM'000	<u>4-5 years</u> RM'000	<u>> 5 years</u> RM'000	<u>Total</u> RM'000
<u>Company</u>							
31 December 2025							
Family Takaful certificates issued	<u>39,739</u>	<u>23,628</u>	<u>19,266</u>	<u>16,906</u>	<u>15,431</u>	<u>136,095</u>	<u>251,065</u>
31 December 2024							
Family Takaful certificates issued	<u>33,745</u>	<u>21,762</u>	<u>19,089</u>	<u>17,582</u>	<u>16,312</u>	<u>155,973</u>	<u>264,463</u>

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

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9 OTHER RECEIVABLES

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Amount due from agents	-	-	3,422	2,819
Amount due from fund manager/brokers	1,168	1,725	1,306	1,776
Amount due from related party	223	332	223	332
Dividend receivable	203	104	239	117
Other receivables	1,003	2,333	4,681	3,822
	2,597	4,494	9,871	8,866
Less: Allowance for impairment	-	-	(666)	-
	2,597	4,494	9,205	8,866
Receivable within 12 months	2,597	4,494	9,205	8,866

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10 DEFERRED TAX LIABILITIES

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 statement of financial position:

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities	7,058	2,461	55,740	34,235
Current		-	47,405	32,523
Non-current	7,058	2,461	8,335	1,712
	7,058	2,461	55,740	34,235

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10 DEFERRED TAX LIABILITIES (CONTINUED)

The movement in deferred tax liabilities/(assets) are as follows:

	Family Takaful Fund			Company				
	FVTPL financial assets	Others	Total	FVTPL financial assets	Provision of expenses	Takaful certificate liabilities	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<u>Deferred tax liabilities/(assets)</u>								
At 1 January 2024	5,254	148	5,402	5,458	(18,714)	40,383	(7)	27,120
Recognised in:								
Profit or loss	(3,417)	27	(3,390)	(3,843)	(156)	10,946	(345)	6,602
Other comprehensive income	449	-	449	513	-	-	-	513
At 31 December 2024/1 January 2025	2,286	175	2,461	2,128	(18,870)	51,329	(352)	34,235
Recognised in:								
Profit or loss	1,825	(176)	1,649	722	1,011	13,871	488	16,092
Other comprehensive income	2,948	-	2,948	5,413	-	-	-	5,413
At 31 December 2025	7,059	(1)	7,058	8,263	(17,859)	65,200	136	55,740

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10 DEFERRED TAX LIABILITIES (CONTINUED)

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

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax liabilities (before offsetting)</u>				
Financial assets	7,059	2,286	8,263	2,128
Property and equipment	-	175	136	-
Takaful certificate liabilities	-	-	65,200	51,329
	7,059	2,461	73,599	53,457
Offsetting	(1)	-	(17,859)	(19,222)
Deferred tax liabilities (after offsetting)	7,058	2,461	55,740	34,235
<u>Deferred tax assets (before offsetting)</u>				
Property and equipment	1	-	-	352
Provision of expenses	-	-	17,859	18,870
	1	-	17,859	19,222
Offsetting	(1)	-	(17,859)	(19,222)
Deferred tax assets (after offsetting)	-	-	-	-

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11 OTHER PAYABLES

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Amount due to related parties	-	-	20,508	21,360
Amount due to fund managers	650	929	650	929
Amount due to agents and intermediaries	-	-	9,072	10,610
Amount due to Takaful Operator	19,384	30,530	-	-
Deposits received	4,111	2,453	4,111	2,453
Surplus sharing to Takaful Operator	32,865	38,072	-	-
Sharing of investment income from Participants' Account	12,226	11,902	-	-
Accrual for advertising costs	-	-	3,054	4,048
Accrual for sales and marketing expenses	-	-	62,684	62,381
Accrual for other expenses	-	-	12,977	10,655
Withholding tax payable	6,775	6,977	6,775	6,977
Other payables	12,784	3,740	15,632	5,902
	<u>88,795</u>	<u>94,603</u>	<u>135,463</u>	<u>125,315</u>
Payable within 12 months	<u>88,795</u>	<u>94,603</u>	<u>135,463</u>	<u>125,315</u>

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

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

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12 SHARE CAPITAL

	2025		2024	
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	RM'000	'000	RM'000
<u>Issued and paid up</u>				
Ordinary shares with no par value:				
At 1 January	140,000	239,990	140,000	239,990
Islamic Perpetual Non-Cumulative Preference Shares (IPPS) with no par value:				
At 1 January	100	10	100	10
At 31 December	140,100	240,000	140,100	240,000

Features of the Islamic Perpetual Non-Cumulative Preference Shares (IPPS)

The IPPS are subordinated and unsecured obligations of the Company and shall rank pari passu among themselves and senior only to the Company's ordinary shares. The IPPS 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 IPPS confers on the holder the right to receive a non-cumulative gross dividend of 8% per annum, payable annually in arrears on the anniversary of the issue date of the IPPS. The payment of dividend on the IPPS is at the Company's discretion.

The IPPS are not convertible to ordinary shares of the Company and the tenure of the IPPS is perpetual and was redeemable after 5 years (33,000 in year 2015 and 67,000 in year 2016) at the sole option of the Company but subject to Bank Negara Malaysia's approval. At the date of this report, the Company has yet to exercise its redemption option.

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13 TAKAFUL REVENUE

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

	Note	Family Takaful Fund		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Certificates not measured under PAA:					
Amounts relating to the changes in the liability for remaining coverage					
Expected claims and takaful service expenses incurred in the period		276,690	251,171	222,759	200,325
Change in the risk adjustment for non-financial risk		-	-	10,358	20,693
Amount of CSM recognised in profit or loss		-	-	44,772	41,999
Other amounts including experience adjustments		51,856	57,374	60,924	47,893
Amounts relating to recovery of takaful acquisition cash flows		101,874	37,614	141,378	117,957
Takaful revenue – certificates not measured under PAA	8.1.1	430,420	346,159	480,191	428,867
Takaful revenue – certificates measured under PAA	8.3.1	1,943	1,436	2,292	1,951
Total takaful revenue		432,363	347,595	482,483	430,818

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14 TAKAFUL SERVICE EXPENSES

	Note	Family Takaful Fund		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Incurring claims and other takaful service expenses		163,715	142,065	242,979	223,098
Incurring takaful benefits payable in the form of hibah		-	-	175	13
Incurring wakalah fees		104,257	97,503	-	-
Incurring surplus to Shareholder's Fund		32,736	37,954	-	-
Incurring surplus to participants		32,736	37,954	32,736	37,954
Incurring investment profits to Shareholder's Fund		12,214	11,887	-	-
Amortisation of acquisition cash flows		102,284	37,946	141,517	118,085
Losses on onerous certificates and reversal of losses on onerous certificates		-	-	(3,873)	22,468
Total takaful service expenses		447,942	365,309	413,534	401,618
Represented by:					
Certificates not measured under PAA	8.1.1	439,512	358,456	405,386	394,926
Certificates measured under PAA	8.3.1	8,430	6,853	8,148	6,692
		447,942	365,309	413,534	401,618

Notes:

- a. The wakalah fees paid to Shareholders' Fund during the year was RM317,845,000 (2024: RM321,521,000).
- b. The surplus paid to Shareholders' Fund and certificate holders during the year was RM37,954,000 (2024: RM42,623,000).

