

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

Directors' Report and Audited Financial Statements
31 December 2024

Registration No.

200501012215 (689263-M)

SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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DIRECTORS' REPORT

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

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>44,633</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 2023:

	RM'000
Dividend paid on 27 June 2024:	
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, 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 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, 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:

Members of the Board

Designation

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

Yeoh Eng Kim (Deceased on 1 December 2024)

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 RM803,000. The details of Directors' remuneration are set out in Note 13 to the financial statements.

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors (the Board)

Composition of the Board

The Board currently has four (4) members, comprising one (1) Independent Director and Chairman, two (2) Independent Directors and one (1) Non-Independent Non-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 a Director of Kumpulan Perangsang Selangor Berhad (KPS). He also chairs the Board of Trustees of Yayasan UEM and the International Centre for Education in Islamic Finance (INCEIF) and sits on the Board of Trustees of OSK Foundation. He is also a member of the Audit Oversight Board in the Securities Commission Malaysia and a member of the Investment Panel of Kumpulan Wang Persaraan (KWAP).

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

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

Training/Conferences
Global Minimum Tax and E-Invoicing
New Shariah Compliant Product Offering (Hajah, Darurah)
IT Cloud and Cyber Security
Directors Masterclass in Corporate Governance 2024: Boardroom Dynamics on Climate Talks
Sharing session on e-Invoice
FIDE Forum – CGM Masterclass: What Directors Must Know: Recent Developments in Climate Science
Understanding the 'S' in ESG – Recent Developments in the EU
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
Kuala Lumpur International Sustainability Conference
The Future of Cybersecurity with AI
Data Innovation to Drive Financial Inclusion - Pushing New Frontiers
STEP Malaysia Conference : Navigating Succession and Estate Planning in Malaysia and Labuan IBFC
ASPAC Board Leadership Centre (BLC) Webinar 2024 – The Risk Landscape: Navigating Climate Transition Risks in a Circular Economy
SLM Cyber Drill Exercise FY2024
Preventing Fraud: The Board's Roles and Responsibilities
EY FSO Insurance Forum 2024
INCEIF Discourse Series 17 - Reach & Relevance: How Social Finance Makes Islamic Finance More Meaningful Globally
KWAP Inspire Conference 2024 - Advancing Circular Transformation for a Climate-Smart Malaysia
Preventing Fraud: The Board's Roles and Responsibilities
ISSB IFRS S1 and S2 Sustainability Implementation
Threat Intelligence, AI, Darkweb and Deepfakes
Anti-Money Laundering (AML) and Anti-Bribery & Corruption (ABC) Awareness Training
Boardroom Insights 2025: Navigating Governance, Risk and Strategic Foresight

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Mr. Ooi Say Teng

Non-Independent Non-Executive Director

Date of Appointment: 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 35 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.

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.

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

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

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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

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 recent retirement 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.

She has served as the Board member of Xandaria Berhad.

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

Datin Komala does not hold any shares in the Company.

Datin Komala has attended the following trainings during the year:

Training/Conferences
New Syariah Compliance Product Offering (Hajah, Darurah)
Sharing session on e-Invoice
FIDE FORUM – CGM Masterclass: What Directors Must Know: Recent Developments in Climate Science
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
Kuala Lumpur International Sustainability Conference- Synergizing Climate Action: Fostering Collaboration Across Regulators, Corporations and Academia
CGM Masterclass: Latest Developments in Climate Aligned Executive Compensation
SLM FY2024 Cyber Drill exercise
KWAP Inspire Conference 2024 - Advancing Circular Transformation for a Climate-Smart Malaysia
Preventing Fraud: The Board's Roles and Responsibilities
Distinguished Board Leadership Series 2024: Digital Transformation of the World's Best Bank
ISSB IFRS S1 and S2 Sustainability Implementation
Threat Intelligence, AI, Darkweb and Deepfakes
Anti-Money Laundering (AML) and Anti-Bribery & Corruption (ABC) Awareness Training
Boardroom Insights 2025: Navigating Governance, Risk and Strategic Foresight

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

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

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 has served as the President Commissioner and Chairperson of the Board of Sun Life Financial Indonesia. She is also Chairperson of Indonesia Canada Chamber of Commerce (ICCC), Chairperson of Board of Supervisors, Yayasan Care Peduli (CARE Indonesia).

Ms. Vivien is currently the Commissioner of Sun Life Financial Indonesia and actively volunteers for Yayasan Kanker Indonesia.

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

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

Training/Conferences
New Syariah compliance product offering (Hajah, Darurah)
Sharing session on e-Invoice
Sun Life Corporate Security Updates & Cybersecurity Awareness Training
The Future of Cybersecurity with AI
SLM FY2024 Cyber Drill exercise
ISSB IFRS S1 and S2 Sustainability Implementation
Threat Intelligence, AI, Darkweb and Deepfakes
Anti-Money Laundering (AML) and Anti-Bribery & Corruption (ABC) Awareness Training

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Board Meetings

A total of seven (7) Board meetings were held during the financial year in review. All Directors have complied with Bank Negara Malaysia requirements that a director must attend at least 75% of Board meeting held in a financial year. The details of the meeting attendance 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%

Ms. Yeoh Eng Kim deceased on 1 December 2024.

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

Members	Attendance	%
Vivien Kusumowardhani (Chairperson)	4/4	100%
Dato' Noorazman Bin Abd Aziz	4/4	100%
Datin K. Komalavalli K.R. Gopal	4/4	100%
Ooi Say Teng	4/4	100%

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Board Committees (continued)

Audit Committee (AC) (continued)

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

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

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

Nomination and Remuneration Committee (NRC)

The NRC comprises three (3) Independent Directors and one (1) Non-Independent Non-Executive Director. Nine (9) 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)	9/9	100%
Dato' Noorazman Bin Abd Aziz	9/9	100%
Datin K. Komalavalli K.R. Gopal	9/9	100%
Ooi Say Teng	8/9	88%

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.

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Board Committees (continued)

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.

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
Ms. Yeoh Eng Kim (deceased on 1 December 2024)

The EXCO's duties and responsibilities are as follows:

- i) Reviews and recommends for approval of certain matters in the Shareholders Agreement before being tabled to the relevant Board Committees (as applicable) and, subsequently, to the Board for deliberation and approval;

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CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Board Committees (continued)

Executive Committee (EXCO) (continued)

- ii) Incorporate Environmental, Social and Governance (ESG) and climate-related considerations while performing their duties and responsibilities; and
- iii) Performs such other duties and exercises and such other powers as the Board may, from time to time, assign or vest in the EXCO.

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

Shariah Committee (SC)

The SC members and the SC members' 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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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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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Remuneration Policy (continued)

Remuneration Principles and Framework (continued)

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

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

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

Details of quantitative remuneration reward are set out in Notes 13 and 19 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 is as follows:

	RM'000
Fees payable to Ernst & Young:	
Statutory audit	
- current financial year	483
Regulatory related services	27
Non-audit related services	83
	<u>593</u>

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

AUDITORS

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

Signed on behalf of the Board in accordance with the resolution of the Directors dated 27 February 2025.

DATO' NOORAZMAN BIN ABD AZIZ
DIRECTOR

OOI SAY TENG
DIRECTOR

Kuala Lumpur

Registration No.

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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 23 to 141 are drawn up to give a true and fair view of the Company's financial position as at 31 December 2024, and the Company's financial performance for the financial year ended 31 December 2024 in accordance with the MFRS Accounting Standards, IFRS Accounting Standards, and the requirements of the Companies Act 2016, in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 February 2025.

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, Chew Chin Lim, 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 23 to 141 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declarations to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHEW CHIN LIM
MIA No. CA10652

Subscribed and solemnly declared by the above named Chew Chin Lim at Kuala Lumpur, in the state of Wilayah Persekutuan in Malaysia on 27 February 2025.

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 2024. 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 2024 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 2024.
5. All Shariah review and audit reports were shared to us, deliberated on, and ratified by us.
6. The allocation of zakat amounting to RM1,592,190 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 2024 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
27 February 2025

**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 2024, 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 23 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, 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.

The financial statements of Sun Life Malaysia Takaful Berhad for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 March 2024.

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

Kuala Lumpur, Malaysia
27 February 2025

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

SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	Family Takaful Fund		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Property and equipment	3	-	-	1,082	2,116
Intangible assets	4	-	-	13,858	16,967
Right-of-use assets		-	-	63	11
Investments:					
Fair value through other comprehensive income financial assets ("FVOCI")	5	2,258,917	1,865,932	2,901,496	2,474,409
Fair value through profit or loss financial assets ("FVTPL")	5	697,615	721,480	707,455	729,754
Amortised cost financial assets	6	132,468	156,516	146,507	172,956
Retakaful certificate assets	7	80,279	74,445	80,280	74,162
Takaful certificate assets	7	147,830	146,441	375,566	364,143
Other receivables	8	4,494	7,942	8,866	12,895
Current tax assets		-	182	9,339	3,865
Cash and bank balances		12,667	23,724	12,881	24,445
TOTAL ASSETS		3,334,270	2,996,662	4,257,393	3,875,723
EQUITY AND LIABILITIES					
Share capital	11	-	-	240,000	240,000
Retained earnings		-	-	469,005	429,372
Fair value through other comprehensive income reserve		61,192	56,152	61,903	56,677
Takaful finance reserve		(61,192)	(56,152)	(61,192)	(56,152)
TOTAL EQUITY		-	-	709,716	669,897
Retakaful certificate liabilities	7	5,997	6,359	5,997	6,359
Takaful certificate liabilities	7	3,230,684	2,891,598	3,382,066	3,050,968
Lease liabilities		-	-	64	12
Other payables	10	94,603	93,303	125,315	121,367
Deferred tax liabilities	9	2,461	5,402	34,235	27,120
Current tax liabilities		525	-	-	-
TOTAL LIABILITIES		3,334,270	2,996,662	3,547,677	3,205,826
TOTAL EQUITY AND LIABILITIES		3,334,270	2,996,662	4,257,393	3,875,723

