

**TOKIO MARINE LIFE INSURANCE
SINGAPORE LTD.**

(Incorporated in Singapore. Registration Number: 194800055D)

AND ITS SUBSIDIARIES

ANNUAL REPORT

For the financial year ended 31 December 2023

TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2023

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**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2023.

In the opinion of the directors,

- (a) the financial statements of the Company and the consolidated financial statements of the Group set out on pages 6 to 206 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and of the financial performance, changes in equity of the Company and of the Group, and cash flows of the Group for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Yao Chih Matthias (appointed on 2 May 2023)
Goh Seng Kee (appointed on 15 January 2025)
Kuan Li Li (appointed on 3 March 2025)
Yoshinari Endo (appointed on 3 July 2024)
Tang Loo Chuan

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	<u>Holdings registered in name of director</u>	
	<u>As at 31.12.2023</u>	<u>As at 1.1.2023 or date of appointment</u>
Number of ordinary shares in:		
- Tokio Marine Holdings, Inc. ("Ultimate holding company")		
Tomoya Kittaka (appointed on 8 March 2023; resigned on 3 July 2024)	843	529

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.


No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor


The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Yao Chih Matthias
Director

9 June 2025



Kuan Li Li
Director

9 June 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.

For the financial year ended 31 December 2023

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Tokio Marine Life Insurance Singapore Ltd. (the "Company") and its subsidiaries (the "Group"), the statement of comprehensive income, balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and the financial performance and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and of the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2023;
- the statement of comprehensive income of the Company for the financial year then ended;
- the consolidated balance sheet of the Group as at 31 December 2023;
- the balance sheet of the Company as at 31 December 2023;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's 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 opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.

For the financial year ended 31 December 2023 (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, 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, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.

Report on the Audit of the Financial Statements (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 9 June 2025

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Notes	The Group		The Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
			Restated		Restated
Insurance revenue	5(B)	530,013	491,870	328,436	296,132
Insurance service expenses	5(B),8	(448,335)	(398,756)	(271,057)	(236,082)
Net expenses from reinsurance contracts held	5(B)	(5,206)	(31,352)	(1,882)	(25,837)
Insurance service result		76,472	61,762	55,497	34,213
Interest revenue on					
Financial assets not measured at fair value through profit or loss ("FVTPL")	6	139,519	121,668	52,543	43,470
Financial assets measured at fair value through profit or loss	6	267,122	275,421	261,751	266,636
Other investment return	6	350,018	(1,528,642)	296,574	(1,415,025)
Net impairment loss on financial assets	6	(1,318)	-	(1,151)	-
Investment return	6	755,341	(1,131,553)	609,717	(1,104,919)
Net finance (expense)/income from insurance contracts issued	6	(737,706)	1,142,642	(624,888)	1,126,165
Net finance income/(expense) from reinsurance contracts held	6	1,953	(1,207)	1,234	(1,680)
Net investment return		19,588	9,882	(13,937)	19,566
NET INSURANCE AND INVESTMENT RESULT		96,060	71,644	41,560	53,779
OPERATING EXPENSES					
Other income	7(a)	1,821	112	1,221	112
Other gains – net	7(b)	6,983	12,792	7,487	10,497
Other operating expenses	8	(31,181)	(13,424)	(21,659)	(12,633)
TOTAL EXPENSES		(22,377)	(520)	(12,951)	(2,024)
PROFIT BEFORE INCOME TAX		73,683	71,124	28,609	51,755
Income tax expense	4	(22,406)	(61,138)	(2,493)	(53,493)
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		51,277	9,986	26,116	(1,738)

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Notes	The Group		The Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
			Restated		Restated
OTHER COMPREHENSIVE INCOME:					
Items that may be reclassified subsequently to profit or loss:					
Financial assets at fair value through other comprehensive income ("FVOCI")					
- Net gains/(losses) from fair value adjustments to financial assets measured at FVOCI	6	21,444	(189,369)	(32,343)	(144,462)
- Net losses/(gains) on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	6	2,279	(3,010)	2,941	2,121
- Deferred tax on financial assets measured at FVOCI	24	(44,148)	32,020	(34,754)	24,198
		(20,425)	(160,359)	(64,156)	(118,143)
Insurance/reinsurance finance (expense)/income					
- Finance (expense)/income from insurance contracts issued	6	(34,024)	35,958	1,564	4,092
- Finance (expense)/income from reinsurance contracts held	6	(1,606)	2,484	(2,104)	2,540
- Deferred tax on finance income	24	2,468	(1,104)	-	-
		(33,162)	37,338	(540)	6,632
Currency translation differences arising from consolidation		(20,576)	(24,020)	-	-
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of land and buildings					
- Revaluation gains		623	816	-	-
- Deferred tax	24	(58)	(76)	-	-
Other comprehensive loss, net of tax		(73,598)	(146,301)	(64,696)	(111,511)
TOTAL COMPREHENSIVE LOSS		(22,321)	(136,315)	(38,580)	(113,249)

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**
BALANCE SHEET
As at 31 December 2023

			The Group			The Company	
	Notes	31 Dec 2023 \$'000	31 Dec 2022 \$'000 Restated	1 Jan 2022 \$'000 Restated	31 Dec 2023 \$'000	31 Dec 2022 \$'000 Restated	1 Jan 2022 \$'000 Restated
ASSETS							
Cash and cash equivalents	9	490,833	648,308	377,449	300,247	425,085	224,867
Insurance contract assets	5(A)	-	253	2,941	-	253	2,941
Reinsurance contract assets	5(A)	67,407	61,779	65,922	42,631	39,210	40,721
Financial assets at fair value through profit and loss	10	9,736,248	9,152,687	10,405,205	8,801,456	8,244,450	9,337,474
Financial assets at fair value through other comprehensive income	11	3,518,227	3,257,029	3,466,275	1,666,465	1,553,869	1,702,316
Derivative financial instruments	13	130,306	134,315	23,701	130,301	133,804	22,330
Tax recoverable		7,885	8,770	3,342	-	-	-
Other assets	14	118,573	108,857	97,430	90,029	81,319	74,901
Loans	15	214	279	432	-	69	131
Investment properties	16	148,922	151,074	144,162	121,930	99,500	87,500
Investment in subsidiaries	17	-	-	-	107,636	87,636	87,636
Property, plant and equipment	18	117,375	116,540	113,047	46,328	63,827	56,480
Intangible assets	20	7,776	9,080	11,266	5,372	5,720	6,212
Deferred tax assets	24	101,025	129,823	151,405	101,025	129,823	151,405
TOTAL ASSETS		14,444,791	13,778,794	14,862,577	11,413,420	10,864,565	11,794,914
LIABILITIES							
Other payables	21	93,523	181,137	72,123	47,298	141,774	33,948
Deferred income	22	42,634	46,604	48,750	42,634	46,604	48,750
Borrowings	23	546,083	198,135	198,453	545,944	197,836	198,018
Current tax liabilities		6,220	5,336	11,626	6,220	5,336	10,765
Deferred tax liabilities	24	82,986	70,113	82,875	-	-	-
Staff retirement benefits	25	2	1	65	-	-	-
Agents' retirement benefits	26	11,948	12,142	11,934	-	-	-
Derivative financial instruments	13	73,693	112,906	109,762	73,693	112,906	109,762
Obligations under repurchase agreement	27	1,762,711	2,067,156	2,245,623	1,762,711	2,067,156	2,245,623
Insurance contract liabilities	5(A)	11,854,743	11,159,439	12,287,381	9,248,769	8,635,107	9,643,637
Reinsurance contract liabilities	5(A)	1,330	1,471	56	-	-	56
TOTAL LIABILITIES		14,475,873	13,854,440	15,068,648	11,727,269	11,206,719	12,290,559

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

BALANCE SHEET

As at 31 December 2023

	Notes	<u>The Group</u>			<u>The Company</u>		
		31 Dec 2023	31 Dec 2022	1 Jan 2022	31 Dec 2023	31 Dec 2022	1 Jan 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			Restated	Restated		Restated	Restated
EQUITY							
Share capital and reserves							
Share capital	28	369,625	302,740	36,000	369,625	302,740	36,000
Capital reserve		4,800	4,800	4,800	-	-	-
Fair value reserve		(213,836)	(171,195)	(37,818)	(233,838)	(169,682)	(51,539)
Asset revaluation reserve		1,222	1,189	1,146	-	-	-
Insurance/reinsurance finance reserve		(11,422)	(1,008)	(12,061)	6,092	6,632	-
Foreign currency translation reserve		(74,194)	(53,618)	(29,598)	-	-	-
Retained earnings		(107,277)	(158,554)	(168,540)	(455,728)	(481,844)	(480,106)
TOTAL EQUITY		(31,082)	(75,646)	(206,071)	(313,849)	(342,154)	(495,645)
TOTAL LIABILITIES AND EQUITY		14,444,791	13,778,794	14,862,577	11,413,420	10,864,565	11,794,914

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - GROUP

For the financial year ended 31 December 2023

	Share capital	Capital reserve	Fair value reserve	Asset revaluation reserve	Foreign currency translation reserve	Insurance/ reinsurance finance reserve	Shadow accounting reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023 - Restated	302,740	4,800	(171,195)	1,189	(53,618)	(1,008)	-	(158,554)	(75,646)
Profit after tax	-	-	-	-	-	-	-	51,277	51,277
Fair value gains on financial assets measured at FVOCI	-	-	21,444	-	-	-	-	-	21,444
Fair value losses on financial assets measured at FVOCI transferred to profit or loss on disposal	-	-	2,279	-	-	-	-	-	2,279
Tax on transfer reclassified from Fair Value Reserve (Note 24)	-	-	(44,148)	-	-	-	-	-	(44,148)
Revaluation gains on land and buildings	-	-	-	623	-	-	-	-	623
Tax on unrealised revaluation gains on land and buildings	-	-	-	(58)	-	-	-	-	(58)
Currency translation difference	-	-	-	-	(20,576)	-	-	-	(20,576)
Net finance expense	-	-	(22,216)	(532)	-	(10,414)	-	-	(33,162)
Total comprehensive (loss)/income	-	-	(42,641)	33	(20,576)	(10,414)	-	51,277	(22,321)
Share issued pursuant to rights issue	66,885	-	-	-	-	-	-	-	66,885
Balance at 31 December 2023	369,625	4,800	(213,836)	1,222	(74,194)	(11,422)	-	(107,277)	(31,082)
Balance at 1 January 2022	36,000	4,800	460,105	37,666	(30,063)	-	(533,780)	884,475	859,203
Impact of initial application of SFRS(I) 9	-	-	(378,384)	-	-	-	-	-	(378,384)
Impact of initial application of SFRS(I) 17 and SFRS(I) 1-40	-	-	(116,974)	(36,335)	-	(12,061)	531,495	(1,053,015)	(686,890)
Currency translation difference	-	-	(2,565)	(185)	465	-	2,285	-	-
Balance at 1 January 2022 - Restated	36,000	4,800	(37,818)	1,146	(29,598)	(12,061)	-	(168,540)	(206,071)
Profit after tax	-	-	-	-	-	-	-	9,986	9,986
Fair value losses on financial assets measured at FVOCI	-	-	(189,369)	-	-	-	-	-	(189,369)
Fair value gains on financial assets measured at FVOCI transferred to profit or loss on disposal	-	-	(3,010)	-	-	-	-	-	(3,010)
Tax on transfer reclassified from Fair Value Reserve (Note 24)	-	-	32,020	-	-	-	-	-	32,020
Revaluation gains on land and buildings	-	-	-	816	-	-	-	-	816
Tax on unrealised revaluation gains on land and buildings	-	-	-	(76)	-	-	-	-	(76)
Currency translation difference	-	-	-	-	(24,020)	-	-	-	(24,020)
Net finance income/(expense)	-	-	26,982	(697)	-	11,053	-	-	37,338
Total comprehensive (loss)/income	-	-	(133,377)	43	(24,020)	11,053	-	9,986	(136,315)
Share issued pursuant to rights issue	266,740	-	-	-	-	-	-	-	266,740
Balance at 31 December 2022 - Restated	302,740	4,800	(171,195)	1,189	(53,618)	(1,008)	-	(158,554)	(75,646)

The foreign currency translation reserve, asset revaluation reserve, fair value reserve and insurance/reinsurance finance reserve are not distributable.

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

STATEMENT OF CHANGES IN EQUITY - COMPANY

For the financial year ended 31 December 2023

	<u>Share capital</u>	<u>Fair value reserve</u>	<u>Asset revaluation reserve</u>	<u>Insurance/ Reinsurance finance reserve</u>	<u>Shadow accounting reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	302,740	(169,682)	-	6,632	-	(481,844)	(342,154)
- Restated							
Profit after tax	-	-	-	-	-	26,116	26,116
Fair value losses on financial assets measured at FVOCI	-	(32,343)	-	-	-	-	(32,343)
Fair value losses on financial assets measured at FVOCI transferred to profit or loss on disposal	-	2,941	-	-	-	-	2,941
Tax on transfer reclassified from Fair Value Reserve (Note 24)	-	(34,754)	-	-	-	-	(34,754)
Net finance expense from insurance and reinsurance contracts	-	-	-	(540)	-	-	(540)
Total comprehensive (loss)/income	-	(64,156)	-	(540)	-	26,116	(38,580)
Share issued pursuant to rights issue	66,885	-	-	-	-	-	66,885
Balance at 31 December 2023	369,625	(233,838)	-	6,092	-	(455,728)	(313,849)
Balance at 1 January 2022	36,000	326,845	20,284	-	(397,882)	577,114	562,361
Impact of initial application of SFRS(I) 9	-	(378,384)	-	-	-	-	(378,384)
Impact of initial application of SFRS(I) 17 and SFRS(I) 1-40	-	-	(20,284)	-	397,882	(1,057,220)	(679,622)
Balance at 1 January 2022	36,000	(51,539)	-	-	-	(480,106)	(495,645)
- Restated							
Loss after tax	-	-	-	-	-	(1,738)	(1,738)
Fair value losses on financial assets measured at FVOCI	-	(144,462)	-	-	-	-	(144,462)
Fair value losses on financial assets measured at FVOCI transferred to profit or loss on disposal	-	2,121	-	-	-	-	2,121
Tax on transfer reclassified from Fair Value Reserve (Note 24)	-	24,198	-	-	-	-	24,198
Net finance income from insurance and reinsurance contracts held	-	-	-	6,632	-	-	6,632
Total comprehensive (loss)/income	-	(118,143)	-	6,632	-	(1,738)	(113,249)
Share issued pursuant to rights issue	266,740	-	-	-	-	-	266,740
Balance at 31 December 2022 - Restated	302,740	(169,682)	-	6,632	-	(481,844)	(342,154)

The fair value reserve and insurance/reinsurance finance reserve are not distributable.

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	2023 \$'000	2022 \$'000 Restated
Cash flows from operating activities		
Profit before income tax	73,683	71,124
Adjustments for:		
Depreciation of property, plant and equipment	2,860	3,527
Amortisation of intangible asset	2,147	2,621
Loss on disposal of property, plant and equipment	(10)	-
Gain on disposal of investment properties	14	(2,295)
Intangible asset written off	(16)	448
Fair value gains on investment properties	(2,268)	(12,005)
Fair value gains on property, plant & equipment	(3,188)	(8,966)
Net (gains)/loss		
- Financial assets at fair value through profit or loss	(357,356)	1,574,758
- Financial assets at fair value through other comprehensive income	(15,860)	(29,120)
- Derivative financial instruments	(90,671)	(27,180)
Dividend income	(84,628)	(96,224)
Interest income	(406,641)	(397,089)
Interest expense	93,942	36,567
Rental Income	(3,373)	(3,088)
Increase in provision for staff retirement benefits	1	14
Provision for agents' retirement benefits	1,613	1,758
Unrealised currency translation (losses)/gain	3,257	617
Change in insurance contract liabilities	804,163	(917,846)
Change in reinsurance assets arising from policy liabilities	(7,011)	4,033
Changes in working capital:		
Other assets	(7,915)	1,767
Other payables	(101,019)	(795)
Income tax paid	(14,839)	(26,233)
Payment of staff retirement benefits	-	(73)
Payment of agents' retirement benefits	(1,136)	(794)
Net cash (used in)/provided by operating activities	(114,251)	175,526

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000 Restated
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,228)	(1,007)
Purchase of intangible assets		(1,019)	(1,177)
Proceeds from disposal of property, plant and equipment		36	1
Proceeds from disposal of investment properties		15	3,796
Purchase of:			
- Financial assets at fair value through profit or loss		(2,016,668)	(1,745,553)
- Financial assets at fair value through other comprehensive income		(610,360)	(525,201)
- Derivative financial instruments		-	(80,864)
Proceeds from disposal of:			
- Financial assets at fair value through profit or loss		1,738,630	1,358,290
- Financial assets at fair value through other comprehensive income		289,348	457,905
- Derivative financial instruments		55,450	509
Proceeds from repayment of loans		53	136
Rental received		3,403	3,070
Dividend received		83,679	98,062
Net interest received		334,257	361,841
Net cash used in investing activities		(124,404)	(70,192)
Cash flows from financing activities			
Proceeds from issue of shares pursuant to right issue		66,885	266,740
Net proceeds from repurchase agreements		(315,115)	(194,845)
Net proceeds from loan from intermediate company		347,000	-
Collateral received		8,332	108,365
Principal repayment of lease liabilities		(470)	(500)
Interest paid to intermediate holding company		(11,638)	(3,070)
Interest paid to immediate holding company		(1,494)	(1,494)
Net cash provided by financing activities		93,500	175,196
Net (decrease)/increase in cash and cash equivalents held		(145,155)	280,530
Cash and cash equivalents at beginning of financial year		648,308	377,449
Effects of currency translation on cash and cash equivalents		(12,320)	(9,671)
Cash and cash equivalents at end of financial year	9	490,833	648,308

TOKIO MARINE LIFE INSURANCE SINGAPORE LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

Tokio Marine Life Insurance Singapore Ltd. (the “Company”, “TMLS”) is incorporated and domiciled in Singapore. The address of its registered office is 20 McCallum Street, Tokio Marine Centre, #07-01, Singapore 069046.

The financial statement refers to the Company and its subsidiaries, Tokio Marine Life Insurance Malaysia Bhd. (“TMLM”) and Tokio Marine Financial Advisers (Singapore) Private Limited (“TMFAS”), collectively termed as the “Group”.

The principal activity of the Company and TMLM is providing life assurance. The principal activity of TMFAS is insurance agencies and agents (including financial planning services) and other activities auxiliary to financial service activities.

2. Material accounting policy information

2.1 Basis of preparation

For all periods up to financial year ended 31 December 2022, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (“FRS”). With effect from 1 January 2023, the Group adopted all applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) and Interpretations of SFRS(I) on a voluntary basis. SFRS(I) are identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The new accounting framework and standards have been retrospectively applied to the financial statements for the previous financial year ended 31 December 2022 and the opening balance sheet as at 1 January 2022. These are the Group’s first set of financial statements prepared in accordance with SFRS(I), of which SFRS(I) 1, *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied. Except for the adoption of SFRS(I) 9, *Financial Instruments* and SFRS(I) 17, *Insurance Contracts*, the adoption of SFRS(I) has no material effect on the financial statements prepared under FRS. The summarised impact of adopting SFRS(I) 9, *Financial Instruments*, SFRS(I) 17, *Insurance Contracts* and SFRS(I) 1-40, *Investment Property* are shown in Note 2.2.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. 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 3.

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40

Except for the changes below, the Group and the Company have consistently applied the accounting policies as set out in Note 2 to all periods presented in these SFRS(I)s. The Group has adopted SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40, including any consequential amendments to other standards, with a date of initial adoption of 1 January 2023. The following table set out the impact of initial adoption of these standards on the Group's and Company's equity at 1 January 2022.

	As at 31 December 2021 (As previously reported)	Impact upon initial adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40	<u>The Group</u> Currency translation difference	As at 1 January 2022 (restated)
	\$'000	\$'000	\$'000	\$'000
Equity				
Share capital	36,000	-	-	36,000
Capital reserve	4,800	-	-	4,800
Retained earnings	884,475	(1,053,015)	-	(168,540)
Reserves				
Fair value reserve	460,105	(495,358)	(2,565)	(37,818)
Insurance/reinsurance finance reserve	-	(12,061)	-	(12,061)
Shadow accounting reserve	(533,780)	531,495	2,285	-
Asset revaluation reserve	37,666	(36,335)	(185)	1,146
Foreign currency translation reserve	(30,063)	-	465	(29,598)
Total equity	859,203	(1,065,274)	-	(206,071)

	As at 31 December 2021 (As previously reported)	Impact upon initial adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40	<u>The Company</u> As at 1 January 2022 (restated)
	\$'000	\$'000	\$'000
Equity			
Share capital	36,000	-	36,000
Retained earnings	577,114	(1,057,220)	(480,106)
Reserves			
Fair value reserve	326,845	(378,384)	(51,539)
Shadow accounting reserve	(397,882)	397,882	-
Asset revaluation reserve	20,284	(20,284)	-
Total equity	562,361	(1,058,006)	(495,645)

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(A) SFRS(I) 17 Insurance Contracts

(a) Recognition, measurement and presentation of insurance contracts

SFRS(I) 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts held and insurance contracts with discretionary participation features ("DPF"). It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin ("CSM").

Under SFRS(I) 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

The Group no longer applies shadow accounting to insurance-related assets and liabilities.

Insurance finance income or expenses, disaggregated between profit or loss and other comprehensive income for the relevant insurance and reinsurance contract balances where the approach is adopted, are presented separately from insurance revenue and insurance service expenses.

Income and expenses from reinsurance contracts held other than reinsurance finance income or expenses are now presented as net expenses from reinsurance contract held. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Group accounts for insurance contracts and reinsurance contracts held under SFRS(I) 17, see Note 2.3.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(A) SFRS(I) 17 Insurance Contracts (continued)

(b) Transition

The Group and the Company have adopted SFRS(I) 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was applied to the insurance contracts in force at the transition date that originated on or after 1 January 2022. For insurance contracts originating prior to 1 January 2022, a combination of full retrospective approach, modified retrospective approach and fair value approach was applied taking into consideration availability of reliable data to support the necessary SFRS(I) 17 related computations.

(i) Modified retrospective and fair value approaches

The Group has applied a combination of modified retrospective approach and fair value approach in SFRS(I) 17 to identify, recognise and measure certain groups of contracts originating prior to 1 January 2022 because it was impracticable to apply the full retrospective approach.

The Group considered the full retrospective approach impracticable for contracts in these segments under any of the following circumstances.

- (a) The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons; and
- (b) The full retrospective approach required assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight, the application of full retrospective approach is considered as impracticable if such assumptions and estimates were not determinable.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(A) SFRS(I) 17 Insurance Contracts (continued)

(b) Transition (continued)

(i) Modified retrospective and fair value approaches (continued)

Judgements in applying the modified retrospective approach

The Group have determined that key transactional-level data and annual actuarial assumptions are available as far back as 1 January 2013 for TMLM's Non-Participating and Investment-Linked portfolios of insurance contracts issued. The Group used that threshold to apply the modified retrospective approach to these contracts in force as at transition and originated on/after 1 January 2013, where the full retrospective approach has not been applied because it was impracticable but the closest possible outcome could have been achieved using reasonable and supportable information. The Group has used the following judgements to determine the CSM, loss component and loss recovery component at 1 January 2022:

- **Future cash flows at the date of initial recognition**, to the extent where that reasonable and supportable information was not available, were estimated as the future cash flows at the transition date, adjusted by the actual cash flows that have occurred between the date of initial recognition and the transition date. Actual cash flows included cash flows from contracts derecognised before the transition date;
- **Risk adjustment for non-financial risk** at the transition date was estimated by the expected release of risk in the periods before the transition date. The expected release of risk was determined with reference to the release of risk for similar insurance contracts that were issued at the transition date;
- **Insurance acquisition cash flow assets** were recognised for the Bancassurance Facilitation Fee paid before the transition date;
- **Insurance finance income or expenses** were determined as equal to the cumulative amount recognised in the Insurance finance reserve amounts on the respective underlying assets;
- **For contracts measured under the General Measurement Model ("GMM"), the CSM, loss component or loss recovery component** at the transition date was determined based on the allocation to profit or loss for services provided or received before the transition date, by comparing the remaining coverage units as at the transition date with coverage units provided or received under the group of contracts before the transition date; and

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(A) SFRS(I) 17 Insurance Contracts (continued)

(b) Transition (continued)

(i) Modified retrospective and fair value approaches (continued)

Judgements in applying the modified retrospective approach (continued)

- **For contracts measured under the Variable Fee Approach (“VFA”), a proxy for the CSM or loss component** at the transition date was calculated based on the total fair value of the underlying assets at the transition date, minus the Fulfilment Cashflow (“FCF”) at that date, adjusted for:
 - amounts charged to policyholders before that date,
 - amounts paid before the transition date that would not have varied based on the returns on the underlying items, and
 - the estimated release of the risk adjustment for non-financial risk before the transition date.

Judgements in applying the fair value approach

For the balance of portfolios not covered under full retrospective or modified retrospective approach, the Group applied the fair value approach. This is taking into consideration absence of reliable data to support accurate SFRS(I) 17 related computations.

Applying the fair value approach, the Group determined the CSM to be the difference between the fair value of a group of insurance contracts, measured in accordance with SFRS(I) 13, and its FCF at the transition date. The Group does not apply the deposit floor when measuring insurance contracts using the fair value approach on transition.

The fair value of an insurance liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. Where available, recent market transactions were used to estimate the fair value of groups of contracts. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of insurance contracts, the following considerations were applied:

- Only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation, excluding future renewals and new business that would be outside the contract boundary of the contracts under SFRS(I) 17;

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(A) SFRS(I) 17 Insurance Contracts (continued)

(b) Transition (continued)

(i) Modified retrospective and fair value approaches (continued)

Judgements in applying the fair value approach (continued)

- Assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by SFRS(I) 13; and
- Profit margins were included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

To indicate the effect of applying the modified retrospective and fair value approach on the CSM, insurance revenue, insurance finance income or expenses and insurance finance reserve, the Group has provided additional disclosures in Notes 2.3, Note 5 and Note 8.

As of transition date, our financial statements show a loss component for certain non-participating products. This result arises from the specific transition methods and assumptions when transiting into IFRS 17, leading to a temporary disconnect between the accounting presentation and the underlying economic performance.

Despite the accounting loss as transition, the TMLS's non-participating products remains profitable. We expect this profitability to be reflected in our financial statements over time. These apparent losses do not detract from the long-term viability and profitability of our non-participating products.

(ii) Effect of initial adoption

The Group has applied the transition provisions in SFRS(I) 17 and has not disclosed the impact of the adoption of SFRS(I) 17 on each financial statement line item.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments

(a) Classification of financial assets and financial liabilities

SFRS(I) 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous SFRS(I) 1-39 categories of held-to-maturity investments, loans and receivables, and available for sale financial assets. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of SFRS(I) 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For explanations of how the Group classifies and measures financial assets and accounts for related gains and losses under SFRS(I) 9, see Note 2.12. SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities and hedge accounting.

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(b) Impairment of financial assets

SFRS(I) 9 replaces the "incurred loss" model in SFRS(I) 1-39 with a forward-looking "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost, debt securities at fair value through other comprehensive income and lease receivables. Under SFRS(I) 9, credit losses are recognised earlier than under SFRS(I) 1-39 (see Note 2.12).

(c) Transition

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been applied retrospectively, except as described below.

- The comparative period has been restated. As permitted under SFRS(I) 17, the Group has elected to apply classification overlay in the comparative period presented;
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023;
- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss; and
- If an investment in a debt security had low credit risk at 1 January 2023, then the Group determined that the credit risk on the asset had not increased significantly since initial recognition.

As permitted by SFRS(I) 17, the Group has not disclosed information about the line item amounts that are reported in accordance with the classification and measurement (including impairment) requirements of SFRS(I) 9 for 2022 and those that would have been reported in accordance with the classification and measurement requirements of SFRS(I) 1-39 for 2023.

(d) Effect of initial adoption

(i) Classification of financial assets and financial liabilities

The following table shows the original measurement category and carrying amount under SFRS(I) 1-39 and the new measurement category and carrying amount under SFRS(I) 9 for each class of the Group's and the Company's financial assets and financial liabilities.