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14 TAKAFUL SERVICE EXPENSES (CONTINUED)

c. The breakdown of expenses incurred by the Shareholders' Fund:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<u>Shareholders' Fund</u>		RM'000	RM'000
Staff salaries and bonus		77,482	75,739
Defined contribution plan		11,098	10,766
Share based payment plan	14(c)(i)	1,977	2,390
Other staff costs		5,567	6,030
		<u>96,124</u>	<u>94,925</u>
Auditors' remuneration:			
Statutory audit			
- current financial year		535	483
Regulatory related services		29	27
Non-audit related services		3	83
Directors' fees and other emoluments:			
- current financial year	14(c)(ii)	851	803
Shariah Committee remuneration:			
- fees	14(c)(iii)	243	227
Amortisation of intangible assets	4	5,662	5,800
Amortisation of right-of-use assets		54	56
Depreciation of property and equipment	3	124	99
Third party administrator fee		164	408
Printing and stationery		672	896
Sales and marketing expenses		75,197	69,160
Advertising cost		7,422	9,549
Professional fees		1,072	1,242
Electronic data processing expenses		16,932	14,663
Other expenses		18,057	15,923
Management expenses		223,141	214,344
Commission expenses		141,257	171,262
Other operating expenses		738	180
Total expenses of Shareholders' Fund		<u>365,136</u>	<u>385,786</u>
Less: Amount attributed to acquisition cash flows		(272,234)	(298,138)
Add: Amortisation of acquisition cash flows		141,517	118,085
		<u>234,419</u>	<u>205,733</u>
Total expenses of Shareholders' Fund are represented by:			
Takaful service expenses			
Maintenance expenses		92,164	87,468
Acquisition expenses		272,234	298,138
		<u>364,398</u>	<u>385,606</u>
Other operating expenses		738	180
		<u>365,136</u>	<u>385,786</u>

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14 TAKAFUL SERVICE EXPENSES (CONTINUED)

- c. The breakdown of expenses incurred by the Shareholders' Fund: (continued)
- (i) 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:

	Note	2025 RM'000	2024 RM'000
Sun Share Unit Plan	14(c)	1,977	2,390

Sun Share Units (SSU) are granted to certain employees of 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.

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14 TAKAFUL SERVICE EXPENSES (CONTINUED)

(ii) 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:

<u>Company</u>	<u>Salary and bonus</u> RM'000	<u>Defined contribution plan</u> RM'000	<u>Benefits-in- kind</u> RM'000	<u>Share-based payment plan</u> RM'000	<u>Fees and allowance</u> RM'000	<u>Total</u> RM'000
<u>2025</u>						
Chief Executive Officer:						
Encik Noor Azam Bin Mohd Yusof (appointed on 3 February 2025)	940	133	22	-	-	1,095
Executive Directors:						
Mr Randy Lianggara (resigned on 11 August 2025)	-	-	-	-	-	-
Mr Puneet Nayyar (appointed on 12 August 2025)	-	-	-	-	-	-
Non-Executive Directors:						
Dato' Noorazman Bin Abd Aziz	-	-	-	-	232	232
Mr Ooi Say Teng	-	-	-	-	201	201
Ms Vivien Kusumowardhani	-	-	-	-	211	211
Datin K. Komalavalli K.R. Gopal	-	-	-	-	207	207
	<u>940</u>	<u>133</u>	<u>22</u>	<u>-</u>	<u>851</u>	<u>1,946</u>

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14 TAKAFUL SERVICE EXPENSES (CONTINUED)

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

	Fixed remuneration		Variable remuneration		Total RM'000
	Cash-based RM'000	Cash-based RM'000	Shares and share linked instruments RM'000	Benefits-in- kind RM'000	
<u>Total value of remuneration awards for the financial year:</u>					
<u>2025</u>					
Chief Executive Officer:					
Encik Noor Azam Bin Mohd Yusof (appointed on 3 February 2025)	873	200	-	22	1,095
Executive Directors:					
Mr Randy Lianggara (resigned on 11 August 2025)	-	-	-	-	-
Mr Puneet Nayyar (appointed on 12 August 2025)	-	-	-	-	-
Non-Executive Directors:					
Dato' Noorazman Bin Abd Aziz	210	22	-	-	232
Mr Ooi Say Teng	180	21	-	-	201
Ms Vivien Kusumowardhani	190	21	-	-	211
Datin K. Komalavalli K.R. Gopal	185	22	-	-	207
	<u>1,638</u>	<u>286</u>	<u>-</u>	<u>22</u>	<u>1,946</u>

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14 TAKAFUL SERVICE EXPENSES (CONTINUED)

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

<u>Company</u>	Salary and bonus RM'000	Defined contribution plan RM'000	Benefits-in- kind RM'000	Share-based payment plan RM'000	Fees and allowance RM'000	Total RM'000
<u>2024</u>						
Chief Executive Officer:						
Encik Jeffry @ Azmi bin Mohd Shah (resigned on 2 October 2024)	823	116	19	89	-	1,047
Executive Director:						
Ms Yeoh Eng Kim (deceased on 1 December 2024)	-	-	-	-	-	-
Non-Executive Directors:						
Dato' Noorazman Bin Abd Aziz	-	-	-	-	219	219
Mr Ooi Say Teng	-	-	-	-	188	188
Ms Vivien Kusumowardhani	-	-	-	-	200	200
Datin K. Komalavalli K.R. Gopal	-	-	-	-	196	196
	<u>823</u>	<u>116</u>	<u>19</u>	<u>89</u>	<u>803</u>	<u>1,850</u>

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14 TAKAFUL SERVICE EXPENSES (CONTINUED)

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

	Fixed remuneration		Variable remuneration		Total RM'000
	Cash-based RM'000	Cash-based RM'000	Shares and share linked instruments RM'000	Benefits-in- kind RM'000	
<u>Total value of remuneration awards for the financial year:</u>					
<u>2024</u>					
Chief Executive Officer:					
Encik Jeffry @ Azmi bin Mohd Shah (resigned on 2 October 2024)	573	366	89	19	1,047
Executive Director:					
Ms Yeoh Eng Kim (deceased on 1 December 2024)	-	-	-	-	-
Non-Executive Directors:					
Dato' Noorazman Bin Abd Aziz	197	22	-	-	219
Mr Ooi Say Teng	167	21	-	-	188
Ms Vivien Kusumowardhani	175	25	-	-	200
Datin K. Komalavalli K.R. Gopal	172	24	-	-	196
	<u>1,284</u>	<u>458</u>	<u>89</u>	<u>19</u>	<u>1,850</u>

All the remuneration awards above are non-deferred remuneration except for shares and share-linked instruments. During the financial year, there were no payments for shares and share-linked instruments granted in previous years (2024: RM118,000).