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

SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

	Note	Family Takaful Fund		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Takaful revenue	12	347,595	370,845	430,818	416,452
Takaful service expenses	13	(365,309)	(378,046)	(401,618)	(387,173)
Takaful service result before retakaful certificates held		(17,714)	(7,201)	29,200	29,279
Allocation of retakaful contributions		(84,170)	(79,978)	(84,170)	(79,978)
Amounts recoverable from retakaful operators for incurred claims		83,967	79,780	83,995	79,826
Net expense from retakaful certificates held	14	(203)	(198)	(175)	(152)
Takaful service result		(17,917)	(7,399)	29,025	29,127
Investment income		97,894	85,575	121,955	107,402
Net fair value gains on fair value through other comprehensive income financial assets		2,043	3	2,206	3
Net fair value (losses)/gains on fair value through profit or loss financial assets		(16,832)	84,359	(15,998)	84,720
Net investment income	15(a)	83,105	169,937	108,163	192,125
Takaful finance expenses for takaful certificates issued		(65,697)	(153,861)	(73,828)	(163,606)
Retakaful finance income for retakaful certificates held		203	197	203	197
Net takaful finance result	15(b)	(65,494)	(153,664)	(73,625)	(163,409)
Net investment result		17,611	16,273	34,538	28,716
Other operating income	13	35	35	14	130
Other operating expenses	-	-	-	(180)	(145)
Other finance cost	-	-	-	(3)	(1)
Other income/(expenses)	13	35	35	(169)	(16)
(Loss)/profit before taxation		(293)	8,909	63,394	57,827
Tax attributable to participants		293	(8,909)	293	(8,909)
Profit before taxation attributable to Shareholders		-	-	63,687	48,918

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SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

	Note	Family Takaful Fund		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Profit before taxation attributable to Shareholders		-	-	63,687	48,918
Taxation	16	293	(8,909)	(17,169)	(20,664)
Tax attributable to participants	16	(293)	8,909	(293)	8,909
Tax attributable to Shareholders	16	-	-	(17,462)	(11,755)
Zakat		-	-	(1,592)	(1,223)
Net profit for the financial year		-	-	44,633	35,940
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		4,159	63,236	4,041	77,243
- Transfer to profit or loss upon disposal		1,452	(627)	1,839	(627)
- Gross fair value changes	5(c)	5,611	62,609	5,880	76,616
- Expected credit loss		(122)	148	(141)	171
- Deferred taxation	9	(449)	(5,009)	(513)	(8,370)
Net fair value changes		5,040	57,748	5,226	68,417
Takaful finance expenses for takaful certificates issued					
- Changes in fair value of underlying items	15	(5,040)	(57,748)	(5,040)	(57,748)
Net takaful financial result		(5,040)	(57,748)	(5,040)	(57,748)
Other comprehensive income for the financial year, net of tax		-	-	186	10,669
Total comprehensive income for the financial year		-	-	44,819	46,609
Basic earnings per share (sen)	17	-	-	31.88	25.67

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Non-distributable					
	Note	Share capital RM'000	FVOCI* reserve RM'000	Takaful finance reserve RM'000	Retained earnings RM'000	Total RM'000
As at 1 January 2023		240,000	(11,740)	1,596	398,432	628,288
Dividend paid	18	-	-	-	(5,000)	(5,000)
Total comprehensive income/(loss) for the financial year		-	68,417	(57,748)	35,940	46,609
As at 31 December 2023/1 January 2024		240,000	56,677	(56,152)	429,372	669,897
Dividend paid	18	-	-	-	(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		240,000	61,903	(61,192)	469,005	709,716

* FVOCI refers to fair value through other comprehensive income.

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

SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial year		44,633	35,940
Adjustments for:			
Depreciation of property and equipment	3	99	96
Amortisation of intangible assets	4	5,800	5,322
Amortisation of right-of-use assets	13(c)	56	67
Net amortisation of premiums	15(a)(i)	2,294	2,268
Net fair value gains on fair value through other comprehensive income financial assets	15(a)(ii)	(2,206)	(3)
Gain on disposal of property and equipment		-	(95)
Profit income	15(a)(i)	(119,173)	(102,442)
Dividend income	15(a)(i)	(6,205)	(8,210)
(Write-back of)/expected credit loss on investments at fair value through other comprehensive income	15(a)(i)	(141)	171
Net fair value losses/(gains) on fair value through profit or loss financial assets	15(a)(iii)	15,998	(84,720)
Zakat		1,592	1,223
Finance cost		3	1
Taxation	16	17,169	20,664
Loss from operations before changes in operating assets and liabilities		(40,081)	(129,718)
Proceeds from disposal and maturity of investments		648,833	221,380
Purchase of investments	5(c)	(1,060,850)	(708,682)
(Increase)/decrease in other receivables		(3,998)	54,536
Increase in net takaful certificate liabilities		314,635	514,017
Increase in net retakaful certificate assets		(6,480)	(22,169)
Increase/(decrease) in other payables		3,208	(3,431)
		(144,733)	(74,067)
Investment income received:			
- Profit income		116,239	96,066
- Dividend income		6,456	8,432
Finance cost of leases paid		(3)	(1)
Income tax paid, net of refund		(8,266)	(23,025)
Zakat paid		(852)	(1,136)
Net cash (used in)/generated from operating activities		(31,159)	6,269

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

		2024	2023
	<u>Note</u>	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	3	(1,392)	(2,520)
Purchase of intangible assets	4	(373)	(372)
Proceeds from disposal of property and equipment		9	95
Net cash used in investing activities		<u>(1,756)</u>	<u>(2,797)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(56)	(68)
Dividend paid		<u>(5,000)</u>	<u>(5,000)</u>
Net cash used in financing activities		<u>(5,056)</u>	<u>(5,068)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(37,971)	(1,596)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		197,343	198,939
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		<u>159,372</u>	<u>197,343</u>
Cash and cash equivalents comprise:			
Cash and bank balances		12,881	24,445
Fixed and call deposits with licensed financial institutions with original maturity of less than three months		146,491	172,898
		<u>159,372</u>	<u>197,343</u>

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

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

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SUN LIFE MALAYSIA TAKAFUL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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 27 February 2025.

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.

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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SUN LIFE MALAYSIA TAKAFUL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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 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 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 Takaful funds from its own. The accounting policies adopted for the 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 requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3 to the financial statements.

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

SUN LIFE MALAYSIA TAKAFUL BERHAD
(Incorporated in Malaysia)

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

New amendments to standards that were effective and adopted

The amendments to published standards that the Company has adopted for the first time for the current financial year are as follows:

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

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

(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 2025 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".

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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)

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

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.

- (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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2 MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.2 Summary of material accounting policies****(a) 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.

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) on impairment of 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 and an exclusive partnership fee.

(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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(b) Intangible assets (continued)

(ii) Computer software (continued)

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.

(iii) 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 (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.

(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.

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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)

(c) Financial assets (continued)

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:

(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.

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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)

(c) Financial assets (continued)

(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.

(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.

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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 FVOCI (continued)

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.

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 and dividend income on financial assets at amortised cost are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. On derecognition or impairment, any gains or losses are recognised in profit or loss.

(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 real estate investment trusts, fair value is determined by reference to published bid values.

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

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

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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)

(d) Fair value of financial instruments (continued)

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.

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.

(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 generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(e) Impairment (continued)

(i) Financial assets (continued)

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

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.

(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. 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.

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2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(e) Impairment (continued)

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.

(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 2024 (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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NOTES TO THE FINANCIAL STATEMENTS
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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. Please refer to the transition approach applied by the Company in Note 2.2(i)(v).

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
- 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; 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 when 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 recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

In determining the measurement models, the 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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NOTES TO THE FINANCIAL STATEMENTS
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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 recognized 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 Contractual Service Margin (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 recognized 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 in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For 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(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 participant
- 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(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;
- 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.

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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)

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

(vii) Presentation (continued)

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.

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 21 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.

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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)

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

(vii) Presentation (continued)

Net income or expense from retakaful certificates held (continued)

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.

(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

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. 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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NOTES TO THE FINANCIAL STATEMENTS
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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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NOTES TO THE FINANCIAL STATEMENTS
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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

The share-based payment plan is based on the value of Sun Life Financial Inc.'s (SLF) common shares as disclosed in Note 13(c)(i) 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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NOTES TO THE FINANCIAL STATEMENTS
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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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NOTES TO THE FINANCIAL STATEMENTS
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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 (GII) plus an illiquidity premium.

The key assumptions above are further described in Note 21.

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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NOTES TO THE FINANCIAL STATEMENTS
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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 2023		628	571	1,395	2,594
Additions		13	-	2,507	2,520
Disposals		-	(287)	-	(287)
Reclassification of work-in-progress to intangible assets	4	-	-	(1,964)	(1,964)
At 31 December 2023/1 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		637	284	1,003	1,924
<u>Accumulated depreciation</u>					
At 1 January 2023		628	310	-	938
Charge for the financial year	13(c)	1	95	-	96
Disposals		-	(287)	-	(287)
At 31 December 2023/1 January 2024		629	118	-	747
Charge for the financial year	13(c)	4	95	-	99
Disposals		(4)	-	-	(4)
At 31 December 2024		629	213	-	842
<u>Net carrying amount</u>					
31 December 2024		8	71	1,003	1,082
31 December 2023		12	166	1,938	2,116

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

4 INTANGIBLE ASSETS

<u>Company</u>	<u>Note</u>	<u>Computer software</u> RM'000	<u>Partnership Fee</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>				
At 1 January 2023		19,308	37,130	56,438
Addition		372	-	372
Reclassification from Property and Equipment	3	1,964	-	1,964
At 31 December 2023/1 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		24,335	37,130	61,465
<u>Accumulated amortisation</u>				
At 1 January 2023		17,166	19,069	36,235
Amortisation for the financial year	13(c)	1,684	3,638	5,322
At 31 December 2023/1 January 2024		18,850	22,707	41,557
Amortisation for the financial year	13(c)	2,162	3,638	5,800
At 31 December 2024		21,012	26,345	47,357
<u>Accumulated allowance for impairment loss</u>				
At 1 January 2023		-	250	250
Allowance for impairment loss		-	-	-
At 31 December 2023/1 January 2024		-	250	250
Allowance for impairment loss		-	-	-
At 31 December 2024		-	250	250
<u>Net carrying amount</u>				
31 December 2024		3,323	10,535	13,858
31 December 2023		2,794	14,173	16,967

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NOTES TO THE FINANCIAL STATEMENTS
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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	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Government Investment Issues	587,029	331,675	928,082	676,370
Cagamas Sukuk	10,156	10,225	10,156	10,225
Unquoted Sukuk	1,661,732	1,524,032	1,963,258	1,787,814
Quoted equity securities	110,062	97,472	119,902	105,746
Unit trust funds	587,553	624,008	587,553	624,008
Total	2,956,532	2,587,412	3,608,951	3,204,163

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

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
FVOCI financial assets	2,258,917	1,865,932	2,901,496	2,474,409
FVTPL financial assets	697,615	721,480	707,455	729,754
Total	2,956,532	2,587,412	3,608,951	3,204,163

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

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
FVOCI financial assets	2,193,576	1,845,794	2,806,066	2,414,103