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

	Original classification under <u>SFRS(I) 1-39</u>	New classification under <u>SFRS(I) 9</u>	<u>The Group</u> Original carrying amount under SFRS(I) 1-39 <u>As at 31 December 2022</u> \$'000	New carrying amount under SFRS(I) 9 <u>As at 1 January 2023</u> \$'000
Financial assets				
Debt securities	FVTPL	FVTPL (designated)	87,721	87,721
Debt securities	FVTPL	FVOCI	78,046	78,046
Debt securities	Available for sale ("AFS")	FVTPL (mandatory)	427,465	427,465
Debt securities	Available for sale	FVTPL (designated)	5,335,062	5,335,062
Debt securities	Available for sale	FVOCI	2,877,150	2,889,490
Debt securities	Held to Maturity ("HTM")	FVOCI	279,910	289,493
Equity securities	Available for sale	FVTPL (mandatory)	2,136,505	2,123,388
Equity securities	FVTPL	FVTPL (mandatory)	198,824	194,625
Collective investment scheme	FVTPL	FVTPL (mandatory)	470,434	474,632
Collective investment scheme	Available for sale	FVTPL (mandatory)	509,794	509,794
Derivative asset	FVTPL	FVTPL (mandatory)	134,115	134,115
Derivative asset	Available for sale	FVTPL (mandatory)	200	200
Accrued investment income	Loans and receivables	Amortised cost	94,863	95,109
Other assets	Loans and receivables	Amortised cost	10,849	11,707
Loans	Loans and receivables	Amortised cost	279	279
Cash and cash equivalents	Amortised cost	Amortised cost	648,308	648,308
Total financial asset			13,289,525	13,299,434

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

		<u>The Group</u>	
	Original classification under <u>SFRS(I) 1-39</u>	New classification under <u>SFRS(I) 9</u>	
		Original carrying amount under SFRS(I) 1-39 <u>As at 31 December 2022</u> \$'000	New carrying amount under SFRS(I) 9 <u>As at 1 January 2023</u> \$'000
Financial liabilities			
Borrowings	Amortised cost	198,135	198,135
Obligations under repurchase agreements	Amortised cost	2,067,156	2,067,156
Derivative liabilities	FVTPL	112,906	112,906
Other payables	Amortised cost	169,058	181,137
Total financial liabilities		2,547,255	2,559,334

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

	Original classification under <u>SFRS(I) 1-39</u>	New classification under <u>SFRS(I) 9</u>	<u>The Company</u> Original carrying amount under SFRS(I) 1-39 <u>As at 31 December 2022</u> \$'000	New carrying amount under SFRS(I) 9 <u>As at 1 January 2023</u> \$'000
Financial assets				
Debt securities	Available for sale	FVTPL (mandatory)	427,465	427,465
Debt securities	Available for sale	FVTPL (designated)	5,335,062	5,335,062
Debt securities	Available for sale	FVOCI	1,553,869	1,553,869
Equity securities	Available for sale	FVTPL (mandatory)	1,749,958	1,749,958
Collective investment scheme	FVTPL	FVTPL (mandatory)	288,764	288,764
Collective investment scheme	Available for sale	FVTPL (mandatory)	443,201	443,201
Derivative asset	FVTPL	FVTPL (mandatory)	133,804	133,804
Accrued investment income	Loans and receivables	Amortised cost	75,143	75,143
Other assets	Loans and receivables	Amortised cost	3,377	4,467
Loans	Loans and receivables	Amortised cost	69	69
Cash and cash equivalents	Amortised cost	Amortised cost	425,085	425,085
Total financial assets			10,435,797	10,436,887

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NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

		<u>The Company</u>		
	Original classification under <u>SFRS(I) 1-39</u>	New classification under <u>SFRS(I) 9</u>	Original carrying amount under SFRS(I) 1-39 <u>As at 31 December 2022</u> \$'000	New carrying amount under SFRS(I) 9 <u>As at 1 January 2023</u> \$'000
Financial liabilities				
Borrowings	Amortised cost	Amortised cost	197,836	197,836
Obligations under repurchase agreements	Amortised cost	Amortised cost	2,067,156	2,067,156
Derivative liabilities	FVTPL	FVTPL (mandatory)	112,906	112,906
Other payables	Amortised cost	Amortised cost	142,252	141,774
Total financial liabilities			2,520,150	2,519,672

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

The Group's accounting policies on the classification of financial instruments under SFRS(I) 9 are set out in Note 2.12 and Note 2.13. The application of these policies resulted in the reclassifications set out in the table above and explained below.

- (a) Under SFRS(I) 1-39, certain debt securities were designated as at fair value through profit or loss because the Group managed them on a fair value basis or such designation eliminates or significantly reduces a measurement or recognition inconsistency. Under SFRS(I) 9, these assets are mandatorily measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets or their contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding.
- (b) Under SFRS(I) 1-39, certain debt securities that were classified as available for sale financial assets; under SFRS(I) 9, a portion of these assets are mandatorily measured at fair value through profit or loss either because their contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding or they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Some of these debt securities are designated as at fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise, while others are classified as fair value through other comprehensive income based on the criteria in SFRS(I) 9.
- (c) Under SFRS(I) 1-39, some collective investment schemes were designated as at fair value through profit or loss because they are managed on a fair value basis. Under SFRS(I) 9, these assets are mandatorily measured at fair value through profit or loss because they do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and the Group has not elected to measure them at fair value through other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

- (d) Under SFRS(I) 1-39, equities were classified as available for sale financial assets; under SFRS(I) 9, they are now mandatorily measured at fair value through profit or loss because their contractual cash flows do not represent solely payments of principal and interest and they are held with the intent to realise their capital gains upon their sale.
- (e) Under SFRS(I) 1-39, the fixed income securities, primarily government and corporate bonds, that were recognised under held for maturity as the Group's intention to hold the investments until maturity. Under SFRS(I) 9, these assets are "hold to collect and sell" and measured at fair value through other comprehensive income as these assets are purchased with the intention of receiving the interest and capital repayment upon maturity.
- (f) Certain financial assets recognised upon the adoption of SFRS(I) 9 are designated at FVTPL because such designation eliminates or significantly reduces measurement inconsistency.

The following table reconciles the carrying amounts of financial assets and liabilities that there are reclassifications and/or remeasurement on transition to SFRS(I) 9 on 1 January 2023.

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2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

	<u>The Group</u>		
	SFRS(I) 1-39 carrying amount 31 December 2022	Reclassification	SFRS(I) 9 carrying amount 1 January 2023
	\$'000	\$'000	\$'000
Financial assets			
Amortised cost ("AC")			
Cash and cash equivalents			
Opening balance under SFRS(I) 1-39 and closing balance under SFRS(I) 9	648,308	-	648,308
Accrued Investment Income			
Opening balance under SFRS(I) 1-39	94,863	-	94,863
Reclassified on transition to SFRS(I) 9	-	246	246
Closing balance under SFRS(I) 9	94,863	246	95,109
Other assets			
Opening balance under SFRS(I) 1-39	10,849	-	10,849
Reclassified on transition to SFRS(I) 17 ⁽¹⁾	-	858	858
Closing balance under SFRS(I) 9	10,849	858	11,707
Loans			
Opening balance under SFRS(I) 1-39 and closing balance under SFRS(I) 9	279	-	279
Total financial assets measured at amortised cost	754,299	1,104	755,403

Notes:

(1) Under SFRS(I)-17, there is reclassification of the insurance balances from outstanding premium receivables and claims payables, agent payables as well as amount due from/ owe to reinsurers that originally classified as other payables and other assets to insurance contract liabilities and reinsurance contract assets

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2. Material accounting policy information (continued)
2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)
(B) SFRS(I) 9 Financial Instruments (continued)
(d) Effect of initial adoption (continued)
(i) Classification of financial assets and financial liabilities (continued)

	<u>The Group (continued)</u>		
	SFRS(I) 1-39 carrying amount 31 December 2022	Reclassification	Remeasurement carrying amount 1 January 2023
	\$'000	\$'000	\$'000
Financial assets			
Fair value through profit or loss ("FVTPL")			
Debt Securities			
Opening balance under SFRS(I) 1-39	165,767	-	165,767
Reclassified from FVOCI (SFRS(I) 1-39)	-	(78,046)	(78,046)
Reclassified from AFS (SFRS(I) 1-39)	-	5,762,527	5,762,527
Closing balance under SFRS(I) 9	165,767	5,684,481	5,850,248
Equities			
Opening balance under SFRS(I) 1-39	198,824	-	198,824
Reclassified from AFS (SFRS(I) 1-39)	-	2,119,189	2,119,189
Closing balance under SFRS(I) 9	198,824	2,119,189	2,318,013
Collective Investment Scheme			
Opening balance under SFRS(I) 1-39	470,434	-	470,434
Reclassified from AFS (SFRS(I) 1-39)	-	513,992	513,992
Closing balance under SFRS(I) 9	470,434	513,992	984,426
Derivatives			
Opening balance under SFRS(I) 1-39	134,115	-	134,115
Reclassified from AFS (SFRS(I) 1-39)	-	200	200
Closing balance under SFRS(I) 9	134,115	200	134,315
Total financial asset measured at FVTPL	969,140	8,317,862	9,287,002
Fair value through other comprehensive income ("FVOCI")			
Debt Securities			
Opening balance under SFRS(I) 1-39	-	-	-
Reclassified from FVTPL (SFRS(I) 1-39)	-	78,047	78,047
Reclassified from AFS (SFRS(I) 1-39)	-	2,889,489	2,889,489
Reclassified from HTM (SFRS(I) 1-39)	-	279,910	289,493
Remeasurement: ECL Allowance	-	-	(851)
Closing balance under SFRS(I) 9	-	3,247,446	3,256,178
Total financial assets measured at FVOCI	-	3,247,446	3,256,178

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2. Material accounting policy information (continued)
2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)
(B) SFRS(I) 9 Financial Instruments (continued)
(d) Effect of initial adoption (continued)
(i) Classification of financial assets and financial liabilities (continued)

	<u>The Group (continued)</u>			SFRS(I) 9 carrying amount 1 January 2023 \$'000
	SFRS(I) 1-39 carrying amount 31 December 2022 \$'000	Reclassification \$'000	Remeasurement \$'000	
Financial assets				
Available for sale ("AFS")				
Debt Securities				
Opening balance under SFRS(I) 1-39	8,639,677	-	-	8,639,677
Reclassified to FVTPL (SFRS(I) 1-39)	-	(5,762,527)	-	(5,762,527)
Reclassified to FVOCI (SFRS(I) 1-39)	-	(2,877,150)	-	(2,877,150)
Closing balance under SFRS(I) 9	8,639,677	(8,639,677)	-	-
Equities				
Opening balance under SFRS(I) 1-39	2,136,505	-	-	2,136,505
Reclassified to FVTPL (SFRS(I) 1-39)	-	(2,136,505)	-	(2,136,505)
Closing balance under SFRS(I) 9	2,136,505	(2,136,505)	-	-
Collective Investment Scheme				
Opening balance under SFRS(I) 1-39	509,794	-	-	509,794
Reclassified to FVTPL (SFRS(I) 9)	-	(509,794)	-	(509,794)
Closing balance under SFRS(I) 9	509,794	(509,794)	-	-
Derivatives				
Opening balance under SFRS(I) 1-39	200	-	-	200
Reclassified to FVTPL (SFRS(I) 9)	-	(200)	-	(200)
Closing balance under SFRS(I) 9	200	(200)	-	-
Total financial assets measured at AFS	11,286,176	(11,286,176)	-	-
Held to maturity ("HTM")				
Debt Securities				
Opening balance under SFRS(I) 1-39	279,910	-	-	-
Reclassified to FVOCI (SFRS(I) 1-39)	-	(279,910)	-	-
Closing balance under SFRS(I) 9	279,910	(279,910)	-	-
Total financial assets measured at HTM	279,910	(279,910)	-	-

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2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

	<u>The Group (continued)</u>			SFRS(I) 9 carrying amount 1 January 2023 \$'000
	SFRS(I) 1-39 carrying amount 31 December 2022 \$'000	Reclassification \$'000	Remeasurement \$'000	
Financial liabilities				
Fair value through profit or loss ("FVTPL")				
Derivatives				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	112,906	-	-	112,906
Total financial liabilities measured at FVTPL	112,906	-	-	112,906
Amortised cost ("AC")				
Borrowings				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	198,135	-	-	198,135
Other payables				
Opening balance under SFRS(I) 1-39	169,057	-	-	169,057
Reclassified on transition to SFRS(I) 17 ⁽¹⁾	-	12,080	-	12,080
Closing balance under SFRS(I) 9	169,057	12,080	-	181,137
Obligations under repurchase agreements				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	2,067,156	-	-	2,067,156
Total financial liabilities measured at AC	2,434,348	12,080	-	2,446,428

Notes:

(1) Under SFRS(I)-17, there is reclassification of the insurance balances from outstanding premium receivables and claims payables, agent payables as well as amount due from/ owe to reinsurers that originally classified as other payables and other assets to insurance contract liabilities and reinsurance contract assets

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2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

	<u>The Company</u>			
	SFRS(I) 1-39 carrying amount 31 December 2022	Reclassification	Remeasurement	SFRS(I) 9 carrying amount 1 January 2023
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Amortised cost ("AC")				
Cash and cash equivalents				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	425,085	-	-	425,085
Accrued Investment Income				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	75,143	-	-	75,143
Other assets				
Opening balance under SFRS(I) 1-39	3,377	-	-	3,377
Reclassified on transition to SFRS(I) 17 ⁽¹⁾	-	1,090	-	1,090
Closing balance under SFRS(I) 9	3,377	1,090	-	4,467
Loans				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	69	-	-	69
Total financial assets measured at amortised cost	503,674	1,090	-	504,764

Notes:

(1) Under SFRS(I)-17, there is reclassification of the insurance balances from outstanding premium receivables and claims payables, agent payables as well as amount due from/ owe to reinsurers that originally classified as other payables and other assets to insurance contract liabilities and reinsurance contract assets

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2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

	<u>The Company (continued)</u>		
	SFRS(I) 1-39 carrying amount 31 December 2022 \$'000	Reclassification \$'000	Remeasurement \$'000
			SFRS(I) 9 carrying amount 1 January 2023 \$'000
Financial assets			
Fair value through profit or loss ("FVTPL")			
Debt Securities			
Opening balance under SFRS(I) 1-39	-	-	-
Reclassified from AFS (SFRS(I) 1-39)	-	5,762,527	-
Closing balance under SFRS(I) 9	-	5,762,527	-
Equities			
Opening balance under SFRS(I) 1-39	-	-	-
Reclassified from AFS (SFRS(I) 1-39)	-	1,749,958	-
Closing balance under SFRS(I) 9	-	1,749,958	-
Collective Investment Scheme			
Opening balance under SFRS(I) 1-39	288,764	-	-
Reclassified from AFS (SFRS(I) 1-39)	-	443,201	-
Closing balance under SFRS(I) 9	288,764	443,201	-
Derivatives			
Opening balance under SFRS(I) 1-39	133,804	-	-
Reclassified from AFS (SFRS(I) 1-39)	-	-	-
Closing balance under SFRS(I) 9	133,804	-	-
Total financial asset measured at FVTPL	422,568	7,955,686	-
			8,378,254

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2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(i) Classification of financial assets and financial liabilities (continued)

	The Company (continued)			
	SFRS(I) 1-39 carrying amount 31 December 2022 \$'000	Reclassification \$'000	Remeasurement \$'000	SFRS(I) 9 carrying amount 1 January 2023 \$'000
Financial assets (continued)				
Fair value through other comprehensive income ("FVOCI")				
Debt Securities				
Opening balance under SFRS(I) 1-39	-	-	-	-
Reclassified from AFS (SFRS(I) 1-39)	-	1,553,869	-	1,553,869
Remeasurement: ECL Allowance	-	-	(525)	(525)
Closing balance under SFRS(I) 9	-	1,553,869	(525)	1,553,344
Total financial assets measured at FVOCI	-	1,553,869	(525)	1,553,344
Available for sale ("AFS")				
Debt Securities				
Opening balance under SFRS(I) 1-39	7,316,396	-	-	7,316,396
Reclassified to FVTPL (SFRS(I) 1-39)	-	(5,762,527)	-	(5,762,527)
Reclassified to FVOCI (SFRS(I) 1-39)	-	(1,553,869)	-	(1,553,869)
Closing balance under SFRS(I) 9	7,316,396	(7,316,396)	-	-
Equities				
Opening balance under SFRS(I) 1-39	1,749,957	-	-	1,749,957
Reclassified to FVTPL (SFRS(I) 1-39)	-	(1,749,957)	-	(1,749,957)
Closing balance under SFRS(I) 9	1,749,957	(1,749,957)	-	-
Collective Investment Scheme				
Opening balance under SFRS(I) 1-39	443,201	-	-	443,201
Reclassified to FVTPL (SFRS(I) 9)	-	(443,201)	-	(443,201)
Closing balance under SFRS(I) 9	443,201	(443,201)	-	-
Total financial assets measured at AFS	9,355,117	(9,355,117)	-	-

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2. Material accounting policy information (continued)
2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)
(B) SFRS(I) 9 Financial Instruments (continued)
(d) Effect of initial adoption (continued)
(i) Classification of financial assets and financial liabilities (continued)

	<u>The Company (continued)</u>			
	SFRS(I) 1-39 carrying amount 31 December 2022	Reclassification	Remeasurement	SFRS(I) 9 carrying amount 1 January 2023
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Fair value through profit or loss ("FVTPL")				
Derivatives				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	112,906	-	-	112,906
Total financial liabilities measured at FVTPL	112,906	-	-	112,906
Amortised cost ("AC")				
Borrowings				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	197,836	-	-	197,836
Other payables				
Opening balance under SFRS(I) 1-39	142,252	-	-	142,252
Reclassified on transition to SFRS(I) 17 ⁽¹⁾	-	(478)	-	(478)
Closing balance under SFRS(I) 9	142,252	(478)	-	141,774
Obligations under repurchase agreements				
Opening balance under SFRS(I) 1-39 and Closing balance under SFRS(I) 9	2,067,156	-	-	2,067,156
Total financial liabilities measured at AC	2,407,244	(478)	-	2,406,766

Notes:

(1) Under SFRS(I)-17, there is reclassification of the insurance balances from outstanding premium receivables and claims payables, agent payables as well as amount due from/ owe to reinsurers that originally classified as other payables and other assets to insurance contract liabilities and reinsurance contract assets

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2. Material accounting policy information (continued)

2.2 Effects of adoption of SFRS(I) 9, SFRS(I) 17 and SFRS(I) 1-40 (continued)

(B) SFRS(I) 9 Financial Instruments (continued)

(d) Effect of initial adoption (continued)

(ii) Impairment of financial assets

The following table reconciles the closing impairment allowance in accordance with SFRS(I) 1-39 as at 31 December 2022 with the opening loss allowance determined in accordance with SFRS(I) 9 as at 1 January 2023.

	<u>The Group</u>		
	SFRS(I) 1-39 carrying amount <u>31 December 2022</u>	<u>Reclassification</u>	SFRS(I) 9 carrying amount <u>1 January 2023</u>
	\$'000	\$'000	\$'000
Debt securities at FVOCI under SFRS(I) 9: from available for sale under SFRS(I) 1-39	-	-	851
Financial assets at FVTPL under SFRS(I) 9: from available for sale under SFRS(I) 1-39	31,964	-	(31,964)
	31,964	-	851
	<u>The Company</u>		
	SFRS(I) 1-39 carrying amount <u>31 December 2022</u>	<u>Reclassification</u>	SFRS(I) 9 carrying amount <u>1 January 2023</u>
	\$'000	\$'000	\$'000
Debt securities at FVOCI under SFRS(I) 9: from available for sale under SFRS(I) 1-39	-	-	525
	-	-	525

(C) SFRS(I) 1-40 Investment Property

The Group issue groups of insurance contracts with direct participation features and hold the underlying items. Such insurance contracts also include investment contracts with discretionary participation features. The Group has elected to measure owner-occupied land and buildings that are part of the underlying items for such groups of insurance contracts issued using the fair value model in accordance with SFRS(I) 1-40. The freehold land and buildings are subsequently carried at fair value, representing open market value determined by independent professional valuers. Changes in fair values are recognised in profit or loss.

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2. Material accounting policy information (continued)

2.3 Insurance contracts

The Group's product lines are divided into the following main categories:

Segments	Product lines	Description
Individual Life	Non-participating	This product line covers Endowment, Whole Life, Annuity, Term Individual Accidental&Health ("A&H") insurance contracts. All insurance contracts in this product line offer fixed and guaranteed benefits over the contractual term. Contracts issued typically have regular premium (i.e. monthly, quarterly, half-yearly, annual) or single premiums.
	Participating	This product line covers direct participating contracts which include protection and saving elements. All insurance contracts in this product line offer guaranteed and non-guaranteed benefits for the contract term in the form of bonus/dividends declaration determined by the performance of the ring fenced asset and liabilities. For participating funds, local regulations generally prescribe a minimum proportion of policyholder participation in declared dividends.
	Investment-linked	<p>This product line covers investment linked contracts. All insurance contracts in this product line offer guaranteed and non-guaranteed benefits in the form of investment return based on the performance of the selected funds.</p> <p>The policyholders have numerous investment options under the investment linked contracts, including stock funds, bond funds and diversified funds.</p>
Group Life	Non-participating	<p>This product line covers Group Term Life, Medical, Personal Accident, Care & Health, Dread Disease, Disability Income. Coverage is provided typically for 1 year terms. Once the selected term has ended, the insurance contract is terminated and a policyholder may potentially obtain new coverage on new terms, subject to successful underwriting.</p> <p>All insurance contracts in this product line offer fixed and guaranteed benefits over the contractual term. Contracts issued typically have annual premium.</p>

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. Insurance risk is significant only if there is a scenario that has commercial substance in which, on present-value basis, it is a possibility that the insurer could a) pay significant additional benefits beyond what would be paid if no insured event occurred; and b) make a loss.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under SFRS(I) 9. The Group does not issue investment contracts.

The Group issues Participating and Investment-linked contracts that substantially provides investment-related service. The Group considers such contracts as insurance contracts with direct participation features, which are defined by the Group as contracts which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on either (a) for the case of Participating contracts, the Group's participation in the declared dividends or bonuses based on the performance of the participating fund, or (b) for the case of Investment-linked contracts, a fixed amount and/or percentage of investment management fees, less the FCF that do not vary based on the returns on underlying items.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers insurance risk from the insured portion of the underlying insurance contracts.

All references to insurance contracts in the consolidated financial statements apply to insurance contracts issued or acquired and reinsurance contracts held, unless specifically stated otherwise.

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(a) Summary of measurement approaches

The Group uses different measurement approaches, depending on the type of contracts, as follows:

	<u>Product classification</u>	<u>Measurement model</u>
Contracts issued		
Non-participating insurance contracts	Insurance contracts without direct participation features	General Measurement Model
Participating insurance contracts	Insurance contracts with direct participation features	Variable Fee Approach
Investment-linked insurance contracts	Insurance contracts with direct participation features	Variable Fee Approach
Reinsurance contracts held		
Non-participating reinsurance contracts (TMLM - catastrophe reinsurance treaty)	Reinsurance contract held	Premium Allocation Approach
Non-participating reinsurance contracts (Other treaties)	Reinsurance contract held	General Measurement Model

(b) Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar quarter (quarterly cohorts) and further into (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held within a calendar quarter (quarterly cohorts) (or calendar year (annual cohort) for TMLM for selected portfolios) into groups of (i) contracts for which there is a net gain at initial recognition, and (ii) contracts for which there is a net loss at initial recognition.

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(c) *Separating components from insurance contracts and reinsurance contracts held*

Before the Group accounts for an insurance contract based on SFRS(I) 17, it analyses whether the contract contains components that should be separated. SFRS(I) 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Group does not have any contracts that require further separation of the distinct components as stated above.

(d) *Recognition and derecognition*

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

The Group does not recognise a group of quota share reinsurance contracts held until it has recognised at least one of the underlying insurance contracts.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(d) *Recognition and derecognition* (continued)

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the cohorting restrictions. Composition of the groups is not reassessed in subsequent periods.

Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- extinguished (i.e when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- (a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
 - (i) is not in scope of SFRS(I) 17;
 - (ii) results in different separable components;
 - (iii) results in a different contract boundary; or
 - (iv) belongs to a different group of contract;
- (b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- (c) the original contract was accounted for under the Premium Allocation Approach ("PAA"), but the modification means that the contract no longer meets the eligibility criteria for that approach.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(d) Recognition and derecognition (continued)

Accounting for contract modification and derecognition (continued)

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

- (a) Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group.
- (b) Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component) in the following manner, depending on the reason for the derecognition:
 - (i) If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
 - (ii) If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
 - (iii) If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received.
- (c) Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- (a) if the contract is extinguished, any net difference between the derecognised part of the Liability for Remaining Coverage ("LRC") of the original contract and any other cash flows arising from extinguishment;
 - (b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; and
 - (c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement*

(i) Fulfilment cash flows

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) are based on a probability weighted mean of the full range of possible outcomes;
- (b) are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
- (c) reflect conditions existing at the measurement date.

In the measurement of reinsurance contracts held, the estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

(i) Fulfilment cash flows (continued)

Fulfilment cash flows within contract boundary (continued)

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- (a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- (b) both of the following criteria are satisfied:
 - (i) the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - (ii) the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

(i) Fulfilment cash flows (continued)

Fulfilment cash flows within contract boundary (continued)

Contract boundary (continued)

The Group's quota share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a 3 months notice period in common by either party. Thus, the Group treats such reinsurance contracts as a series of quarterly contracts that cover underlying business issued within a quarter.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- (a) costs directly attributable to individual contracts and groups of contracts; and
- (b) costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

(i) Fulfilment cash flows (continued)

Fulfilment cash flows within contract boundary (continued)

Discount Rates

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Methods and assumptions used to determine the discount rates are discussed in Section 3.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk reflects the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

TMLS determines the risk adjustment using a confidence level approach, which is calibrated to a confidence level which is equivalent to over the 90th percentile. The approach allows for implicit diversification as all non-financial risk shocks are applied concurrently, and hence no explicit diversification factor is being used in the calculation of the risk adjustment. Given insufficient data to construct a statistical risk distribution, TMLS uses the MAS solvency calibration (which is calibrated at 99.5th percentile confidence interval) and its prescribed shock factors in deriving the risk adjustments. Assuming that the non-financial risk is normally distributed, we approximate the 90th percentile confidence interval by halving the MAS prescribed shock factors.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

(i) Fulfilment cash flows (continued)

Fulfilment cash flows within contract boundary (continued)

Risk adjustment for non-financial risk (continued)

For TMLM, the risk adjustment is determined using a cost of capital approach, by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate in FY23 is set at 6% per annum (FY22: 6%), representing the return required to compensate for the exposure to non-financial risk. The capital is determined based on internal capital requirements applicable to the Group as it is projected in line with the run-off of the business.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of:

	<u>2023</u>	<u>2022</u>
TMLS	90%	90%
TMLM	86%	85%

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2022 and 2023.

(ii) Initial measurement – Groups of contracts not measured under the PAA

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- (a) the initial recognition of the FCF;
- (b) the derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and
- (c) cash flows arising from the contracts in the group at that date.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

- (ii) Initial measurement – Groups of contracts not measured under the PAA (continued)

Contractual service margin (continued)

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

Investment Component

Investment components are amounts that an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Investment-linked, Participating, and Non-participating contracts that have explicit surrender values are determined as contracts that contain non-distinct investment components. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms.

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

- (a) the LRC, comprising:
 - (i) the FCF related to future service allocated to the group at that date; and
 - (ii) the CSM of the group at that date; and
 - (b) the Liability for Incurred Claims ("LIC"), comprising the FCF related to past service allocated to the group at the reporting date.
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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (a) the asset for remaining coverage, comprising:
 - (i) the FCF related to future service allocated to the group at that date; and
 - (ii) the CSM of the group at that date; and
- (b) the incurred reinsurance recoveries, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- (a) changes that relate to current or past service are recognised in profit or loss; and
- (b) changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- (a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- (b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- (c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- (d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b), (c) and (d) are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

- (a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- (b) changes in the FCF relating to the LIC; and
- (c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- (a) changes in the Group's share of the fair value of the underlying items; and
- (b) changes in the FCF that do not vary based on the returns of underlying items:
 - (iii) changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - (iv) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
 - (v) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
 - (vi) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
 - (vii) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii) to (v) are measured using the current discount rates.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- (a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items; and
- (b) changes in the FCF that do not vary based on the returns of underlying items:
 - (i) changes in the FCF relating to the LIC; and
 - (ii) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- (a) The effect of any new contracts added to the group.
- (b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- (c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with the corresponding amount to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- (d) The effect of any currency exchange differences.
- (e) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes to the contractual service margin (continued)

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued, using the Annualised Premium Equivalent (“APE”) of the contracts.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by the insurance services provided during the period. This is calculated by taking the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

For contracts issued, the Group determines the CSM recognition coverage period corresponding to the period in which insurance services are expected to be provided.

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Release of the CSM to profit or loss (continued)

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- (a) the quantity of benefits provided by contracts in the group;
- (b) the expected coverage duration of contracts in the group; and
- (c) the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits.

The Group determines coverage units as follows:

- (a) for Non-participating insurance contracts, coverage units are determined based on the fixed coverage benefit (mortality, medical, critical illness, etc.) amounts during the insurance coverage period; or
- (b) for direct participating contracts, coverage units are based on the total benefits amounts, inclusive of non-guaranteed bonuses, during the insurance coverage period; or
- (c) for Investment-linked contracts, coverage units are based on policyholders' account values, sum-at-risk benefits payable and rider coverage benefit amounts (where applicable).

At TMLS the Company reflects the time value of money in the determination of coverage units. At TMLM, the Company does not reflect the time value of money in the determination of coverage units.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) *Measurement* (continued)

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Release of the CSM to profit or loss (continued)

Coverage units for the proportionate reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

Onerous contracts - Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- (a) expected incurred claims and expenses for the period;
- (b) changes in the risk adjustment for non-financial risk for the risk expired;
and
- (c) finance income or expenses from insurance contracts issued.

The amounts of loss component allocation above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(e) Measurement (continued)

- (iii) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Reinsurance contracts held - Loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that underlying insurance group. Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expect to recover from the group of reinsurance contracts held. The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

- (iv) Initial and subsequent measurement - Groups of contracts measured under the PAA

With the exception for Catastrophe reinsurance treaty held by TMLM, the Group does not apply PAA measurement model for insurance and reinsurance contracts.

On initial recognition, the Group measures the remaining coverage as the amount of ceding premiums paid and any amounts arising from the derecognition of the insurance acquisition cash flows liabilities.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (a) the asset for remaining coverage; and
- (b) the incurred reinsurance recoveries, comprising the FCF related to past service allocated to the group at the reporting date.