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14 TAKAFUL SERVICE EXPENSES (CONTINUED)
(iii) Shariah Committee Remuneration

	<u>Fee and allowance</u> RM'000
<u>2025</u>	
Shariah Committee:	
Sheikh Professor Dato' Dr Asmadi Mohamed Naim (Chairman)	54
Sheikh Azizi Che Seman	47
Sheikh Professor Dr. Abd Ghafar Ismail	48
Sheikh Dr. Md Nurdin Ngadimon	47
Sheikh Dr Ghazali Jaapar	47
	<u>243</u>

	<u>Fee and allowance</u> RM'000
<u>2024</u>	
Shariah Committee:	
Sheikh Professor Dato' Dr Asmadi Mohamed Naim (Chairman)	51
Sheikh Azizi Che Seman	44
Sheikh Professor Dr. Abd Ghafar Ismail	44
Sheikh Dr. Md Nurdin Ngadimon	44
Sheikh Dr Ghazali Jaapar	44
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15 **NET EXPENSE FROM RETAKAFUL CERTIFICATES HELD**

The table below presents an analysis of the net expense from retakaful certificates held recognised in the year.

	Note	Family Takaful Fund		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amounts relating to the changes in the assets for remaining coverage:					
Expected recovery for takaful service expenses incurred in the period		(78,277)	(74,775)	(78,277)	(74,775)
Allocation of retakaful contributions under PAA		(12,122)	(9,921)	(12,122)	(9,921)
Other amount including experience adjustments		1,377	526	1,377	526
Allocation of retakaful contributions		(89,022)	(84,170)	(89,022)	(84,170)
Amounts recoverable for claims and other expenses incurred in the period:					
Amounts recoverable for claims		77,773	75,952	77,804	75,980
Incurred unallocated surplus		16,391	(1,887)	16,391	(1,887)
Changes in amounts recoverable arising from changes in liability for incurred claims		(6,695)	10,080	(6,695)	10,080
Other amounts recoverable from retakaful operators		1,357	(178)	1,357	(178)
Amounts recoverable from retakaful operators		88,826	83,967	88,857	83,995
Net expense from retakaful certificates held		(196)	(203)	(165)	(175)
Allocation of retakaful contributions represented by:					
Certificates not measured under PAA	8.1.2	(76,900)	(74,249)	(76,900)	(74,249)
Certificates measured under PAA	8.3.2	(12,122)	(9,921)	(12,122)	(9,921)
		(89,022)	(84,170)	(89,022)	(84,170)
Amounts recoverable from retakaful operators represented by:					
Certificates not measured under PAA	8.1.2	76,891	71,840	76,922	71,868
Certificates measured under PAA	8.3.2	11,935	12,127	11,935	12,127
		88,826	83,967	88,857	83,995

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16 **NET INVESTMENT INCOME AND NET TAKAFUL FINANCE RESULT**

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

(a) Net investment income/(expense)

	Family Takaful Fund		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(i) Investment income				
<u>FVOCI financial assets – Mandatorily measured</u>				
Profit income	102,335	89,039	127,883	113,841
Amortisation of premiums – net	(2,348)	(1,512)	(3,732)	(2,294)
Expected credit loss	(5)	122	(6)	141
<u>FVTPL financial assets – Mandatorily measured</u>				
Profit income	2,022	-	2,582	-
Dividend income	8,168	5,977	8,662	6,205
<u>Amortised cost – fixed and call deposits with licensed financial institutions</u>				
Profit income	2,900	4,249	3,982	5,332
Other investment income	19	20	19	20
Investment related expenses	(1)	(1)	(1,245)	(1,290)
	<u>113,090</u>	<u>97,894</u>	<u>138,145</u>	<u>121,955</u>
(ii) Net fair value gains on FVOCI financial assets				
Unquoted Sukuk	473	2,043	510	2,180
Government Investment Issues	115	-	780	26
Cagamas	104	-	104	-
	<u>692</u>	<u>2,043</u>	<u>1,394</u>	<u>2,206</u>
(iii) Net fair value gains/(losses) on FVTPL financial assets				
Realised (losses)/gains	(281)	24,499	(408)	25,688
Unrealised gains/(losses)	25,127	(41,331)	23,824	(41,686)
	<u>24,846</u>	<u>(16,832)</u>	<u>23,416</u>	<u>(15,998)</u>
Net investment income	<u>138,628</u>	<u>83,105</u>	<u>162,955</u>	<u>108,163</u>

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16 NET INVESTMENT INCOME AND NET TAKAFUL FINANCE RESULT (CONTINUED)

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

(b) Net takaful finance result

	Family Takaful Fund		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Takaful finance expenses for takaful certificates issued				
Profit accreted to takaful certificates using current financial assumptions	(40,649)	(40,236)	(39,991)	(39,571)
Profit accreted to takaful certificates using locked-in rate	-	-	(6,707)	(4,984)
Effect of changes in profit rates and other financial assumptions	-	-	(2,669)	1,933
Changes in fair value of underlying assets of certificates measured under the VFA	(67,689)	5,787	(72,599)	3,732
Changes in fair value of underlying items	(33,917)	(5,040)	(33,917)	(5,040)
Others	(13,028)	(31,248)	(17,141)	(34,938)
Total takaful finance expenses for takaful certificates issued	(155,283)	(70,737)	(173,024)	(78,868)
Represented by:				
Amount recognised in profit or loss	(121,366)	(65,697)	(139,107)	(73,828)
Amount recognised in OCI	(33,917)	(5,040)	(33,917)	(5,040)
	(155,283)	(70,737)	(173,024)	(78,868)
Retakaful finance income for retakaful certificates held				
Profit accreted to takaful certificates using current financial assumptions	196	203	196	203
Total retakaful finance income for retakaful certificates held	196	203	196	203
Represented by:				
Amount recognised in profit or loss	196	203	196	203
	196	203	196	203
Net takaful finance result	(155,087)	(70,534)	(172,828)	(78,665)
Represented by:				
Amount recognised in profit or loss	(121,170)	(65,494)	(138,911)	(73,625)
Amount recognised in OCI	(33,917)	(5,040)	(33,917)	(5,040)
	(155,087)	(70,534)	(172,828)	(78,665)

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17 TAXATION

	Note	Family Takaful Fund		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tax expense on the profit for the financial year:					
<u>Income tax</u>					
Current financial year		69	3,261	11,797	11,270
Over provision in prior financial years		(21)	(164)	(2,964)	(703)
		48	3,097	8,833	10,567
<u>Deferred tax</u>					
Relating to origination and reversal of temporary differences	10	1,649	(3,390)	16,092	6,602
		1,697	(293)	24,925	17,169
Tax attributable to Shareholders		-	-	23,228	17,462
Tax attributable to participants		1,697	(293)	1,697	(293)
		1,697	(293)	24,925	17,169

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

	2025 RM'000	2024 RM'000
Profit before taxation attributable to Shareholders	90,724	63,687
Taxation at Malaysian statutory tax rate 24% (2024: 24%)	21,774	15,285
Income not subject to tax	(930)	(55)
Expenses not deductible for tax purposes	6,309	3,910
Section 110C tax credit set off	(982)	(1,139)
Over provision in prior financial years – Shareholders' Fund	(2,943)	(539)
Tax attributable to Shareholders	23,228	17,462
Tax attributable to participants	1,697	(293)
Tax expense of the Company	24,925	17,169