(a) FVOCI financial assets - Mandatorily measured

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Government Investment Issues	587,029	331,675	928,082	676,370
Cagamas Sukuk	10,156	10,225	10,156	10,225
Unquoted Sukuk	1,661,732	1,524,032	1,963,258	1,787,814
Total	2,258,917	1,865,932	2,901,496	2,474,409

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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	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Quoted equity securities	110,062	97,472	119,902	105,746
Unit trust funds	587,553	624,008	587,553	624,008
Total	697,615	721,480	707,455	729,754

(c) Carrying values of financial assets

	Note	Family Takaful Fund		
		FVTPL	FVOCI	Total
		RM'000	RM'000	RM'000
At 1 January 2023		612,332	1,435,569	2,047,901
Purchases		126,774	480,159	606,933
Maturities		-	(30,044)	(30,044)
Disposals		(105,085)	(86,202)	(191,287)
Fair value gains recorded in:				
Profit or loss	15(a)(iii)	87,459	-	87,459
Other comprehensive income		-	62,609	62,609
Movement in accrued profit		-	4,931	4,931
Amortisation adjustments	15(a)(i)	-	(1,090)	(1,090)
At 31 December 2023/1 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 gains recorded in:				
Profit or loss	15(a)(iii)	(41,331)	-	(41,331)
Other comprehensive income		-	5,611	5,611
Movement in accrued profit		-	2,765	2,765
Amortisation adjustments	15(a)(i)	-	(1,512)	(1,512)
At 31 December 2024		697,615	2,258,917	2,956,532

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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)

	<u>Note</u>	<u>FVTPL</u>	<u>FVOCI</u>	<u>Company</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>Total</u>
				<u>RM'000</u>
At 1 January 2023		617,961	1,933,485	2,551,446
Purchases		132,204	576,478	708,682
Maturities			(30,044)	(30,044)
Disposals		(108,435)	(86,202)	(194,637)
Fair value gains recorded in:				
Profit or loss	15(a)(iii)	88,024	-	88,024
Other comprehensive income		-	76,616	76,616
Movement in accrued profit		-	6,344	6,344
Amortisation adjustments	15(a)(i)	-	(2,268)	(2,268)
At 31 December 2023/1 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 gains recorded in:				
Profit or loss	15(a)(iii)	(41,686)	-	(41,686)
Other comprehensive income		-	5,880	5,880
Movement in accrued profit		-	2,977	2,977
Amortisation adjustments	15(a)(i)	-	(2,294)	(2,294)
At 31 December 2024		707,455	2,901,496	3,608,951

(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 2024 and 2023.

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

	Level 1 RM'000	Level 2 RM'000	Total RM'000
<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>

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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>2024</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>
<u>2023</u>			
<u>Family Takaful Fund</u>			
<u>FVOCI financial assets</u>			
Government Investment Issues	-	331,675	331,675
Cagamas Sukuk	-	10,225	10,225
Unquoted Sukuk	-	1,524,032	1,524,032
<u>FVTPL financial assets</u>			
Quoted equity securities	97,472	-	97,472
Unit trust funds	624,008	-	624,008
	<u>721,480</u>	<u>1,865,932</u>	<u>2,587,412</u>
<u>Company</u>			
<u>FVOCI financial assets</u>			
Government Investment Issues	-	676,370	676,370
Cagamas Sukuk	-	10,225	10,225
Unquoted Sukuk	-	1,787,814	1,787,814
<u>FVTPL financial assets</u>			
Quoted equity securities	105,746	-	105,746
Unit trust funds	624,008	-	624,008
	<u>729,754</u>	<u>2,474,409</u>	<u>3,204,163</u>

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6 INVESTMENTS: AMORTISED COST FINANCIAL ASSETS

<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>
<u>2023</u>	Family Takaful Fund RM'000	Company RM'000
Fixed and call deposits with licensed financial institutions	156,463	172,898
Accrued profit on fixed and call deposits	53	58
	<u>156,516</u>	<u>172,956</u>
Receivable within 12 months	<u>156,516</u>	<u>172,956</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 2024 (2023: Nil).

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7 TAKAFUL AND RETAKAFUL CERTIFICATES

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

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Family Takaful Fund</u>						
Takaful certificates not measured under the PAA	(147,830)	3,227,088	3,079,258	(146,441)	2,887,957	2,741,516
Takaful certificates measured under the PAA	-	3,596	3,596	-	3,641	3,641
Takaful certificate (assets)/liabilities	(147,830)	3,230,684	3,082,854	(146,441)	2,891,598	2,745,157
Retakaful certificates held not measured under the PAA	(71,977)	561	(71,416)	(69,381)	255	(69,126)
Retakaful certificates measured under the PAA	(8,302)	5,436	(2,866)	(5,064)	6,104	1,040
Retakaful certificate (assets)/liabilities	(80,279)	5,997	(74,282)	(74,445)	6,359	(68,086)
<u>Company</u>						
Takaful certificates not measured under the PAA	(375,564)	3,378,525	3,002,961	(364,028)	3,047,328	2,683,300
Takaful certificates measured under the PAA	(2)	3,541	3,539	(115)	3,640	3,525
Takaful certificate (assets)/liabilities	(375,566)	3,382,066	3,006,500	(364,143)	3,050,968	2,686,825
Retakaful certificates held not measured under the PAA	(71,977)	561	(71,416)	(69,381)	255	(69,126)
Retakaful certificates held measured under the PAA	(8,303)	5,436	(2,867)	(4,781)	6,104	1,323
Retakaful certificate (assets)/liabilities	(80,280)	5,997	(74,283)	(74,162)	6,359	(67,803)

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.1 Takaful certificates issued

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

		2024					2023				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
Family Takaful Fund	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January											
Takaful certificate liabilities		2,479,282	-	408,675	-	2,887,957	1,943,953	-	434,540	-	2,378,493
Takaful certificate assets		6,431	-	(152,872)	-	(146,441)	(1,919)	-	(155,019)	-	(156,938)
Net takaful certificate liabilities as at 1 January		2,485,713	-	255,803	-	2,741,516	1,942,034	-	279,521	-	2,221,555
Takaful revenue	12	(346,159)	-	-	-	(346,159)	(369,678)	-	-	-	(369,678)
Takaful service expense	13	37,615	-	320,841	-	358,456	68,678	-	306,087	-	374,765
Surplus to Participants Account		22,365	-	(22,365)	-	-	24,358	-	(24,358)	-	-
Investment components		(188,698)	-	188,698	-	-	(167,058)	-	167,058	-	-
Takaful service result		(474,877)	-	487,174	-	12,297	(443,700)	-	448,787	-	5,087

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.1 Takaful certificates issued (continued)

	Note	2024					2023				
		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	15(b)	70,737	-	-	-	70,737	211,609	-	-	-	211,609
Total changes in the statement of comprehensive income		(404,140)	-	487,174	-	83,034	(232,091)	-	448,787	-	216,696
Cash flows											
Contributions received		947,483	-	-	-	947,483	1,010,823	-	-	-	1,010,823
Claims and other expenses paid including investment components		-	-	(434,523)	-	(434,523)	-	-	(436,749)	-	(436,749)
Total cash flows		947,483	-	(434,523)	-	512,960	1,010,823	-	(436,749)	-	574,074
Other movements*		(173,769)	-	(84,483)	-	(258,252)	(235,053)	-	(35,756)	-	(270,809)
Net takaful certificate liabilities as at 31 December		2,855,287	-	223,971	-	3,079,258	2,485,713	-	255,803	-	2,741,516
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 31 December		2,855,287	-	223,971	-	3,079,258	2,485,713	-	255,803	-	2,741,516

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.1 Takaful certificates issued (continued)

2024							2023				
Company	Note	Liabilities for remaining coverage		Liabilities for incurred claims		Total	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding Loss Component RM'000	Loss Component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment 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	
At 1 January											
Takaful certificate liabilities		2,568,872	69,659	408,797	-	3,047,328	1,989,310	42,695	434,662	-	2,466,667
Takaful certificate assets		(211,213)	-	(152,815)	-	(364,028)	(199,711)	-	(154,994)	-	(354,705)
Net takaful certificate liabilities as at 1 January		2,357,659	69,659	255,982	-	2,683,300	1,789,599	42,695	279,668	-	2,111,962
Takaful revenue	12	(428,867)	-	-	-	(428,867)	(414,935)	-	-	-	(414,935)
Takaful service expense	13	117,956	22,466	254,504	-	394,926	94,512	27,674	261,899	-	384,085
Surplus to Participants Account		22,365	-	(22,365)	-	-	24,358	-	(24,358)	-	-
Investment components		(188,773)	-	188,773	-	-	(167,064)	-	167,064	-	-
Takaful service result		(477,319)	22,466	420,912	-	(33,941)	(463,129)	27,674	404,605	-	(30,850)
Takaful finance expenses	15(b)	79,797	(929)	-	-	78,868	222,064	(710)	-	-	221,354
Total changes in the statement of comprehensive income		(397,522)	21,537	420,912	-	44,927	(241,065)	26,964	404,605	-	190,504

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.1 Takaful certificates issued (continued)

Company	Note	2024					2023				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows											
Contributions received		982,610	-	-	-	982,610	1,079,966	-	-	-	1,079,966
Claims and other expenses paid including investment components		-	-	(606,635)	-	(606,635)	-	-	(572,491)	-	(572,491)
Total cash flows		982,610	-	(606,635)	-	375,975	1,079,966	-	(572,491)	-	507,475
Other movements*		(254,953)	-	153,712	-	(101,241)	(270,841)	-	144,200	-	(126,641)
Net takaful certificate liabilities as at 31 December		2,687,794	91,196	223,971	-	3,002,961	2,357,659	69,659	255,982	-	2,683,300
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 31 December		2,687,794	91,196	223,971	-	3,002,961	2,357,659	69,659	255,982	-	2,683,300

* "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 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, amortisation of intangible assets.