At each of the subsequent reporting dates, the remaining coverage is:

- (a) increased for ceding premiums paid in the period; and
- (b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(f) *Amounts recognised in comprehensive income*

(i) Insurance service result from insurance contracts issued

Insurance revenue

As the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

Insurance revenue comprises the following:

Amounts relating to the changes in the LRC:

- (a) insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - amounts related to the loss component;
 - repayments of investment components;
 - amounts of transaction-based taxes collected in a fiduciary capacity; and
 - insurance acquisition expenses;
- (b) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income and expenses;
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component;
- (c) amounts of the CSM recognised in profit or loss for the services provided in the period; and
- (d) experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(f) Amounts recognised in comprehensive income (continued)

(i) Insurance service result from insurance contracts issued (continued)

Insurance service expenses

Insurance service expenses include the following:

- (a) incurred claims and benefits excluding investment components;
- (b) other incurred directly attributable insurance service expenses;
- (c) amortisation of insurance acquisition cash flows;
- (d) changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- (e) changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

Expenses not meeting the above categories are included in other operating expenses in the statement of comprehensive income.

(ii) Insurance service result from reinsurance contract held

Net income/(expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- (a) reinsurance expenses;
- (b) incurred claims recovery;
- (c) other incurred directly attributable insurance service expenses;
- (d) effect of changes in non-performance risk of the reinsurer;
- (e) for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(f) Amounts recognised in comprehensive income (continued)

(ii) Insurance service result from reinsurance contract held (continued)

Net income/(expenses) from reinsurance contracts held (continued)

- (f) changes relating to past service (i.e. adjustments to incurred reinsurance recoveries).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- (a) insurance claims and other expenses expected to be recovered in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- (b) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in finance income or expenses from reinsurance contracts held; and
 - changes that relate to future coverage (which adjust the CSM);
- (c) amounts of the CSM recognised in profit or loss for the services received in the period; and
- (d) ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(f) Amounts recognised in comprehensive income (continued)

(iii) Insurance finance income or expenses

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

(a) the effect of the time value of money and changes in the time value of money; and

(b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

(a) interest accreted on the FCF and the CSM;

(b) the effect of changes in interest rates and other financial assumptions; and

(c) foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

(a) changes in the fair value of underlying items;

(b) interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and

(c) the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

Where applicable, the Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group adopts the following approach on the disaggregation of insurance finance income or expenses:

(a) For contracts measured under the VFA and TMLS' Group Term Life contracts measured under the GMM, the Group includes all insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option is applied); or

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(f) Amounts recognised in comprehensive income (continued)

(iii) Insurance finance income or expenses (continued)

- (b) For other contracts measured under the GMM, the Group disaggregates the insurance finance income or expenses between profit or loss and other comprehensive income.*

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

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2. Material accounting policy information (continued)

2.4 Investment Return

Investment return is recognised as follows:

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(c) Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.5 Group accounting

Subsidiaries

(i) Consolidation

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

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency of policies adopted by the Group.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.5 Group accounting (continued)

Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiaries for the accounting policy on investment in subsidiaries (Note 2.9) in the separate financial statements of the Company.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.6 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.11).

The Group has elected to measure owner-occupied land and buildings using the fair value model in accordance with SFRS(I) 1-40. The freehold land and buildings are subsequently carried at fair value, representing open market value determined by independent professional valuers. Changes in fair values are recognised in profit or loss.

Land and buildings not held under the participating fund are measured under the revaluation model in accordance with SFRS(I) 1-16. The freehold land is subsequently carried at fair value less accumulated impairment losses. Leasehold land and buildings are subsequently carried at fair value less accumulated depreciation and accumulated impairment losses (Note 2.11). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the assets.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the asset revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses (Note 2.11).

(iii) Components of cost

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.6 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line basis to their residual values over the estimated useful lives of the assets. The estimated useful lives of the assets are summarised as follows:

	<u>Useful lives</u>
Leasehold land and buildings	Shorter of 50 years or the lease term
Motor vehicles	5 years
Furniture and equipment	3 - 10 years

Right-of-use assets in relation to other leased property, plant and equipment are carried at cost less accumulated depreciation. The right-of-use asset in relation to a lease is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.6 Property, plant and equipment (continued)

(d) Disposal

On disposal of revalued assets measured under SFRS(I) 1-16, amounts in asset revaluation reserve relating to these assets are transferred to retained earnings. On disposal of all other property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within other gains - net in Note 7(b).

2.7 Intangible assets

(a) Bancassurance rights

The bancassurance agreement provides an exclusive right to the use of the bancassurance network. The agreement fee is amortised over its useful life of 5 years using the straight-line method. It is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Please refer to Note 2.11 for the accounting policy on impairment of non-financial assets.

(b) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of four to ten years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.8 Investment properties

Investment properties include those portions of land and buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost. Investment properties are subsequently carried at fair value, representing open market value determined by independent professional valuers. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. The fair values of the investment properties are reviewed annually by an independent professional valuer. Valuations are performed as of the balance sheet date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Changes in fair values are recognised in profit or loss.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.9 Investment in subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses (Note 2.11) in the Company's balance sheet. On disposal, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.10 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support, and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.10 Structured entities (continued)

The Group assesses all of its collective investment schemes in accordance with SFRS(I) 10 – Consolidated Financial Statements. The considerations on which the Group assesses control over its investments in collective investment schemes (covering both wholesale or retail funds) include:

- whether the Group, being the unit holder, has the practical ability to summon a unitholders' meeting or any other alternative mechanism to remove the Trustee or the Manager of the collective investment schemes;
- whether the Group has the ability to change the investment objectives / mandates of the collective investment schemes to affect the collective investment schemes' investment strategies and returns;
- any rights arising from other contractual arrangements; and
- whether the Group is exposed to, or has rights to variable returns from its investments in collective investment schemes.

The Group's assessment and conclusion on whether the Group has control over collective investment schemes are included in Note 37 to the financial statements.

The Group invests in funds whose objectives range from achieving medium to long term capital growth. The funds are managed by related and unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The funds finance their operations by issuing redeemable shares/units which entitles the holder to a proportional stake in the respective fund's net assets. The Group holds redeemable shares/units in each of these funds.

The change in fair value of the funds classified as fair value through profit or loss is included in other gains/(losses) – net in Note 7(b).

The change in fair value of the funds classified as fair value through comprehensive income ("FVOCI") are included in the Consolidated Statement of Comprehensive Income in "Other Comprehensive Income".

2.11 Impairment of non-financial assets

Property, plant and equipment

Intangible assets

Investment in subsidiaries

Investment properties

Prepayments (included in Other assets)

Property, plant and equipment, intangible assets, investment in subsidiaries, investment properties and prepayments are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.11 Impairment of non-financial assets (continued)

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.12 Financial assets

(a) *Initial recognition and measurement*

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not carried at FVTPL, transaction costs incremental and directly attributable to the acquisition, such as fees and commissions. Transaction costs for financial assets at FVTPL are expensed in profit or loss. Subsequent to initial recognition, the Group recognises an expected credit loss ("ECL") allowance for investments in debt instruments measured at FVOCI at each reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.12 Financial assets (continued)

(b) Amortised cost and effective interest rate

Amortised cost ("AC") is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original EIR. Any changes are recognised in profit or loss.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

(c) Classification and subsequent measurement

The Group classifies its financial assets in the following categories: AC, FVOCI and FVTPL.

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depend on:

- (a) the Group's business model for managing the asset; and
- (b) the cash flow characteristics of the asset (represented by solely payments of principal and interest on the principal amount outstanding ("SPPI")).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.12 Financial assets (continued)

(c) Classification and subsequent measurement (continued)

(i) Debt instruments (continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- (a) AC: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the effective interest rate ("EIR") method.
- (b) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other investment return. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.
- (c) FVTPL: Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in profit or loss within other investment return in the period in which it arises.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.12 Financial assets (continued)

(c) Classification and subsequent measurement (continued)

(i) Debt instruments (continued)

• **Business model (continued)**

The business model reflects how the Group manages assets in order to generate cash flows. That is, it reflects whether the Group's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL. The Company performs its business model assessment at both the investment portfolio level and financial asset type, while TMLM performs this assessment by financial asset type. Existing business models are reviewed whenever there are changes to investment portfolios or business models for managing financial assets. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's business model for the investments underlying direct participating contracts is to hold to collect and sell contractual cash flows. The proceeds from the contractual cash flows of the financial assets are used to settle insurance contract liabilities as they become due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Group undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the other business model and measured at FVTPL.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.12 Financial assets (continued)

(c) Classification and subsequent measurement (continued)

(i) Debt instruments (continued)

- Solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Company has determined that an accounting mismatch is reduced if financial assets backing participating insurance contracts are measured at FVTPL. For these instruments, the Company has applied the option to designate these financial assets at FVTPL. TMLM have not applied such an option.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.12 Financial assets (continued)

(c) Classification and subsequent measurement (continued)

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (i.e. instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets). Examples of equity instruments include basic ordinary shares.

The Group classifies and subsequently measures all equity investments at FVTPL. Equity instruments are mandatorily measured at FVTPL unless the FVOCI election is made at initial recognition, provided the holding of such equity investments is not for the purpose of trading. The Group has not made such an election.

Gains and losses on equity investments at FVTPL are included in other investment return in profit or loss.

(iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments held for cash management purposes, which have maturities at acquisition of three months or less, or are convertible into known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include cash received as collateral for derivative transactions, and repo, as well as cash and cash equivalents held for the benefit of policyholders in connection with unit-linked products. Cash and cash equivalents that are not mandatorily measured at fair value through profit or loss are measured at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.12 Financial assets (continued)

(c) Classification and subsequent measurement (continued)

(iv) Other assets

Accrued interest and accrued dividend are held at amortised cost.

Other assets measured at amortised cost primarily include loans, deposits and receivables. These financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any impairment losses.

(d) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at AC and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and 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.

Note 33(C)(d) provides more detail on how the ECL allowance is measured.

(e) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership; or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership but has transferred control of the asset. The Group considers control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.13 Financial liabilities

(a) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified and subsequently measured at AC, except for derivatives, which is measured at FVTPL.

(b) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

2.14 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.15 Other payables

Other payables are recognised when due and measured on initial recognition at the fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

2.16 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.17 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes for derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss in the financial year when the changes arise. Transaction costs incurred in buying and selling derivative instruments are recognised in profit or loss when incurred.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

(a) *Forward exchange contracts*

Forward exchange contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date.

(b) *Cross currency swaps*

Cross currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gain and loss on the foreign exchange contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, implied volatilities of the underlying indices, and the timing of payments.

(c) *Interest rate swaps*

Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments.

(d) *Warrant*

Warrant is a financial instrument that gives the right to the holder to purchase a specific number of shares at the predetermined price (exercise price) within a specific time frame (the expiration date).

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policy information (continued)**2.18 Securities lending including repurchase agreements**

The Group has been a party to various repurchase agreements which securities are loans to third parties on short-term basis. The loaned securities are not derecognised and so, they continue to be recognised and remain within the appropriate investment classification.

Assets sold under repurchase agreements continue to be recognised and a liability is established for the consideration received. The Group may be required to provide additional collateral based on the fair value of the underlying assets, and such collateral assets remain on the balance sheet.

2.19 Fair value estimation of financial assets and liabilities

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) is based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking price.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair values of currency forwards, cross currency swaps and interest rate swaps are determined using actively quoted forward exchange and swap rates respectively. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.20 Operating leases

(a) When the Group is the lessee:

The Group leases certain assets from third parties.

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use (“ROU”) assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within “Property, plant and equipment”.

- Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, If the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
 - The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
 - Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.
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**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.20 Operating leases (continued)

(a) When the Group is the lessee: (continued)

- Lease liabilities (continued)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessor:

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

The Group leases investment properties under operating leases to both related and non-related parties.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.21 Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to, or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management established provisions where appropriate, on the basis of amount expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income tax are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.22 Provisions

Provisions for agents' retirement benefits are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Agents' retirement benefits are provided for the Group's tied agents and are calculated in accordance with the terms and conditions of the agency agreements.

2.23 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Employees Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expenses when they are due. No legal or constructive obligation exists to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(b) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.23 Employee compensation (continued)

(c) Staff retirement benefits

Retirement benefits are provided for executive staff. The benefit accrued is computed based on the length of service of the employees and his last drawn salary less the employer's contribution to the employee's Employees Provident Fund.

2.24 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i)* assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii)* income and expenses for each income statement are translated at the average exchange rate (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

TOKIO MARINE LIFE INSURANCE SINGAPORE LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.24 Currency translation (continued)

(c) *Translation of Group entities' financial statements* (continued)

- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign entity.

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.27 Government grants

Grants from government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.28 Presentation of the statement of financial position

The Group's insurance and investment contract liabilities and related assets are realised and settled over periods of several years, reflecting the long-term nature of the Group's products. Accordingly, the Group presents the assets and liabilities in its balance sheet in approximate order of liquidity, rather than distinguishing current and non-current assets and liabilities. The Group regards its intangible assets, property and equipment and investment property as non-current assets as these are held for the longer-term use of the Group.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

3. Critical accounting estimates and judgements

Estimates/assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Insurance contract liabilities

In applying SFRS(I) 17 measurement requirements, the following inputs and methods were used that include significant estimates.

- Discount rates

There are two approaches for the derivation of discount rates. A top-down approach starts with considering a yield curve of a reference portfolio of assets and adjust this downwards to eliminate any risk premium not relevant to the insurance contracts (primarily the allowance for credit risk). The assessment of credit risk premium is done on external ratings. Alternatively, a bottom-up approach could be used under which discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the insurance contracts.

TMLS derives its discount rates using a top-down approach. TMLM derives its discount rates using a bottom-up approach.

In constructing the discount rates, market observable rates are used up to the last available market data point which is reliable. The market observable rates are extrapolated between this point and an ultimate forward rate derived using long-term estimates by applying generally accepted technique such as Smith-Wilson method.

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

As at 31 December 2023						
Currency	Spot rates	1 year	5 years	10 years	15 years	20 years
SGD	Risk Free	3.56%	2.64%	2.67%	2.74%	2.71%
	Risk Free + Illiquidity Premium	4.40%	4.09%	4.08%	4.14%	4.13%
MYR	Risk Free	3.30%	3.65%	3.74%	4.05%	4.29%
	Risk Free + Illiquidity Premium	3.40%	3.75%	3.84%	4.15%	4.38%
As at 31 December 2022						
Currency	Spot rates	1 year	5 years	10 years	15 years	20 years
SGD	Risk Free	3.75%	2.82%	3.06%	2.86%	2.46%
	Risk Free + Illiquidity Premium	5.25%	4.84%	4.77%	4.48%	4.04%
MYR	Risk Free	3.25%	3.88%	4.09%	4.36%	4.54%
	Risk Free + Illiquidity Premium	3.43%	4.06%	4.27%	4.54%	4.70%

TOKIO MARINE LIFE INSURANCE SINGAPORE LTD. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS *For the financial year ended 31 December 2023*

3. Critical accounting estimates and judgements (continued)

(a) Insurance contract liabilities (continued)

- **Mortality and morbidity (including longevity)**

Assumptions for death and total and permanent disability (“TPD”) are based on investigation into the Group’s mortality and morbidity experiences over the recent years, and are generally expressed as a percentage of a standard table or reinsurer’s risk premium rates.

Morbidity assumptions for dread disease benefits are based on a percentage of the reinsurer’s risk premium rates.

- **Persistency**

Assumptions for persistency are based on investigation into the Group’s experience over recent years. The investigation is conducted with respect to product classes, policy duration and premium payment mode (regular or single premium) as persistency rates are expected to vary by these factors. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates.

- **Expenses**

Assumptions for expenses are based on investigation into the Group’s experience and business plan forecasts. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads. The expense assumption also take into consideration of the inflation. Different expense inflation is used for each territory, reflecting their respective interest rate and general economic environment.

- **Additional assumptions for investment-linked contracts**

For investment-linked insurance policies, additional estimates are made for unit fund growth rate, fund management charge and investment and administration expenses. These assumptions are used for calculating the liabilities and are updated at each reporting date to reflect the best estimates.

- *Unit growth rate*: The unit growth rate is set to the risk-free discount rate at valuation date.
 - *Fund management charge*: The fund management charge reflect the recent experience.
 - *Investment expenses*: A portfolio average of investment and other related expenses, as determined based on an internal expense analysis, for investment-linked funds are used.
 - *Take-up rate for premium holiday option*: The take-up rate for the option to cease premium payment while the policy remains in-force is set based on industry experience with some adjustment to reflect product features.
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**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. Critical accounting estimates and judgements (continued)

(b) Determining the fair value of unquoted investments

The Group holds financial assets which are not quoted in active markets, particularly its fixed income and unquoted equities portfolio. The majority of the unquoted fixed income investments is debt securities issued by government and public authorities and by private sector corporations. The fair values of these financial assets are based on quotations from independent third parties, such as brokers and agencies. The quotations from these third parties may change drastically due to market and economic conditions. For the unquoted equities portfolio, the fair values are measured based on the adjusted net asset value method by referencing to the annual financial statements of the entities that the Group invested in. The Group uses recent arm's length transactions or reference to instruments that are substantially the same or at cost if these are not available to value its unlisted equities. The assumption for valuation at cost will be affected by change in credit risk and interest rates and may have a negative impact on the financial statements.

(c) Expected credit loss

The measurement of the ECL allowance for financial assets measured at AC and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring the ECL, such as:

- i. Determining criteria for a significant increase in credit risk ("SICR");
- ii. Choosing appropriate models and assumptions for the measurement of the ECL;
- iii. Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated the ECL; and
- iv. Establishing groups of similar financial assets for the purposes of measuring the ECL.

For further disclosures relating to ECL allowance, refer to Note 33(C)(d).

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. Critical accounting estimates and judgements (continued)

(d) Uncertain tax positions

The Group is subject to income taxes in a number of jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances and the taxability/deductibility of certain income/expenses ("uncertain tax positions") at each tax jurisdiction.

The Group has several open tax assessments with a tax authority at the balance sheet date that requires a certain degree of judgement and estimates. The Group has recognised the tax liability on these uncertain tax positions.

(e) Fair values of property held for own use and investment property

The Group uses independent professional valuers to determine the fair value of properties on the basis of the highest-and-best use using the sales comparison approach at the balance sheet date. These are registered as Level 3 of the fair value measurement hierarchy. Under the sales comparison approach, the recent sale prices of properties in close proximity are adjusted for differences in key attributes such as tenure, location and condition of the properties. The most significant input into this valuation approach is selling price per square foot.

Further details of the fair value of the property held for own use and investment property are provided in Note 18 and Note 16 respectively.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. Income taxes

(a) Income tax expense

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
On the results for the financial year:				
Singapore income tax	6,031	5,398	6,031	5,398
Foreign income tax	10,029	8,865	-	-
Withholding tax	2,098	1,840	2,098	1,840
Deferred tax (Note 24)	4,175	44,696	(5,956)	45,780
	22,333	60,799	2,173	53,018
Under/(over) provision in preceding financial years:				
Singapore income tax	320	475	320	475
Foreign income tax	(248)	(136)	-	-
	22,405	61,138	2,493	53,493

(b) The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
Profit before tax	73,683	71,124	28,609	51,755
Tax calculated at Singapore statutory tax rate of 17% (2022: 17%)	12,526	12,091	4,864	8,798
Tax calculated at concessionary tax rate (including the participating fund)	(6,406)	(4,821)	(6,406)	(4,821)
Effect of different tax rates in other countries	3,953	4,135	-	-
Income not subject to tax	(25,982)	(21,267)	(16,017)	(16,303)
Expenses not deductible for tax purpose	7,810	2,644	7,928	2,800
Tax effect of overseas branch	523	33	523	33
Tax effect of investment income from policyholders' and unitholders' funds	17,821	5,915	-	-
Withholding tax	2,098	1,840	2,098	1,840
Different basis of tax	7,893	59,833	8,532	60,275
Deferred tax not recognised	1,398	-	-	-
Others	699	396	651	396
Over provision of tax in preceding financial years	72	339	320	475
	22,405	61,138	2,493	53,493

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations

(A) Composition of the insurance contract balances

An analysis of the amounts presented on the consolidated and Company level balance sheet for insurance contracts is included in the table below:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
Insurance contract assets	-	253	-	253
Insurance contract liabilities	(11,854,743)	(11,159,439)	(9,248,769)	(8,635,107)
Reinsurance contract assets	67,407	61,779	42,631	39,210
Reinsurance contract liabilities	(1,330)	(1,471)	-	-

Detailed reconciliations of changes in insurance and reinsurance contract balances during the reporting periods are included in notes 5(B) and (C). For credit risk disclosures relating to insurance and reinsurance contract assets, refer to Note 33(C)(d).

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(B) Insurance revenue and expenses

(a) Insurance revenue and insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line for 2023 and 2022 is included in the following tables. Additional information on amounts recognised in profit or loss and OCI is included in the insurance contract and reinsurance contract held balances reconciliations below in notes 5(C).

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
Insurance revenue				
Contracts not measured under the PAA				
Amounts relating to the changes in the liability for remaining coverage				
- Expected incurred claims and other expenses after loss component allocation	365,579	338,794	215,928	189,403
- Change in the risk adjustment for non-financial risk	19,050	20,700	11,246	13,148
- CSM recognised in profit or loss for the services provided	95,760	86,921	67,125	60,947
- Insurance acquisition cash flows recovery	49,622	45,455	34,135	32,634
- Other	2	-	2	-
Total insurance revenue	530,013	491,870	328,436	296,132
Insurance service expenses				
Incurred claims and other directly attributable expenses	(331,935)	(301,810)	(170,630)	(152,331)
Losses on onerous contracts and reversal of those losses	(64,682)	(47,693)	(64,196)	(47,319)
Insurance acquisition cash flows amortisation	(49,622)	(45,455)	(34,135)	(32,634)
Other	(2,095)	(3,798)	(2,096)	(3,798)
Total insurance service expenses	(448,335)	(398,756)	(271,057)	(236,082)

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(B) Insurance revenue and expenses

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
Net (expenses)/income from reinsurance contracts held				
Reinsurance expenses – contracts not measured under the PAA				
Amounts relating to the changes in the remaining coverage:				
- Expected claims and other expenses after loss component allocation	(89,494)	(98,067)	(76,459)	(84,975)
- Change in the risk adjustment for non-financial risk for the expired after loss component allocation	(15,247)	(18,376)	(13,795)	(16,730)
- CSM recognised in profit or loss for the service received	(3,408)	13,036	(1,580)	14,192
Reinsurance expenses – contracts not measured under the PAA	(108,149)	(103,407)	(91,834)	(87,513)
Reinsurance expenses - contracts measured under the PAA	(1)	(48)	-	-
	(108,150)	(103,455)	(91,834)	(87,513)
Incurred claims recovery and other incurred directly attributable expenses	103,322	86,241	90,330	75,816
Effect of changes in the risk of reinsurers non-performance	(3)	(6)	-	-
Recovery of losses on onerous underlying contracts and reversal of those recoveries	(375)	6,245	(378)	6,237
Others that relate to PICC write off	-	(20,377)	-	(20,377)
Total net expenses from reinsurance contracts held	(5,206)	(31,352)	(1,882)	(25,837)
Total insurance service result	76,472	61,762	55,497	34,213

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(B) Insurance revenue and expenses (continued)

(b) Amounts determined on transition to SFRS(I) 17

For insurance contracts not measured under the PAA, an analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables.

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
Insurance contracts issued				
<u>Insurance revenue</u>				
New contracts and contracts measured under the full retrospective approach at transition	177,685	120,879	136,193	125,522
Contract measured under the modified retrospective approach at transition	120,178	138,456	-	-
Contracts measured under the fair value approach at transition	232,150	232,535	192,243	170,610
<u>CSM as at 31 December</u>				
New contracts and contracts measured under the full retrospective approach at transition	120,118	68,813	19,165	10,895
Contract measured under the modified retrospective approach at transition	183,686	220,346	-	-
Contracts measured under the fair value approach at transition	913,894	832,913	883,770	807,152
Reinsurance contracts held				
<u>CSM as at 31 December</u>				
New contracts and contracts measured under the full retrospective approach at transition	3,786	2,858	(1,441)	(1,194)
Contracts measured under the fair value approach at transition	(25,205)	(50,410)	(18,459)	(41,534)

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(B) Insurance revenue and expenses (continued)

(c) Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

The Group

Number of years until expected to be recognised	Insurance contract issued S\$'000	Reinsurance contracts issued S\$'000
As at 31 December 2023		
1 year or less	86,909	(3,272)
2	80,896	(1,701)
3	75,798	(1,556)
4	71,036	(1,420)
5	66,615	(1,289)
5 years or more	836,444	(12,181)
Total	1,217,698	(21,420)
As at 31 December 2022		
1 year or less	79,064	(5,093)
2	73,379	(3,664)
3	68,610	(3,350)
4	64,333	(3,072)
5	60,300	(2,825)
5 years or more	776,387	(29,548)
Total	1,122,073	(47,552)

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(B) Insurance revenue and expenses (continued)

Expected recognition of the contractual service margin (continued)

The Company

Number of years until expected to be recognised	Insurance contract issued S\$'000	Reinsurance contract held S\$'000
As at 31 December 2023		
1 year or less	60,023	(2,845)
2	56,072	(1,441)
3	52,543	(1,328)
4	49,462	(1,222)
5	46,633	(1,115)
5 years or more	638,203	(11,949)
Total	902,936	(19,900)

Number of years until expected to be recognised	Insurance contract issued S\$'000	Reinsurance contract held S\$'000
As at 31 December 2022		
1 year or less	54,542	(4,465)
2	50,326	(3,163)
3	47,025	(2,904)
4	44,188	(2,674)
5	41,561	(2,466)
5 years or more	580,405	(27,056)
Total	818,047	(42,728)

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued

(i) Reconciliation of the liability for remaining coverage and the liability for incurred claims

	<u>The Group</u>					<u>The Company</u>			
	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	Assets for insurance acquisition cash flows	Total	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023									
Opening insurance contract liabilities	10,581,047	52,150	536,471	(10,228)	11,159,440	8,344,358	47,800	242,949	8,635,107
Opening insurance contract assets	(861)	179	429	-	(253)	(861)	179	429	(253)
Net balance as at 1 January	10,580,186	52,329	536,900	(10,228)	11,159,187	8,343,497	47,979	243,378	8,634,854
Insurance revenue	(530,013)	-	-	-	(530,013)	(328,436)	-	-	(328,436)
Insurance service expenses									
Incurred claims and other directly attributable expenses	-	(26,361)	358,296	-	331,935	-	(25,873)	196,503	170,630
Losses on onerous contracts and reversals of those losses	-	64,682	-	-	64,682	-	64,196	-	64,196
Insurance acquisition cash flows amortisation	49,622	-	-	-	49,622	34,135	-	-	34,135
Other	-	-	2,096	-	2,096	-	-	2,096	2,096
Insurance service expenses	49,622	38,321	361,292	-	448,335	34,135	38,323	198,599	271,057
Insurance service result	(480,391)	38,321	361,292	-	(81,678)	(294,301)	38,323	198,599	(57,379)
Finance expenses from insurance contracts through profit and loss	737,736	635	(665)	-	737,706	624,881	672	(665)	624,888
Finance expenses from insurance contracts through OCI	34,022	-	2	-	34,024	(1,566)	-	2	(1,564)
Total amounts recognised in comprehensive income	291,367	38,956	359,729	-	690,052	329,014	38,995	197,936	565,945
Investment components	(561,476)	-	561,476	-	-	(412,905)	-	412,905	-
Allocation of assets for acquisition cash flows	(4,939)	-	-	4,939	-	-	-	-	-

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(i) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	<u>The Group</u>					<u>The Company</u>				
	Liabilities for remaining coverage	Liabilities for remaining coverage	Liabilities for incurred claims	Assets for insurance acquisition cash flows	Total	Liabilities for remaining coverage	Liabilities for remaining coverage	Liabilities for incurred claims	Total	
	Excluding loss component \$'000	Loss component \$'000	\$'000	\$'000	\$'000	Excluding loss component \$'000	Loss component \$'000	\$'000	\$'000	
2023 (continued)										
Cash flows										
Premium received	1,138,879	-	-	-	1,138,879	717,294	-	-	717,294	
Claims and other insurance service expenses paid	-	-	(817,318)	-	(817,318)	-	-	(537,897)	(537,897)	
Net policy loan disbursement	-	-	(8,788)	-	(8,788)	-	-	(8,788)	(8,788)	
Administration costs paid	-	-	(2,465)	-	(2,465)	-	-	(2,465)	(2,465)	
Insurance acquisition cash flows	(149,533)	-	-	-	(149,533)	(109,140)	-	-	(109,140)	
Other movement (e.g. premium waiver)	2,977	-	(14,011)	-	(11,034)	1,306	-	(12,340)	(11,034)	
Total cash flows	992,323	-	(842,582)	-	149,741	609,460	-	(561,490)	47,970	
Currency translation differences	(127,618)	(238)	(16,837)	457	(144,236)	-	-	-	-	
Net balance as at 31 December	11,169,842	91,047	598,686	(4,832)	11,854,743	8,869,066	86,974	292,729	9,248,769	
Closing insurance contract liabilities	11,169,842	91,047	598,686	(4,832)	11,854,743	8,869,066	86,974	292,729	9,248,769	
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	
Net balance as at 31 December	11,169,842	91,047	598,686	(4,832)	11,854,743	8,869,066	86,974	292,729	9,248,769	

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(i) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	<u>The Group</u>					<u>The Company</u>			
	Liabilities for remaining coverage Excluding loss component \$'000	Liabilities for remaining coverage Loss component \$'000	Liabilities for incurred claims \$'000	Assets for insurance acquisition cash flows \$'000	Total \$'000	Liabilities for remaining coverage Excluding loss component \$'000	Liabilities for remaining coverage Loss component \$'000	Liabilities for incurred claims \$'000	Total \$'000
2022									
Opening insurance contract liabilities	11,813,797	7,903	482,061	(16,380)	12,287,381	9,445,417	4,381	193,839	9,643,637
Opening insurance contract assets	(37,303)	26,633	7,729	-	(2,941)	(37,303)	26,633	7,729	(2,941)
Net balance as at 1 January	11,776,494	34,536	489,790	(16,380)	12,284,440	9,408,114	31,014	201,568	9,640,696
Insurance revenue	(491,870)	-	-	-	(491,870)	(296,132)	-	-	(296,132)
Insurance service expenses									
Incurred claims and other directly attributable expenses	-	(31,202)	333,012	-	301,810	-	(30,586)	182,917	152,331
Losses on onerous contracts and reversals of those losses	-	47,693	-	-	47,693	-	47,319	-	47,319
Insurance acquisition cash flows amortisation	45,455	-	-	-	45,455	32,634	-	-	32,634
Other	1,321	-	2,477	-	3,798	1,321	-	2,477	3,798
Insurance service expenses	46,776	16,491	335,489	-	398,756	33,955	16,733	185,394	236,082
Insurance service result	(445,094)	16,491	335,489	-	(93,114)	(262,177)	16,733	185,394	(60,050)
Finance expenses from insurance contracts through profit and loss	(1,141,591)	200	(1,251)	-	(1,142,642)	(1,125,146)	232	(1,251)	(1,126,165)
Finance expenses from insurance contracts through OCI	(35,939)	-	(19)	-	(35,958)	(4,073)	-	(19)	(4,092)
Total amounts recognised in comprehensive income	(1,622,624)	16,691	334,219	-	(1,271,714)	(1,391,396)	16,965	184,124	(1,190,307)
Investment components	(457,635)	-	457,635	-	-	(305,819)	-	305,819	-
Allocation of assets for acquisition cash flows	(5,262)	-	-	5,262	-	-	-	-	-

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(i) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

	The Group					The Company			
	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	Assets for insurance acquisition cash flows	Total	Liabilities for remaining coverage Excluding loss component	Liabilities for remaining coverage Loss component	Liabilities for incurred claims	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022 (continued)									
Cash flows									
Premium received	1,201,863	-	-	-	1,201,863	750,017	-	-	750,017
Claims and other insurance service expenses paid	-	-	(700,813)	-	(700,813)	-	-	(426,449)	(426,449)
Net policy loan disbursement	-	-	(7,762)	-	(7,762)	-	-	(7,762)	(7,762)
Administration costs paid	-	-	(8,873)	-	(8,873)	-	-	(8,873)	(8,873)
Insurance acquisition cash flows	(166,285)	-	-	-	(166,285)	(119,763)	-	-	(119,763)
Other movement (e.g. premium waiver)	5,636	-	(6,942)	-	(2,710)	2,339	-	(5,049)	(2,710)
Total cash flows	1,041,219	-	(725,794)	-	315,425	632,598	-	(448,133)	184,465
Currency translation differences	(150,689)	(216)	(18,950)	890	(168,964)	-	-	-	-
Net balance as at 31 December	10,581,503	51,011	536,900	(10,228)	11,159,186	8,343,497	47,979	243,378	8,634,854
Closing insurance contract liabilities	10,582,364	50,832	536,471	(10,228)	11,159,439	8,344,358	47,800	242,949	8,635,107
Closing insurance contract assets	(861)	179	429	-	(253)	(861)	179	429	(253)
Net balance as at 31 December	10,581,503	51,011	536,900	(10,228)	11,159,186	8,343,497	47,979	243,378	8,634,854

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(ii) Reconciliation of the measurement components of insurance contract balances

The table below presents a roll-forward of the net asset or liability for insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM.