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18 BASIC EARNINGS PER SHARE

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

	<u>2025</u>	<u>Company</u> <u>2024</u>
	RM'000	RM'000
Profit attributable to ordinary equity holders	65,228	44,633
Weighted average number of shares in issue	<u>140,000</u>	<u>140,000</u>
Basic earnings per share (sen)	<u>46.59</u>	<u>31.88</u>

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

19 DIVIDENDS

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

	<u>31.12.2025</u>		<u>31.12.2024</u>	
	RM per share	RM'000	RM per share	RM'000
Dividend in respect of the previous financial year				
Ordinary Shares	3.57	4,999	3.57	4,999
Islamic Perpetual Non-cumulative Preference Shares	0.8	1	0.8	1
		<u>5,000</u>		<u>5,000</u>

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

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20 **SIGNIFICANT RELATED PARTY DISCLOSURES**

The related parties of, and their relationships with, 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
Yayasan Khazanah	Malaysia	Associate of the ultimate holding company
CIMB Bank Berhad (CIMB Bank)	Malaysia	Subsidiary of CIMBG
CIMB Islamic Bank Berhad (CIBB)	Malaysia	Subsidiary of CIMBG
Principal Asset Management Berhad (Principal)	Malaysia	Associate of the ultimate holding company
Sun Life Malaysia Assurance Berhad (SLMAB)	Malaysia	Fellow subsidiary of the ultimate holding company

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company comprise the Board and Chief Executive Officer.

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20 SIGNIFICANT RELATED PARTY DISCLOSURES

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.

<u>(Income)/expenses</u>	<u>Location</u>	<u>2025</u> RM'000	<u>2024</u> RM'000
Contribution income received from SLMAB	Malaysia	(533)	(652)
Contribution income received from Principal	Malaysia	(76)	(94)
Contribution income received from Yayasan Khazanah	Malaysia	-	(120)
Profit income earned from deposits placed with CIBB	Malaysia	(1,018)	(1,659)
Shared services expenses paid/payable to SLMAB	Malaysia	139,777	142,329
Commissions paid to CIMB Bank	Malaysia	1	28
Commissions paid to CIBB	Malaysia	46,015	59,030
Rental expenses paid to SLMAB	Malaysia	57	59
Sales and marketing expenses paid to CIMB Bank	Malaysia	23,485	31,795
Sales and marketing expenses paid to CIBB	Malaysia	4,118	4,724
Sales and marketing expenses paid to Principal	Malaysia	595	521

Included in the statement of financial position of the Company are significant related party balances, represented by the following:

	<u>2025</u> RM'000	<u>2024</u> RM'000
Amount due to other related companies within the KNB group:		
Amount due to SLMAB	(19,831)	(20,433)
Amount due to CIBB	(4,126)	(4,563)
Amount due to Principal	(454)	(595)
Amount due to CIMB Bank	(1,149)	(2,161)

These related party balances are current, unsecured, non-profit bearing and have no fixed repayment terms.

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20 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Compensation of key management personnel

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

	2025	2024
	RM'000	RM'000
Salaries and other short-term employee benefits	940	823
Defined contribution plan	133	116
Fees and allowance	851	803
Share-based payment plan	-	89
	<u>1,924</u>	<u>1,831</u>

The estimated cash value of benefits-in-kind provided to the Company's key management personnel amounted to RM22,000 (2024: RM19,000).

Compensation of senior management and other material risk takers

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

	2025			2024		
	Number of persons	Unrestricted RM'000	Deferred RM'000	Number of persons	Unrestricted RM'000	Deferred RM'000
Fixed cash-based remuneration	1	873	-	1	573	-
Variable cash-based remuneration	1	200	-	1	366	-
Shares and share-linked remuneration	1	-	-	1	-	89
Benefits-in-kind	1	22	-	1	19	-

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21 **RISK MANAGEMENT FRAMEWORK**

(a) **Risk management**

The Board recognises that risk management is an integral part of the Company's business objectives and it is critical for the Company to achieve continued profitability and sustainable growth in Shareholders' value. In pursuing these objectives, the Company has put in place a Risk Management Framework (RMF) to manage its 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 (IC), that provides oversight responsibilities on operational, financial and Takaful risks management in facilitating the optimisation of the risk and return profile of the Company.

The RMF involves an on-going process of identifying, measuring, managing, monitoring and reporting significant risks affecting the achievement of 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 Company's strategies and functional activities throughout the financial year.

The Company operates 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 Company has a set of formal risk management policies. These risk policies set out the risk management and control standards for the Company's operations. As the Company's business responds to changing market conditions and customer needs, the management regularly monitors the appropriateness of 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 Company to take advantage of opportunities for expansion.

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

The Internal Capital Adequacy Assessment Process (ICAAP) guideline requires the Capital Management Plan (CMP) to specify thresholds for corrective actions. The Company needs 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.

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21 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(c) Governance

The risk management policies identify the risks inherent in different elements of 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 Company is 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 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, measuring, monitoring and controlling 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 Company's financial and business objectives, given the organisation'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 organisation 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 consider stability of reported earnings, tax effects and capital implications.

22 TAKAFUL RISK

(a) Family Takaful

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

The Company's Family Takaful businesses are exposed to a range of Family Takaful risks from various products. In providing Takaful protection, the Company manages risks such as mortality (the death of certificate holders), morbidity (ill health), persistency, product design and pricing.

The mortality and morbidity risks are managed through the use of retakaful 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.

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22 TAKAFUL RISK (CONTINUED)

(a) Family Takaful (continued)

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

The table below shows the concentration of Family Takaful certificate liabilities (best estimate and risk adjustment) by types of certificates, as at the date of the statements of financial position.

	<u>Gross</u>	<u>Retakaful</u>	<u>Net</u>
	RM'000	RM'000	RM'000
<u>2025</u>			
Mortgage	12,126	-	12,126
Endowment	(522,176)	-	(522,176)
Term	(33,708)	-	(33,708)
Others	21,024	-	21,024
Total	<u>(522,734)</u>	<u>-</u>	<u>(522,734)</u>
<u>2024</u>			
Mortgage	1,452	-	1,452
Endowment	(491,869)	-	(491,869)
Term	(24,379)	-	(24,379)
Others	36,463	-	36,463
Total	<u>(478,333)</u>	<u>-</u>	<u>(478,333)</u>

The entire Family Takaful certificate liabilities are derived from Malaysia.

Key assumptions

Material judgement is required in determining the takaful certificate 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.

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

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22 TAKAFUL RISK (CONTINUED)

(a) Family Takaful (continued)

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 takaful certificates' liabilities calculation.

i. Risk-free rate

The risk-free rates from durations of 1 to 15 years are the Government Investment Issues (GII) yields taken from Bond Web, which is a recognised bond pricing agency in Malaysia. As the GII 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 rate of 5% by applying a generally accepted technique, i.e. the 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 of the Takaful 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 takaful certificates.

The illiquidity premium assumptions are determined based on the company's actual corporate bond assets by considering the yield on corporate bond. The assumptions are 0.01% (2024: 0.04%) for Family Takaful Surplus Sharing fund, 0.04% (2024: 0.01%) for Family Takaful Non-Surplus Sharing fund, 0% (2024: 0%) for Investment-Linked fund and 0.03% (2024: 0.01%) for Shareholders' fund.