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.2 Retakaful certificates held

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

	Note	2024					2023				
		Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
Family Takaful Fund		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		(69,656)	-	139,037	-	69,381	(49,838)	-	85,877	-	36,039
Retakaful certificate liabilities		66	-	(321)	-	(255)	-	-	-	-	-
Net retakaful certificate (liabilities)/assets as at 1 January		(69,590)	-	138,716	-	69,126	(49,838)	-	85,877	-	36,039
Allocation of retakaful contributions	14	(74,249)	-	-	-	(74,249)	(68,235)	-	-	-	(68,235)
Amounts recoverable from retakaful operators	14	-	-	71,840	-	71,840	-	-	79,976	-	79,976
Retakaful investment components		140	-	(140)	-	-	(208)	-	208	-	-
Net (expense)/income from retakaful certificates held		(74,109)	-	71,700	-	(2,409)	(68,443)	-	80,184	-	11,741
Retakaful finance income	15(b)	203	-	-	-	203	197	-	-	-	197
Total changes in the statement of comprehensive income		(73,906)	-	71,700	-	(2,206)	(68,246)	-	80,184	-	11,938

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.2 Retakaful certificates held (continued)

	Note	2024					2023				
		Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Family Takaful Fund											
Cash flows											
Contributions paid		90,103	-	-	-	90,103	48,494	-	-	-	48,494
Claims and benefits recovered		-	-	(85,607)	-	(85,607)	-	-	(27,345)	-	(27,345)
Total cash flows		90,103	-	(85,607)	-	4,496	48,494	-	(27,345)	-	21,149
Net retakaful certificate (liabilities)/assets as at 31 December		(53,393)	-	124,809	-	71,416	(69,590)	-	138,716	-	69,126
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 31 December		(53,393)	-	124,809	-	71,416	(69,590)	-	138,716	-	69,126

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.2 Retakaful certificates held (continued)

Company	Note	2024					2023				
		Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January											
Retakaful certificate assets		(69,656)	-	139,037	-	69,381	(49,838)	-	85,877	-	36,039
Retakaful certificate liabilities		66	-	(321)	-	(255)	-	-	-	-	-
Net retakaful certificate (liabilities)/assets as at 1 January		(69,590)	-	138,716	-	69,126	(49,838)	-	85,877	-	36,039
Allocation of retakaful contributions	14	(74,249)	-	-	-	(74,249)	(68,235)	-	-	-	(68,235)
Amounts recoverable from retakaful operators	14	-	-	71,868	-	71,868	-	-	80,022	-	80,022
Retakaful investment components		140	-	(140)	-	-	(208)	-	208	-	-
Net (expense)/income from retakaful certificates held		(74,109)	-	71,728	-	(2,381)	(68,443)	-	80,230	-	11,787
Retakaful finance income	15(b)	203	-	-	-	203	197	-	-	-	197
Total changes in the statement of comprehensive income		(73,906)	-	71,728	-	(2,178)	(68,246)	-	80,230	-	11,984

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.1.2 Retakaful certificates held (continued)

Company	Note	2024					2023				
		Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows											
Contributions paid		90,103	-	-	-	90,103	48,494	-	-	-	48,494
Claims and benefits recovered		-	-	(85,635)	-	(85,635)	-	-	(27,391)	-	(27,391)
Total cash flows		90,103	-	(85,635)	-	4,468	48,494	-	(27,391)	-	21,103
Net retakaful certificate (liabilities)/assets as at 31 December		(53,393)	-	124,809	-	71,416	(69,590)	-	138,716	-	69,126
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 31 December		(53,393)	-	124,809	-	71,416	(69,590)	-	138,716	-	69,126

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

7.2 Roll-forward of the net asset or liability 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.

7.2.1 Takaful certificates issued

The table below presents a roll-forward of the net asset or liability 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 portfolios included in the Family Takaful Fund and Company.

	Note	2024				2023			
		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
Family Takaful Fund									
At 1 January									
Takaful certificate liabilities		2,887,957	-	-	2,887,957	2,378,493	-	-	2,378,493
Takaful certificate assets		(146,441)	-	-	(146,441)	(156,938)	-	-	(156,938)
Net takaful certificate liabilities as at 1 January		2,741,516	-	-	2,741,516	2,221,555	-	-	2,221,555
Changes that relate to current services									
Experience adjustments		20,420	-	-	20,420	17,413	-	-	17,413
Changes that relate to past services									
Adjustments to liabilities for incurred claims		(8,123)	-	-	(8,123)	(12,326)	-	-	(12,326)
Takaful service result		12,297	-	-	12,297	5,087	-	-	5,087
Takaful finance expenses	15(b)	70,737	-	-	70,737	211,609	-	-	211,609
Total changes in the statement of comprehensive income		83,034	-	-	83,034	216,696	-	-	216,696
Cash flows									
Contributions received		947,483	-	-	947,483	1,010,823	-	-	1,010,823
Claims and other expenses paid including investment components		(434,523)	-	-	(434,523)	(436,749)	-	-	(436,749)
Total cash flows		512,960	-	-	512,960	574,074	-	-	574,074
Other movements*		(258,252)	-	-	(258,252)	(270,809)	-	-	(270,809)
Net takaful certificate liabilities as at 31 December		3,079,258	-	-	3,079,258	2,741,516	-	-	2,741,516
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 31 December		3,079,258	-	-	3,079,258	2,741,516	-	-	2,741,516

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

7.2 Roll-forward of the net asset or liability 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)

7.2.1 Takaful certificates issued (continued)

Company	Note	2024				2023			
		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
At 1 January									
Takaful certificate liabilities		2,791,512	24,781	231,035	3,047,328	2,275,837	23,182	167,648	2,466,667
Takaful certificate assets		(393,845)	17,644	12,173	(364,028)	(382,925)	16,497	11,723	(354,705)
Net takaful certificate liabilities as at 1 January		2,397,667	42,425	243,208	2,683,300	1,892,912	39,679	179,371	2,111,962
Changes that relate to current services									
Contractual service margin recognised for services provided		-	-	(41,999)	(41,999)	-	-	(45,374)	(45,374)
Risk adjustment for the risk expired		-	(23,838)	-	(23,838)	-	(27,782)	-	(27,782)
Experience adjustments		12,219	-	-	12,219	22,989	-	-	22,989
		12,219	(23,838)	(41,999)	(53,618)	22,989	(27,782)	(45,374)	(50,167)
Changes that relate to future services									
Certificates initially recognised in the period		(175,058)	18,584	151,191	(5,283)	(216,775)	26,065	187,646	(3,064)
Changes in estimates that adjust the contractual service margin		103,550	(900)	(102,650)	-	88,118	581	(88,699)	-
Changes in estimates that do not adjust the contractual service margin		32,768	400	-	33,168	32,828	1,844	-	34,672
		(38,740)	18,084	48,541	27,885	(95,829)	28,490	98,947	31,608
Changes that relate to past services									
Adjustments to liabilities for incurred claims		(8,208)	-	-	(8,208)	(12,291)	-	-	(12,291)
Takaful service result		(34,729)	(5,754)	6,542	(33,941)	(85,131)	708	53,573	(30,850)
Takaful finance expenses	15(b)	63,294	861	14,713	78,868	209,052	2,038	10,264	221,354
Total changes in the statement of comprehensive income		28,565	(4,893)	21,255	44,927	123,921	2,746	63,837	190,504

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

7.2 Roll-forward of the net asset or liability 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)

7.2.1 Takaful certificates issued (continued)

Company	Note	2024				2023			
		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		982,610	-	-	982,610	1,079,966	-	-	1,079,966
Claims and other expenses paid including investment components		(606,635)	-	-	(606,635)	(572,491)	-	-	(572,491)
Total cash flows		375,975	-	-	375,975	380,834	-	-	380,834
Other movements*		(101,241)	-	-	(101,241)	(126,641)	-	-	(126,641)
Net takaful certificate liabilities as at 31 December		2,700,966	37,532	264,463	3,002,961	2,397,667	42,425	243,208	2,683,300
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 31 December		2,700,966	37,532	264,463	3,002,961	2,397,667	42,425	243,208	2,683,300

"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 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, amortisation of intangible assets.

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

7.2 Roll-forward of the net asset or liability 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)

7.2.2 Retakaful certificates held

		2024				2023			
	Note	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
Family Takaful Fund									
Retakaful certificate assets		69,381	-	-	69,381	36,039	-	-	36,039
Retakaful certificate liabilities		(255)	-	-	(255)	-	-	-	-
Net retakaful certificate assets as at 1 January		69,126	-	-	69,126	36,039	-	-	36,039
Changes that relate to current services									
Experience adjustments		(12,146)	-	-	(12,146)	(18,542)	-	-	(18,542)
Changes that relate to past services									
Changes in amounts recoverable arising from changes in liability		9,737	-	-	9,737	30,283	-	-	30,283
Net income from retakaful certificates held		(2,409)	-	-	(2,409)	11,741	-	-	11,741
Retakaful finance income	15(b)	203	-	-	203	197	-	-	197
Total changes in the statement of comprehensive income		(2,206)	-	-	(2,206)	11,938	-	-	11,938
Cash flows									
Contributions paid		90,103	-	-	90,103	48,495	-	-	48,495
Claims and benefits received		(85,607)	-	-	(85,607)	(27,346)	-	-	(27,346)
Total cash flows		4,496	-	-	4,496	21,149	-	-	21,149
Net retakaful certificate assets as at 31 December		71,416	-	-	71,416	69,126	-	-	69,126
At 31 December									
Retakaful certificate assets		71,977	-	-	71,977	69,381	-	-	69,381
Retakaful certificate liabilities		(561)	-	-	(561)	(255)	-	-	(255)
Net retakaful certificate assets as at 31 December		71,416	-	-	71,416	69,126	-	-	69,126

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

7.2 Roll-forward of the net asset or liability 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)

7.2.2 Retakaful certificates held (continued)

Company	Note	2024				2023			
		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		69,381	-	-	69,381	36,039	-	-	36,039
Retakaful certificate liabilities		(255)	-	-	(255)	-	-	-	-
Net retakaful certificate assets as at 1 January		69,126	-	-	69,126	36,039	-	-	36,039
Changes that relate to current services									
Experience adjustments		(12,118)	-	-	(12,118)	(18,496)	-	-	(18,496)
Changes that relate to past services									
Changes in amounts recoverable arising from changes in liability		9,737	-	-	9,737	30,283	-	-	30,283
Net income from retakaful certificates held		(2,381)	-	-	(2,381)	11,787	-	-	11,787
Retakaful finance income	15(b)	203	-	-	203	197	-	-	197
Total changes in the statement of comprehensive income		(2,178)	-	-	(2,178)	11,984	-	-	11,984
Cash flows									
Contributions paid		90,103	-	-	90,103	48,495	-	-	48,495
Claims and benefits recovered		(85,635)	-	-	(85,635)	(27,392)	-	-	(27,392)
Total cash flows		4,468	-	-	4,468	21,103	-	-	21,103
Net retakaful certificate assets as at 31 December		71,416	-	-	71,416	69,126	-	-	69,126
At 31 December									
Retakaful certificate assets		71,977	-	-	71,977	69,381	-	-	69,381
Retakaful certificate liabilities		(561)	-	-	(561)	(255)	-	-	(255)
Net retakaful certificate assets as at 31 December		71,416	-	-	71,416	69,126	-	-	69,126

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.1 Takaful certificates issued