	<u>The Group</u>					<u>The Company</u>			
	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Assets for Insurance Acquisition Cash flows \$'000	Total \$'000	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Total \$'000
2023									
Opening insurance contract liabilities	9,822,711	224,940	1,122,017	(10,228)	11,159,440	7,648,329	168,786	817,992	8,635,107
Opening insurance contract assets	(772)	464	55	-	(253)	(772)	464	55	(253)
Net balance as at 1 January	9,821,939	225,404	1,122,072	(10,228)	11,159,187	7,647,557	169,250	818,047	8,634,854
Changes that relate to current service									
CSM recognised in profit or loss for the services provided	-	-	(95,761)	-	(95,761)	-	-	(67,126)	(67,126)
Change in the risk adjustment for non-financial risk for the risk expired	-	(39,738)	-	-	(39,738)	-	(31,934)	-	(31,934)
Experience adjustments	(10,861)	-	-	-	(10,861)	(22,515)	-	-	(22,515)
	(10,861)	(39,738)	(95,761)	-	(146,360)	(22,515)	(31,934)	(67,126)	(121,575)
Changes that relate to future service									
Changes in estimates that adjust the CSM	(141,124)	4,609	134,730	-	(1,785)	(141,180)	6,005	135,175	-
Changes in estimates that result in onerous contract losses or reversal of losses	39,597	6,611	(183)	-	46,025	37,345	6,618	(183)	43,780
Contracts initially recognised in the period	(86,038)	36,532	69,948	-	20,442	(24,526)	28,314	16,628	20,416
	(187,565)	47,752	204,495	-	64,682	(128,361)	40,937	151,620	64,196

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(ii) Reconciliation of the measurement components of insurance contract balances (continued)

	<u>The Group</u>					<u>The Company</u>				
	Present value of future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Assets for insurance acquisition cash flows	Total	Present value of future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2023 (continued)										
Insurance service result	(198,426)	8,014	108,734	-	(81,678)	(150,876)	9,003	84,494	(57,379)	
Finance expenses from insurance contracts through profit and loss	730,142	3,281	4,283	-	737,706	623,464	1,030	394	624,888	
Finance expenses/(income) from insurance contracts issued through OCI	35,263	(1,239)	-	-	34,024	(325)	(1,239)	-	(1,564)	
Total amounts recognised in comprehensive income	566,979	10,056	113,017	-	690,052	472,263	8,794	84,888	565,945	
Allocation of assets for acquisition cash flows	(4,939)	-	-	4,939	-	-	-	-	-	
Cash flows										
Premium received	1,138,879	-	-	-	1,138,879	717,294	-	-	717,294	
Claims and other insurance service expenses paid	(817,318)	-	-	-	(817,318)	(537,897)	-	-	(537,897)	
Net policy loan disbursement	(8,788)	-	-	-	(8,788)	(8,788)	-	-	(8,788)	
Administration costs paid	(2,465)	-	-	-	(2,465)	(2,465)	-	-	(2,465)	
Insurance acquisition cash flows	(149,532)	-	-	-	(149,532)	(109,140)	-	-	(109,140)	
Other movement (e.g. premium waiver)	(11,035)	-	-	-	(11,035)	(11,034)	-	-	(11,034)	
Total cash flows	149,741	-	-	-	149,741	47,970	-	-	47,970	
Currency translation differences	(124,176)	(3,127)	(17,391)	457	(144,237)					
Net balance as at 31 December	10,409,544	232,333	1,217,698	(4,832)	11,854,743	8,167,790	178,044	902,935	9,248,769	
Closing insurance contract liabilities	10,409,544	232,333	1,217,698	(4,832)	11,854,743	8,167,790	178,044	902,935	9,248,769	
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	
Net balance as at 31 December	10,409,544	232,333	1,217,698	(4,832)	11,854,743	8,167,790	178,044	902,935	9,248,769	

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(ii) Reconciliation of the measurement components of insurance contract balances (continued)

	<u>The Group</u>					<u>The Company</u>			
	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Assets for insurance acquisition cash flows \$'000	Total \$'000	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Total \$'000
2022									
Opening insurance contract liabilities	10,593,943	180,266	1,529,552	(16,380)	12,287,381	8,295,465	124,710	1,223,462	9,643,637
Opening insurance contract assets	(37,347)	34,406	-	-	(2,941)	(37,347)	34,406	-	(2,941)
Net balance as at 1 January	10,556,596	214,672	1,529,552	(16,380)	12,284,440	8,258,118	159,116	1,223,462	9,640,696
Changes that relate to current service									
CSM recognised in profit or loss for the services provided	-	-	(86,921)	-	(86,921)	-	-	(60,947)	(60,947)
Change in the risk adjustment for non-financial risk for the risk expired	-	(38,913)	-	-	(38,913)	-	(31,313)	-	(31,313)
Experience adjustments	(14,974)	-	-	-	(14,974)	(15,109)	-	-	(15,109)
	(14,974)	(38,913)	(86,921)	-	(140,808)	(15,109)	(31,313)	(60,947)	(107,369)
Change that relate to future service									
Changes in estimates that adjust the CSM	365,677	8,371	(373,851)	-	197	352,433	6,340	(358,774)	(1)
Changes in estimates that result in onerous contract losses or reversal of losses	7,856	5,321	(1,027)	-	12,150	7,696	5,318	(1,027)	11,987
Contracts initially recognised in the period	(77,449)	39,658	73,138	-	35,347	(10,160)	30,505	14,988	35,333
	296,084	53,350	(301,740)	-	47,694	349,969	42,163	(344,813)	47,319

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(ii) Reconciliation of the measurement components of insurance contract balances (continued)

	<u>The Group</u>					<u>The Company</u>				
	Present value of future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Assets for insurance acquisition cash flows	Total	Present value of future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2022 (continued)										
Insurance service result	281,110	14,437	(388,661)	-	(93,114)	334,860	10,850	(405,760)	(60,050)	
Finance (expense)/income from insurance contracts through profit and loss	(1,144,091)	365	1,084	-	(1,142,642)	(1,126,224)	(286)	345	(1,126,165)	
Finance (expense)/income from insurance contracts through OCI	(35,528)	(430)	-	-	(35,958)	(3,662)	(430)	-	(4,092)	
Total amounts recognised in comprehensive income	(898,509)	14,372	(387,577)	-	(1,271,714)	(795,026)	10,134	(405,415)	(1,190,307)	
Allocation of assets for acquisition cash flows	(5,262)	-	-	5,262	-	-	-	-	-	
Cash flows										
Premium received	1,201,863	-	-	-	1,201,863	750,017	-	-	750,017	
Claims and other insurance service expenses paid	(700,813)	-	-	-	(700,813)	(426,449)	-	-	(426,449)	
Net policy loan disbursement	(7,762)	-	-	-	(7,762)	(7,762)	-	-	(7,762)	
Administration costs paid	(8,873)	-	-	-	(8,873)	(8,873)	-	-	(8,873)	
Insurance acquisition cash flows	(166,285)	-	-	-	(166,285)	(119,763)	-	-	(119,763)	
Other movement	(2,705)	-	-	-	(2,705)	(2,705)	-	-	(2,705)	
Total cash flows	315,425	-	-	-	315,425	184,465	-	-	184,465	
Currency translation differences	(146,311)	(3,640)	(19,903)	890	(168,964)	-	-	-	-	
Net balance as at 31 December	9,821,939	225,404	1,122,072	(10,228)	11,159,187	7,647,557	169,250	818,047	8,634,854	
Closing insurance contract liabilities	9,822,711	224,940	1,122,017	(10,228)	11,159,440	7,648,329	168,786	817,992	8,635,107	
Closing insurance contract assets	(772)	464	55	-	(253)	(772)	464	55	(253)	
Net balance as at 31 December	9,821,939	225,404	1,122,072	(10,228)	11,159,187	7,647,557	169,250	818,047	8,634,854	

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NOTES TO THE FINANCIAL STATEMENTS
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5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(iii) Impact of contracts recognised in the year

	<u>The Group</u>			<u>The Company</u>		
	<u>Non- onerous contracts originated</u>	<u>Onerous contracts originated</u>	<u>Total</u>	<u>Non- onerous contracts originated</u>	<u>Onerous contracts originated</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Estimates of the present value of future cash outflows						
- Insurance acquisition cash flows	87,028	29,472	116,500	40,469	29,289	69,758
- Claims and other directly attributable expenses	427,050	138,935	565,985	183,273	138,285	321,558
Estimates of the present value of future cash outflows	514,078	168,407	682,485	223,742	167,574	391,316
Estimates of the present value of future cash inflows	(601,050)	(167,473)	(768,523)	(249,280)	(166,562)	(415,842)
Risk adjustment for non-financial risk	17,024	19,508	36,532	8,910	19,404	28,314
CSM	69,948	-	69,948	16,628	-	16,628
Increase in insurance contract liabilities from contracts recognised in the period	-	20,442	20,442	-	20,416	20,416

	<u>The Group</u>			<u>The Company</u>		
	<u>Non- onerous contracts originated</u>	<u>Onerous contracts originated</u>	<u>Total</u>	<u>Non- onerous contracts originated</u>	<u>Onerous contracts originated</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Estimates of the present value of future cash outflows						
- Insurance acquisition cash flows	92,198	43,633	135,831	37,891	43,509	81,400
- Claims and other directly attributable expenses	456,374	210,895	667,269	188,525	210,405	398,930
Estimates of the present value of future cash outflows	548,572	254,528	803,100	226,416	253,914	480,330
Estimates of the present value of future cash inflows	(637,626)	(242,923)	(880,549)	(248,221)	(242,269)	(490,490)
Risk adjustment for non-financial risk	15,916	23,742	39,658	6,817	23,688	30,505
CSM	73,138	-	73,138	14,988	-	14,988
Increase in insurance contract liabilities from contracts recognised in the period	-	35,347	35,347	-	35,333	35,333

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For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(iv) Amounts determined on transition to SFRS(I) 17

Insurance revenue and the CSM by transition method

	<u>The Group</u>				<u>The Company</u>			
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023								
Insurance revenue	177,685	120,178	232,150	530,013	136,193	-	192,243	328,436
CSM as at 1 January	68,713	220,345	833,014	1,122,072	10,895	-	807,152	818,047
Changes that relate to current service								
CSM recognised in profit or loss for the services provided	(13,845)	(17,878)	(64,038)	(95,761)	(5,324)	-	(61,802)	(67,126)
Changes that relate to future service								
Changes in estimates that adjust the CSM	(2,029)	(10,653)	147,412	134,730	(3,013)	-	138,188	135,175
Changes in estimates that result in onerous contract losses or reversal of losses	(183)	-	-	(183)	(183)	-	-	(183)
Contracts initially recognised in the period	69,948	-	-	69,948	16,628	-	-	16,628
Finance expenses from insurance contracts issued	1,735	3,488	(940)	4,283	162	-	232	394
Total amounts recognised in comprehensive income	55,626	(25,043)	82,434	113,017	8,270	-	76,618	84,888
Currency translation differences	(4,220)	(11,618)	(1,554)	(17,392)	-	-	-	-
CSM as at 31 December	120,119	183,684	913,894	1,217,697	19,165	-	883,770	902,935

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(C) Insurance contracts issued (continued)

(iv) Amounts determined on transition to SFRS(I) 17 (continued)

	<u>The Group</u>				<u>The Company</u>			
	New contracts and contracts measured under the full retrospective approach at <u>transition</u>	Contracts measured under the modified retrospective approach at <u>transition</u>	Contracts measured under the fair value approach at <u>transition</u>	<u>Total</u>	New contracts and contracts measured under the full retrospective approach at <u>transition</u>	Contracts measured under the modified retrospective approach at <u>transition</u>	Contracts measured under the fair value approach at <u>transition</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022								
Insurance revenue	141,455	138,456	211,959	491,870	125,522	-	170,610	296,132
CSM as at 1 January	-	267,793	1,261,759	1,529,552	-	-	1,223,462	1,223,462
Changes that relate to current service								
CSM recognised in profit or loss for the services provided	(7,262)	(20,401)	(59,258)	(86,921)	(3,485)	-	(57,462)	(60,947)
Changes that relate to future service								
Changes in estimates that adjust the CSM	5,051	(14,437)	(364,465)	(373,851)	374	-	(359,148)	(358,774)
Changes in estimates that result in onerous contract losses or reversal of losses	(1,027)	-	-	(1,027)	(1,027)	-	-	(1,027)
Contracts initially recognised in the period	73,138	-	-	73,138	14,988	-	-	14,988
Finance expenses from insurance contracts issued	484	3,484	(2,884)	1,084	45	-	300	345
Total amounts recognised in comprehensive income	70,384	(31,354)	(426,607)	(387,577)	10,895	-	(416,310)	(405,415)
Currency translation differences	(1,672)	(16,093)	(2,138)	(19,903)	-	-	-	-
CSM as at 31 December	68,712	220,346	833,014	1,122,072	10,895	-	807,152	818,047

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023
5. Insurance operations (continued)
(D) Reinsurance contracts held
(i) Reconciliation of assets for remaining coverage and incurred claims

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

	<u>The Group</u>			<u>The Company</u>		
	<u>Asset for Remaining coverage</u>	<u>Asset for Incurred claims</u>	<u>Total</u>	<u>Asset for Remaining coverage</u>	<u>Asset for Incurred claims</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2023						
Opening reinsurance contract assets	(17,068)	78,847	61,779	(21,307)	60,517	39,210
Opening reinsurance contract liabilities	(1,815)	344	(1,471)	-	-	-
Net balance as at 1 January	(18,883)	79,191	60,308	(21,307)	60,517	39,210
Net (expense)/income from reinsurance contracts held						
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(108,592)	103,389	(5,203)	(92,212)	90,330	(1,882)
Effect of changes in the risk of reinsurers non-performance	-	(3)	(3)	-	-	-
Net (expenses)/ income from reinsurance contracts held	(108,592)	103,386	(5,206)	(92,212)	90,330	(1,882)
Finance income from reinsurance contracts held through profit & loss	2,261	(308)	1,953	1,540	(306)	1,234
Finance income from reinsurance contracts held through OCI	(1,606)	-	(1,606)	(2,104)	-	(2,104)
Total amounts recognised in comprehensive income	(107,937)	103,078	(4,859)	(92,776)	90,024	(2,752)
Investment components	(1,177)	1,177	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	99,646	-	99,646	78,851	-	78,851
Recoveries from reinsurance	-	(87,776)	(87,776)	-	(72,678)	(72,678)
Total cash flows	99,646	(87,776)	11,870	78,851	(72,678)	6,173
Currency translation differences	(231)	(1,011)	(1,242)	-	-	-
Net balance as at 31 December	(28,582)	94,659	66,077	(35,232)	77,863	42,631
Closing reinsurance contract assets	(26,971)	94,378	67,407	(35,232)	77,863	42,631
Closing reinsurance contract liabilities	(1,611)	281	(1,330)	-	-	-
Net balance as at 31 December	(28,582)	94,659	66,077	(35,232)	77,863	42,631

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(D) Reinsurance contracts held (continued)

**(i) Reconciliation of assets for remaining coverage and incurred claims
(continued)**

	<u>The Group</u>			<u>The Company</u>		
	<u>Remaining coverage</u>	<u>Incurred claims</u>	<u>Total</u>	<u>Remaining coverage</u>	<u>Incurred claims</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Opening reinsurance contract assets	(129,366)	195,982	66,616	(139,774)	180,496	40,722
Opening reinsurance contract liabilities	(2,084)	1,335	(749)	(101)	45	(56)
Net balance as at 1 January	(131,450)	197,317	65,867	(139,875)	180,541	40,666
Net income/(expense) from reinsurance contracts held						
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(97,210)	86,241	(10,969)	(81,276)	75,816	(5,460)
Effect of changes in the risk of reinsurers non-performance	-	(6)	(6)	-	-	-
Others	91,888	(112,265)	(20,377)	91,888	(112,265)	(20,377)
Net income (expenses) from reinsurance contracts held	(5,322)	(26,030)	(31,352)	10,612	(36,449)	(25,837)
Finance income from reinsurance contracts held through profit & loss	(990)	(217)	(1,207)	(1,463)	(217)	(1,680)
Finance income from reinsurance contracts held through OCI	2,484	-	2,484	2,540	-	2,540
Total amounts recognised in comprehensive income	(3,828)	(26,247)	(30,075)	11,689	(36,666)	(24,977)
Investment components	(633)	633	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	117,403	-	117,403	106,879	-	106,879
Recoveries from reinsurance	-	(91,362)	(91,362)	-	(83,358)	(83,358)
Total cash flows	117,403	(91,362)	26,041	106,879	(83,358)	23,521
Currency translation differences	(375)	(1,150)	(1,525)	-	-	-
Net balance as at 31 December	(18,883)	79,191	60,308	(21,307)	60,517	39,210
Closing reinsurance contract assets	(17,068)	78,847	61,779	(21,307)	60,517	39,210
Closing reinsurance contract liabilities	(1,815)	344	(1,471)	-	-	-
Net balance as at 31 December	(18,883)	79,191	60,308	(21,307)	60,517	39,210

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(D) Reinsurance contracts held (continued)

(ii) Reconciliation of the measurement components of reinsurance contract balances

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

The Group

	Present value of future cash flows	Risk adjustment for non- financial risk	Contractual service margin	Total
	\$'000	\$'000	\$'000	\$'000
2023				
Opening reinsurance contract assets	(8,240)	22,237	47,782	61,779
Opening reinsurance contract liabilities	(1,241)	-	(230)	(1,471)
Net balance as at 1 January	(9,481)	22,237	47,552	60,308
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	(3,409)	(3,409)
Change in the risk adjustment for non-financial risk for the risk expired	-	(15,247)	-	(15,247)
Experience adjustments	12,878	-	949	13,827
	12,878	(15,247)	(2,460)	(4,829)
Changes that relate to future service				
Changes in estimates that adjust the CSM	14,023	2,870	(16,894)	(1)
Contracts initially recognised in the period	(5,453)	13,063	5,644	13,254
Reversals of loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	(13,628)	(13,628)
	8,570	15,933	(24,878)	(375)
Effect of changes in the risk of reinsurers non-performance	(2)	-	-	(2)
Net income/(expenses) from reinsurance contracts held	21,446	686	(27,338)	(5,206)
Finance (income)/expenses from reinsurance contracts issued through profit & loss	(491)	1,041	1,403	1,953
Finance (income)/expenses from reinsurance contracts issued through OCI	(2,501)	895	-	(1,606)
Total amounts recognised in comprehensive income	18,454	2,622	(25,935)	(4,859)
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	99,646	-	-	99,646
Recoveries from reinsurance	(87,776)	-	-	(87,776)
Total cash flows	11,870	-	-	11,870
Currency translation differences	(489)	(555)	(198)	(1,242)
Net balance as at 31 December	20,354	24,304	21,419	66,077
Closing reinsurance contract assets	21,324	24,304	21,779	67,407
Closing reinsurance contract liabilities	(970)	-	(360)	(1,330)
Net balance as at 31 December	20,354	24,304	21,419	66,077

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(D) Reinsurance contracts held (continued)

(ii) Reconciliation of the measurement components of reinsurance contract balances (continued)

The Group (continued)

	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Total \$'000
2022				
Opening reinsurance contract assets	1,861	28,628	36,127	66,616
Opening reinsurance contract liabilities	(955)	74	132	(749)
Net balance as at 1 January	906	28,702	36,259	65,867
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	13,035	13,035
Change in the risk adjustment for non-financial risk for the risk expired	-	(18,376)	-	(18,376)
Experience adjustments	(12,626)	-	753	(11,873)
	(12,626)	(18,376)	13,788	(17,214)
Changes that relate to future service				
Changes in estimates that adjust the CSM	3,359	647	(743)	(3,263)
Contracts initially recognised in the period	(3,174)	14,316	7,167	18,309
Reversals of loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	(15,327)	(15,327)
	185	14,963	(8,903)	6,245
Effect of changes in the risk of reinsurers non-performance	(6)	-	(1)	(7)
Others	(25,420)	(948)	5,992	(20,376)
Net income/(expenses) from reinsurance contracts held	(37,867)	(4,361)	10,876	(31,352)
Finance (income)/expenses from reinsurance contracts through profit & loss	(2,012)	(113)	918	(1,207)
Finance (income)/expenses from reinsurance contracts issued through OCI	3,820	(1,336)	-	2,484
Total amounts recognised in comprehensive income	(36,059)	(5,810)	11,794	(30,075)
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	117,403	-	-	117,403
Recoveries from reinsurance	(91,362)	-	-	(91,362)
Total cash flows	26,041	-	-	26,041
Currency translation differences	(369)	(655)	(501)	(1,525)
Net balance as at 31 December	(9,481)	22,237	47,552	60,308
Closing reinsurance contract assets	(8,240)	22,237	47,782	61,779
Closing reinsurance contract liabilities	(1,241)	-	(230)	(1,471)
Net balance as at 31 December	(9,481)	22,237	47,552	60,308

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(D) Reinsurance contracts held (continued)

(ii) Reconciliation of the measurement components of reinsurance contract balances (continued)

The Company

	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Total \$'000
2023				
Opening reinsurance contract assets	(15,971)	12,453	42,728	39,210
Net balance as at 1 January	(15,971)	12,453	42,728	39,210
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	(1,580)	(1,580)
Change in the risk adjustment for non-financial risk for the risk expired	-	(13,795)	-	(13,795)
Experience adjustments	13,871	-	-	13,871
Changes that relate to future service				
Changes in estimates that adjust the CSM	13,939	2,694	(16,634)	(1)
Contracts initially recognised in the period	(6,214)	11,717	7,751	13,254
Reversals of loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	(13,631)	(13,631)
Net income/(expenses) from reinsurance contracts held	21,596	616	(24,094)	(1,882)
Finance (income)/expenses from reinsurance contracts issued through profit & loss	(447)	415	1,266	1,234
Finance (income)/expenses from reinsurance contracts issued through OCI	(2,999)	895	-	(2,104)
Total amounts recognised in comprehensive income	18,150	1,926	(22,828)	(2,752)
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	78,851	-	-	78,851
Recoveries from reinsurance	(72,678)	-	-	(72,678)
Total cash flows	6,173	-	-	6,173
Net balance as at 31 December	8,352	14,379	19,900	42,631
Closing reinsurance contract assets	8,352	14,379	19,900	42,631
Net balance as at 31 December	8,352	14,379	19,900	42,631

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(D) Reinsurance contracts held (continued)

(ii) Reconciliation of the measurement components of reinsurance contract balances (continued)

The Company (continued)

	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Total \$'000
2022				
Opening reinsurance contract assets	(3,789)	18,371	26,140	40,722
Opening reinsurance contract liabilities	(262)	74	132	(56)
Net balance as at 1 January	(4,051)	18,445	26,272	40,666
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	14,191	14,191
Change in the risk adjustment for non-financial risk for the risk expired	-	(16,730)	-	(16,730)
Experience adjustments	(9,159)	-	-	(9,159)
	(9,159)	(16,730)	14,191	(11,698)
Changes that relate to future service				
Changes in estimates that adjust the CSM	2,346	913	4	3,263
Contracts initially recognised in the period	(4,923)	12,411	10,821	18,309
Reversals of loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	(15,335)	(15,335)
Other	(25,420)	(948)	5,992	(20,376)
Net income/(expenses) from reinsurance contracts held	(37,156)	(4,354)	15,673	(25,837)
Finance (expenses)/income from reinsurance contracts issued through profit & loss	(2,161)	(302)	783	(1,680)
Finance income/(expenses) from reinsurance contracts issued through OCI	3,876	(1,336)	-	2,540
Total amounts recognised in comprehensive income	(35,441)	(5,992)	16,456	(24,977)
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	106,879	-	-	106,879
Recoveries from reinsurance	(83,358)	-	-	(83,358)
Total cash flows	23,521	-	-	23,521
Net balance as at 31 December	(15,971)	12,453	42,728	39,210
Closing reinsurance contract assets	(15,971)	12,453	42,728	39,210
Net balance as at 31 December	(15,971)	12,453	42,728	39,210

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

5. Insurance operations (continued)

(D) Reinsurance contracts held (continued)

(iii) Impact of contracts recognised in the year

	<u>The Group</u>		<u>The Company</u>	
	Contracts originated		Contracts originated	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
		Restated		Restated
Estimates of the present value of future cash inflows	52,816	59,137	66,844	76,749
Estimates of the present value of future cash outflows	(58,269)	(62,311)	(73,058)	(81,672)
Risk adjustment for non-financial risk	13,063	14,316	11,717	12,411
CSM	5,644	7,167	7,751	10,821
	13,254	18,309	13,254	18,309

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Insurance operations (continued)

(D) Reinsurance contracts held (continued)

(iv) Amounts determined on transition to SFRS(I) 17

	<u>The Group</u>			<u>The Company</u>		
	New contracts and contracts measured under the full retrospective approach at <u>transition</u> \$'000	Contracts measured under the fair value approach at <u>transition</u> \$'000	<u>Total</u> \$'000	New contracts and contracts measured under the full retrospective approach at <u>transition</u> \$'000	Contracts measured under the fair value approach at <u>transition</u> \$'000	<u>Total</u> \$'000
2023						
CSM as at 1 January	(2,858)	50,410	47,552	1,194	41,534	42,728
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	(902)	(2,507)	(3,409)	59	(1,639)	(1,580)
Experience adjustments for ceded premiums	1,251	(302)	949	-	-	-
Changes that relate to future service						
Changes in estimates that adjust the CSM	6,619	(23,513)	(16,894)	6,080	(22,714)	(16,634)
Contracts initially recognised in the period	5,644	-	5,644	7,751	-	7,751
Reversals of loss-recovery component other than changes in the FCF of reinsurance contracts held	(13,954)	326	(13,628)	(13,957)	326	(13,631)
	(1,342)	(25,996)	(27,338)	(67)	(24,027)	(24,094)
Finance expenses from reinsurance contracts held	160	1,244	1,404	314	952	1,266
Total amounts recognised in comprehensive income	(1,182)	(24,752)	(25,934)	247	(23,075)	(22,828)
Currency translation differences	255	(453)	(198)	-	-	-
CSM as at 31 December	(3,785)	25,205	21,420	1,441	18,459	19,900