Mortality and morbidity

Best estimate assumptions are based on the Company's recent experience studies. Mortality assumptions used for the Company's major products are based on a percentage of the industry's mortality table, plus a risk adjustment of 5% (2024: 5%) of the best estimate assumptions.

Lapse rate

Best estimate assumptions are based on the Company's recent experience studies. Depending on the product's features, risk adjustment is set at a range of 5% to 35% (2024: 35%) of the best estimate assumptions.

Management expenses

Best estimate assumptions are based on the experience of the Company. An inflation rate of 4.0% (2024: 4.0%) per annum is adopted for each policy expense. Maintenance expense overruns for future years have been set aside. The risk adjustment on expense loading is set at 5% (2024: 5%) of the best estimate assumptions. Allowance is also made for payment of commission to distributors.

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22 TAKAFUL RISK (CONTINUED)

(a) Family Takaful (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 takaful certificate 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 takaful certificate 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.

<u>Company</u>	<u>Change in best estimate assumptions</u>	<u>Impact on gross takaful certificate liabilities</u>	<u>Impact on net takaful certificate liabilities</u>	<u>Impact on profit before tax</u>	<u>Impact on equity*</u>
	%	RM'000	RM'000	RM'000	RM'000
<u>2025</u>					
Mortality/morbidity	+10	13,380	13,380	(5,688)	(4,323)
Mortality/morbidity	-10	(14,524)	(14,524)	5,924	4,502
Expenses	+10	17,239	17,239	(5,515)	(4,191)
Lapse and surrender rates	+10	28,295	28,295	(12,329)	(9,370)
Lapse and surrender rates	-10	(31,242)	(31,242)	13,350	10,146
Discount rate	+1	(44,551)	(44,551)	7,741	5,883
Discount rate	-1	65,084	65,084	(21,477)	(16,322)
<u>2024</u>					
Mortality/morbidity	+10	11,863	11,863	(6,163)	(4,684)
Mortality/morbidity	-10	(12,835)	(12,835)	6,381	4,850
Expenses	+10	17,237	17,237	(7,185)	(5,460)
Lapse and surrender rates	+10	28,353	28,353	(15,066)	(11,450)
Lapse and surrender rates	-10	(31,379)	(31,379)	14,927	11,345
Discount rate	+1	(34,450)	(34,450)	3,933	2,989
Discount rate	-1	51,183	51,183	(14,842)	(11,280)

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

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22 TAKAFUL 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 takaful certificate 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 certificate 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)

<u>Company</u>	Change in best estimate assumptions %	2025		2024	
		Impact on CSM before tax gross of retakaful RM'000	Impact on CSM before tax net of retakaful RM'000	Impact on CSM before tax gross of retakaful RM'000	Impact on CSM before tax net of retakaful RM'000
Mortality/morbidity	+10	(7,691)	(7,691)	(5,700)	(5,700)
Mortality/morbidity	-10	8,600	8,600	6,454	6,454
Expenses	+10	(11,724)	(11,724)	(10,052)	(10,052)
Lapse and surrender rates	+10	(15,966)	(15,966)	(13,287)	(13,287)
Lapse and surrender rates	-10	17,892	17,892	16,452	16,452
Discount rate	+1	36,810	36,810	30,518	30,518
Discount rate	-1	(43,607)	(43,607)	(36,342)	(36,342)

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23 **FINANCIAL RISK**

(a) 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 profit. Exposure to such risk arises primarily from default risk of unquoted Sukuk purchased.

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

The Company only purchases Sukuk of high credit standing (with minimum rating of A-) as rated by authorised rating agencies. The Company also actively monitors and considers the risk of fall in the value of fixed profit 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 Investment Guidelines of the Company.

It is 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 Company's rating policy. The attributable risk ratings are assessed and updated regularly.

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

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

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

Credit exposure

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

	<u>Family Takaful Fund</u>	<u>Company</u>
	RM'000	RM'000
<u>2025</u>		
<u>FVOCI financial assets</u>		
Government Investment Issues	645,089	946,001
Unquoted Sukuk	1,912,122	2,271,460
<u>FVTPL financial assets</u>		
Quoted equity securities	157,209	175,697
Unit trust funds	668,205	668,205
Structured product	108,431	128,403
<u>Amortised cost financial assets</u>		
Fixed and call deposits with licensed financial institutions	87,779	124,353
Retakaful certificate assets	76,476	76,477
Takaful certificate assets	144,216	146,895
Other receivables	2,597	9,205
Cash and bank balances	16,337	17,150
	<u>3,818,461</u>	<u>4,563,846</u>
<u>2024</u>		
<u>FVOCI financial assets</u>		
Government Investment Issues	587,029	928,082
Cagamas Sukuk	10,156	10,156
Unquoted Sukuk	1,661,732	1,963,258
<u>FVTPL financial assets</u>		
Quoted equity securities	110,062	119,902
Unit trust funds	587,553	587,553
<u>Amortised cost financial assets</u>		
Fixed and call deposits with licensed financial institutions	132,468	146,507
Retakaful certificate assets	80,279	80,280
Takaful certificate assets	147,830	375,566
Other receivables	4,494	8,866
Cash and bank balances	12,667	12,881
	<u>3,334,270</u>	<u>4,233,051</u>

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23 **FINANCIAL RISK (CONTINUED)**

(a) Credit risk (continued)

Credit exposure by credit rating

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

<u>Family Takaful Fund</u>	<u>Neither past due nor impaired</u>					<u>Not subject to credit risk</u>	<u>Investment -linked funds</u>	<u>Past due but not impaired</u>	<u>Past due and impaired</u>	<u>Total</u>
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>					
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>2025</u>										
<u>FVOCI financial assets</u>										
Government Investment Issues	-	-	-	-	645,089	-	-	-	-	645,089
Unquoted Sukuk	579,096	470,606	-	-	862,420	-	-	-	-	1,912,122
<u>FVTPL financial assets</u>										
Quoted equity securities	-	-	-	-	-	157,209	-	-	-	157,209
Unit trust funds	-	-	-	-	-	-	668,205	-	-	668,205
Structured products	69,127	39,304	-	-	-	-	-	-	-	108,431
<u>Amortised cost financial assets</u>										
Fixed and call deposits with licensed financial institutions	46,227	41,552	-	-	-	-	-	-	-	87,779
Retakaful certificate assets	-	20,396	54,959	-	1,121	-	-	-	-	76,476
Takaful certificate assets	-	-	-	-	84	144,132	-	-	-	144,216
Other receivables	-	-	-	-	1,010	-	1,587	-	-	2,597
Cash and bank balances	15,909	419	-	-	-	-	9	-	-	16,337
	<u>710,359</u>	<u>572,277</u>	<u>54,959</u>	<u>-</u>	<u>1,509,724</u>	<u>301,341</u>	<u>669,801</u>	<u>-</u>	<u>-</u>	<u>3,818,461</u>

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23 **FINANCIAL RISK (CONTINUED)**