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

	Note	2024					2023				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
Family Takaful Fund		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January											
Takaful certificate liabilities		(119)	-	3,771	(11)	3,641	12	-	3,191	7	3,210
Takaful certificate assets		-	-	-	-	-	(140)	-	-	-	(140)
Net takaful certificate (assets)/liabilities as at 1 January		(119)	-	3,771	(11)	3,641	(128)	-	3,191	7	3,070
Takaful revenue	12	(1,436)	-	-	-	(1,436)	(1,167)	-	-	-	(1,167)
Takaful service expense	13	353	-	6,500	-	6,853	312	-	2,987	(18)	3,281
Surplus to Participants Account		-	-	-	-	-	1	-	(1)	-	-
Takaful service result		(1,083)	-	6,500	-	5,417	(854)	-	2,986	(18)	2,114
Takaful finance expenses	15(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(1,083)	-	6,500	-	5,417	(854)	-	2,986	(18)	2,114

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.1 Takaful certificates issued (continued)

	Note	2024					2023				
		Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
		Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
Family Takaful Fund		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows											
Contributions received		1,418	-	-	-	1,418	1,175	-	-	-	1,175
Claims and other expenses paid including investment components		-	-	(6,527)	-	(6,527)	-	-	(2,404)	-	(2,404)
Total cash flows		1,418	-	(6,527)	-	(5,109)	1,175	-	(2,404)	-	(1,229)
Other movements*		(353)	-	-	-	(353)	(312)	-	(2)	-	(314)
Net takaful certificate (assets)/liabilities as at 31 December		(137)	-	3,744	(11)	3,596	(119)	-	3,771	(11)	3,641
At 31 December											
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 31 December		(137)	-	3,744	(11)	3,596	(119)	-	3,771	(11)	3,641

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.1 Takaful certificates issued (continued)

Company	Note	2024					2023				
		Liabilities for remaining coverage		Liabilities for incurred claims		Total	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment		Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January											
Takaful certificate liabilities		(127)	8	3,770	(11)	3,640	39	7	3,223	7	3,276
Takaful certificate assets		(76)	-	(39)	-	(115)	(154)	-	(24)	-	(178)
Net takaful certificate (assets)/liabilities as at 1 January		(203)	8	3,731	(11)	3,525	(115)	7	3,199	7	3,098
Takaful revenue	12	(1,951)	-	-	-	(1,951)	(1,517)	-	-	-	(1,517)
Takaful service expense	13	150	3	6,539	-	6,692	113	1	2,992	(18)	3,088
Surplus to Participants Account		-	-	-	-	-	1	-	(1)	-	-
Takaful service result		(1,801)	3	6,539	-	4,741	(1,403)	1	2,991	(18)	1,571
Takaful finance expenses	15(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(1,801)	3	6,539	-	4,741	(1,403)	1	2,991	(18)	1,571

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.1 Takaful certificates issued (continued)

Company	Note	2024					2023				
		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		1,701	-	-	-	1,701	1,176	-	-	-	1,176
Claims and other expenses paid including investment components		-	-	(6,527)	-	(6,527)	-	-	(2,455)	-	(2,455)
Total cash flows		1,701	-	(6,527)	-	(4,826)	1,176	-	(2,455)	-	(1,279)
Other movements*		99	-	-	-	99	139	-	(4)	-	135
Net takaful certificate (assets)/liabilities as at 31 December		(204)	11	3,743	(11)	3,539	(203)	8	3,731	(11)	3,525
At 31 December											
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 31 December		(204)	11	3,743	(11)	3,539	(203)	8	3,731	(11)	3,525

*"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 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, amortisation of intangible assets.

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.2 Retakaful certificates held

The roll-forward of the net asset or liability 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	2024					2023				
		Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
Family Takaful Fund		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		3,760	-	1,304	-	5,064	2,115	-	9,938	-	12,053
Retakaful certificate liabilities		(4,681)	-	(1,423)	-	(6,104)	(2,826)	-	651	-	(2,175)
Net retakaful certificate (liabilities)/assets as at 1 January		(921)	-	(119)	-	(1,040)	(711)	-	10,589	-	9,878
Allocation of retakaful contributions	14	(9,921)	-	-	-	(9,921)	(11,743)	-	-	-	(11,743)
Amounts recoverable from retakaful operators	14	(57)	-	12,184	-	12,127	(69)	-	(127)	-	(196)
Retakaful investment components		-	-	-	-	-	-	-	-	-	-
Net (expense)/income from retakaful certificates held		(9,978)	-	12,184	-	2,206	(11,812)	-	(127)	-	(11,939)
Retakaful finance income	15(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(9,978)	-	12,184	-	2,206	(11,812)	-	(127)	-	(11,939)

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.2 Retakaful certificates held (continued)

	Note	2024					2023				
		Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
Family Takaful Fund		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows											
Contributions paid		12,398	-	-	-	12,398	11,602	-	-	-	11,602
Claims and benefits recovered		-	-	(10,698)	-	(10,698)	-	-	(10,581)	-	(10,581)
Total cash flows		12,398	-	(10,698)	-	1,700	11,602	-	(10,581)	-	1,021
Net retakaful certificate assets/(liabilities) as at 31 December		1,499	-	1,367	-	2,866	(921)	-	(119)	-	(1,040)
At 31 December											
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 31 December		1,499	-	1,367	-	2,866	(921)	-	(119)	-	(1,040)

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.2 Retakaful certificates held (continued)

Company	Note	2024					2023				
		Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
		Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January											
Retakaful certificate assets		3,760	-	1,021	-	4,781	2,115	-	9,655	-	11,770
Retakaful certificate liabilities		(4,681)	-	(1,423)	-	(6,104)	(2,826)	-	651	-	(2,175)
Net retakaful certificate (liabilities)/assets as at 1 January		(921)	-	(402)	-	(1,323)	(711)	-	10,306	-	9,595
Allocation of retakaful contributions	14	(9,921)	-	-	-	(9,921)	(11,743)	-	-	-	(11,743)
Amounts recoverable from retakaful operators	14	(57)	-	12,184	-	12,127	(69)	-	(127)	-	(196)
Retakaful investment components		-	-	-	-	-	-	-	-	-	-
Net (expense)/income from retakaful certificates held		(9,978)	-	12,184	-	2,206	(11,812)	-	(127)	-	(11,939)
Retakaful finance income	15(b)	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income		(9,978)	-	12,184	-	2,206	(11,812)	-	(127)	-	(11,939)

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.3.2 Retakaful certificates held (continued)

	2024					2023				
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
<u>Company</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Contributions paid	12,399	-	-	-	12,399	11,602	-	-	-	11,602
Claims and benefits recovered	-	-	(10,415)	-	(10,415)	-	-	(10,581)	-	(10,581)
Total cash flows	12,399	-	(10,145)	-	1,984	11,602	-	(10,581)	-	1,021
Net retakaful certificate (liabilities)/assets as at 31 December	1,500	-	1,367	-	2,867	(921)	-	(402)	-	(1,323)
At 31 December										
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 (liabilities)/assets as at 31 December	1,500	-	1,367	-	2,867	(921)	-	(402)	-	(1,323)

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

7.4.1 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>	2024			2023		
	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	12,729	230,479	243,208	22,039	157,332	179,371
Changes that relate to current services						
Contractual service margin recognised for services provided	(4,697)	(37,302)	(41,999)	(7,558)	(37,816)	(45,374)
Changes that relate to future services						
Certificates initially recognised in the period	-	151,191	151,191	-	187,646	187,646
Changes in estimates that adjust the contractual service margin	11,774	(114,424)	(102,650)	(1,967)	(86,732)	(88,699)
Takaful finance expenses	61	14,652	14,713	215	10,049	10,264
Total changes in the statement of comprehensive income	7,138	14,117	21,255	(9,310)	73,147	63,837
Contractual service margin as at 31 December	19,867	244,596	264,463	12,729	230,479	243,208

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

7.5 The components of new business

7.5.1 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.

	2024			2023		
	Certificates Issued			Certificates Issued		
	Non-onerous	Onerous	Total	Non-onerous	Onerous	Total
	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	130,251	1,024	131,275	135,672	3,087	138,759
Estimates of takaful acquisition cash flows	229,887	10,713	240,600	267,326	21,438	288,764
Estimate of present value of future cash outflows	360,138	11,737	371,875	402,998	24,525	427,523
Estimates of present value of future cash inflows	(529,495)	(17,438)	(546,933)	(613,581)	(30,717)	(644,298)
Risk adjustment	18,166	418	18,584	22,937	3,128	26,065
CSM	151,191	-	151,191	187,646	-	187,646
Losses on onerous contracts at initial recognition	-	(5,283)	(5,283)	-	(3,064)	(3,064)

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7 TAKAFUL AND RETAKAFUL CERTIFICATES (CONTINUED)

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

	<u>< 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>> 5 years</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>Company</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>
31 December 2023							
Family takaful certificates issued	<u>41,947</u>	<u>20,373</u>	<u>16,970</u>	<u>15,870</u>	<u>14,462</u>	<u>133,586</u>	<u>243,208</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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8 OTHER RECEIVABLES

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Amount due from agents	-	-	2,819	2,066
Amount due from fund manager/brokers	1,725	1,743	1,776	1,810
Amount due from related party	332	-	332	-
Dividend receivable	104	168	117	180
Tax recoverable ¹	-	5,359	-	7,776
Other receivables	2,333	672	3,822	1,153
	4,494	7,942	8,866	12,985
Less: Allowance for impairment	-	-	-	(90)
	4,494	7,942	8,866	12,895
Receivable within 12 months	4,494	7,942	8,866	12,895

¹ The Inland Revenue Board of Malaysia and the Company have reached a consensus and finalized a settlement agreement pertaining to profit commissions. A refund of tax has been received in January 2024 amounting to RM7,967,366.

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

Amount due from related party is unsecured, profit free and has no fixed repayment terms.