5. Insurance operations (continued)

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

(D) Reinsurance contracts held (continued)

(iv) Amounts determined on transition to SFRS(I) 17 (continued)

	<u>The Group</u>			<u>The Company</u>		
	New contracts and contracts measured under the full retrospective approach at <u>transition</u> \$'000	Contracts measured under the fair value approach at <u>transition</u> \$'000	<u>Total</u> \$'000	New contracts and contracts measured under the full retrospective approach at <u>transition</u> \$'000	Contracts measured under the fair value approach at <u>transition</u> \$'000	<u>Total</u> \$'000
2022						
CSM as at 1 January	(15,956)	52,215	36,259	(15,956)	42,228	26,272
Changes that relate to current service						
CSM recognised in profit or loss for the services provided	17,849	(4,814)	13,035	17,961	(3,770)	14,191
Experience adjustments for ceded premiums	(379)	1,132	753	-	-	-
Changes that relate to future service						
Changes in estimates that adjust the CSM	873	(1,616)	(743)	853	(849)	4
Contracts initially recognised in the period	7,167	-	7,167	10,821	-	10,821
Reversals of loss-recovery component other than changes in the FCF of reinsurance contracts held	(18,466)	3,319	(15,327)	(18,474)	3,139	(15,335)
Others	5,992	-	5,992	5,992	-	5,992
	13,036	(2,159)	10,877	17,153	(1,480)	15,673
Finance expenses from reinsurance contracts held	(54)	972	918	(3)	786	783
Total amounts recognised in comprehensive income	12,982	(1,187)	11,795	17,150	(694)	16,456
Currency translation differences	117	(619)	(502)	-	-	-
CSM as at 31 December	(2,857)	50,409	47,552	1,194	41,534	42,728

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023
6. Net investment result

The net investment result in profit or loss and other comprehensive income:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Investment return				
Interest revenue on financial assets	406,641	397,089	314,294	310,106
Other investment return	350,018	(1,528,642)	296,574	(1,415,025)
Net impairment losses on financial assets	(1,318)	-	(1,151)	-
Amount recognised in profit or loss	755,341	(1,131,553)	609,717	(1,104,919)
Amount recognised in OCI	23,723	(192,379)	(29,402)	(142,341)
Total investment return recognised in profit or loss	779,064	(1,323,932)	580,315	(1,247,260)
Net finance (expense)/income from insurance contracts issued				
Changes in fair value of underlying assets of contracts measured under the VFA	(733,017)	1,189,076	(619,447)	1,127,596
Interest accreted	(10,183)	(5,975)	(5,538)	(2,019)
Effect of changes in interest rates and other financial assumptions	1,772	4,811	1,772	4,811
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(30,191)	(9,181)	-	-
Foreign exchange gain/(loss)	(111)	(131)	(111)	(131)
Total net finance (expense)/income from insurance contracts issued	(771,730)	1,178,600	(623,324)	1,130,257
Net finance income/(expense) from reinsurance contracts held				
Interest accreted	1,754	257	1,754	257
Effect of changes in interest rates and other financial assumptions	(1,147)	1,236	(2,359)	826
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	5	7	-	-
Foreign exchange gain/(loss)	(265)	(223)	(265)	(223)
Total net finance income/(expense) from reinsurance contracts held	347	1,277	(870)	860
Net investment result	7,681	(144,055)	(43,879)	(116,143)
Summary of the amounts recognised in profit or loss				
Investment return	755,341	(1,131,553)	609,717	(1,104,919)
Net finance (expense)/income from insurance contracts issued	(737,706)	1,142,642	(624,888)	1,126,165
Net finance income/(expense) from reinsurance contracts held	1,953	(1,207)	1,234	(1,680)
	19,588	9,882	(13,937)	19,566
Summary of the amounts recognised in OCI				
Investment return	23,723	(192,379)	(29,402)	(142,341)
Net finance (expense)/income from insurance contracts issued	(34,024)	35,958	1,564	4,092
Net finance (expense)/income from reinsurance contracts held	(1,606)	2,484	(2,104)	2,540
	(11,907)	(153,937)	(29,942)	(135,709)
Summary of the amounts recognised				
Investment return	779,379	(1,323,932)	580,315	(1,247,260)
Net finance (expense)/income from insurance contracts issued	(771,730)	1,178,600	(623,324)	1,130,257
Net finance income/(expense) from reinsurance contracts held	347	1,277	(870)	860
Net investment result	7,681	(144,055)	(43,879)	(116,143)

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6. Net investment result (continued)

The net gains or losses for each class of financial instrument by measurement category is as follows:

The Group

	<u>AC</u>	<u>FVOCI</u>	<u>FVTPL</u>		<u>Total</u>
			<u>Designated</u>	<u>Mandatory</u>	
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Interest revenue on financial assets					
Financial assets measured at AC	14,395	-	-	-	14,395
Financial assets measured at FVOCI	-	125,124	-	-	125,124
Financial assets measured at FVTPL	-	-	205,664	61,458	267,122
	14,395	125,124	205,664	61,458	406,641
Other investment return					
Dividend income	-	-	-	81,742	81,742
Rental income	-	-	-	3,373	3,373
Net fair value movement of investment property (Note 16)	-	-	-	2,268	2,268
Net (losses)/gains of debt securities	-	(2,008)	126,123	45,226	169,341
Net gains of equity shares	-	-	-	154,543	154,543
Net fair value movement on derivatives	-	-	-	91,638	91,638
Investment expenses	-	(3,751)	-	(119,739)	(123,490)
Net foreign exchange (losses)/gains	(1,703)	(2,390)	(29,387)	4,083	(29,397)
	(1,703)	(8,149)	96,736	263,134	350,018
Net impairment losses on financial assets	-	(1,003)	-	-	(1,003)
Total investment return	12,692	115,972	302,400	324,592	755,656

	<u>AC</u>	<u>FVOCI</u>	<u>FVTPL</u>		<u>Total</u>
			<u>Designated</u>	<u>Mandatory</u>	
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Interest revenue on financial assets					
Financial assets measured at AC	7,331	-	-	-	7,331
Financial assets measured at FVOCI	-	114,337	-	-	114,337
Financial assets measured at FVTPL	-	-	187,194	88,227	275,421
	7,331	114,337	187,194	88,227	397,089
Other investment return					
Dividend income	-	-	-	71,255	71,255
Rental income	-	-	-	3,088	3,088
Net fair value movement of investment property (Note 16)	-	-	-	12,005	12,005
Net losses of debt securities	-	(1,351)	(967,639)	(90,043)	(1,059,033)
Net gains/(losses) of equity shares	-	24,163	-	(511,839)	(487,676)
Net fair value movement on derivatives	-	-	-	27,180	27,180
Investment expenses	-	(4,164)	-	(66,976)	(71,140)
Net foreign exchange losses	(1,190)	(753)	(19,487)	(2,891)	(24,321)
	(1,190)	17,895	(987,126)	(558,221)	(1,528,642)
Total investment return	6,141	132,232	(799,932)	(469,994)	(1,131,553)

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6. Net investment result (continued)

The net gain or loss for each class of financial instrument by measurement category is as follows:

The Company

	<u>AC</u>	<u>FVOCI</u>	<u>FVTPL</u>		<u>Total</u>
			<u>Designated</u>	<u>Mandatory</u>	
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Interest revenue on financial assets					
Financial assets measured at AC	8,099	-	-	-	8,099
Financial assets measured at FVOCI	-	44,444	-	-	44,444
Financial assets measured at FVTPL	-	-	205,664	56,087	261,751
	8,099	44,444	205,664	56,087	314,294
Other investment return					
Dividend income	-	-	-	65,707	65,707
Rental income	-	-	-	1,240	1,240
Net fair value movement of investment property (Note 16)	-	-	-	2,070	2,070
Net (losses)/gains of debt securities	-	(2,941)	126,123	42,899	166,081
Net gains of equity shares	-	-	-	122,728	122,728
Net fair value movement on derivatives	-	-	-	91,635	91,635
Investment expenses	-	(3,751)	-	(119,739)	(123,490)
Net foreign exchange (losses)/gains	(1,703)	(2,390)	(29,387)	4,083	(29,397)
	(1,703)	(9,082)	96,736	210,623	296,574
Net impairment losses on financial assets	-	(1,151)	-	-	(1,151)
Total investment return	6,396	34,211	302,400	266,710	609,717

	<u>AC</u>	<u>FVOCI</u>	<u>FVTPL</u>		<u>Total</u>
			<u>Designated</u>	<u>Mandatory</u>	
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Interest revenue on financial assets					
Financial assets measured at AC	3,108	-	-	-	3,108
Financial assets measured at FVOCI	-	40,362	-	-	40,362
Financial assets measured at FVTPL	-	-	187,194	79,442	266,636
	3,108	40,362	187,194	79,442	310,106
Other investment return					
Dividend income	-	-	-	72,168	72,168
Rental income	-	-	-	794	794
Net fair value movement of investment property (Note 16)	-	-	-	12,000	12,000
Net losses of debt securities	-	(2,121)	(967,639)	(88,194)	(1,057,954)
Net losses of equity shares	-	-	-	(374,838)	(374,838)
Net fair value movement on derivatives	-	-	-	27,466	27,466
Investment expenses	-	(4,164)	-	(66,176)	(70,340)
Net foreign exchange losses	(1,190)	(753)	(19,487)	(2,891)	(24,321)
	(1,190)	(7,038)	(987,126)	(419,671)	(1,415,025)
Total investment return	1,918	33,324	(799,932)	(340,229)	(1,104,919)

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6. Net investment result (continued)

On transition to SFRS(I) 17, for certain groups of contracts that the Group and the Company applies the fair value approach, the cumulative insurance finance income or expenses recognised in other comprehensive income at 1 January 2022 was determined to be zero.

For those group of contracts, the movement in the fair value reserve for the debt securities at fair value through other comprehensive income was as follows:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	(6,916)	54,521	(17,295)	(9,802)
Net change in fair value and others	63,248	(53,723)	9,461	(8,954)
Net amount reclassified to profit or loss	(2,177)	(5,079)	(1,515)	1,461
Currency translation difference	(1,729)	(2,635)	-	-
Balance at 31 December	52,426	(6,916)	(9,349)	(17,295)

7(a). Other income

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Government grant	31	112	31	112
Management fee income	110	-	1,694	-
Commission income from third parties	1,680	-	-	-
	1,821	112	1,725	112

7(b). Other gains - net

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Gain on disposal of property, plant and equipment	4	-	4	-
Gain on disposal of investment properties	-	2,295	-	-
Fair value gain of property, plant and equipment	3,201	8,580	3,201	8,580
Others	3,778	1,917	3,778	1,917
	6,983	12,792	6,983	10,497

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8. Other operating expenses – expenses by nature

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Employee compensation	55,343	60,124	27,899	33,185
Commission and agency expenses	108,989	107,877	49,206	56,333
Depreciation	2,860	3,527	963	1,463
Amortisation	2,147	2,621	801	1,096
Other operating expenses	366,542	312,302	229,646	184,282
	535,881	486,451	308,515	276,359
Amounts attributed to insurance acquisition cash flows ⁽¹⁾	(87,849)	(103,963)	(49,934)	(60,278)
Amortisation of insurance acquisition cash flows	31,484	29,692	34,135	32,634
Insurance service and other expense	479,516	412,180	292,716	248,715

An analysis of the expenses incurred by the Group in the reporting period is included in the table below:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Insurance service expenses	448,335	398,756	271,057	236,082
Other operating expenses ⁽²⁾	31,181	13,424	21,659	12,633
	479,516	412,180	292,716	248,715

(1) Expenses attributed to insurance acquisition cash flows incurred by the Group in the reporting period that relate directly to the fulfilment of contracts issued within SFRS(I) 17's scope and reinsurance contracts held. These expenses are recognised in the consolidated statement of comprehensive income based on SFRS(I) 17.

(2) The other operating expenses mainly relate to incurred claims and other benefits and loss on onerous contracts, refer to Note 5 (a).

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8. Other operating expenses – expenses by nature (continued)

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Employee compensation</u>				
Wages and salaries	49,337	53,780	25,230	30,267
Employer's contribution to defined contribution plans including Central Provident Fund and Employees Provident Fund	6,006	6,343	2,669	2,918
Staff retirement benefits	-	1	-	-
Insurance service and other expense	55,343	60,124	27,899	33,185

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9. Cash and cash equivalents

(a)

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	148,105	303,853	134,371	289,817
Fixed deposits with financial institutions	342,728	344,455	165,876	135,268
	490,833	648,308	300,247	425,085

(b) Fixed deposits with financial institutions at the balance sheet date has an average maturity of 1 month (2022: 1 - 2 months) from the end of the financial year with the following weighted average effective interest rates per annum:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	%	%	%	%
Singapore Dollar	3.93	3.99	3.93	3.99
Malaysian Ringgit	3.18	3.05	-	-

(c) Fixed deposits with financial institutions are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Fixed deposits maturing within 12 months	342,728	344,455	165,876	135,268
Total fixed deposits with financial institutions	342,728	344,455	165,876	135,268

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10. Financial assets at fair value through profit or loss

The carrying amounts of the financial assets held by the Group and the Company are:

	<u>The Group</u> <u>FVTPL</u>			<u>The Company</u> <u>FVTPL</u>		
	<u>Designated</u>	<u>Mandatory</u>	<u>Total</u>	<u>Designated</u>	<u>Mandatory</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Government and public authority securities	2,502,202	-	2,502,202	2,480,627	-	2,480,627
Debt securities in corporations	3,433,574	101,684	3,535,258	3,356,356	101,684	3,458,040
Equity securities	-	3,698,788	3,698,788	-	2,862,789	2,862,789
Derivative financial assets	-	130,306	130,306	-	130,301	130,301
Total investment assets	5,935,776	3,930,778	9,866,554	5,836,983	3,094,774	8,931,757
Current			3,498,073			2,657,168
Non-current			6,368,481			6,274,589
			9,866,554			8,931,757

	<u>The Group</u> <u>FVTPL</u>			<u>The Company</u> <u>FVTPL</u>		
	<u>Designated</u>	<u>Mandatory</u>	<u>Total</u>	<u>Designated</u>	<u>Mandatory</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Government and public authority securities	2,677,507	-	2,677,507	2,656,959	-	2,656,959
Debt securities in corporations	2,745,276	427,465	3,172,741	2,678,103	427,465	3,105,568
Equity securities	-	3,302,439	3,302,439	-	2,481,923	2,481,923
Derivative financial assets	-	134,315	134,315	-	133,804	133,804
Total investment assets	5,422,783	3,864,219	9,287,002	5,335,062	3,043,192	8,378,254
Current			3,026,105			2,199,911
Non-current			6,260,897			6,178,343
			9,287,002			8,378,254

Refer to the accounting policies in Note 2.12 for an explanation as to why the Group and the Company have designated certain financial assets at FVTPL.

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11. Financial assets at fair value through other comprehensive income

The carrying amounts of the financial assets held by the Group and the Company are:

	<u>The Group</u>		<u>The Company</u>	
	<u>FVOCI</u>		<u>FVOCI</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Government and public authority securities	2,352,234	2,284,371	1,377,311	1,396,679
Debt securities in corporations	1,165,993	972,658	289,154	157,190
Total investment assets	3,518,227	3,257,029	1,666,465	1,553,869
Current	115,861	119,645	21,900	10,565
Non-current	3,402,366	3,137,384	1,644,565	1,543,304
	3,518,227	3,257,029	1,666,465	1,553,869

Refer to the accounting policies in Note 2.12 for an explanation as to why the Group and the Company have designated certain financial assets at FVOCI.

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12. Financial assets at amortised cost

The carrying amounts of the financial assets held by the Group and the Company are:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Accrued investment income	98,924	95,109	77,822	75,143
Other assets	18,359	11,707	11,264	4,467
Loans	214	279	-	69
Cash and cash equivalents	490,833	648,308	300,247	425,085
Total financial assets	608,330	755,403	389,333	504,764
Current	608,116	755,193	389,333	504,764
Non-current	214	210	-	-
	608,330	755,403	389,333	504,764

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13. Derivative financial instruments

(a) Derivative financial instruments

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Derivative financial assets:</u>				
Warrants	5	511	-	-
Foreign exchange contracts	34,976	88,942	34,976	88,942
Cross currency swaps	95,325	44,862	95,325	44,862
	<u>130,306</u>	<u>134,315</u>	<u>130,301</u>	<u>133,804</u>
<u>Derivative financial liabilities:</u>				
Foreign exchange contracts	(1,455)	(1,492)	(1,455)	(1,492)
Interest rate swaps	(67,079)	(87,058)	(67,079)	(87,058)
Cross currency swaps	(5,159)	(24,356)	(5,159)	(24,356)
	<u>(73,693)</u>	<u>(112,906)</u>	<u>(73,693)</u>	<u>(112,906)</u>

(b) Warrants

	The Group	
	2023	2022
	\$'000	\$'000
Warrants due after 12 months	<u>5</u>	<u>511</u>

(c) Foreign exchange contracts

At 31 December, the contractual amounts and the fair value of the Group's and the Company's outstanding foreign exchange contracts are as follows:

	The Group and the Company			
<u>Description</u>	<u>Contract notional amount</u>		<u>Net fair value</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
United States Dollar	<u>2,934,208</u>	<u>2,900,489</u>	<u>33,521</u>	<u>87,450</u>
			2023	2022
			\$'000	\$'000
Beginning of financial year			87,450	10,280
Fair value (losses)/gains recognised in profit or loss			(53,929)	77,170
Balance at end of financial year			<u>33,521</u>	<u>87,450</u>

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13. Derivative financial instruments (continued)

(c) Cross currency swaps

At 31 December, the contractual amounts and the fair value of the Group's and the Company's outstanding cross currency swaps are as follows:

<u>Description</u>	<u>The Group and the Company</u>			
	<u>Contract notional</u>		<u>Net fair value</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
United States Dollar	587,492	528,823	90,166	20,506
			2023	2022
			\$'000	\$'000
Beginning of financial year			20,506	(59,801)
Fair value gains recognised in profit or loss			69,660	80,307
Balance at end of financial year			90,166	20,506

As at 31 December 2023, deferred income from cross currency swaps amounted to \$42,634,000 (2022: \$46,604,000).

(d) Interest rate swaps

At 31 December, the contractual amounts and the fair value of the Group's and the Company's outstanding interest rate swaps are as follows:

<u>Description</u>	<u>The Group and the Company</u>			
	<u>Contract notional</u>		<u>Net fair value</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
United States Dollar	240,000	240,000	(67,078)	87,058
			2023	2022
			\$'000	\$'000
Beginning of financial year			(87,058)	(37,911)
Fair value gains/(losses) recognised in profit or loss			19,980	(49,147)
End of financial year			(67,078)	(87,058)

As at 31 December 2023, the Company pledged debt securities with carrying value of \$26 million (2022: \$78 million) for liabilities in respect of derivative transactions.

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14. Other assets

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Accrued investment income - Financial assets at FVTPL	64,527	64,430	62,759	61,996
Accrued investment income - Financial assets at FVOCI	33,426	29,748	14,584	12,881
Accrued investment income - Financial assets at AC	971	931	479	266
Club memberships	13	13	13	13
Due by fellow subsidiaries - non-trade	542	357	365	347
Due by related companies - non-trade	-	62	-	62
Receivable from sales of investment	9,069	8,631	8,754	2,690
Prepayments	1,277	2,028	930	1,696
Other receivables	8,748	2,657	2,145	1,368
	118,573	108,857	90,029	81,319

Other assets are due within 12 months. Amounts due from fellow subsidiaries and related companies are unsecured, non-interest bearing and repayable on demand.

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15. Loans

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Loans secured on properties	480	514	-	-
Less: Mortgage interest in arrears	(324)	(304)	-	-
	156	210	-	-
Unsecured loans	58	69	-	69
	214	279	-	69

16. Investment properties

(a) The Group

	<u>Freehold</u>	<u>Leasehold</u>		
	<u>land</u>	<u>land</u>	<u>Building</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Fair value				
2023				
At 1 January 2023	124,769	1,782	24,523	151,074
Currency translation differences	(1,938)	(101)	(811)	(2,850)
Fair value changes for the financial year (Note 6)	83	115	500	698
At 31 December 2023	122,914	1,796	24,212	148,922
2022				
At 1 January 2022	118,059	1,892	24,210	144,161
Currency translation differences	(2,476)	(120)	(995)	(3,591)
Disposals	(1,501)	-	-	(1,501)
Fair value changes for the financial year (Note 6)	10,687	10	1,308	12,005
At 31 December 2022	122,914	1,796	24,212	148,922

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16. Investment properties (continued)

(a) The Group (continued)

The following amounts are recognised in profit or loss:

	<u>The Group</u>	
	2023	2022
	\$'000	\$'000
Rental income	5,075	4,724
Direct operating expenses arising from:		
- Investment properties that generate rental income	(1,538)	(1,283)
- Investment properties that do not generate rental income	(471)	(593)
	(2,009)	(1,876)
Net rental income	3,066	2,848
Fair value recognised in other gains	2,268	12,005
	5,334	14,853

(b) The Company

	<u>Freehold land</u>	<u>Building</u>	<u>Total</u>
	\$'000	\$'000	\$'000
2023			
At 1 January 2023	89,700	9,800	99,500
Transfer from property, plant and equipment	14,606	5,754	20,360
Fair value changes for the financial year (Note 6)	1,570	500	2,070
At 31 December 2023	105,876	16,054	121,930
2022			
At 1 January 2022	79,000	8,500	87,500
Fair value changes for the financial year (Note 6)	10,700	1,300	12,000
At 31 December 2022	89,700	9,800	99,500

The following amounts are recognised in profit or loss:

	<u>The Company</u>	
	2023	2022
	\$'000	\$'000
Rental income	1,240	794
Direct operating expenses arising from:		
- Investment properties that generate rental income	(307)	(240)
Net rental income	933	554
Fair value recognised in other gains	2,070	12,000
	3,003	12,554

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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For the financial year ended 31 December 2023

16. Investment properties (continued)

Investment properties are carried at fair value and the changes in fair values are presented in profit or loss as part of other gains.

The investment properties of the Company were valued by independent professional valuers based on the properties' highest-and-best use using the sales comparison approach at the balance sheet date. These are registered as Level 3 of the fair value measurement hierarchy. Under the sales comparison approach, the recent sale prices of properties in close proximity are adjusted for differences in key attributes such as tenure, location and condition of the properties. The most significant input into this valuation approach is based on the average selling price per square foot derived and evaluated on comparable transactions and industry data.

17. Investment in subsidiaries

	<u>The Company</u>	
	2023	2022
	\$'000	\$'000
(a) Unquoted equity shares, at cost	107,636	87,636
(b) The subsidiaries of the Company is as follows:		

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Cost of investment</u>		<u>% of paid up capital held by the Company</u>	
			2023	2022	2023	2022
			\$'000	\$'000	%	%
Tokio Marine Life Insurance Malaysia Bhd.*	Life assurance	Malaysia	87,636	87,636	100	100
Tokio Marine Financial Advisers (Singapore) Private Limited**	Insurance agencies and agents	Singapore	20,000	-	100	-

* Audited by PricewaterhouseCoopers PLT.

** Audited by PricewaterhouseCoopers LLP.

The nature of the balance is non-current.

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18. Property, plant and equipment

(a) The Group

	Freehold land	Leasehold land	Buildings	Freehold Land (SFRS(I) 1-40)	Building (SFRS(I) 1-40)	Motor vehicles	Furniture and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023								
<u>Cost/Valuation</u>								
At 1 January 2023	24,181	1,834	30,920	44,419	17,500	703	13,622	133,179
Currency translation differences	(1,335)	(101)	(1,687)	-	-	(15)	(388)	(3,526)
Additions	-	-	666	-	-	-	562	1,228
Disposals	-	-	-	-	-	-	(185)	(185)
Write-offs	-	-	(145)	-	-	-	(33)	(178)
Derecognition	-	-	(205)	-	-	-	-	(205)
Revaluation gains for the financial year	278	24	308	4,771	-	-	-	5,381
Elimination of accumulated depreciation arising from revaluation	-	(19)	(731)	-	-	-	-	(750)
At 31 December 2023	23,124	1,738	29,126	49,190	17,500	688	13,578	134,944
Cost	-	-	424	-	-	688	13,578	14,690
Valuation	23,124	1,738	28,702	49,190	17,500	-	-	120,254
At 31 December 2023	23,124	1,738	29,126	49,190	17,500	688	13,578	134,944
<u>Accumulated depreciation</u>								
At 1 January 2023	-	-	6,055	-	-	643	9,941	16,639
Currency translation differences	-	-	(344)	-	-	(15)	(299)	(658)
Depreciation charge	-	19	1,402	-	-	60	1,379	2,860
Disposals	-	-	-	-	-	-	(149)	(149)
Write-offs	-	-	(146)	-	-	-	(27)	(173)
Derecognition	-	-	(200)	-	-	-	-	(200)
Elimination of accumulated depreciation arising from revaluation	-	(19)	(731)	-	-	-	-	(750)
At 31 December 2023	-	-	6,036	-	-	688	10,845	17,569
Net book value at 31 December 2023	23,124	1,738	23,090	49,190	17,500	-	2,733	117,375

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18. Property, plant and equipment (continued)

(a) The Group (continued)

	Freehold land	Leasehold land	Buildings	Freehol d Land (SFRS(I) 1-40)	Building (SFRS(I) 1-40)	Motor vehicles	Furniture and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022								
<u>Cost/Valuation</u>								
At 1 January 2022	64,137	1,943	48,590	-	-	722	13,578	128,970
Reclass to owner-occupied properties to measure in accordance with SFRS(I) 1-40	(38,339)	-	(15,000)	38,339	15,000	-	-	-
At 1 January 2022 - Restated	25,798	1,943	33,590	38,339	15,000	722	13,578	128,970
Currency translation differences	(1,635)	(125)	(2,051)	-	-	(19)	(431)	(4,261)
Additions	-	-	292	-	-	-	715	1,007
Disposals	-	-	(22)	-	-	-	(234)	(256)
Write-offs	-	-	(40)	-	-	-	(6)	(46)
Derecognition	-	-	(844)	-	-	-	-	(844)
Fair value gains for the financial year	18	35	740	6,080	2,500	-	-	9,373
Elimination of accumulated depreciation arising from revaluation	-	(19)	(745)	-	-	-	-	(764)
At 31 December 2022	24,181	1,834	30,920	44,419	17,500	703	13,622	133,179
Cost	-	-	350	-	-	703	13,622	14,675
Valuation	24,181	1,834	30,570	44,419	17,500	-	-	118,504
At 31 December 2022	24,181	1,834	30,920	44,419	17,500	703	13,622	133,179
<u>Accumulated depreciation</u>								
At 1 January 2022	-	-	6,428	-	-	579	8,916	15,923
Currency translation differences	-	-	(375)	-	-	(18)	(318)	(711)
Depreciation charge	-	20	1,457	-	386	82	1,582	3,527
Disposals	-	-	(22)	-	-	-	(233)	(255)
Write-offs	-	-	(40)	-	-	-	(6)	(46)
Derecognition	-	-	(626)	-	-	-	-	(626)
Elimination of accumulated depreciation arising from revaluation	-	(20)	(767)	-	(386)	-	-	(1,173)
At 31 December 2022	-	-	6,055	-	-	643	9,941	16,639
Net book value at 31 December 2022	24,181	1,834	24,865	44,419	17,500	60	3,681	116,540

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18. Property, plant and equipment (continued)

(a) The Group (continued)

The net book value of the revalued land and buildings, had these assets been carried at cost less accumulated depreciation is as follows:

	Freehold <u>land</u> \$'000	Leasehold <u>land</u> \$'000	<u>Buildings</u> \$'000	Freehold Land (SFRS(I) 1-40) \$'000	Building (SFRS(I) 1-40) \$'000	<u>Total</u> \$'000
Cost	4,523	1,086	25,485	13,938	8,568	53,600
Accumulated depreciation	-	(105)	(10,767)	-	(2,242)	(13,114)
Net book value at 31 December 2023	4,523	981	14,718	13,938	6,326	40,486
Cost	4,788	1,150	26,427	20,766	12,766	65,897
Accumulated depreciation	-	(100)	(10,986)	-	(3,085)	(14,171)
Net book value at 31 December 2022	4,788	1,050	15,441	20,766	9,681	51,726

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18. Property, plant and equipment (continued)

(b) The Company

	Freehold land	Buildings	Freehold Land (SFRS(I) 1-40)	Building (SFRS(I) 1-40)	Motor vehicles	Furniture and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023							
<u>Cost/Valuation</u>							
At 1 January 2023	-	350	44,419	17,500	423	6,598	69,290
Reclass from/(to) Investment Property (Note 16)	-	-	(14,606)	(5,754)	-	-	(20,360)
Additions	-	424	-	-	-	239	663
Disposals	-	-	-	-	-	(185)	(185)
Write-offs	-	(145)	-	-	-	-	(145)
Derecognition	-	(205)	-	-	-	-	(205)
Revaluation gains for the financial year	-	-	3,201	-	-	-	3,201
At 31 December 2023	-	424	33,014	11,746	423	6,652	52,259
 Cost	-	424	-	-	423	6,652	7,499
Valuation	-	-	33,014	11,746	-	-	44,760
At 31 December 2023	-	424	33,014	11,746	423	6,652	52,259
 <u>Accumulated depreciation</u>							
At 1 January 2023	-	299	-	-	363	4,801	5,463
Depreciation charge	-	232	-	-	60	671	963
Disposals	-	-	-	-	-	(149)	(149)
Write-offs	-	(146)	-	-	-	-	(146)
Derecognition	-	(200)	-	-	-	-	(200)
At 31 December 2023	-	185	-	-	423	5,323	5,931
 Net book value at 31 December 2023	-	239	33,014	11,746	-	1,329	46,328

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NOTES TO THE FINANCIAL STATEMENTS

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18. Property, plant and equipment (continued)

(b) The Company (continued)

	Freehold land	Buildings	Freehold Land (SFRS(I) 1-40)	Building (SFRS(I) 1-40)	Motor vehicles	Furniture and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022							
<u>Cost/Valuation</u>							
At 1 January 2022	38,339	16,222	-	-	423	6,781	61,765
Reclass to owner-occupied properties to measure in accordance with FRS40	(38,339)	(15,000)	38,339	15,000	-	-	-
At 1 January 2022 - Restated	-	1,222	38,339	15,000	423	6,781	61,765
Additions	-	12	-	-	-	51	63
Disposals	-	-	-	-	-	(234)	(234)
Write-offs	-	(40)	-	-	-	-	(40)
Derecognition	-	(844)	-	-	-	-	(844)
Fair value gains for the financial year	-	-	6,080	2,500	-	-	8,580
At 31 December 2022	-	350	44,419	17,500	423	6,598	69,290
Cost	-	350	-	-	423	6,598	7,371
Valuation	-	-	44,419	17,500	-	-	61,919
At 31 December 2022	-	350	44,419	17,500	423	6,598	69,290
<u>Accumulated depreciation</u>							
At 1 January 2022	-	736	-	-	302	4,247	5,285
Depreciation charge	-	229	-	386	61	787	1,463
Disposals	-	-	-	-	-	(233)	(233)
Write-offs	-	(40)	-	-	-	-	(40)
Derecognition	-	(626)	-	-	-	-	(626)
Elimination of accumulated depreciation arising from revaluation	-	-	-	(386)	-	-	(386)
At 31 December 2022	-	299	-	-	363	4,801	5,463
Net book value at 31 December 2022	-	51	44,419	17,500	60	1,797	63,827

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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For the financial year ended 31 December 2023

18. Property, plant and equipment (continued)

(b) The Company (continued)

The net book value of the revalued land and buildings, had these assets been carried at cost less accumulated depreciation is as follows:

	<u>Buildings</u>	<u>Freehold Land (SFRS(I) 1-40)</u>	<u>Building (SFRS(I) 1-40)</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Cost	424	13,938	8,568	22,930
Accumulated depreciation	(185)	-	(2,242)	(2,427)
Net book value at 31 December 2023	239	13,938	6,326	20,503
Cost	350	20,766	12,766	33,882
Accumulated depreciation	(299)	-	(3,085)	(3,384)
Net book value at 31 December 2022	51	20,766	9,681	30,498

- (c) Right-of-use ("ROU") assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such assets are disclosed in Note 19.
- (d) Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers. Changes in fair value are recognised in profit or loss. Land and buildings not held under participating fund are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation gains is credited to asset revaluation reserve in equity. All other property, plant and equipment is recognised at historical cost less depreciation.