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

<u>Family Takaful Fund</u>	<u>Neither past due nor impaired</u>					<u>Not subject to credit risk</u>	<u>Investment -linked funds</u>	<u>Past due but not impaired</u>	<u>Past due and impaired</u>	<u>Total</u>
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not rated</u>					
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>2024</u>										
<u>FVOCI financial assets</u>										
Government Investment Issues	-	-	-	-	587,029	-	-	-	-	587,029
Cagamas Sukuk	10,156	-	-	-	-	-	-	-	-	10,156
Unquoted Sukuk	568,353	414,883	-	-	678,496	-	-	-	-	1,661,732
<u>FVTPL financial assets</u>										
Quoted equity securities	-	-	-	-	-	110,062	-	-	-	110,062
Unit trust funds	-	-	-	-	-	-	587,553	-	-	587,553
<u>Amortised cost financial assets</u>										
Fixed and call deposits with licensed financial institutions	93,539	38,929	-	-	-	-	-	-	-	132,468
Retakaful certificate assets	-	19,288	60,185	-	806	-	-	-	-	80,279
Takaful certificate assets	-	-	-	-	71	147,759	-	-	-	147,830
Other receivables	-	-	-	-	1,592	-	2,902	-	-	4,494
Cash and bank balances	11,917	737	-	-	-	-	13	-	-	12,667
	<u>683,965</u>	<u>473,837</u>	<u>60,185</u>	<u>-</u>	<u>1,267,994</u>	<u>257,821</u>	<u>590,468</u>	<u>-</u>	<u>-</u>	<u>3,334,270</u>

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

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

Company	Neither past due nor impaired					Not subject to credit risk	Investment -linked funds	Past due but not impaired	Past due and impaired	Total
	AAA	AA	A	BBB	Not rated					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2025</u>										
<u>FVOCI financial assets</u>										
Government Investment Issues	-	-	-	-	946,001	-	-	-	-	946,001
Unquoted Sukuk	651,716	560,736	-	-	1,059,008	-	-	-	-	2,271,460
<u>FVTPL financial assets</u>										
Quoted equity securities	-	-	-	-	-	175,697	-	-	-	175,697
Unit trust funds	-	-	-	-	-	-	668,205	-	-	668,205
Structured products	89,099	39,304	-	-	-	-	-	-	-	128,403
<u>Amortised cost financial assets</u>										
Fixed and call deposits with licensed financial institutions	57,368	66,985	-	-	-	-	-	-	-	124,353
Retakaful certificate assets	-	20,396	54,959	-	1,122	-	-	-	-	76,477
Takaful certificate assets	-	-	-	-	84	146,811	-	-	-	146,895
Other receivables	-	-	-	-	7,618	-	1,587	-	666	9,871
Cash and bank balances	16,722	419	-	-	-	-	9	-	-	17,150
Allowance for impairment losses	-	-	-	-	-	-	-	-	(666)	(666)
	814,905	687,840	54,959	-	2,013,833	322,508	669,801	-	-	4,563,846

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

Company	Neither past due nor impaired					Not subject to credit risk	Investment -linked funds	Past due but not impaired	Past due and impaired	Total
	AAA	AA	A	BBB	Not rated					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>										
<u>FVOCI financial assets</u>										
Government Investment Issues	-	-	-	-	928,082	-	-	-	-	928,082
Cagamas Sukuk	10,156	-	-	-	-	-	-	-	-	10,156
Unquoted Sukuk	625,646	498,738	-	-	838,874	-	-	-	-	1,963,258
<u>FVTPL financial assets</u>										
Quoted equity securities	-	-	-	-	-	119,902	-	-	-	119,902
Unit trust funds	-	-	-	-	-	-	587,553	-	-	587,553
<u>Amortised cost financial assets</u>										
Fixed and call deposits with licensed financial institutions	107,578	38,929	-	-	-	-	-	-	-	146,507
Retakaful certificate assets	-	19,288	60,185	-	807	-	-	-	-	80,280
Takaful certificate assets	-	-	-	-	71	375,495	-	-	-	375,566
Other receivables	-	-	-	-	5,964	-	2,902	-	-	8,866
Cash and bank balances	12,131	737	-	-	-	-	13	-	-	12,881
	<u>755,511</u>	<u>557,692</u>	<u>60,185</u>	<u>-</u>	<u>1,773,798</u>	<u>495,397</u>	<u>590,468</u>	<u>-</u>	<u>-</u>	<u>4,233,051</u>

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

Impairment assessment

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

(i) Significant increase in credit risk, default and cure

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 Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood 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 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 Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is 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.

(ii) Expected Credit Loss

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 is 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.

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

(iii) Impairment losses on financial investments subject to impairment assessment

Debt Instruments measured at FVOCI

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

<u>2025</u>	<u>Family Takaful Fund</u>			<u>Company</u>		
	<u>12m ECL</u>	<u>Lifetime ECL</u>	<u>Total</u>	<u>12m ECL</u>	<u>Lifetime ECL</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>External rating grade</u>						
AAA	579,096	-	579,096	651,716	-	651,716
AA	470,606	-	470,606	560,736	-	560,736
Not Rated	1,507,509	-	1,507,509	2,005,009	-	2,005,009
Total net amount	2,557,211	-	2,557,211	3,217,461	-	3,217,461

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

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

<u>2024</u>	Family Takaful Fund			Company		
	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	578,509	-	578,509	635,802	-	635,802
AA	414,883	-	414,883	498,738	-	498,738
Not Rated	1,265,525	-	1,265,525	1,766,956	-	1,766,956
Total net amount	2,258,917	-	2,258,917	2,901,496	-	2,901,496

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

	Family Takaful Fund			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 2024	1,865,932	-	1,865,932	2,474,409	-	2,474,409
Purchases	524,817	-	524,817	707,309	-	707,309
Maturities	(65,206)	-	(65,206)	(113,572)	-	(113,572)
Disposal	(73,490)	-	(73,490)	(173,213)	-	(173,213)
Changes in fair value	5,611	-	5,611	5,880	-	5,880
Movement in accrued profit	2,765	-	2,765	2,977	-	2,977
Amortisation adjustment	(1,512)	-	(1,512)	(2,294)	-	(2,294)
As at 31 December 2024/1 January 2025	2,258,917	-	2,258,917	2,901,496	-	2,901,496

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

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

	Family Takaful Fund			Company		
	12m ECL	Lifetime ECL	Total	12m ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2024/1 January 2025	2,258,917	-	2,258,917	2,901,496	-	2,901,496
Purchases	384,003	-	384,003	487,624	-	487,624
Maturities	(62,495)	-	(62,495)	(94,862)	-	(94,862)
Disposal	(60,803)	-	(60,803)	(123,263)	-	(123,263)
Changes in fair value	36,860	-	36,860	47,131	-	47,131
Movement in accrued profit	3,077	-	3,077	3,067	-	3,067
Amortisation adjustment	(2,348)	-	(2,348)	(3,732)	-	(3,732)
At 31 December 2025	2,557,211	-	2,557,211	3,217,461	-	3,217,461

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23 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

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

	Family Takaful Fund			Company		
	12m ECL RM'000	Lifetime ECL RM'000	Total RM'000	12m ECL RM'000	Lifetime ECL RM'000	Total RM'000
ECL as at 1 January 2024	212	-	212	241	-	241
New assets originated or purchased	3	-	3	5	-	5
Assets derecognised or matured (excluding write-offs)	(24)	-	(24)	(65)	-	(65)
Change in ECL	(101)	-	(101)	(81)	-	(81)
At 31 December 2024/1 January 2025	90	-	90	100	-	100
New assets originated or purchased	26	-	26	28	-	28
Assets derecognised or matured (excluding write-offs)	(21)	-	(21)	(24)	-	(24)
Change in ECL	-	-	-	2	-	2
At 31 December 2025	95	-	95	106	-	106

At 31 December 2025, impaired other receivables amounting to RM666,000 (2024: Nil). Impairment of other receivables is performed based on individual assessment of receivables where the contractual payments are in arrears for more than three months. No collateral is held as security for these impaired assets. There were no ECL arising from all other financial assets at amortised cost as at 31 December 2025 and 31 December 2024. The credit rating of these financial assets at amortised cost are as disclosed in Note 23(a).