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9 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	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities	2,461	5,402	34,235	27,120
Current	-	-	32,523	21,732
Non-current	2,461	5,402	1,712	5,388
	2,461	5,402	34,235	27,120

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9 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 2023	(6,699)	152	(6,547)	(9,839)	(15,012)	38,542	184	13,875
Recognised in:								
Profit or loss	6,944	(4)	6,940	6,927	(3,702)	1,841	(191)	4,875
Other comprehensive income	5,009	-	5,009	8,370	-	-	-	8,370
At 31 December 2023/1 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	2,286	175	2,461	2,128	(18,870)	51,329	(352)	34,235

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9 DEFERRED TAX LIABILITIES (CONTINUED)

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

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax liabilities</u> (before offsetting)				
Financial assets	2,286	5,254	2,128	5,458
Property and equipment	175	148	-	-
Takaful certificate liabilities	-	-	51,329	40,383
	2,461	5,402	53,457	45,841
Offsetting	-	-	(19,222)	(18,721)
Deferred tax liabilities (after offsetting)	2,461	5,402	34,235	27,120
<u>Deferred tax assets</u> (before offsetting)				
Property and equipment	-	-	352	7
Provision of expense	-	-	18,870	18,714
	-	-	19,222	18,721
Offsetting	-	-	(19,222)	(18,721)
Deferred tax assets (after offsetting)	-	-	-	-

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10 OTHER PAYABLES

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Amount due to related parties	-	-	21,360	20,064
Amount due to fund managers	929	432	929	432
Amount due to agents and intermediaries	-	-	10,610	12,144
Amount due to Takaful Operator	30,530	31,291	-	-
Deposits received	2,453	3,966	2,453	3,966
Surplus sharing to Takaful Operator	38,072	42,629	-	-
Sharing of investment income from Participants' Account	11,902	7,934	-	-
Accrual for advertising costs	-	-	4,048	2,458
Accrual for sales and marketing expenses	-	-	62,381	63,509
Accrual for other expenses	-	-	10,655	10,286
Other payables	10,717	7,051	12,879	8,508
	94,603	93,303	125,315	121,367
Payable within 12 months	94,603	93,303	125,315	121,367

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

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

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11 SHARE CAPITAL

	2024		2023	
	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 redeemable after year 5 (33,000 in year 2015 and 67,000 in year 2016) at the sole option of the Company subject to Bank Negara Malaysia's approval. At the date of this report, the Company has yet to exercise its redemption option.

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12 TAKAFUL REVENUE

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

	<u>Note</u>	<u>Family Takaful Fund</u>		<u>Company</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
		RM'000	RM'000	RM'000	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		251,171	264,426	200,325	207,273
Change in the risk adjustment for non-financial risk		-	-	20,693	24,651
Amount of CSM recognised in profit or loss		-	-	41,999	45,413
Other amounts including experience adjustments		57,374	36,574	47,893	43,086
Amounts relating to recovery of takaful acquisition cash flows		37,614	68,678	117,957	94,512
Takaful revenue – certificates not measured under PAA	7.1.1	346,159	369,678	428,867	414,935
Takaful revenue – certificates measured under PAA	7.3.1	1,436	1,167	1,951	1,517
Total takaful revenue		347,595	370,845	430,818	416,452

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13 TAKAFUL SERVICE EXPENSES

	Note	Family Takaful Fund		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Incurring claims and other takaful service expenses		142,065	139,524	223,098	222,239
Incurring takaful benefits payable in the form of hibah		-	-	13	12
Incurring wakalah fees		97,503	76,367	-	-
Incurring surplus to Shareholder's Fund		37,954	42,623	-	-
Incurring surplus to participants		37,954	42,623	37,954	42,623
Incurring investment profits to Shareholder's Fund		11,887	7,920	-	-
Amortisation of acquisition cash flows		37,946	68,989	118,085	94,624
Losses on onerous certificates and reversal of losses on onerous certificates		-	-	22,468	27,675
Total takaful service expenses		365,309	378,046	401,618	387,173
Represented by:					
Certificates not measured under PAA	7.1.1	358,456	374,765	394,926	384,085
Certificates measured under PAA	7.3.1	6,853	3,281	6,692	3,088
		365,309	378,046	401,618	387,173

Notes:

- The wakalah fees paid to Shareholders' Fund during the year was RM321,521,000 (2023: RM355,569,000).
- The surplus paid to Shareholders' Fund and certificate holders during the year were RM42,623,000 each (2023: RM52,268,000).

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13 TAKAFUL SERVICE EXPENSES (CONTINUED)

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

	Note	2024	2023
Shareholders' Fund		RM'000	RM'000
Staff salaries and bonus		75,739	76,320
Defined contribution plan		10,766	10,886
Share based payment plan	13(c)(i)	2,390	2,105
Other staff costs		6,030	6,085
		<u>94,925</u>	<u>95,396</u>
Auditors' remuneration:			
Statutory audit			
- current financial year		483	595
Audit related services		-	500
Regulatory related services		27	-
Non-audit related services		83	53
Directors' fees and other emoluments:			
- current financial year	13(c)(ii)	803	718
Shariah Committee remuneration:			
- fees	13(c)(iii)	227	214
Amortisation of intangible assets	4	5,800	5,322
Amortisation of right-of-use assets		56	67
Depreciation of property and equipment	3	99	96
Third party administrator fee		408	393
Printing and stationery		896	952
Sales and marketing expenses		69,160	96,417
Advertising cost		9,549	8,943
Professional fees		1,242	836
Electronic data processing expenses		14,663	10,929
Other expenses		15,923	15,738
Management expenses		<u>214,344</u>	<u>237,169</u>
Commission expenses		171,262	154,765
Other operating expenses		180	145
Total expenses of Shareholders' Fund		<u>385,786</u>	<u>392,079</u>
Less: Amount attributed to acquisition cash flows		(298,138)	(312,632)
Add: Amortisation of acquisition cash flows		118,085	94,624
		<u>205,733</u>	<u>174,071</u>
Total expenses of Shareholders' Fund are represented by:			
Takaful service expenses			
Maintenance expenses		87,468	79,302
Acquisition expenses		298,138	312,632
		<u>385,606</u>	<u>391,934</u>
Other operating expenses		180	145
		<u>385,786</u>	<u>392,079</u>

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13 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:

	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
Sun Share Unit Plan	2,390	2,105

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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13 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>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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13 TAKAFUL SERVICE EXPENSES (CONTINUED)

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

	Fixed remuneration		Variable remuneration		
	Cash-based	Cash-based	Shares and share linked instruments	Benefits-in- kind	Total
	RM'000	RM'000	RM'000	RM'000	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
	1,284	458	89	19	1,850

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13 TAKAFUL SERVICE EXPENSES (CONTINUED)

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

<u>Company</u>	<u>Salary and bonus RM'000</u>	<u>Defined contribution plan RM'000</u>	<u>Benefits-in- kind RM'000</u>	<u>Share-based payment plan RM'000</u>	<u>Fees and allowance RM'000</u>	<u>Total RM'000</u>
<u>2023</u>						
Chief Executive Officer:						
Encik Jeffry @ Azmi bin Mohd Shah	899	126	22	86	-	1,133
Executive Director:						
Ms Yeoh Eng Kim	-	-	-	-	-	-
Non-Executive Directors:						
Dato' Noorazman Bin Abd Aziz	-	-	-	-	198	198
Mr Ooi Say Teng	-	-	-	-	167	167
Ms Vivien Kusumowardhani	-	-	-	-	179	179
Datin K. Komalavalli K.R. Gopal	-	-	-	-	174	174
	<u>899</u>	<u>126</u>	<u>22</u>	<u>86</u>	<u>718</u>	<u>1,851</u>

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13 TAKAFUL SERVICE EXPENSES (CONTINUED)

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

	Fixed remuneration		Variable remuneration		
	Cash-based	Cash-based	Shares and share linked instruments	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Total value of remuneration awards for the financial year:</u>					
<u>2023</u>					
Chief Executive Officer:					
Encik Jeffry @ Azmi bin Mohd Shah	710	315	86	22	1,133
Executive Director:					
Ms Yeoh Eng Kim	-	-	-	-	-
Non-Executive Directors:					
Dato' Noorazman Bin Abd Aziz	180	18	-	-	198
Mr Ooi Say Teng	150	17	-	-	167
Ms Vivien Kusumowardhani	160	19	-	-	179
Datin K. Komalavalli K.R. Gopal	155	19	-	-	174
	<u>1,355</u>	<u>388</u>	<u>86</u>	<u>22</u>	<u>1,851</u>

All the remuneration awards above are non-deferred remuneration except for shares and share-linked instruments. During the financial year, there were payments for shares and share-linked instruments amounting to RM118,000 (2023: RM91,000).

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13 TAKAFUL SERVICE EXPENSES (CONTINUED)

(iii) Shariah Committee Remuneration

	Fee and allowance 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 (appointed on 1 April 2023)	44
Sheikh Dr Ghazali Jaapar (appointed on 1 April 2023)	44
	<u>227</u>

	Fee and allowance RM'000
<u>2023</u>	
Shariah Committee:	
Sheikh Professor Dato' Dr Asmadi Mohamed Naim (Chairman)	48
Sheikh Azizi Che Seman	43
Sheikh Professor Dr. Abd Ghafar Ismail	42
Sheikh Dr. Md Nurdin Ngadimon (appointed on 1 April 2023)	30
Sheikh Dr Ghazali Jaapar (appointed on 1 April 2023)	30
Sheikh Professor Dato' Dr. Mohammad Hashim Kamali (retired on 31 March 2023)	10
Sheikh Mohd Fadhly Md Yusoff (retired on 31 March 2023)	11
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14 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	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Amounts relating to the changes in the assets for remaining coverage:					
Expected recovery for takaful service expenses incurred in the period		(74,775)	(71,906)	(74,775)	(71,906)
Allocation of retakaful contributions under PAA		(9,921)	(11,743)	(9,921)	(11,743)
Other amount including experience adjustments		526	3,671	526	3,671
Allocation of retakaful contributions		(84,170)	(79,978)	(84,170)	(79,978)
Amounts recoverable for claims and other expenses incurred in the period:					
Amounts recoverable for claims		75,952	74,079	75,980	74,125
Incurred unallocated surplus		(1,887)	(19,570)	(1,887)	(19,570)
Changes in amounts recoverable arising from changes in liability for incurred claims		10,080	25,256	10,080	25,256
Other amounts recoverable from retakaful operators		(178)	15	(178)	15
Amounts recoverable from retakaful operators		83,967	79,780	83,995	79,826
Net expense from retakaful certificates held		(203)	(198)	(175)	(152)
Allocation of retakaful contributions represented by:					
Certificates not measured under PAA	7.1.2	(74,249)	(68,235)	(74,249)	(68,235)
Certificates measured under PAA	7.3.2	(9,921)	(11,743)	(9,921)	(11,743)
		(84,170)	(79,978)	(84,170)	(79,978)
Amounts recoverable from retakaful operators represented by:					
Certificates not measured under PAA	7.1.2	71,840	79,976	71,868	80,022
Certificates measured under PAA	7.3.2	12,127	(196)	12,127	(196)
		83,967	79,780	83,995	79,826

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15 NET INVESTMENT INCOME AND NET TAKAFUL FINANCE RESULT

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

(a) Net investment income/(expense)