The land and buildings of the Group were valued by independent professional valuers based on the properties' highest-and-best use using the sales comparison approach at the balance sheet date. These are registered as Level 3 of the fair value measurement hierarchy. Under the sales comparison approach, the recent sale prices of properties in close proximity are adjusted for differences in key attributes such as tenure, location and condition of the properties. The most significant input into this valuation approach is selling price per square foot. The nature of the balance is non-current.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Leases

(A) *Leases – The Group and Company as a lessee*

Nature of the Group's and Company's leasing activities

Buildings

The Group and Company lease office space and residential space for the purpose of back-office operations and staff accommodation for certain foreign expatriate employees.

Furniture and equipment

The Group and Company lease copiers for the purpose of back office operations.

There are no externally imposed covenants on these lease arrangements.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Leasehold Buildings	288	229	239	49
Furniture and equipment	235	348	174	235
	523	577	413	284

(b) Depreciation charge during the year

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Leasehold Buildings	353	356	229	230
Furniture and equipment	108	111	61	61
	461	467	290	291

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For the financial year ended 31 December 2023

19. Leases (continued)

(A) Leases – The Group and Company as a lessee (continued)

(c) Interest expense

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest expense on lease liabilities	50	46	21	17

(d) Lease expense not capitalised in lease liabilities

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Short term lease expense	93	48	52	-
Low value lease expense	69	87	59	75
	162	135	111	75

(e) Total cash outflow for all leases (including short term and low value leases) in 2023 was \$594,000 and \$423,000 (2022: \$500,000 and \$304,000) for the Group and the Company respectively.

(f) Addition of ROU assets during the financial year 2023 was \$424,000 and \$424,000 (2022: \$73,000 and \$12,000) for the Group and the Company respectively.

(B) Leases – The Group and Company as a lessor

The Group and the Company lease out their investment properties to third parties for monthly lease payments.

Rental income from investment properties are disclosed in Note 16.

The future aggregate minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Not later than one year	3,679	2,989	1,175	506
Between one and five years	1,927	1,746	967	81
	5,606	4,735	2,142	587

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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For the financial year ended 31 December 2023

20. Intangible assets

Computer software licences

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Cost</u>				
At 1 January	31,152	32,166	14,999	14,395
Currency translation differences	(892)	(1,125)	-	-
Additions	1,019	1,177	468	604
Write-offs	(926)	(1,066)	-	-
Disposal	(15)	-	(15)	-
At 31 December	30,338	31,152	15,452	14,999
<u>Accumulated amortisation</u>				
At 1 January	22,072	20,900	9,279	8,183
Currency translation differences	(715)	(831)	-	-
Amortisation charge	2,147	2,621	801	1,096
Write-offs	(942)	(618)	-	-
At 31 December	22,562	22,072	10,080	9,279
Net book value at 31 December	7,776	9,080	5,372	5,720

Recognised within computer software licenses for the Group and the Company are assets under construction amounting to \$3,528,000 and \$3,051,281 (2022: \$3,184,000 and \$2,749,000). Assets under construction are not amortised until they are put in use.

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21. Other payables

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Investment creditors	13,629	7,454	13,585	4,108
Cash collateral	8,332	108,365	8,332	108,365
Due to subsidiary companies - non trade	-	-	2,625	-
Due to fellow subsidiaries - non-trade	577	373	428	191
Due to related companies - non-trade	-	-	-	-
Due to intermediate holding company – non trade	-	177	-	177
Unclaimed dividend	631	631	631	631
Accrued management expenses	23,842	20,906	1,283	1,175
Rental deposits and advances	1,135	1,101	249	230
GST payable	847	283	761	283
Other financial liability (Note 37)	194	143	-	-
Other non-trade payables	44,336	41,704	19,404	26,614
	93,523	181,137	47,298	141,774

Of the total payables, \$93,329,000 and \$44,673,000 (2022: \$180,993,000 and \$141,773,000) for the Group and the Company respectively are due within next 12 months.

Amounts due to fellow subsidiaries and intermediate holding company are unsecured, non-interest bearing and repayable on demand.

22. Deferred income

	<u>The Group and The Company</u>	
	2023	2022
	\$'000	\$'000
Deferred income – cross currency swaps	42,634	46,604

Deferred income from cross currency swaps, relates to upfront fees received from counterparties of cross currency swaps. The deferred income is amortised on a straight-line basis up to the maturity date of the cross currency swaps.

Details of the cross currency swaps are disclosed in Note 13(d).

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

23. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Loan from				
- immediate holding company	47,129	47,129	47,129	47,129
- intermediate holding company	498,385	150,417	498,385	150,417
Lease liabilities due to				
- others	569	589	430	290
	546,083	198,135	545,944	197,836
Due within 12 months	2,100	973	2,100	973
Due after 12 months	543,983	197,162	543,844	196,863

The loan from immediate holding company is unsecured and repayable in full on 13 September 2026. Interest is fixed at 3.2% per annum. The loan from intermediate holding company is unsecured and repayable in full on 12 December 2028. The interest rate is calculated by applying an applicable margin of 0.81% on the SWAP rate.

With the cessation of the SWAP rate over the next few years, the Group is in the process of reviewing its contracts that are referenced to the SWAP rate. The Group believes that it will not result in a material impact to the financial statements even though there is uncertainty around the alternative interest rate benchmark.

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For the financial year ended 31 December 2023

23. Borrowings (continued)

Reconciliation of liabilities arising from financing activities

The Group

	1 January <u>2023</u> \$'000	Proceeds from <u>Borrowings</u> \$'000	Principal and interest <u>payments</u> \$'000	Interest <u>expense</u> \$'000	Addition - new <u>leases</u> \$'000	Derecognition <u>of leases</u> \$'000	Foreign Exchange <u>Movement</u> \$'000	31 <u>December</u> <u>2023</u> \$'000
Loan from immediate holding company	47,129	-	(1,494)	1,494	-	-	-	47,129
Loan from intermediate holding company	150,417	347,000	(11,638)	12,606	-	-	-	498,385
Lease Liabilities	589	-	(470)	49	424	(6)	(17)	569

	1 January <u>2022</u> \$'000	Proceeds from <u>Borrowings</u> \$'000	Principal and interest <u>payments</u> \$'000	Interest <u>expense</u> \$'000	Addition - new <u>leases</u> \$'000	Derecognition <u>of leases</u> \$'000	Foreign Exchange <u>Movement</u> \$'000	31 <u>December</u> <u>2022</u> \$'000
Loan from immediate holding company	47,129	-	(1,494)	1,494	-	-	-	47,129
Loan from intermediate holding company	150,096	-	(3,070)	3,391	-	-	-	150,417
Lease Liabilities	1,228	-	(500)	45	73	(228)	(29)	589

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For the financial year ended 31 December 2023
24. Deferred income taxes

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

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	<u>The Group</u>			<u>The Company</u>		
	31 Dec 2023	31 Dec 2022	1 Jan 2022	31 Dec 2023	31 Dec 2022	1 Jan 2022
		Restated	Restated		Restated	Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Settled after 12 months						
Deferred tax assets	(101,025)	(129,823)	(151,405)	(101,025)	(129,823)	(151,405)
Deferred tax liabilities	82,986	70,113	82,875	-	-	-

The movement in deferred tax liabilities (prior to offsetting of balances within the same jurisdiction) during the period is as follows:

The Group
Deferred tax assets

	<u>Accelerated tax depreciation</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Asset revaluation reserve</u> \$'000	<u>Investment properties</u> \$'000	<u>Other temporary differences</u> \$'000	<u>Total</u> \$'000
2023						
At 1 January 2023 - Restated	905	(34,754)	-	10,381	(106,355)	(129,823)
Tax (credit)/charge to profit or loss (Note 4(a))	(73)	-	-	229	(6,112)	(5,956)
Tax charge to equity	-	34,754	-	-	-	34,754
At 31 December 2023	832	-	-	10,610	(112,467)	(101,025)
31 December 2022 restated						
At 1 January 2022 – Restated	1,000	(10,556)	-	8,916	(150,765)	(151,405)
Tax (credit)/charge to profit or loss (Note 4(a))	(95)	-	-	1,465	44,410	45,780
Tax credit to equity	-	(24,198)	-	-	-	(24,198)
At 31 December 2022 - Restated	905	(34,754)	-	10,381	(106,355)	(129,823)
1 January 2022 restated						
At 1 January 2022 – Restated	1,000	(10,083)	2,430	8,916	390,632	392,895
Tax credit to equity	-	(473)	(2,430)	-	(541,397)	(544,300)
At 1 January 2022 - Restated	1,000	(10,556)	-	8,916	(150,765)	(151,405)

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For the financial year ended 31 December 2023
24. Deferred income taxes (continued)
The Group (continued)
Deferred tax liabilities

	Accelerated tax <u>depreciation</u>	Fair value <u>reserve</u>	Asset revaluation <u>reserve</u>	Investment <u>properties</u>	Other temporary difference <u>s</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
At 1 January 2023 - Restated	142	6,677	1,745	3,882	57,667	70,113
Currency translation differences	(8)	(236)	(99)	(217)	(3,682)	(4,242)
Tax (credit)/charge to profit or loss (Note 4(a))	(20)	-	-	17	10,134	10,131
Tax (credit)/charge to equity	-	9,394	58	-	(2,468)	6,984
At 31 December 2023	114	15,835	1,704	3,682	61,651	82,986
31 December 2022 restated						
At 1 January 2022 – Restated	186	14,833	1,786	4,276	61,794	82,875
Currency translation differences	(11)	(334)	(117)	(271)	(4,303)	(5,036)
Tax (credit)/charge to profit or loss (Note 4(a))	(33)	-	-	(123)	(928)	(1,084)
Tax (credit)/charge to equity	-	(7,822)	76	-	1,104	(6,642)
At 31 December 2022 - Restated	142	6,677	1,745	3,882	57,667	70,113
1 January 2022 restated						
At 1 January 2022 – Restated	188	16,325	1,808	4,324	61,256	83,901
Currency translation differences	(2)	(187)	(21)	(49)	(767)	(1,026)
Tax (credit)/charge to profit or loss (Note 4(a))	-	(1,305)	(1)	1	1,305	-
At 1 January 2022 - Restated	186	14,833	1,786	4,276	61,794	82,875

The Company
Deferred tax assets

	Accelerated tax <u>depreciation</u>	Fair value <u>reserve</u>	Asset revaluation <u>reserve</u>	Investment <u>properties</u>	Other temporary differences <u>s</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
At 1 January 2023 - Restated	905	(34,754)	-	10,381	(106,355)	(129,823)
Tax (credit)/charge to profit or loss (Note 4(a))	(73)	-	-	229	(6,112)	(5,956)
Tax (credit)/charge to equity	-	34,754	-	-	-	34,754
At 31 December 2023	832	-	-	10,610	(112,467)	(101,025)
31 December 2022 restated						
At 1 January 2022 – Restated	1,000	(10,556)	-	8,916	(150,765)	(151,405)
Tax (credit)/charge to profit or loss (Note 4(a))	(95)	-	-	1,465	44,410	45,780
Tax (credit)/charge to equity	-	(24,198)	-	-	-	(24,198)
At 31 December 2022 - Restated	905	(34,754)	-	10,381	(106,355)	(129,823)
1 January 2022 restated						
At 1 January 2022 – Restated	1,000	(10,083)	2,430	8,916	390,632	392,895
Tax (credit)/charge to equity	-	(473)	(2,430)	-	(541,397)	(544,300)
At 1 January 2022 - Restated	1,000	(10,556)	-	8,916	(150,765)	(151,405)

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For the financial year ended 31 December 2023

24. Deferred income taxes (continued)

The Company (continued)

The other temporary differences mainly relate to deferred tax liabilities recognised for timing difference in recognising the release of insurance contract liability between accounting basis and tax basis. The Company has not recognised deferred tax assets in respect of tax losses due to uncertainty of its recoverability against future taxable profits. The use of these tax losses is subject to the agreement of the Singapore Tax Authority and compliance with certain provisions of tax legislation.

25. Staff retirement benefits

	The Group	
	2023	2022
	\$'000	\$'000
At 1 January	1	65
Currency translation differences	-	(5)
Amount paid during the financial year	-	(73)
Increase in provision for the financial year	1	14
At 31 December	2	1
Due after 12 months	2	1

26. Agents' retirement benefits

	The Group	
	2023	2022
	\$'000	\$'000
		Restated
At 1 January	12,142	11,934
Currency translation differences	(671)	(756)
Amount paid during the financial year	(1,136)	(794)
Increase in provision for the financial year	1,613	1,758
At 31 December	11,948	12,142
Due within 12 months	4,163	4,406
Due after 12 months	7,785	7,736
	11,948	12,142

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27. Obligations under repurchase agreements

The Group and the Company entered into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date.

The securities related to these agreements are not de-recognised from the Group's and the Company's balance sheet, but are retained within the appropriate financial asset classification. During the term of the repurchase agreements, the Group and the Company is restricted from selling or pledging the transferred debt securities.

The following table specifies the amounts included within financial investments subject to repurchase agreements which do not qualify for de-recognition at each period end:

	<u>The Group and The Company</u>	
	2023	2022
	\$'000	\$'000
Debt securities - FVOCI		
Repurchase agreements	423,435	837,063
Debt securities - FVTPL		
Repurchase agreements	1,322,706	1,376,714

Collateral

As at 31 December 2023, the Company had \$73.5 million pledged debt securities (2022: \$20.7 million). Cash collateral of \$8 million (2022: \$108 million) was received based on the market value of securities transferred.

As at 31 December 2023, the obligations under repurchase agreements were \$1,763 million (2022: \$2,067 million).

Reconciliation of liabilities arising from financing activities

The Group

	1 January	Proceeds	Collateral	Principal	Non-cash	31 December
	<u>2023</u>	<u>from</u>	<u>received</u>	<u>and interest</u>	<u>changes</u>	<u>2023</u>
	<u>\$'000</u>	<u>borrowings</u>	<u>\$'000</u>	<u>payments</u>	<u>interest</u>	<u>\$'000</u>
		<u>\$'000</u>		<u>\$'000</u>	<u>expense</u>	
					<u>\$'000</u>	
Obligations under repurchase agreements	2,067,156	2,919,231	-	(3,300,207)	76,531	1,762,711
	1 January	Proceeds	Collateral	Principal	Non-cash	31 December
	<u>2022</u>	<u>from</u>	<u>received</u>	<u>and interest</u>	<u>changes</u>	<u>2022</u>
	<u>\$'000</u>	<u>borrowings</u>	<u>\$'000</u>	<u>payments</u>	<u>interest</u>	<u>\$'000</u>
		<u>\$'000</u>		<u>\$'000</u>	<u>expense</u>	
					<u>\$'000</u>	
Obligations under repurchase agreements	2,245,623	3,619,428	-	(3,829,446)	31,551	2,067,156

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28. Share capital

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Number of ordinary shares \$'000	\$'000	Amount \$'000	\$'000
<u>The Group and The Company</u>				
At 1 January	68,972	36,000	302,740	36,000
Shares issued pursuant to rights issue	8,268	32,972	66,885	266,740
At 31 December	77,240	68,972	369,625	302,740

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 6 March 2023, the Company issued 8,267,553 (2022: 32,971,621) new ordinary shares pursuant to the rights issue, for a total sum of \$66,884,504 (2022: \$266,740,414). The equity raised strengthened the Company's balance sheet and liquidity position.

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For the financial year ended 31 December 2023
29. Related party transactions

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

	<u>Country of incorporation</u>	<u>Relationship</u>
Asia General Holdings Ltd	Singapore	Immediate holding company
Tokio Marine Insurance Singapore Ltd	Singapore	Fellow subsidiary
Tokio Marine Asia Pte Ltd	Singapore	Fellow subsidiary
Tokio Marine Nichido Fire Insurance Co. Ltd	Japan	Intermediate holding company
Tokio Marine & Nichido Life Insurance Co., Ltd	Japan	Fellow subsidiary
Tokio Marine Insurance (Malaysia) Berhad	Malaysia	Fellow subsidiary
Tokio Marine Financial Advisers (Singapore) Pte Ltd	Singapore	Subsidiary
TM Claims Service Asia Pte Ltd	Singapore	Fellow subsidiary
Tokio Marine Holdings, Inc.	Japan	Ultimate holding corporation

- (a) Other than disclosed elsewhere in the financial statements, the following significant transactions took place between the Group, the Company and related parties during the financial year on terms agreed between the parties concerned:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Office rent paid to fellow subsidiary	237	214	138	214
Office rent received from fellow subsidiary	-	142	394	-
Dividend received from subsidiary	-	-	2,886	24,969
Insurance premium received from fellow subsidiary	424	235	124	118
Insurance premium received from a subsidiary	-	-	25	-
Insurance premium paid to fellow subsidiary	191	191	42	45
Investment management fee received from fellow subsidiary	504	526	504	526
General Service fee paid to fellow subsidiary	1,104	1,213	974	983
Management fee received from fellow subsidiary	263	268	208	209
Management fee received from a subsidiary	-	-	1,190	-
Commission expense paid to a subsidiary	-	-	8,950	-
Loan interest paid to immediate holding company	1,494	1,494	1,494	1,494
Loan interest paid to intermediate holding company	12,606	3,391	12,606	3,391
Guarantee fee paid to intermediate holding company	133	277	133	227
Expenses paid on behalf for related corporation	261	-	-	-
Management fee paid to fellow subsidiary	-	23	25	23
Retainer fee paid to fellow subsidiary	10	10	10	10
Sales of fixed asset to a subsidiary	-	-	36	-

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

29. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel includes the directors, Chief Executive Officer (“CEO”) and senior management who report directly to the respective CEO of the Group and the Company.

Key management personnel compensation is analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries and other short-term employment benefits	8,810	8,777	3,428	3,637
Directors' post-employment benefits including contributions to Central Provident Fund	117	108	117	108
Directors' fees	531	517	379	360

30. Immediate holding company and ultimate holding corporation

The Company's immediate holding company is Asia General Holdings Limited, incorporated in Singapore. The ultimate holding corporation is Tokio Marine Holdings, Inc, incorporated in Japan.

31. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	<u>The Group</u>	
	2023	2022
	\$'000	\$'000
Capital commitments	673	869

Investment commitments

The Company has entered into obligations under repurchase agreements (Note 27) and the securities under repurchase agreements are treated as pledged assets. As at year-end, borrowings amounting to \$1,763 million (2022: \$2,067 million) were backed by securities sold under repurchase agreements.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Segmental information

By Business Segments

	<u>The Group</u>					
	<u>2023</u>			<u>2022</u>		
	<u>Par</u>	<u>Others</u>	<u>Total</u>	<u>Par</u>	<u>Others</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Insurance revenue	192,423	337,590	530,013	172,322	319,548	491,870
Insurance service expenses	(102,255)	(346,080)	(448,335)	(110,710)	(288,046)	(398,756)
Net (expense)/income from reinsurance contracts held	-	(5,206)	(5,206)	-	(31,352)	(31,352)
Insurance service result	90,168	(13,696)	76,472	61,612	150	61,762
Investment return	617,953	137,388	755,341	(985,075)	(146,478)	(1,131,553)
Net finance (expense)/income from insurance contracts and reinsurance contracts held	(637,219)	(98,534)	(735,753)	989,183	152,252	1,141,435
Net investment result	(19,266)	38,854	19,588	4,108	5,774	9,882
Other income	827	994	1,821	33	79	112
Other (losses)/gains	(53,687)	60,670	6,983	(53,569)	66,361	12,792
Other operating (expenses)/income	21,402	(52,583)	(31,181)	23,982	(37,406)	(13,424)
Profit before tax	39,444	34,239	73,683	36,166	34,958	71,124
Tax credit/(expense)	3,761	(26,167)	(22,406)	(78,753)	17,615	(61,138)
Net profit/(loss)	43,205	8,072	51,277	(42,587)	52,573	9,986

The amounts relating to reinsurance contracts held for both business segments are being presented under the Others segment in light of its size relative to Par segment.

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For the financial year ended 31 December 2023

32. Segmental information (continued)

By Business Segments

	<u>The Company</u>					
	<u>2023</u>			<u>2022</u>		
	<u>Par</u>	<u>Others</u>	<u>Total</u>	<u>Par</u>	<u>Others</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Insurance revenue	163,390	165,046	328,436	142,481	153,652	296,132
Insurance service expenses	(73,250)	(197,806)	(271,057)	(78,803)	(157,279)	(236,082)
Net (expense)/income from reinsurance contracts held	-	(1,882)	(1,882)	-	(25,837)	(25,837)
Insurance service result	90,140	(34,642)	55,497	63,678	(29,464)	34,213
Investment return	542,075	67,642	609,717	(1,078,146)	(26,773)	(1,104,919)
Net finance (expense)/income from insurance contracts and reinsurance contracts held	(568,688)	(54,966)	(623,654)	1,071,163	53,321	1,124,485
Net investment result	(26,613)	12,676	(13,937)	(6,983)	26,548	19,566
Other income	827	898	1,725	33	79	112
Other (losses)/gains	(53,687)	60,670	6,983	(55,583)	66,080	10,497
Other operating (expenses)/income	21,459	(43,119)	(21,659)	24,015	(36,647)	(12,633)
Profit before tax	32,126	(3,517)	28,609	25,160	26,596	51,755
Tax credit/(expense)	9,586	(12,079)	(2,493)	(71,000)	17,506	(53,493)
Net profit/(loss)	41,712	(15,596)	26,116	(45,840)	44,102	(1,738)

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

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33. Insurance and financial risk management

(A) Insurance risk

The risk under any one life insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits will vary from year to year from the estimate. A more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims management.

The Group has developed its underwriting strategy for accepting insurance risks, including selection and approval of risks to be insured, use of limits, appropriate risk classification and premium level.

The Group utilises both quota share and surplus reinsurance. These are supplemented by catastrophe excess of loss reinsurance cover.

A substantial portion of the Group's life insurance business is Participating in nature. The Group carries out bonus investigation on an annual basis to ascertain the sustainability of current bonus scales, in light of volatility in the investment climate and/or unusual claims experience. The Company also performs notional bonus cuts to reflect bonus rates that are as close as possible to the bonus rates based on the investigation.

For Individual non-participating contracts where the benefits are fully guaranteed and future premiums are fixed, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts offering Dread Disease and stand-alone medical benefits, the Group generally has the right to vary the non-guaranteed future premium rates if claim experience deteriorates in the future.

For Group non-participating contracts, the contracts are mainly issued to employers as part of their employee benefit plans. The risk of death and disability may be affected by the nature of the industry in which the employer operates, in addition to other factors stated above. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims management.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

33. Insurance and financial risk management (continued)**(A) Insurance risk (continued)**

For Investment-linked contracts where the mortality and morbidity risks are significant, the Group applies charges for mortality and morbidity risks. It has the right to alter these charges based on its mortality and morbidity experience and hence minimise its exposure to these risks. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect.

For Investment-linked contracts where the mortality and morbidity risks are less significant, the Group does not apply explicit mortality and morbidity risk charges, and as such are subjected to exposure to these risks.

The Group performs regular experience analyses, including mortality, morbidity, investment return, management expenses, and policy persistency. The objective is to compare the current best estimate assumptions with actual experiences, to identify any unexpected changes that would materially impact the Group's financial position. The Group reviews and updates the assumptions (where the basis are not prescribed) used in the estimation of its insurance contract liabilities regularly to ensure its relevance and appropriateness.

Stress testing on the financial condition is performed on an annual basis to assess the Group's ability to withstand adverse deviations in various assumptions. For Singapore, the regulatory prescribed scenarios are relied upon. For Malaysia, a dynamic solvency testing is performed annually to monitor its solvency position.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(a) Concentrations of insurance risks

The following tables present the concentration of insured benefits across three bands of insured benefits per individual life assured, separately for non-linked and investment-linked business. These tables do not include annuity contracts.