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23 FINANCIAL RISK (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk where the Company is unable to meet its obligations at reasonable cost or at any time. The Investment department of the Company 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 Company has a strong liquidity position and seeks to maintain sufficient financial resources to meet its obligations as they fall due.

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

(i) Maturity profiles

Maturity analysis for takaful and retakaful certificates (present value of future cash flow basis)

The following table summarises the maturity profile of portfolios of takaful certificate issued and portfolios of retakaful certificates held based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

Investment-linked fund and family takaful participants' account ("PA") liabilities are repayable or transferable upon notice by certificate holders and are disclosed separately under the "Investment-linked/PA fund column. Repayments which are subject to notice are treated as if such notices were given immediately.

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23 FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

Maturity analysis for takaful and retakaful certificates (present value of future cash flow basis)

<u>Family Takaful Fund</u>	<u>Up to a year</u>	<u>1 – 2 years</u>	<u>2 – 3 years</u>	<u>3 – 5 years</u>	<u>>5 years</u>	<u>No maturity date</u>	<u>Investment-linked/PA fund</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2025</u>								
Takaful certificate assets	170	-	-	-	-	(151,237)	6,851	(144,216)
Takaful certificate liabilities	199,779	-	-	-	-	296,820	3,219,544	3,716,143
Net takaful certificate liabilities	199,949	-	-	-	-	145,583	3,226,395	3,571,927
Retakaful certificate assets	(76,476)	-	-	-	-	-	-	(76,476)
Retakaful certificate liabilities	6,493	-	-	-	-	-	-	6,493
Net retakaful certificate assets	(69,983)	-	-	-	-	-	-	(69,983)
<u>2024</u>								
Takaful certificate assets	72	-	-	-	-	(154,635)	6,733	(147,830)
Takaful certificate liabilities	180,015	-	-	-	-	317,138	2,733,542	3,230,695
Net takaful certificate liabilities	180,087	-	-	-	-	162,503	2,740,275	3,082,865
Retakaful certificate assets	(80,279)	-	-	-	-	-	-	(80,279)
Retakaful certificate liabilities	5,997	-	-	-	-	-	-	5,997
Net retakaful certificate assets	(74,282)	-	-	-	-	-	-	(74,282)

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23 FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

Maturity analysis for takaful and retakaful certificates (present value of future cash flow basis)

Company	Up to a	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	>5 years	No maturity date	Investment-linked/PA fund	Total
	year								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2025</u>									
Takaful certificate assets	(2)	(236)	(289)	(303)	(291)	(2,855)	(151,237)	6,851	(148,362)
Takaful certificate liabilities	161,986	35,000	(20,553)	(19,664)	(24,120)	(325,047)	296,821	3,219,544	3,323,967
Net takaful certificate (assets) /liabilities	161,984	34,764	(20,842)	(19,967)	(24,411)	(327,902)	145,584	3,226,395	3,175,605
Retakaful certificate assets	(76,477)	-	-	-	-	-	-	-	(76,477)
Retakaful certificate liabilities	6,493	-	-	-	-	-	-	-	6,493
Net retakaful certificate assets	(69,984)	-	-	-	-	-	-	-	(69,984)
<u>2024</u>									
Takaful certificate assets	(14,041)	(12,598)	(12,885)	(15,002)	(12,985)	(191,957)	(154,636)	6,733	(407,371)
Takaful certificate liabilities	135,222	21,977	26,919	5,031	(10,242)	(117,700)	317,138	2,733,542	3,111,887
Net takaful certificate (assets) /liabilities	121,181	9,379	14,034	(9,971)	(23,227)	(309,657)	162,502	2,740,275	2,704,516
Retakaful certificate assets	(80,280)	-	-	-	-	-	-	-	(80,280)
Retakaful certificate liabilities	5,997	-	-	-	-	-	-	-	5,997
Net retakaful certificate assets	(74,283)	-	-	-	-	-	-	-	(74,283)

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23 FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

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

The table on the following page summarises the maturity profile of 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 except for Takaful certificate liabilities, where the maturity profiles are determined based on the estimated timing of net cash outflows from the recognised Takaful certificate liabilities.

Investment-linked funds liabilities are repayable or transferable upon notice by certificate holders 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.

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23 FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

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

<u>Family Takaful Fund</u>	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>2025</u>									
<u>FVOCI financial assets</u>									
Government Investment Issues	645,089	26,527	53,054	72,329	505,031	347,696	-	-	1,004,637
Unquoted Sukuk	1,912,122	141,946	405,991	372,215	1,164,437	525,890	-	-	2,610,479
<u>FVTPL financial assets</u>									
Quoted equity securities	157,209	-	-	-	-	-	157,209	-	157,209
Unit trust funds	668,205	-	-	-	-	-	-	668,205	668,205
Structured products	108,431	-	-	110,000	-	-	-	-	110,000
<u>Amortised cost financial assets</u>									
Fixed and call deposits with licensed financial institutions	87,779	87,806	-	-	-	-	-	-	87,806
Other receivables	2,597	1,010	-	-	-	-	-	1,587	2,597
Cash and bank balances	16,337	-	-	-	-	-	16,328	9	16,337
Total financial assets	3,597,769	257,289	459,045	554,544	1,669,468	873,586	173,537	669,801	4,657,270
Other payables	88,795	87,824	-	-	-	-	-	971	88,795
Total financial liabilities	88,795	87,824	-	-	-	-	-	971	88,795

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23 **FINANCIAL RISK (CONTINUED)**

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

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

<u>Family Takaful Fund</u>	<u>Carrying value</u>	<u>Up to a year</u>	<u>1 – 3 years</u>	<u>3 – 5 years</u>	<u>5 – 15 years</u>	<u>> 15 years</u>	<u>No maturity date</u>	<u>Investment -linked funds</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>2024</u>									
<u>FVOCI financial assets</u>									
Government Investment Issues	587,029	24,704	49,408	69,014	507,001	278,741	-	-	928,868
Cagamas Sukuk	10,156	10,456	-	-	-	-	-	-	10,456
Unquoted Sukuk	1,661,732	128,103	273,135	431,656	1,070,819	384,660	-	-	2,288,373
<u>FVTPL financial assets</u>									
Quoted equity securities	110,062	-	109	-	-	-	110,039	-	110,148
Unit trust funds	587,553	-	-	-	-	-	-	587,553	587,553
<u>Amortised cost financial assets</u>									
Fixed and call deposits with licensed financial institutions	132,468	132,490	-	-	-	-	-	-	132,490
Other receivables	4,494	1,592	-	-	-	-	-	2,902	4,494
Cash and bank balances	12,667	-	-	-	-	-	12,654	13	12,667
Total financial assets	3,106,161	297,345	322,652	500,670	1,577,820	663,401	122,693	590,468	4,075,049
Other payables	94,603	93,088	-	-	-	-	-	1,515	94,603
Total financial liabilities	94,603	93,088	-	-	-	-	-	1,515	94,603