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
(i) Investment income				
<u>FVOCI financial assets – Mandatorily measured</u>				
Profit income	89,039	74,649	113,841	97,552
Amortisation of premiums – net	(1,512)	(1,090)	(2,294)	(2,268)
Expected credit loss	122	(148)	141	(171)
<u>FVTPL financial assets – Mandatorily measured</u>				
Dividend income	5,977	7,933	6,205	8,210
<u>Amortised cost – fixed and call deposits with licensed financial institutions</u>				
Profit income	4,249	4,212	5,332	4,890
Other investment income	20	19	20	19
Investment related expenses	(1)	-	(1,290)	(830)
	<u>97,894</u>	<u>85,575</u>	<u>121,955</u>	<u>107,402</u>
(ii) Net fair value gains/(losses) on FVOCI financial assets				
Unquoted Sukuk	2,043	89	2,180	89
Government Investment Issues	-	(86)	26	(86)
	<u>2,043</u>	<u>3</u>	<u>2,206</u>	<u>3</u>
(iii) Net fair value gains/(losses) on FVTPL financial assets				
Realised gains/(losses)	24,499	(3,100)	25,688	(3,304)
Unrealised (losses)/gains	(41,331)	87,459	(41,686)	88,024
	<u>(16,832)</u>	<u>84,359</u>	<u>(15,998)</u>	<u>84,720</u>
Net investment income	<u>83,105</u>	<u>169,937</u>	<u>108,163</u>	<u>192,125</u>

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

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

(b) Net takaful finance result

	Family Takaful Fund		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Takaful finance expenses for takaful certificates issued				
Profit accreted to takaful certificates using current financial assumptions	(40,236)	(36,835)	(39,571)	(35,834)
Profit accreted to takaful certificates using locked-in rate	-	-	(4,984)	(3,194)
Effect of changes in profit rates and other financial assumptions	-	-	1,933	(5,565)
Changes in fair value of underlying assets of certificates measured under the VFA	5,787	(101,032)	3,732	(100,468)
Changes in fair value of underlying items	(5,040)	(57,748)	(5,040)	(57,748)
Others	(31,248)	(15,994)	(34,938)	(18,545)
Total takaful finance expenses for takaful certificates issued	(70,737)	(211,609)	(78,868)	(221,354)
Represented by:				
Amount recognised in profit or loss	(65,697)	(153,861)	(73,828)	(163,606)
Amount recognised in OCI	(5,040)	(57,748)	(5,040)	(57,748)
	(70,737)	(211,609)	(78,868)	(221,354)
Retakaful finance income for retakaful certificates held				
Profit accreted to takaful certificates using current financial assumptions	203	197	203	197
Total retakaful finance income for retakaful certificates held	203	197	203	197
Represented by:				
Amount recognised in profit or loss	203	197	203	197
	203	197	203	197
Net takaful finance result	(70,534)	(211,412)	(78,665)	(221,157)
Represented by:				
Amount recognised in profit or loss	(65,494)	(153,664)	(73,625)	(163,409)
Amount recognised in OCI	(5,040)	(57,748)	(5,040)	(57,748)
	(70,534)	(211,412)	(78,665)	(221,157)

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16 TAXATION

	Note	Family Takaful Fund		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Tax expense on the profit for the financial year:					
<u>Income tax</u>					
Current financial year		3,261	1,939	11,270	15,935
(Over)/under provision in prior financial years		(164)	30	(703)	(146)
		3,097	1,969	10,567	15,789
<u>Deferred tax</u>					
Relating to origination and reversal of temporary differences	9	(3,390)	6,940	6,602	4,875
		(293)	8,909	17,169	20,664
Tax attributable to Shareholders		-	-	17,462	11,755
Tax attributable to participants		(293)	8,909	(293)	8,909
		(293)	8,909	17,169	20,664

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:

	2024	2023
	RM'000	RM'000
Profit before taxation attributable to Shareholders	63,687	48,918
Taxation at Malaysian statutory tax rate 24% (2023: 24%)	15,285	11,740
Income not subject to tax	(55)	(89)
Expenses not deductible for tax purposes	3,910	3,690
Section 110C tax credit set off	(1,139)	(3,410)
Over provision in prior financial years – Shareholders' Fund	(539)	(176)
Tax attributable to Shareholders	17,462	11,755
Tax attributable to participants	(293)	8,909
	17,169	20,664

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17 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.

	Company	
	2024	2023
	RM'000	RM'000
Profit attributable to ordinary equity holders	44,633	35,940
Weighted average number of shares in issue	140,000	140,000
Basic earnings per share (sen)	31.88	25.67

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.

18 DIVIDENDS

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

	31.12.2024		31.12.2023	
	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 final dividend to be paid for the financial year under review.

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19 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*

- * 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, Chief Executive Officer and the Management Committee members of the Company.

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19 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>2024</u> RM'000	<u>2023</u> RM'000
Contribution income received from SLMAB	Malaysia	(652)	(441)
Contribution income received from Principal	Malaysia	(94)	(93)
Contribution income received from Yayasan Khazanah	Malaysia	(120)	(92)
Profit income earned from deposits placed with CIBB	Malaysia	(1,659)	(1,354)
Shared services expenses paid/payable to SLMAB	Malaysia	142,329	143,951
Commissions paid to CIMB Bank	Malaysia	28	618
Commissions paid to CIBB	Malaysia	59,030	71,671
Rental expenses paid to SLMAB	Malaysia	59	70
Sales and marketing expenses paid to CIMB Bank	Malaysia	31,795	44,136
Sales and marketing expenses paid to CIBB	Malaysia	4,724	8,581
Sales and marketing expenses paid to Principal	Malaysia	521	518

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

	<u>2024</u> RM'000	<u>2023</u> RM'000
Amount due to other related companies within the KNB group:		
Amount due to SLMAB	(20,433)	(19,841)
Amount due to CIBB	(4,563)	(6,011)
Amount due to Principal	(595)	(521)
Amount due to CIMB Bank	(2,161)	(1,887)

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

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19 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:

	2024	2023
	RM'000	RM'000
Salaries and other short-term employee benefits	823	899
Defined contribution plan	116	126
Fees and allowance	803	718
Share-based payment plan	89	86
	<u>1,831</u>	<u>1,829</u>

During the financial year, none of the key management personnel were provided with any benefits-in-kind (2023: RM22,200).

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:

	2024			2023		
	Number of persons	Unrestricted RM'000	Deferred RM'000	Number of persons	Unrestricted RM'000	Deferred RM'000
Fixed cash-based remuneration	1	573	-	1	710	-
Variable cash-based remuneration	1	366	-	1	315	-
Shares and share-linked remuneration	1	-	89	1	-	86
Benefits-in-kind	1	19	-	1	22	-

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

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20 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 maximize 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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20 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 organization's risk tolerances and other constraints. ALM is the practice of managing a business so that decisions made and actions taken with respect to assets and liabilities are appropriately coordinated. This ongoing process is critical for the sound management of any financial intermediary or organization that conducts investment activity to support future cash flow needs and capital requirements. While the primary focus is on long-term economic value, ALM also consider stability of reported earnings, tax effects and capital implications.

21 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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21 **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.

	Gross RM'000	Retakaful RM'000	Net RM'000
<u>2024</u>			
Mortgage	1,452	-	1,452
Endowment	(491,869)	-	(491,869)
Term	(24,379)	-	(24,379)
Others	36,463	-	36,463
Total	(478,333)	-	(478,333)
<u>2023</u>			
Mortgage	24,336	-	24,336
Endowment	(410,062)	-	(410,062)
Term	(13,741)	-	(13,741)
Others	(12,011)	-	(12,011)
Total	(411,478)	-	(411,478)

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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21 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. 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 0.04% for Family Takaful Surplus Sharing fund, 0.01% for Family Takaful Non-Surplus Sharing fund, 0% for Investment-Linked fund and 0.01% for Shareholders' fund.

Mortality and morbidity

Best estimate assumptions are based on the Company's recent experience studies. Mortality assumption used for the Company's major products are based on a percentage of the industry's mortality table, plus a risk adjustment of 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 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% 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% of the best estimate assumptions. Allowance is also made for payment of commission to distributors.

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21 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> RM'000	<u>Impact on net takaful certificate liabilities</u> RM'000	<u>Impact on profit before tax</u> RM'000	<u>Impact on equity*</u> RM'000
<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)
<u>2023</u>					
Mortality/morbidity	+10	9,807	9,807	(5,313)	(4,038)
Mortality/morbidity	-10	(10,842)	(10,842)	5,524	4,198
Expenses	+10	21,975	21,975	(8,620)	(6,551)
Lapse and surrender rates	+10	28,630	28,630	(14,132)	(10,740)
Lapse and surrender rates	-10	(31,993)	(31,993)	14,748	11,208
Discount rate	+1	(27,127)	(27,127)	5,043	3,833
Discount rate	-1	41,624	41,624	(15,389)	(11,696)

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

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21 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>	2024			2023	
	Change in	Impact on	Impact on	Impact on	Impact on
	best estimate assumptions %	CSM before tax gross of retakaful RM'000	CSM before tax net of retakaful RM'000	CSM before tax gross of retakaful RM'000	CSM before tax net of retakaful RM'000
Mortality/morbidity	+10	(5,700)	(5,700)	(4,494)	(4,494)
Mortality/morbidity	-10	6,454	6,454	5,318	5,318
Expenses	+10	(10,052)	(10,052)	(13,355)	(13,355)
Lapse and surrender rates	+10	(13,287)	(13,287)	(14,498)	(14,498)
Lapse and surrender rates	-10	16,452	16,452	17,245	17,245
Discount rate	+1	30,518	30,518	22,084	22,084
Discount rate	-1	(36,342)	(36,342)	(26,235)	(26,235)

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22 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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22 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>2024</u>		
<u>Amortised cost financial assets</u>		
Fixed and call deposits with licensed financial institutions	132,468	146,507
<u>FVTPL financial assets</u>		
Quoted equity securities	110,062	119,902
Unit trust funds	587,553	587,553
<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
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>
<u>2023</u>		
<u>Amortised cost financial assets</u>		
Fixed and call deposits with licensed financial institutions	156,516	172,956
<u>FVTPL financial assets</u>		
Quoted equity securities	97,472	105,746
Unit trust funds	624,008	624,008
<u>FVOCI financial assets</u>		
Government Investment Issues	331,675	676,370
Cagamas Sukuk	10,225	10,225
Unquoted Sukuk	1,524,032	1,787,814
Retakaful certificate assets	74,445	74,162
Takaful certificate assets	146,441	364,143
Other receivables	7,942	12,895
Cash and bank balances	23,724	24,445
	<u>2,996,480</u>	<u>3,852,764</u>

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22 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.