TMLS

Benefits assured (\$'000) per life assured at the end of 2023

	Total benefits insured (\$'000) for non-linked business (TMLS)			
	<u>Before reinsurance</u>		<u>After reinsurance (estimated)</u>	
	\$'000	%	\$'000	%
0 - 500	13,856,666	66	10,292,487	82
500 - 1,000	3,483,577	16	1,426,101	11
More than 1,000	3,823,498	18	925,998	7
Total	21,163,741	100	12,644,586	100

Benefits assured (\$'000) per life assured at the end of 2022

	Total benefits insured (\$'000) for non-linked business (TMLS)			
	<u>Before reinsurance</u>		<u>After reinsurance (estimated)</u>	
	\$'000	%	\$'000	%
0 - 500	14,018,182	66	10,413,049	82
500 - 1,000	3,480,229	16	1,402,820	11
More than 1,000	3,793,003	18	897,813	7
Total	21,291,414	100	12,713,682	100

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33. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(a) Concentrations of insurance risks (continued)

TMLS (continued)

Benefits assured (in terms of Sum at Risk, \$'000) per life assured at the end of 2023

	Total benefits insured (in terms of sum at risk, \$'000) for linked business (TMLS)			
	<u>Before reinsurance</u>		<u>After reinsurance (estimated)</u>	
	\$'000	%	\$'000	%
0 - 100	80,594	20	55,661	25
100 - 200	93,414	23	63,425	28
More than 200	233,073	57	104,425	47
Total	407,081	100	223,511	100

Benefits assured (in terms of Sum at Risk, \$'000) per life assured at the end of 2022

	Total benefits insured (in terms of sum at risk, \$'000) for linked business (TMLS)			
	<u>Before reinsurance</u>		<u>After reinsurance (estimated)</u>	
	\$'000	%	\$'000	%
0 - 100	42,289	17	33,080	24
100 - 200	47,372	20	37,157	26
More than 200	154,090	63	70,169	50
Total	243,751	100	140,406	100

TMLM

Benefits assured (MYR'000) per life assured at the end of 2023

	Total benefits insured (MYR'000) for non-linked business (TMLM)					
	<u>Before reinsurance</u>			<u>After reinsurance (estimated)</u>		
	<u>Equivalent</u>			<u>Equivalent</u>		
	MYR\$'000	S\$'000	%	MYR\$'000	S\$'000	%
0 - 500	51,584,951	14,835,832	77	24,175,327	6,952,824	78
500 - 1,000	12,624,707	3,630,866	19	5,639,652	1,621,964	18
More than 1,000	2,862,295	823,196	4	1,281,100	368,444	4
Total	67,071,953	19,289,894	100	31,096,079	8,943,232	100

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NOTES TO THE FINANCIAL STATEMENTS
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33. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(a) Concentrations of insurance risks (continued)

TMLM (continued)

Benefits assured (MYR'000) per life assured at the end of 2022

	Total benefits insured (MYR'000) for non-linked business (TMLM)					
	Before reinsurance			After reinsurance (estimated)		
		<u>Equivalent</u>			<u>Equivalent</u>	
	MYR\$'000	S\$'000	%	MYR\$'000	S\$'000	%
0 - 500	51,753,454	15,753,751	78	25,262,157	7,689,801	79
500 - 1,000	11,934,104	3,632,741	18	5,541,804	1,686,925	17
More than 1,000	2,726,612	829,981	4	1,268,859	386,241	4
Total	66,414,170	20,216,473	100	32,072,820	9,762,967	100

Benefits assured (MYR'000) per life assured at the end of 2023

	Total benefits insured (MYR'000) for linked business (TMLM)					
	Before reinsurance			After reinsurance (estimated)		
		<u>Equivalent</u>			<u>Equivalent</u>	
	MYR\$'000	S\$'000	%	MYR\$'000	S\$'000	%
0 - 100	7,881,670	2,266,768	37	5,905,832	1,698,517	37
100 - 200	2,148,417	617,885	10	1,609,836	462,989	10
More than 200	11,153,194	3,207,658	53	8,357,225	2,403,538	53
Total	21,183,281	6,092,311	100	15,872,893	4,565,044	100

Benefits assured (MYR'000) per life assured at the end of 2022

	Total benefits insured (MYR'000) for linked business (TMLM)					
	Before reinsurance			After reinsurance (estimated)		
		<u>Equivalent</u>			<u>Equivalent</u>	
	MYR\$'000	S\$'000	%	MYR\$'000	S\$'000	%
0 - 100	7,887,362	2,400,913	38	6,078,574	1,850,318	38
100 - 200	2,181,847	664,154	11	1,681,490	511,846	11
More than 200	10,530,656	3,205,532	51	8,115,689	2,470,416	51
Total	20,599,865	6,270,599	100	15,875,753	4,832,580	100

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33. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(a) Concentrations of insurance risks (continued)

The following table for annuity insurance contracts illustrates the concentration of risk based on three bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment at the year end. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Singapore

Annuity payable (\$'000) per annum per life assured at the end of 2023

	Total annuity payable (\$'000) per annum for annuity business (TMLS)	
	\$ '000	%
0 - 10	6,829	84
10 - 20	1,092	14
More than 20	174	2
Total	8,095	100

Annuity payable (\$'000) per annum per life assured at the end of 2022

	Total annuity payable (\$'000) per annum for annuity business (TMLS)	
	\$ '000	%
0 - 10	6,934	85
10 - 20	1,092	13
More than 20	174	2
Total	8,200	100

Malaysia

There is no annuity business in force as at 31 December 2023.

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33. Insurance and financial risk management (continued)
(A) Insurance risk (continued)
(b) Sensitivity analysis

The following tables present information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The Group

	Change in assumption (%)	Impact on profit before tax		Impact on equity (before the effects of taxation)	
		Gross	Net	Gross	Net
		\$'000	\$'000	\$'000	\$'000
As at 31 December 2023					
Worsening of mortality/morbidity	25	(83,740)	(46,765)	(83,765)	(51,606)
Improvement in mortality/morbidity	-25	72,895	54,407	72,569	59,780
Worsening of lapse/surrender rates	25	12,208	8,839	12,733	9,357
Improvement in lapse/surrender rates	-25	(13,772)	(8,273)	(14,216)	(8,648)
Worsening of expense	25	(35,733)	(35,701)	(35,855)	(35,830)
Improvement in expense	-25	34,956	31,732	34,819	31,601
As at 31 December 2022					
Worsening of mortality/morbidity	25	(80,649)	(44,095)	(79,562)	(49,416)
Improvement in mortality/morbidity	-25	61,815	43,098	60,785	49,041
Worsening of lapse/surrender rates	25	10,525	7,605	11,367	8,300
Improvement in lapse/surrender rates	-25	(13,054)	(8,166)	(14,023)	(8,986)
Worsening of expense	25	(18,360)	(18,347)	(18,020)	(18,020)
Improvement in expense	-25	15,529	12,843	15,189	12,513

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023
33. Insurance and financial risk management (continued)
(A) Insurance risk (continued)
(b) Sensitivity analysis (continued)
The Company

	Change in assumption (%)	Impact on profit before tax		Impact on equity (before the effects of taxation)	
		Gross	Net	Gross	Net
		\$'000	\$'000	\$'000	\$'000
As at 31 December 2023					
Worsening of mortality/morbidity	25	(66,320)	(31,621)	(64,558)	(34,675)
Improvement in mortality/morbidity	-25	61,742	45,270	59,658	48,885
Worsening of lapse/surrender rates	25	10,869	7,621	10,402	7,148
Improvement in lapse/surrender rates	-25	(12,543)	(7,079)	(11,932)	(6,472)
Worsening of expense	25	(31,489)	(31,471)	(31,349)	(31,339)
Improvement in expense	-25	30,956	27,759	30,559	27,368
As at 31 December 2022					
Worsening of mortality/morbidity	25	(59,274)	(24,977)	(57,382)	(29,493)
Improvement in mortality/morbidity	-25	50,486	33,819	48,701	39,006
Worsening of lapse/surrender rates	25	9,365	6,583	9,639	6,711
Improvement in lapse/surrender rates	-25	(11,879)	(7,115)	(12,206)	(7,293)
Worsening of expense	25	(13,638)	(13,630)	(13,202)	(13,207)
Improvement in expense	-25	11,255	8,591	10,819	8,165

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(B) Group Risk Management Policies

In alignment with Tokio Marine Holdings, the Group and the Company does not seek to eliminate all risks, but to identify, understand and manage the risks effectively. The Company is selective in its approach to risk taking, striking a balance between risk accepted and the reward it can derive from accepting that risk. The Boards of Directors of the respective entities within the Group are responsible for the overall establishment, supervision and review of all risk management processes for each entity.

The Company has in place an Enterprise Risk Management (“ERM”) Framework which is a structured and disciplined approach for aligning strategy, processes, people and systems to evaluate and manage the uncertainties the enterprise faces as it creates value. Key industry frameworks and guidelines, relevant regulatory requirements and Tokio Marine Group practices are considered in the ERM Framework.

The key ideas behind the Company’s Risk Management Philosophy include:

- Protecting the interest of policyholders by ensuring that future obligations can be met;
- Maintaining financial resilience to fund existing business and future growth in most market environments;
- Ensuring financial sufficiency to meet liquidity and capital management needs;
- Seeking earnings consistency in order to maximise long term shareholder value; and
- Building of a strong risk culture through appropriate tone from the top and ownership of risks.

The Board of Directors of the Company is ultimately responsible for the governance of risk and plays a pivotal role in ensuring a sound risk management culture and environment. It is entrusted to be the custodian of good corporate governance, the prerequisite for sound risk management. The Board is collectively accountable to stakeholders, including shareholders, for the long-term success and financial soundness of the institution.

The Board has established a Board Risk Management Committee (“RMC”) which is a committee dedicated to assist the Board in the governance of risk within the Company. The Board and RMC are supported by the Chief Risk Officer and Risk Management Department. They are responsible for the development, review and implementation of the ERM Framework.

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(B) Group Risk Management Policies (continued)

To ensure that appropriate risk are taken, business risk strategies follow the risk appetite of the Company and are monitored on a regular basis to ensure that they are within the tolerance and limits set. These levels are reviewed on an annual basis to ensure its relevancy and sufficiency in relation to the overall Company's business objective. As such, quantitative and qualitative approaches are taken to set individual risk appetite statements that are relevant to the Company.

In addition to the ERM Framework, the Company recognises that establishing a strong risk culture is necessary for the long-term success of the Company. Having a good risk culture helps in creating risk awareness among all staff of the Company. As everyone is responsible for managing the risks within their area of influence, having a higher state of risk awareness enables one to recognise risks before they appear. This enhances the Company's performance by decreasing issues and impediments. The Company uses a repertoire of tools consisting of setting the appropriate tone from the top, risk culture surveys, implementing accountability and governance policies and staff education and training to ensure continual improvement to the risk culture.

(C) Investment Committee

The Company's Investment Committee (also known as "Asset Liability Management & Investment Committee") is responsible for managing the Company's investment activities. The TMLM's Investment Committee is responsible for managing the subsidiary's investment activities and these are managed through an in-house investment team headed by the Chief Investment Officer. The respective Investment Committees are responsible for the formulation of the Company's and TMLM's investment strategy, principles, policies and procedures for the investment function. The Investment Committees set the investment limits and procedures to manage the market and credit risks faced by the Company and TMLM.

The Company and TMLM establishes suitable investment allocations and limits - Strategic Asset Allocation ("SAA") for each asset class that are in line with the Company's and Subsidiary's broad investment strategy, subject to an overall risk tolerance and requirements from shareholders, regulators and policyholders.

For the insurance funds, the setting of SAA pays due regard to asset-liability management, which puts priority on ensuring the ability to pay all contractual policyholder benefits and expense obligations. The primary aim is to generate relatively stable investment returns for the portfolio over the long-term.

The SAA is reviewed on an annual basis, recognising among other things, changes in business in-force and the economic environment, so as to ensure that it remains appropriate and is consistent with the asset-liability management strategies required to support any new products.

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NOTES TO THE FINANCIAL STATEMENTS
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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

The monitoring of market risks includes the quantification of the Group's exposure to interest rate, currency, equity price and credit risks.

The Group is exposed to market risk arising from its investment in debt securities, equities and properties. Changes in interest rates, foreign exchange rates, equity prices and credit ratings will impact the financial positions of the Group as they affect the present and future earnings of the Group.

The Investment Committees are responsible and have oversight over the investment teams to manage market risk actively through the setting of investment policies and strategic asset allocations. Investment limits are set and monitored at various levels to ensure that all investment activities are within the guidelines set by the Investment Committees.

The following is a brief description of the Group's various exposures to market risk.

The liabilities assumptions used for Asset Liability Management ("ALM") purpose are the same as those disclosed in Note 3(a) Critical accounting estimates and judgements. Capital held as a consequence of a mismatch between assets and liabilities are in accordance with the Insurance (Valuation & Capital) (Amendment) Regulations 2020, MAS Notice 133 (Notice on Valuation and Capital Framework for Insurers), BDCB Insurance Order 2006, and BNM Risk-based Capital Framework, including any subsequent revisions to the notice and regulations.

(a) Interest rate risk

The Group is exposed to interest rate risk primarily through investments in debt instruments.

The Group manages the interest rate risk after taking into consideration the underwriting and investment risks. The Company produces a quarterly Investment and ALM report for the Investment Committee to monitor the duration, convexity of its fixed income portfolio and projected policy cash-flow. The Investment Committee of the respective Company and Subsidiary would receive quarterly updates on their exposures to interest rate as part of the fixed income review.

The Group reduces interest rate risk through the close matching of assets and guaranteed liabilities of insurance funds. In this respect, the Group is able to use repurchase agreements of fixed income securities, derivative instruments – such as interest rate and cross currency swaps, to manage interest rate risk with the aim of facilitating efficient portfolio management.

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For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

The tables below illustrate the interest rate exposure of the Group's financial assets and liabilities:

The Group

	<u>Fixed rate</u>	<u>Floating rate</u>	<u>Non-interest bearing</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023				
Financial Assets at FVTPL				
Government & Public authority securities	2,427,445	-	74,757	2,502,202
Debt securities	2,926,063	609,195	-	3,535,258
Equity securities	-	-	3,698,788	3,698,788
Derivative financial instruments (exclude interest rate swaps)	95,325	-	34,981	130,306
Financial Assets at FVOCI				
Government & Public authority securities	2,352,234	-	-	2,352,234
Debt securities in corporations	1,096,217	69,776	-	1,165,993
Financial Assets at Amortised Cost				
Accrued investment income	84,725	12,779	1,420	98,924
Other assets (Excluding club membership and prepayments)	-	-	18,359	18,359
Secured loans	156	-	-	156
Unsecured loans	58	-	-	58
Cash and cash equivalents	178,908	-	311,925	490,833
	9,161,131	691,750	4,140,230	13,993,111
Financial Liabilities				
Other payables	-	-	93,523	93,523
Borrowings	47,698	498,385	-	546,083
Staff retirement benefit	2	-	-	2
Agent's retirement benefit	11,948	-	-	11,948
Derivative financial instruments	5,159	67,079	1,455	73,693
Obligations under repurchase agreement	1,762,711	-	-	1,762,711
	1,827,518	565,464	94,978	2,487,960

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

The Group (continued)

	Fixed rate \$'000	Floating rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 31 December 2022				
Financial Assets at FVTPL				
Government & Public authority securities	2,577,206	-	100,301	2,677,507
Debt securities	2,668,785	503,956	-	3,172,741
Equity securities	-	-	3,302,439	3,302,439
Derivative financial instruments (exclude interest rate swaps)	44,862	-	89,453	134,315
Financial Assets at FVOCI				
Government & Public authority securities	2,284,371	-	-	2,284,371
Debt securities in corporations	964,292	8,366	-	972,658
Financial Assets at Amortised Cost				
Accrued investment income	82,521	12,294	294	95,109
Other assets (Excluding club membership and prepayments)	-	-	11,707	11,707
Secured loans	210	-	-	210
Unsecured loans	69	-	-	69
Cash and cash equivalents	135,268	-	513,040	648,308
	8,757,584	524,616	4,017,234	13,299,434
Financial Liabilities				
Other payables	-	-	181,137	181,137
Borrowings	47,718	150,417	-	198,135
Staff retirement benefit	1	-	-	1
Agent's retirement benefit	12,142	-	-	12,142
Derivative financial instruments	24,356	87,058	1,492	112,906
Obligations under repurchase agreement	2,067,156	-	-	2,067,156
	2,151,373	237,475	182,629	2,571,477

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For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(C) Investment Committees (continued)

(a) Interest rate risk (continued)

The tables below illustrate the interest rate exposure of the Company's financial assets and liabilities:

The Company

	<u>Fixed rate</u>	<u>Floating rate</u>	<u>Non-interest bearing</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
As at 31 December 2023				
Financial Assets at FVTPL				
Government & Public authority securities	2,405,870	-	74,757	2,480,627
Debt securities	2,848,845	609,195	-	3,458,040
Equity securities	-	-	2,862,789	2,862,789
Derivative financial instruments (exclude interest rate swaps)	95,325	-	34,976	130,301
Financial Assets at FVOCI				
Government & Public authority securities	1,377,311	-	-	1,377,311
Debt securities in corporations	219,378	69,776	-	289,154
Financial Assets at Amortised Cost				
Accrued investment income	63,623	12,779	1,420	77,822
Other assets (Excluding club membership and prepayments)	-	-	11,264	11,264
Cash and cash equivalents	165,876	-	134,371	300,247
	7,176,228	691,750	3,119,577	10,987,555
Financial Liabilities				
Other payables	-	-	47,298	47,298
Borrowings	47,559	498,385	-	545,944
Derivative financial instruments	5,159	67,079	1,455	73,693
Obligations under repurchase agreement	1,762,711	-	-	1,762,711
	1,815,429	565,464	48,753	2,429,646

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33. Insurance and financial risk management (continued)

(C) Investment Committees (continued)

(a) Interest rate risk (continued)

The Company (continued)

	<u>Fixed rate</u> \$'000	<u>Floating rate</u> \$'000	<u>Non-interest bearing</u> \$'000	<u>Total</u> \$'000
As at 31 December 2022				
Financial Assets at FVTPL				
Government & Public authority securities	2,556,658	-	100,301	2,656,959
Debt securities	2,601,612	503,956	-	3,105,568
Equity securities	-	-	2,481,923	2,481,923
Derivative financial instruments (exclude interest rate swaps)	44,862	-	88,942	133,804
Financial Assets at FVOCI				
Government & Public authority securities	1,396,679	-	-	1,396,679
Debt securities in corporations	148,824	8,366	-	157,190
Financial Assets at Amortised Cost				
Accrued investment income	62,555	12,294	294	75,143
Other assets (Excluding club membership and prepayments)	-	-	4,467	4,467
Unsecured loans	69	-	-	69
Cash and cash equivalents	135,268	-	289,817	425,085
	6,946,527	524,616	2,965,744	10,436,887
Financial Liabilities				
Other payables	-	-	141,774	141,774
Borrowings	47,419	150,417	-	197,836
Derivative financial instruments	24,356	87,058	1,492	112,906
Obligations under repurchase agreement	2,067,156	-	-	2,067,156
	2,138,931	237,475	143,266	2,519,672

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For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(C) Investment Committees (continued)

(a) Interest rate risk (continued)

As the Group also invests in bonds, a study of movement in risk-free rate is undertaken for all the bonds held on the balance sheet date.

A study of a 100 basis points parallel increase or decrease across the relevant yield curves has been undertaken on the fair value of fixed income securities for TMLS and TMLM operations respectively. The table below summarises the impact on profit before tax and total equity (before the effects of taxation).

The Group

	Impact on:	
	<u>Profit before tax</u>	<u>Equity</u> (before the effects of taxation)
	\$'000	\$'000
As at 31 December 2023		
<i>100bps increase in interest rates</i>		
Net insurance contracts balance	760,356	830,975
Financial instruments	(745,353)	(1,102,839)
<i>100bps decrease in interest rates</i>		
Net insurance contracts balance	(937,004)	(1,019,197)
Financial instruments	917,111	1,349,833
As at 31 December 2022		
<i>100bps increase in interest rates</i>		
Net insurance contracts balance	737,792	835,906
Financial instruments	(728,561)	(1,082,081)
<i>100bps decrease in interest rates</i>		
Net insurance contracts balance	(911,324)	(1,024,713)
Financial instruments	899,496	1,329,867

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(C) Investment Committees (continued)

(a) Interest rate risk (continued)

The Company

	Impact on:	
	<u>Profit before tax</u>	<u>Equity</u> <u>(before the</u> <u>effects of taxation)</u>
	\$'000	\$'000
As at 31 December 2023		
<i>100bps increase in interest rates</i>		
Net insurance contracts balance	758,733	774,400
Financial instruments	(745,353)	(977,238)
<i>100bps decrease in interest rates</i>		
Net insurance contracts balance	(934,368)	(953,750)
Financial instruments	917,111	1,206,451
As at 31 December 2022		
<i>100bps increase in interest rates</i>		
Net insurance contracts balance	736,301	754,507
Financial instruments	(728,561)	(967,947)
<i>100bps decrease in interest rates</i>		
Net insurance contracts balance	(908,971)	(931,318)
Financial instruments	899,496	1,200,792

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For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

Effect of IBOR reform

IBOR reform refers to the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates ("IBOR") with alternative benchmark rates. The Company's interest rate exposure that is directly affected by the IBOR reform predominantly comprises of variable rate and callable debt securities that are linked to the USD LIBOR and Singapore SWAP Offer Rate. The table below summarises exposure of instruments that are affected by the IBOR reform.

The Group and the Company

	<u>Carrying amount</u>	Of which: not yet transited to an alternative <u>benchmark rate</u>
	\$'000	\$'000
Non-derivative financial assets	248,593	248,593
Loan from intermediate company	497,000	-
Derivative financial instruments	67,078	-

(b) Foreign currency risk

The Group is exposed to foreign exchange risk primarily from transactions denominated in foreign currencies pertaining to investment activities. The Investment Committees manage foreign currency risk by setting limits and monitoring the exposure to foreign currency on a regular basis.

The Singapore Operations has approximately 10% net foreign currency exposure for all its overseas investment assets. Currency risk arising from fixed income investments in foreign currency instruments is generally managed using foreign currency forward contracts and cross currency swaps, which are relatively certain in their timing and extent.

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For the financial year ended 31 December 2023
33. Insurance and financial risk management (continued)
(C) Investment Committee (continued)
(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the Group's insurance contracts and reinsurance contracts held, financial assets and liabilities by major currencies:

The Group

	SGD \$'000	MYR \$'000	USD \$'000	Others \$'000	Total (SGD) \$'000
As at 31 December 2023					
Financial Assets at FVTPL					
Government and public authority securities	2,278,988	21,575	201,639	-	2,502,202
Debt securities in corporations	1,637,276	77,218	1,820,764	-	3,535,258
Equity securities	996,781	608,217	995,035	1,098,755	3,698,788
Derivative financial instruments	-	5	-	-	5
Financial Assets at FVOCI					
Government and public authority securities	1,361,413	974,923	15,898	-	2,352,234
Debt securities in corporations	163,786	876,839	125,368	-	1,165,993
Financial Assets at Amortised Cost					
Accrued investment income	47,601	21,070	29,407	846	98,924
Other assets (exclude club membership and prepayments)	5,350	2,850	6,286	3,873	18,359
Secured loans	-	156	-	-	156
Unsecured loans	-	58	-	-	58
Cash and Cash equivalents	274,387	175,616	32,071	8,759	490,833
Reinsurance Contract assets	24,838	24,776	17,631	162	67,407
	6,790,420	2,783,303	3,244,099	1,112,395	13,930,217
Financial Liabilities					
Insurance contract liabilities	9,184,673	2,605,974	14,038	50,058	11,854,743
Reinsurance contract liabilities	-	1,330	-	-	1,330
Other payables	49,913	38,620	3,236	1,754	93,523
Borrowings	545,944	139	-	-	546,083
Derivative financial instrument	67,079	-	6,614	-	73,693
Obligations under repurchase agreement	1,762,711	-	-	-	1,762,711
Staff retirement benefit	-	2	-	-	2
Agent's retirement benefit	119	11,829	-	-	11,948
	11,610,439	2,657,894	23,888	51,812	14,344,033
Net financial assets	(4,820,019)	125,409	3,220,211	1,060,583	(413,816)
Less: Forward foreign exchange contracts (net)	-	-	(2,233,533)	-	(2,233,533)
Less: Cross currency swap contracts (net)	-	-	(587,492)	-	(587,492)
Less: Net financial assets denominated in the respective entities	4,820,019	(120,519)	-	-	4,699,500
Currency Exposure	-	4,890	399,186	1,060,583	1,464,659

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For the financial year ended 31 December 2023
33. Insurance and financial risk management (continued)
(C) Investment Committee (continued)
(b) Foreign currency risk (continued)
The Group (continued)

	<u>SGD</u> \$'000	<u>MYR</u> \$'000	<u>USD</u> \$'000	<u>Others</u> \$'000	<u>Total (SGD)</u> \$'000
As at 31 December 2022					
Financial Assets at FVTPL					
Government and public authority securities	2,393,804	20,548	263,155	-	2,677,507
Debt securities in corporations	1,544,200	67,173	1,561,368	-	3,172,741
Equity securities	922,993	655,678	931,842	791,926	3,302,439
Derivative financial instruments	-	511	-	-	511
Financial Assets at FVOCI					
Government and public authority securities	1,380,896	887,692	15,783	-	2,284,371
Debt securities in corporations	99,984	815,468	57,206	-	972,658
Financial Assets at Amortised Cost					
Accrued investment income	47,588	19,966	27,271	284	95,109
Other assets (exclude club membership and prepayments)	2,119	7,240	2,482	-	11,841
Secured loans	-	210	-	-	210
Unsecured Loans	69	-	-	-	69
Cash and Cash equivalents	382,240	223,374	35,953	6,741	648,308
Insurance Contract assets	253	-	-	-	253
Reinsurance Contract assets	32,201	22,569	6,674	335	61,779
	6,806,347	2,720,429	2,901,734	799,286	13,227,796
Financial Liabilities					
Insurance contract liabilities	8,577,307	2,524,332	11,253	46,547	11,159,439
Reinsurance contract liabilities	-	1,471	-	-	1,471
Other payables	140,708	39,364	1,065	-	181,137
Borrowings	197,836	299	-	-	198,135
Derivative financial instrument	87,058	-	25,848	-	112,906
Obligations under repurchase agreement	2,067,156	-	-	-	2,067,156
Staff retirement benefit	-	1	-	-	1
Agent's retirement benefit	-	12,142	-	-	12,142
	11,070,065	2,577,609	38,166	46,547	13,732,387
Net financial assets	(4,263,718)	142,820	2,863,568	752,739	(504,591)
Less: Forward foreign exchange contracts (net)	-	-	(2,216,305)	-	(2,216,305)
Less: Cross currency swap contracts (net)	-	-	(528,823)	-	(528,823)
Less: Net financial assets denominated in the respective entities	4,265,471	(137,295)	-	-	4,128,176
Currency Exposure	1,753	5,525	118,440	752,739	878,457

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the Company's insurance contracts and reinsurance contracts held, financial assets and liabilities by major currencies:

The Company

	<u>SGD</u> \$'000	<u>MYR</u> \$'000	<u>USD</u> \$'000	<u>Others</u> \$'000	<u>Total (SGD)</u> \$'000
As at 31 December 2023					
Financial Assets at FVTPL					
Government and public authority securities	2,278,988	-	201,639	-	2,480,627
Debt securities in corporations	1,637,276	-	1,820,764	-	3,458,040
Equity securities	996,781	4,700	762,553	1,098,755	2,862,789
Derivative financial instruments	-	-	-	-	-
Financial Assets at FVOCI					
Government and public authority securities	1,361,413	-	15,898	-	1,377,311
Debt securities in corporations	163,786	-	125,368	-	289,154
Financial Assets at Amortised Cost					
Accrued investment income	47,569	-	29,407	846	77,822
Other assets (exclude club membership and prepayments)	1,000	105	6,286	3,873	11,264
Secured Loans	-	-	-	-	-
Unsecured Loans	-	-	-	-	-
Cash and Cash equivalents	259,275	147	32,071	8,754	300,247
Insurance Contract assets	-	-	-	-	-
Reinsurance Contract assets	24,838	-	17,631	162	42,631
	6,770,926	4,952	3,011,617	1,112,390	10,899,885
Financial Liabilities					
Insurance contract liabilities	9,184,673	-	14,038	50,058	9,248,769
Reinsurance contract liabilities	-	-	-	-	-
Other payables	42,246	62	3,236	1,754	47,298
Borrowings	545,944	-	-	-	545,944
Derivative financial instrument	67,079	-	6,614	-	73,693
Obligations under repurchase agreement	1,762,711	-	-	-	1,762,711
	11,602,653	62	23,888	51,812	11,678,415
Net financial assets	(4,831,727)	4,890	2,987,729	1,060,578	(778,530)
Less: Forward foreign exchange contracts (net)	-	-	(2,233,533)	-	(2,233,533)
Less: Cross currency swap contracts (net)	-	-	(587,492)	-	(587,492)
Less: Net financial assets denominated in the respective entities	4,831,727	-	-	-	4,831,727
Currency Exposure	-	4,890	166,704	1,060,578	1,232,172

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(C) Investment Committee (continued)
(b) Foreign currency risk (continued)
The Company (continued)

	<u>SGD</u> \$'000	<u>MYR</u> \$'000	<u>USD</u> \$'000	<u>Others</u> \$'000	<u>Total (SGD)</u> \$'000
As at 31 December 2022					
Financial Assets at FVTPL					
Government and public authority securities	2,393,804	-	263,155	-	2,656,959
Debt securities in corporations	1,544,200	-	1,561,368	-	3,105,568
Equity securities	922,994	5,369	761,634	791,926	2,481,923
Derivative financial instruments	-	-	-	-	-
Financial Assets at FVOCI					
Government and public authority securities	1,380,896	-	15,783	-	1,396,679
Debt securities in corporations	99,984	-	57,206	-	157,190
Financial Assets at Amortised Cost					
Accrued investment income	47,588	-	27,271	284	75,143
Other assets (exclude club membership and prepayments)	2,119	-	2,482.00	-	4,601
Secured Loans	-	-	-	-	-
Unsecured Loans	69	-	-	-	69
Cash and Cash equivalents	382,240	156	35,953	6,736	425,085
Insurance Contract assets	253	-	-	-	253
Reinsurance Contract assets	32,201	-	6,674	335	39,210
	6,806,348	5,525	2,731,526	799,281	10,342,680
Financial Liabilities					
Insurance contract liabilities	8,577,307	-	11,253	46,547	8,635,107
Reinsurance contract liabilities	-	-	-	-	-
Other payables	140,709	-	1,065	-	141,774
Borrowings	197,836	-	-	-	197,836
Derivative financial instrument	87,058	-	25,848	-	112,906
Obligations under repurchase agreement	2,067,156	-	-	-	2,067,156
	11,070,066	-	38,166	46,547	11,154,779
Net financial assets	(4,263,718)	5,525	2,693,360	752,734	(812,099)
Less: Forward foreign exchange contracts (net)	-	-	(2,216,305)	-	(2,216,305)
Less: Cross currency swap contracts (net)	-	-	(528,823)	-	(528,823)
Less: Net financial assets denominated in the respective entities	4,263,718	-	-	-	4,263,718
Currency Exposure	-	5,525	(51,768)	752,734	706,491

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(c) Equity risk

The Group is exposed to equity price risk primarily through its investments in quoted equity instruments. The Group is directly exposed to equity price risk for investments and bears all or most of the volatility in returns and investment performance. Equity price risk also exists in investment-linked products but these risks are generally borne by the policyholders. The impact to the Group is that the revenues of the insurance operations (management fees) are linked to the value of the underlying investment-linked assets.