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23 FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

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

<u>Company</u>	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>2025</u>									
<u>FVOCI financial assets</u>									
Government Investment Issues	946,001	38,266	106,355	180,270	679,519	390,032	-	-	1,394,442
Unquoted Sukuk	2,271,460	224,921	473,274	444,723	1,365,628	541,783	-	-	3,050,329
<u>FVTPL financial assets</u>									
Quoted equity securities	175,697	-	-	-	-	-	175,697	-	175,697
Unit trust funds	668,205	-	-	-	-	-	-	668,205	668,205
Structured products	128,403	-	-	130,000	-	-	-	-	130,000
<u>Amortised cost financial assets</u>									
Fixed and call deposits with licensed financial institutions	124,353	124,815	-	-	-	-	-	-	124,815
Other receivables	9,205	7,618	-	-	-	-	-	1,587	9,205
Cash and bank balances	17,150	-	-	-	-	-	17,141	9	17,150
Total financial assets	4,340,474	395,620	579,629	754,993	2,045,147	931,815	192,838	669,801	5,569,843
Lease liabilities	9	9	-	-	-	-	-	-	9
Other payables	135,463	134,492	-	-	-	-	-	971	135,463
Total financial liabilities	135,472	134,501	-	-	-	-	-	971	135,472

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23 FINANCIAL RISK (CONTINUED)

(b) Liquidity risk (continued)

(i) Maturity profiles (continued)

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

<u>Company</u>	<u>Carrying value</u>	<u>Up to a year</u>	<u>1 – 3 years</u>	<u>3 – 5 years</u>	<u>5 – 15 years</u>	<u>> 15 years</u>	<u>No maturity date</u>	<u>Investment -linked funds</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2024</u>									
<u>FVOCI financial assets</u>									
Government Investment Issues	928,082	43,370	76,340	163,615	792,007	306,073	-	-	1,381,405
Cagamas Sukuk	10,156	10,456	-	-	-	-	-	-	10,456
Unquoted Sukuk	1,963,258	166,157	334,372	514,090	1,264,092	384,660	-	-	2,663,371
<u>FVTPL financial assets</u>									
Quoted equity securities	119,902	-	128	-	-	-	119,875	-	120,003
Unit trust funds	587,553	-	-	-	-	-	-	587,553	587,553
<u>Amortised cost</u>									
Fixed and call deposits with licensed financial institutions	146,507	146,531	-	-	-	-	-	-	146,531
Other receivables	8,866	5,964	-	-	-	-	-	2,902	8,866
Cash and bank balances	12,881	-	-	-	-	-	12,868	13	12,881
Total financial assets	3,777,205	372,478	410,840	677,705	2,056,099	690,733	132,743	590,468	4,931,066
Lease liabilities	64	57	9	-	-	-	-	-	66
Other payables	125,315	123,800	-	-	-	-	-	1,515	125,315
Total financial liabilities	125,379	123,857	9	-	-	-	-	1,515	125,381

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23 FINANCIAL RISK (CONTINUED)

(c) 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 profit rates. It is recognised that such risk is inevitable from the business that the Company undertakes, and that a certain level of market risk is desirable to deliver benefits to both certificate holders and Shareholders by achieving the Company's financial objectives.

The Company manages 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 Company's appetite, the impact is monitored through economic capital measures.

Volatility in profit rates is the Company's largest market risk exposure. The Company monitors 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) Profit rate risk

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

The Company's concentration of profit rate risk arises from fixed rate instruments and the Company's asset liability risk management policy requires management to manage the profit rate risk by maintaining an appropriate liability driven investment strategy. Profit 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 takaful certificates. However, the Company's ALM policy requires it to manage the extent of net profit rate risk within the risk appetite.

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23 FINANCIAL RISK (CONTINUED)

(c) Market risk (continued)

(ii) Profit rate risk (continued)

The Company's exposure to profit rate risk sensitivity to debt instruments and structured products are as follows:

	2025	Company 2024
	RM'000	RM'000
Debt instruments at FVOCI	3,217,461	2,901,496
Structured products at FVTPL	128,403	-

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 profit 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.

<u>Company</u>	<u>Change in profit rate</u>	2025		2024	
		Impact on profit after taxation RM'000	Impact on equity* RM'000	Impact on profit after taxation RM'000	Impact on equity* RM'000
Debt instruments and structured products	+100 basis points	(579)	(28,476)	-	(29,202)
Debt instruments and structured products	-100 basis points	603	31,449	-	32,022

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

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23 FINANCIAL RISK (CONTINUED)

(c) Market risk (continued)

(i) Profit rate risk (continued)

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

The impact to the Company's equity arose from FVOCI financial assets and structured products in the Shareholders' fund. The impact arising from changes in profit rate risk to FVOCI and FVTPL fixed income securities of the Family Takaful fund and Investment-linked funds is retained in the Takaful certificate liabilities and as such, does not impact the profit after taxation and equity of the Company.

(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 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 Company's asset liability risk management policy requires it to manage equity price risk and profit 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 Company complies with BNM's stipulated limits during the financial year and has no significant concentration of price risk.

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.

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23 **FINANCIAL RISK (CONTINUED)**

(c) Market risk (continued)

(ii) Price risk (continued)

<u>Company</u>	2025		2024	
	<u>Impact on profit after taxation</u> RM'000	<u>Impact on equity*</u> RM'000	<u>Impact on profit after taxation</u> RM'000	<u>Impact on equity*</u> RM'000
<u>Change in variables</u>				
Quoted equity securities:				
Increase in share price by 40%	6,711	6,711	5,575	5,575
Decrease in share price by 40%	(6,711)	(6,711)	(5,575)	(5,575)

* 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.

There is no impact to the Company's profit after taxation and equity from changes in equity price risk of the Family Takaful Fund and Investment-linked funds as these are retained in the Takaful certificate liabilities.

(iii) 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 Company has 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 Company's Operational Risks, including processes for identifying, measuring, managing, monitoring and reporting these risks across the Company; and
- Establish standard tools and processes for managing Operational Risks within the Company.

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

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24 OPERATING LEASES

There were no operating leases during the financial year.

25 CAPITAL COMMITMENTS

There were no material capital commitments that arose during the financial year.

26 REGULATORY CAPITAL REQUIREMENTS

The capital structure of the Company as at 31 December 2025, as prescribed under the Risk Based Capital Framework is provided below:

	<u>2025</u>	<u>2024</u>
	RM'000	RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	240,000	240,000
Retained earnings	322,766	306,464
Eligible certificate liabilities	127,371	132,096
	<u>690,137</u>	<u>678,560</u>
<u>Tier 2 Capital</u>		
Eligible reserves	15,335	5,571
Amounts deducted from capital	<u>(28,098)</u>	<u>(34,413)</u>
Total capital available	<u>677,374</u>	<u>649,718</u>

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.