	Neither past due nor impaired					Not subject to credit risk	Investment -linked funds	Past due but not impaired	Past due and impaired	Total
<u>Family Takaful Fund</u>	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	-	-	-	-	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
	683,965	473,837	60,185	-	1,267,994	257,821	590,468	-	-	3,334,270

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22 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>2023</u>										
<u>FVOCI financial assets</u>										
Government Investment Issues	-	-	-	-	331,675	-	-	-	-	331,675
Cagamas Sukuk	10,225	-	-	-	-	-	-	-	-	10,225
Unquoted Sukuk	528,376	335,789	-	-	659,867	-	-	-	-	1,524,032
<u>FVTPL financial assets</u>										
Quoted equity securities	-	-	-	-	-	97,472	-	-	-	97,472
Unit trust funds	-	-	-	-	-	-	624,008	-	-	624,008
<u>Amortised cost financial assets</u>										
Fixed and call deposits with licensed financial institutions	100,022	56,494	-	-	-	-	-	-	-	156,516
Retakaful certificate assets	-	12,962	59,913	-	1,570	-	-	-	-	74,445
Takaful certificate assets	-	-	-	-	60	146,381	-	-	-	146,441
Other receivables	-	-	-	-	5,856	-	2,086	-	-	7,942
Cash and bank balances	22,925	786	-	-	-	-	13	-	-	23,724
	<u>661,548</u>	<u>406,031</u>	<u>59,913</u>	<u>-</u>	<u>999,028</u>	<u>243,853</u>	<u>626,107</u>	<u>-</u>	<u>-</u>	<u>2,996,480</u>

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22

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.

<u>Company</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	-	-	-	-	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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22 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

Credit exposure by credit rating (continued)

<u>Company</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>2023</u>										
<u>FVOCI financial assets</u>										
Government Investment Issues	-	-	-	-	676,370	-	-	-	-	676,370
Cagamas Sukuk	10,225	-	-	-	-	-	-	-	-	10,225
Unquoted Sukuk	582,951	389,489	-	-	815,374	-	-	-	-	1,787,814
<u>FVTPL financial assets</u>										
Quoted equity securities	-	-	-	-	-	105,746	-	-	-	105,746
Unit trust funds	-	-	-	-	-	-	624,008	-	-	624,008
<u>Amortised cost financial assets</u>										
Fixed and call deposits with licensed financial institutions	112,026	60,930	-	-	-	-	-	-	-	172,956
Retakaful certificate assets	-	12,962	59,913	-	1,287	-	-	-	-	74,162
Takaful certificate assets	-	-	-	-	60	364,083	-	-	674	364,817
Other receivables	-	-	-	-	10,809	-	2,086	-	90	12,985
Cash and bank balances	23,643	786	-	-	3	-	13	-	-	24,445
Allowance for impairment losses	-	-	-	-	-	-	-	-	(764)	(764)
	<u>728,845</u>	<u>464,167</u>	<u>59,913</u>	<u>-</u>	<u>1,503,903</u>	<u>469,829</u>	<u>626,107</u>	<u>-</u>	<u>-</u>	<u>3,852,764</u>

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22 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 unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

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

The 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 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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22 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>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
A	-	-	-	-	-	-
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

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22 FINANCIAL RISK (CONTINUED)

(a) Credit risk (continued)

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

<u>2023</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	538,601	-	538,601	593,176	-	593,176
AA	335,789	-	335,789	389,489	-	389,489
A	-	-	-	-	-	-
Not Rated	991,542	-	991,542	1,491,744	-	1,491,744
Total net amount	1,865,932	-	1,865,932	2,474,409	-	2,474,409

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 2023	1,435,569	-	1,435,569	1,933,485	-	1,933,485
Purchases	480,159	-	480,159	576,478	-	576,478
Maturities	(30,044)	-	(30,044)	(30,044)	-	(30,044)
Disposal	(86,202)	-	(86,202)	(86,202)	-	(86,202)
Changes in fair value	62,609	-	62,609	76,616	-	76,616
Movement in accrued profit	4,931	-	4,931	6,344	-	6,344
Amortisation adjustment	(1,090)	-	(1,090)	(2,268)	-	(2,268)
As at 31 December 2023/1 January 2024	1,865,932	-	1,865,932	2,474,409	-	2,474,409

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22 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 2023/1 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)
At 31 December 2024	2,258,917	-	2,258,917	2,901,496	-	2,901,496

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22 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
ECL as at 1 January 2023	64	-	64	70	-	70
New assets originated or purchased	24	-	24	25	-	25
Assets derecognised or matured (excluding write-offs)	(7)	-	(7)	(7)	-	(7)
Change in ECL	131	-	131	153	-	153
At 31 December 2023/1 December 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	90	-	90	100	-	100

There were no ECL arising from all other financial assets at amortised cost (other receivables and fixed and call deposits with licensed financial institutions) as at 31 December 2024 and 31 December 2023. The credit rating of these financial assets at amortised cost are as disclosed in Note 22(a).

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22 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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22 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>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)
<u>2023</u>								
Takaful certificate assets	100	-	-	-	-	(153,029)	6,488	(146,441)
Takaful certificate liabilities	158,566	-	-	-	-	346,319	2,386,724	2,891,609
Net takaful certificate liabilities	158,666	-	-	-	-	193,290	2,393,212	2,745,168
Retakaful certificate assets	(74,445)	-	-	-	-	-	-	(74,445)
Retakaful certificate liabilities	6,359	-	-	-	-	-	-	6,359
Net retakaful certificate assets	(68,086)	-	-	-	-	-	-	(68,086)

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22 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 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	>5 years	No maturity date	Investment-linked/PA fund	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<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)
<u>2023</u>									
Takaful certificate assets	(18,822)	(14,125)	(10,712)	(12,943)	(10,462)	(180,355)	(153,029)	6,488	(393,960)
Takaful certificate liabilities	114,323	(21,945)	18,510	42,953	(8,661)	(83,060)	346,319	2,386,724	2,795,163
Net takaful certificate (assets) /liabilities	95,501	(36,070)	7,798	30,010	(19,123)	(263,415)	193,290	2,393,212	2,401,203
Retakaful certificate assets	(74,162)	-	-	-	-	-	-	-	(74,162)
Retakaful certificate liabilities	6,359	-	-	-	-	-	-	-	6,359
Net retakaful certificate assets	(67,803)	-	-	-	-	-	-	-	(67,803)

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22 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)

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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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>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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22 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>2023</u>									
<u>FVOCI financial assets</u>									
Government Investment Issues	331,675	14,165	28,330	28,330	266,049	200,203	-	-	537,077
Cagamas Sukuk	10,225	455	10,376	-	-	-	-	-	10,831
Unquoted Sukuk	1,524,032	87,813	280,399	360,699	1,042,787	384,606	-	-	2,156,304
<u>FVTPL financial assets</u>									
Quoted equity securities	97,472	-	-	-	-	-	97,472	-	97,472
Unit trust funds	624,008	-	-	-	-	-	-	624,008	624,008
<u>Amortised cost financial assets</u>									
Fixed and call deposits with licensed financial institutions	156,516	156,564	-	-	-	-	-	-	156,564
Other receivables	7,942	5,856	-	-	-	-	-	2,086	7,942
Cash and bank balances	23,724	-	-	-	-	-	23,711	13	23,724
Total financial assets	2,775,594	264,853	319,105	389,029	1,308,836	584,809	121,183	626,107	3,613,922
Other payables	93,303	91,631	-	-	-	-	-	1,672	93,303
Total financial liabilities	93,303	91,631	-	-	-	-	-	1,672	93,303

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22 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)

Company	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	5 – 15 years RM'000	> 15 years RM'000	No maturity date RM'000	Investment -linked funds RM'000	Total RM'000
<u>2024</u>									
<u>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 financial assets</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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22 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)

Company	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>2023</u>									
<u>FVOCI financial assets</u>									
Government Investment Issues	676,370	42,547	59,185	103,557	542,879	237,159	-	-	985,327
Cagamas Sukuk	10,225	455	10,376	-	-	-	-	-	10,831
Unquoted Sukuk	1,787,814	123,922	367,906	398,570	1,204,354	384,606	-	-	2,479,358
<u>FVTPL financial assets</u>									
Quoted equity securities	105,746	-	-	-	-	-	105,746	-	105,746
Unit trust funds	624,008	-	-	-	-	-	-	624,008	624,008
<u>Amortised cost</u>									
Fixed and call deposits with licensed financial institutions	172,956	173,007	-	-	-	-	-	-	173,007
Other receivables	12,895	10,809	-	-	-	-	-	2,086	12,895
Cash and bank balances	24,445	-	-	-	-	-	24,432	13	24,445
Total financial assets	3,414,459	350,740	437,467	502,127	1,747,233	621,765	130,178	626,107	4,415,617
Lease liabilities	12	12	-	-	-	-	-	-	12
Other payables	121,367	119,695	-	-	-	-	-	1,672	121,367
Total financial liabilities	121,379	119,707	-	-	-	-	-	1,672	121,379

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22 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 interest rate risk within the risk appetite.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

22 **FINANCIAL RISK (CONTINUED)**

(c) Market risk (continued)

(i) Profit rate risk (continued)

The Company's exposure to profit rate risk sensitivity to debt instruments is as follows:

	Company	
	2024	2023
	RM'000	RM'000
Debt instruments at FVOCI	2,901,496	2,474,409

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.

Company	Change in profit rate	2024		2023	
		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	+100 basis points	-	(29,202)	-	(26,204)
Debt instruments	-100 basis points	-	32,022	-	28,698

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

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

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

22 **FINANCIAL RISK (CONTINUED)**

(c) Market risk (continued)

(ii) Price risk (continued)

<u>Company</u>	<u>2024</u>		<u>2023</u>	
	<u>Impact on profit after taxation</u>	<u>Impact on equity*</u>	<u>Impact on profit after taxation</u>	<u>Impact on equity*</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Change in variables</u>				
Quoted equity securities:				
Increase in share price by 40%	5,575	5,575	5,586	5,723
Decrease in share price by 40%	(5,575)	(5,575)	(5,586)	(5,723)

* 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.

Registration No.

200501012215 (689263-M)

SUN LIFE MALAYSIA TAKAFUL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

23 OPERATING LEASES

There were no operating leases during the financial year.

24 CAPITAL COMMITMENTS

	2024 RM'000	2023 RM'000
Approved and contracted for:		
Intangible assets	-	860
Approved but not contracted for:		
Intangible assets	-	424
	-	1,284

25 REGULATORY CAPITAL REQUIREMENTS

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

	2024 RM'000	2023 RM'000
<u>Eligible Tier 1 Capital</u>		
Share capital (paid-up)	240,000	240,000
Retained earnings	306,464	301,493
Eligible certificate liabilities	132,096	155,562
	678,560	697,055
<u>Tier 2 Capital</u>		
Eligible reserves	5,571	5,565
Amounts deducted from capital	(34,413)	(36,632)
Total capital available	649,718	665,988

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.