The Group has determined the target percentage of equity exposure to the total investment portfolio. These exposure limits approved by the Investment Committees, are defined within Strategic Asset Allocation (SAA) and includes the monitoring of limits to various countries and sectors in the equity market.

The Group invests primarily in Developed Market and Asian stock markets for its Singapore operations, and Malaysia and Asian stock markets for its Malaysia operations. In this analysis, the applicable shock is applied to each market exposure. In addition, the Group makes adjustments or assumptions where it determines this to be necessary or appropriate.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(c) Equity risk (continued)

A study of a 10% increase or decrease in the equity prices has been undertaken for Singapore and Malaysia operations respectively. The table below summarises the impact on profit before tax and total equity (before the effects of taxation).

The Group

	Impact on:	
	Profit before tax	Equity (before the effects of taxation)
	\$'000	\$'000
As at 31 December 2023		
<i>10% increase in equity prices</i>		
Net insurance contracts balance	(263,193)	(263,087)
Financial instruments	284,736	284,736
<i>10% decrease in equity prices</i>		
Net insurance contracts balance	264,004	263,911
Financial instruments	(284,736)	(284,736)
As at 31 December 2022		
<i>10% increase in equity prices</i>		
Net insurance contracts balance	(227,279)	(227,100)
Financial instruments	239,809	239,809
<i>10% decrease in equity prices</i>		
Net insurance contracts balance	222,552	222,224
Financial instruments	(239,809)	(239,809)

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(c) Equity risk (continued)

The Company

	Impact on:	
	<u>Profit before tax</u>	<u>Equity</u> <u>(before the</u> <u>effects of taxation)</u>
	\$'000	\$'000
As at 31 December 2023		
<i>10% increase in equity prices</i>		
Net insurance contracts balance	(231,818)	(231,712)
Financial instruments	241,731	241,731
<i>10% decrease in equity prices</i>		
Net insurance contracts balance	232,637	232,544
Financial instruments	(241,731)	(241,731)
As at 31 December 2022		
<i>10% increase in equity prices</i>		
Net insurance contracts balance	(184,330)	(184,151)
Financial instruments	188,038	188,038
<i>10% decrease in equity prices</i>		
Net insurance contracts balance	184,099	183,771
Financial instruments	(188,038)	(188,038)

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk

The Group is exposed to credit risk through (i) investments in cash, money market and debt instruments (ii) exposure to counterparty's credit in group and reinsurance contracts (iii) lending activities.

For all three types of exposures, financial loss may materialise as a result of a default by the borrower or counterparty. For investments in cash, money market and debt instruments, financial loss may also materialise as a result of a default by the issuer on the coupon payment or the principal amount. Even without a default, losses may materialise due to a widening of credit spread or a downgrade of credit rating. The Group has internal limits by issuer or counterparty and restrict debt instruments to investment grade ratings or equivalents (internal ratings for unrated bonds). These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis by the Investment Committees. For unrated issues, they were not rated as the issuer did not obtain any credit rating from the respective rating agencies during the launch. Such issues although not rated are issued by companies which have sound financial and high credit worthiness. The credit worthiness for such bonds is evaluated and given an internal rating by the investment manager. They are then monitored on an ongoing basis with a review annually at the minimum for any deviation especially for a deterioration.

The creditworthiness of reinsurers is assessed on at least a quarterly basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

The Group manages its lending activities by extending loans against collateral pledged to the Group. Regular monitoring and review of the payments of loans are performed by the Group to identify any non-performing loan. Any non-performing loan identified is communicated to management. Based on the decisions made by management on the possible course of recovery and provision of these loans, appropriate action is taken.

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33. Insurance and financial risk management (continued)
(C) Investment Committee (continued)
(d) Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the balance sheet. In compiling the credit rating tables, ratings from external credit agencies have been used where available. The table also provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties.

The tables below show the credit ratings of financial assets held by the Group:

The Group

	<u>Neither past-due nor impaired</u>			<u>Past due or impaired</u>	<u>Total</u>
	Investment grade* (AAA+ to A-)	Investment grade* (BBB+ to BBB-)	Not rated	Not rated	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023					
Financial Assets at FVTPL					
Government and public authority securities	2,380,013	100,614	21,575	-	2,502,202
Debt securities in corporations	1,539,466	1,085,240	910,552	-	3,535,258
Equities securities	123,700	264,800	3,310,288	-	3,698,788
Derivative financial instruments	-	-	130,306	-	130,306
Financial Assets at FVOCI					
Government and public authority securities	1,368,627	8,684	974,923	-	2,352,234
Debt securities in corporations	1,002,798	88,043	75,152	-	1,165,993
Financial Assets at Amortised Cost					
Accrued investment income	47,738	19,277	31,909	-	98,924
Other assets (exclude club membership and prepayments)	-	-	17,135	1,224	18,359
Secured Loans	-	-	156	-	156
Unsecured Loans	-	-	58	-	58
Cash and cash equivalents	457,348	33,472	13	-	490,833
Reinsurance contract assets	62,663	4,744	-	-	67,407
	6,982,353	1,604,874	5,472,067	1,224	14,060,518
As at 31 December 2022					
Financial Assets at FVTPL					
Government and public authority securities	2,550,926	106,033	20,548	-	2,677,507
Debt securities in corporations	1,185,046	1,137,634	850,061	-	3,172,741
Equities securities	120,220	431,505	2,567,322	183,392	3,302,439
Derivative financial instruments	-	-	134,315	-	134,315
Financial Assets at FVOCI					
Government and public authority securities	1,388,464	8,215	887,692	-	2,284,371
Debt securities in corporations	867,921	40,054	64,683	-	972,658
Financial Assets at Amortised Cost					
Accrued investment income	42,057	23,153	29,899	-	95,109
Other assets (exclude club membership and prepayments)	-	-	10,411	1,296	11,707
Secured Loans	-	-	210	-	210
Unsecured Loans	-	-	69	-	69
Cash and cash equivalents	572,000	76,200	108	-	648,308
Reinsurance contract assets	56,918	4,861	-	-	61,779
	6,783,552	1,827,655	4,565,318	184,688	13,361,213

*Credit rating scale as per S&P and Fitch

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(C) Investment Committee (continued)
(d) Credit risk (continued)

The tables below show the credit ratings of financial assets held by the Company:

The Company

	<u>Neither past-due nor impaired</u>			<u>Past due or impaired</u>	<u>Total</u>
	Investment grade* (AAA+ to A-)	Investment grade* (BBB+ to BBB-)	Not rated	Not rated	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023					
Financial Assets at FVTPL					
Government and public authority securities	2,380,013	100,614	-	-	2,480,627
Debt securities in corporations	1,462,248	1,085,240	910,552	-	3,458,040
Equities securities	123,700	264,800	2,474,289	-	2,862,789
Derivative financial instruments	-	-	130,301	-	130,301
Financial Assets at FVOCI					
Government and public authority securities	1,368,627	8,684	-	-	1,377,311
Debt securities in corporations	138,907	88,043	62,204	-	289,154
Financial Assets at Amortised Cost					
Accrued investment income	47,706	19,277	10,839	-	77,822
Other assets (exclude club membership and prepayments)	-	-	11,264	-	11,264
Cash and cash equivalents	266,775	33,472	-	-	300,247
Reinsurance contract assets	42,631	-	-	-	42,631
	5,830,607	1,600,130	3,599,449	-	11,030,186
As at 31 December 2022					
Financial Assets at FVTPL					
Government and public authority securities	2,550,926	106,033	-	-	2,656,959
Debt securities in corporations	1,117,873	1,137,634	850,061	-	3,105,568
Equities securities	120,220	431,505	1,930,198	-	2,481,923
Derivative financial instruments	-	-	133,804	-	133,804
Financial Assets at FVOCI					
Government and public authority securities	1,388,464	8,215	-	-	1,396,679
Debt securities in corporations	66,091	40,054	51,045	-	157,190
Financial Assets at Amortised Cost					
Accrued investment income	42,057	23,153	9,933	-	75,143
Other assets (exclude club membership and prepayments)	-	-	4,467	-	4,467
Unsecured Loans	-	-	69	-	69
Cash and cash equivalents	348,885	76,200	-	-	425,085
Reinsurance contract assets	39,210	-	-	-	39,210
	5,673,726	1,822,794	2,979,577	-	10,476,097

*Credit rating scale as per S&P and Fitch

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

The FVOCI financial assets which are not rated comprise mainly bonds issued by Singapore statutory authorities or companies listed on the Singapore Stock Exchange or the Kuala Lumpur Stock Exchange. The issues were not rated as the issuer did not obtain any credit rating from the respective rating agencies during the launch. Such issues although not rated are issued by companies which have sound financial and high credit worthiness. The credit worthiness for such bonds is monitored by the investment manager on a regular basis and reviewed annually at the minimum.

The Group's business portfolio includes mortgage loans as well as other unsecured loans to staff or advisers. Mortgage loans are generally secured by collateral. The amount of loan is based on the valuation of the collateral as well as an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. The fair value of collaterals, held by the Group as lender, for which it is entitled to sell or pledge in the event of default is as follows:

The tables below show the status of loans given by the Group and Company:

<u>The Group and The Company</u>			
	<u>Type of</u>	<u>Carrying</u>	<u>Fair value of</u>
	<u>collaterals</u>	<u>amount</u>	<u>collaterals</u>
		<u>of loans</u>	<u>collaterals</u>
		<u>\$'000</u>	<u>\$'000</u>
As at 31 December 2023			
Loan secured by properties	Properties	156	156
Unsecured Loans	NA	58	-
		214	156
As at 31 December 2022			
Loan secured by properties	Properties	210	303
Unsecured Loans	NA	69	-
		279	303

Credit loss allowance on financial assets of the Group is computed using forward looking methodology via the ECL approach. In 2023, an ECL allowance of \$1,082,000 was provided on financial assets.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

Model for expected credit losses

SFRS(I) 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- (i) A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group.
- (ii) If a SICR⁵ since initial recognition is identified (unless they have low credit risk at the reporting date), the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired.
- (iii) If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- (iv) Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of the lifetime ECL that results from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on the ECL on a lifetime basis.
- (v) A pervasive concept in measuring the ECL on accordance with SFRS(I) 9 is that is should consider forward-looking information.
- (vi) Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

⁵ "SICR" refers to significant increase in credit risk

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(i) *Quantitative criteria*

The borrower is more than 90 days past due on its contractual payments.

(ii) *Qualitative criteria*

The borrower meets the unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance;
- The borrower is insolvent;
- The borrower is in breach of (a) financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulties;
- It is becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") throughout the Group's expected loss calculations.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per definition of default and credit-impaired assets above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD)
- The EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- The LGD represents the Group's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of borrower, type and seniority of claim and availability of collateral or other credit support. The LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The LGD is calculated on a 12M or lifetime basis, where the 12M LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier year). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

For the Company, the Lifetime PD is developed by calculating probabilities of default at a minimum of an annual frequency all the way out for 20 years. For maturities beyond 20 years, due to lack of availability of data, it is assumed that the 20 year annual marginal PD holds constant from the 20 year mark till maturity.

For TMLM, the Lifetime PD is computed based on multi-year PDs of up to 30 years, which are derived from statistical methods relying on both publicly available and internal ratings data.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

Forward-looking economic information is also included in determining the 12M and lifetime PD, EAD and LGD. These assumptions vary by product type.

The Group assesses at each reporting date the loss allowances for ECL and the impairment staging of financial assets measured at AC and FVOCI.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Significant increase in credit risk

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

(i) Quantitative criteria

Thresholds have been established to determine whether the remaining Lifetime PD at the reporting date has increased significantly compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

(ii) Qualitative criteria

For debt instruments securities, if the instrument meets one or more of the following criteria:

- significant increase in credit spread;
- significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- actual or expected forbearance or restructuring; or
- actual or expected significant adverse change in operating results of the borrower.

The assessment of a SICR incorporates forward-looking information and is performed at the borrower level and on a periodic basis. The criteria used to identify a SICR are monitored and reviewed periodically for appropriateness by the finance team.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

Significant increase in credit risk (continued)

(iii) *Backstop criteria*

A backstop is applied and the debt financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

Low credit risk debt instruments

The Group has used the low credit risk exemption for financial instruments when they meet the following conditions:

- the financial instrument has a low risk of default;
- the borrower is considered to have a strong capacity to meet its obligations in the near term; and
- the Group expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

The Group defines low credit risk financial assets as financial assets that are “investment grade” at the reporting date, based on the Group’s credit grading policies. For such instruments, the SICR is still assessed, but the impairment allowance is calculated and the financial asset is measured using the 12M ECL, as long as the financial asset meets the criteria above.

Forward-looking information incorporated in the ECL models

The Company subscribes to Bloomberg’s IFRS 9 ECL product which incorporates forward-looking information into the assessment of SICR and calculation of ECL. This is done through Bloomberg’s methodology of deriving PD from the share price and asset volatility (forward-looking indicators) of the issuer of the financial instrument. This PD value is then used by Bloomberg in both assessment of SICR and ECL computation. TMLM subscribes to RAM MFRS 9 SaaS, which incorporates information such as Gross Domestic Product and current and future interest rate environments into the assessment of SICR and ECL calculation.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

Amounts arising from expected credit loss

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period.

The Group

	<u>Stage 1</u>		<u>Stage 2</u>		<u>Total</u>	
	<u>Carrying amount</u>	<u>Related ECL allowance</u>	<u>Carrying amount</u>	<u>Related ECL allowance</u>	<u>Carrying amount</u>	<u>Related ECL allowance</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
As at 1 January 2023	3,273,340	769	1,478	82	3,274,818	851
Originated or purchased	610,360	38	-	-	610,360	38
Matured or sold	(63,074)	(25)	(1,501)	(82)	(64,575)	(107)
Remeasurements ¹	(11,620)	626	23	-	(11,597)	626
Total impairment charge for the period²	535,666	639	(1,478)	(82)	534,188	557
Currency translation differences	(31,610)	(5)	-	-	(31,610)	(5)
As at 31 December 2023	3,777,396	1,408	-	-	3,777,396	1,408

The Company

	<u>Stage 1</u>		<u>Stage 2</u>		<u>Total</u>	
	<u>Carrying amount</u>	<u>Related ECL allowance</u>	<u>Carrying amount</u>	<u>Related ECL allowance</u>	<u>Carrying amount</u>	<u>Related ECL allowance</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
As at 1 January 2023	1,552,391	443	1,478	82	1,553,869	525
Originated or purchased	188,768	-	-	-	188,768	-
Matured or sold	(63,074)	(25)	(1,501)	(82)	(64,575)	(107)
Remeasurements	(11,620)	626	23	-	(11,597)	626
Total impairment charge for the period	114,074	601	(1,478)	(82)	112,596	519
As at 31 December 2023	1,666,465	1,044	-	-	1,666,465	1,044

¹ Includes releases of ECL allowance.

² There have been no write-offs or recoveries to write-off during the year. Unwind of discount was immaterial and therefore not separately presented.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

Credit risk grading

The Group uses external credit risk ratings to assess credit risk. The credit ratings are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating is lower than the difference in the PD between a B and B- rating.

(e) Alternative investment risk

The Group is exposed to alternative investment risk through investments in direct real estate investments in Singapore and Malaysia, but the exposure is minimal.

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For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(f) Fair value measurements

Fair value hierarchy

The Group categorises a financial asset or a financial liability measured at fair value at the same level of fair value hierarchy as the lowest-level input that is significant to the entire measurement.

The Group ranks fair value measurements based on the type of inputs, as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equities, bonds and derivatives) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has no Level 3 investments during the two reporting periods presented, but the Subsidiary holds Level 3 investments in both reporting periods.

During the financial years ended 31 December 2023 and 2022, there was no transfer of investments between Level 1 and 2 and in and out of Level 3 of the fair value hierarchy for the Group.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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For the financial year ended 31 December 2023

33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(f) Fair value measurements (continued)

Valuation techniques used to determined fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts determined using forward exchange rates at the balance sheet date; and
- the fair value of the remaining financial instruments determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in Level 2.

Recognised fair value measurement

This note sets out the split of financial instruments by fair value hierarchy level:

The Group

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023				
Investment assets at FVTPL				
Government and public authority securities	2,278,988	223,214	-	2,502,202
Debt securities in corporations	-	3,535,258	-	3,535,258
Equity securities	2,391,148	1,301,805	5,835	3,698,788
Derivatives	5	130,301	-	130,306
	4,670,141	5,190,578	5,835	9,866,554
Investments assets at FVOCI				
Government bonds	1,361,413	990,821	-	2,352,234
Other debt securities	-	1,165,993	-	1,165,993
	1,361,413	2,156,814	-	3,518,227
Investment properties	-	-	148,922	148,922
Total Assets	6,031,554	7,347,392	154,757	13,553,703
Derivatives	-	73,693	-	73,693
Total Liabilities	-	73,693	-	73,693

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(f) Fair value measurements (continued)

Recognised fair value measurement (continued)

The Group (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
As at 31 December 2022				
Investment assets at FVTPL				
Government and public authority securities	2,393,804	283,703	-	2,677,507
Debt securities in corporations	-	3,172,741	-	3,172,741
Equity securities	2,106,779	1,189,724	5,936	3,302,439
Derivatives	511	133,804	-	134,315
	<u>4,501,094</u>	<u>4,779,972</u>	<u>5,936</u>	<u>9,287,002</u>
Investments assets at FVOCI				
Government bonds	1,380,896	903,475	-	2,284,371
Other debt securities		972,658	-	972,658
	<u>1,380,896</u>	<u>1,876,133</u>	<u>-</u>	<u>3,257,029</u>
Investment properties	-	-	151,074	151,074
Total assets	<u>5,881,990</u>	<u>6,656,105</u>	<u>157,010</u>	<u>12,695,105</u>
Derivatives	-	112,906	-	112,906
Total liabilities	<u>-</u>	<u>112,906</u>	<u>-</u>	<u>112,906</u>

The Company

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
As at 31 December 2023				
Investment assets at FVTPL				
Government and public authority securities	2,278,988	201,639	-	2,480,627
Debt securities in corporations	-	3,458,040	-	3,458,040
Equity securities	1,913,809	948,980	-	2,862,789
Derivatives	-	130,301	-	130,301
	<u>4,192,797</u>	<u>4,738,960</u>	<u>-</u>	<u>8,931,757</u>
Investments assets at FVOCI				
Government bonds	1,361,413	15,898	-	1,377,311
Other debt securities	-	289,154	-	289,154
	<u>1,361,413</u>	<u>305,052</u>	<u>-</u>	<u>1,666,465</u>
Investment properties	-	-	121,930	121,930
Total assets	<u>5,554,210</u>	<u>5,044,012</u>	<u>121,930</u>	<u>10,720,152</u>
Derivatives	-	73,693	-	73,693
Total liabilities	<u>-</u>	<u>73,693</u>	<u>-</u>	<u>73,693</u>

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33. Insurance and financial risk management (continued)
(C) Investment Committee (continued)
(f) Fair value measurements (continued)
Recognised fair value measurement (continued)
The Company (continued)

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
As at 31 December 2022				
Investment assets at FVTPL				
Government bonds	2,393,804	263,155	-	2,656,959
Other debt securities	-	3,105,568	-	3,105,568
Equity securities	1,583,211	898,712	-	2,481,923
Derivatives	-	133,804	-	133,804
	<u>3,977,015</u>	<u>4,401,239</u>	<u>-</u>	<u>8,378,254</u>
Investments assets at FVOCI				
Government bonds	1,380,896	15,783	-	1,396,679
Other debt securities	-	157,190	-	157,190
	<u>1,380,896</u>	<u>172,973</u>	<u>-</u>	<u>1,553,869</u>
Investment properties	-	-	99,500	99,500
Total assets	<u>5,357,911</u>	<u>4,574,212</u>	<u>99,500</u>	<u>10,031,623</u>
Derivatives	-	112,906	-	112,906
Total Liabilities	<u>-</u>	<u>112,906</u>	<u>-</u>	<u>112,906</u>

The following table presents the changes in Level 3 instruments at the Group and the Company level:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	157,010	150,142	99,500	87,500
Currency translation differences	(3,182)	(3,938)	-	-
Transfers	-	-	20,360	-
Disposals	-	(1,544)	-	-
Fair value gains recognised in:				
- other comprehensive income	-	345	-	-
- profit or loss	929	12,005	2,070	12,000
End of financial year	<u>154,757</u>	<u>157,010</u>	<u>121,930</u>	<u>99,500</u>

Recognised fair value measurement

The carrying amounts of cash and cash equivalents, floating rate subordinated debt, other financial assets and other financial liabilities approximate their fair value.

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(g) Offsetting financial assets and financial liabilities

The Group entered into enforceable master netting agreements for derivative transactions with various counterparties.

The provision in the master netting agreements or similar agreements enable a party to terminate transactions early and settle at a net amount if a default or termination event occurs. The Group and the Company have the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

The Group

	2023 \$'000	2022 \$'000
Derivative financial assets		
Gross amount	130,306	134,315
Less: Gross amount set off in balance sheet	-	-
Net amount presented in balance sheet	130,306	134,315
Less: Financial collateral received	-	-
Net amount	130,306	134,315
Derivative financial liabilities		
Gross amount	73,693	112,906
Less: Gross amount set off in balance sheet	-	-
Net amount presented in balance sheet	73,693	112,906
Less: Financial collateral pledged	(26,147)	(78,002)
Net amount	47,546	34,904

The Company

	2023 \$'000	2022 \$'000
Derivative financial assets		
Gross amount	130,301	133,804
Less: Gross amount set off in balance sheet	-	-
Net amount presented in balance sheet	130,301	133,804
Less: Financial collateral received	-	-
Net amount	130,301	133,804
Derivative financial liabilities		
Gross amount	73,693	112,906
Less: Gross amount set off in balance sheet	-	-
Net amount presented in balance sheet	73,693	112,906
Less: Financial collateral pledged	(26,147)	(78,002)
Net amount	47,546	34,904

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33. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(h) Investment in funds

The funds invested in by the Group may utilise a variety of financial instruments in their trading strategies, including equity and debt securities as well as an array of derivative instruments. Several of these financial instruments contain varying degrees of off-balance sheet risk whereby changes in market values of the securities underlying the financial instruments may be in excess of the amounts recorded on each portfolio fund's statement of financial position. However, as the Group has limited interests in these funds, the Group's risk with respect to such transactions is limited to its capital balance in each fund.

The Group's holding in a fund, as a percentage of the fund's total net asset value, may vary from time to time depending on the volume of subscriptions and redemptions at the fund level. It is possible that the Group may, at any point in time, hold a majority of a fund's total units in issue.

(i) Underlying items of contract with direct participation features

The following table sets out the composition and the fair value of the underlying items for the Company's contracts with direct participation features at all the reporting date.

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash & cash equivalent	248,561	311,912	154,346	210,899
Financial assets at fair value through profit and loss	9,426,502	8,949,085	8,743,865	8,162,915
Financial assets at fair value through other comprehensive income	920,183	896,757	-	-
Derivative financial instruments	127,220	129,493	127,215	128,982
Other assets	79,076	78,834	67,944	62,065
Loans	156	166	-	-
Investment properties	119,253	121,219	76,010	75,630
Property, plant & equipment	113,339	112,245	67,859	63,548
Intangible asset	4,825	5,091	3,247	3,183
<i>Less: payables and other liabilities</i>	(1,489,146)	(1,561,665)	(1,453,552)	(1,533,924)
	9,549,969	9,043,137	7,786,934	7,173,298

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34. Capital management

The Group's capital management objective is to hold sufficient capital in order to

- Ensure obligations to policyholders are met with a high degree of certainty.
- Provide capacity to take risk and generate a reasonable return on capital for shareholders.
- Fulfil expectations of regulators about the Company's capital adequacy.

The Group currently uses capital requirements under the respective regulatory regimes it operates in as a proxy for capital adequacy assessment. Each regime prescribes a minimum amount of capital that must be held to fulfil statutory solvency requirements in each country that it operates in and must be met at all times throughout the year. As part of the statutory requirements, the Company and its Malaysian subsidiary report their capital position quarterly. Internally, the Group also sets its own minimum capital position with consideration for the above objectives.

For TMLS, under the Notice 133 Insurance (Valuation and Capital) (Amendment) Regulations 2020 new capital regime (RBC2) pursuant to the section 18 and 64(2) of the Insurance Act, the minimum capital adequacy ratio is 100% as well as any additional capital add-ons imposed by MAS. As at 31 December 2023, the capital adequacy ratio is 102% (2022 79%), which is the ratio of financial resources of \$1,823 million (2022 \$1,344 million) to the total risk requirement of \$1,793 million (2022 \$1,697 million). There is loan raised on 16 January 2024 and equity raised on 12 September 2024 by the Group to strengthen the balance sheet and liquidity position (Note 28).

For TMLM, under the Risk-based Capital Framework, the minimum requirement for each insurance entity is 130%. As at 31 December 2023, the capital adequacy ratio is 262% (2022: 253%), which is the ratio of available capital of \$885 million (2022: \$839 million) to the total risk requirement of \$338 million (2022: 332 million).

Liquidity Risks

Liquidity risk arises when a company is unable to meet its obligations on a timely basis; especially when the investment portfolio is largely made up of illiquid assets. Under normal circumstances, the liquidity demands of an insurance company are often determined through ongoing operations, continuous premium income, sale of disposable assets and borrowings. For insurers, the expected liquidity needs are often determined through projection of outflows from the in-force insurance policy contract liabilities; the liabilities include renewal commissions, claims and other benefits (maturity and surrender). While the nature of these outflows is deemed to be largely stable and can be assumed at the outset, the Group remains susceptible to exceptional experiences (surrender or catastrophic events) for its insurance portfolio. Also, companies may be subject to unexpected liquidity tightening due to adverse implications from the wider economic factors (domestic or global) or undue volatilities and unexpected losses experienced within investments.

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34. Capital management (continued)

Liquidity Risks (continued)

Liquidity risk is reduced by having insurance contract liabilities that are well diversified by product and policyholder. The Group designs insurance products to encourage policyholders to maintain their policies in-force, thereby generating a diversified and stable flow of recurring premium income.

The Group adopts prudent liquidity risk management by monitoring daily operating liquidity and cash movements to ensure liquidity is available and cash is employed optimally. The Group and the Company have cash and cash equivalents of \$491 million and \$300 million (2022: \$648 million and \$425 million) to meet its liquidity requirements.

The following table shows the contractual maturity profile of the Group's investment assets and insurance liabilities. For investment assets, the expected recovery or settlement of financial assets and maturity profile of the Group's financial liabilities are presented on a contractual undiscounted cash flow basis. For insurance contracts issued and reinsurance contracts held, the maturity profile is presented based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

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34. Capital management (continued)

Liquidity Risks (continued)

The Group

	Up to 1 year S\$m	1-2 years S\$m	2-3 years S\$m	3-4 years S\$m	4-5 years S\$m	Over 5 years S\$m	No fixed maturity S\$m
As at 31 December 2023							
Financial Assets at FVTPL							
Government and public authority securities	75	-	-	5	16	2,406	-
Debt securities in corporations	132	142	213	120	103	2,825	-
Equities securities	-	-	-	-	-	444	3,255
Derivative financial instruments	130	-	-	-	-	-	-
Financial Assets at FVOCI							
Government and public authority securities	13	20	30	35	47	2,207	-
Debt securities in corporations	104	91	88	152	149	582	-
Financial Assets at Amortised Cost							
Accrued investment income	99	-	-	-	-	-	-
Secured loans*	-	-	-	-	-	-	-
Unsecured loans*	-	-	-	-	-	-	-
Other assets (Exclude club membership and prepayments)	18	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	491
Total investment asset	571	253	331	312	315	8,464	3,746
Insurance contract balances							
Reinsurance contract assets	(37)	3	3	2	2	6	-
Insurance contract liabilities	860	185	218	244	266	8,637	-
Reinsurance contract liabilities	-	-	-	-	-	1	-
Total insurance contract balances	823	188	221	246	268	8,644	-

*Amounts in secured loans and unsecured loans are rounded to zero in millions

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34. Capital management (continued)
Liquidity Risks (continued)
The Group (continued)

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	No fixed maturity
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
As at 31 December 2022							
Financial Assets at FVTPL							
Government and public authority securities	153	1	-	-	5	2,519	-
Debt securities in corporations	68	104	115	119	107	2,660	-
Equities securities	-	-	-	-	2	603	2,697
Derivative financial instruments	134	-	-	-	-	-	-
Financial Assets at FVOCI							
Government and public authority securities	21	15	22	34	45	2,147	-
Debt securities in corporations	96	91	85	73	136	492	-
Financial Assets at Amortised Cost							
Accrued investment income	95	-	-	-	-	-	-
Secured loans*	-	-	-	-	-	-	-
Unsecured loans*	-	-	-	-	-	-	-
Other assets (Exclude club membership and prepayments)	12	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	648
Total investment asset	579	211	222	226	295	8,421	3,345
Insurance contract balances							
Insurance contract assets	-	(1)	-	-	-	-	-
Reinsurance contract assets	(35)	4	3	3	3	30	-
Insurance contract liabilities	928	143	152	189	212	8,199	-
Reinsurance contract liabilities	-	-	-	-	-	1	-
Total insurance contract balances	893	146	155	192	215	8,230	-

*Amounts in secured loans and unsecured loans are rounded to zero in millions

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34. Capital management (continued)
Liquidity Risks (continued)
The Company

	Up to 1 year S\$m	1-2 years S\$m	2-3 years S\$m	3-4 years S\$m	4-5 years S\$m	Over 5 years S\$m	No fixed maturity S\$m
As at 31 December 2023							
Financial Assets at FVTPL							
Government and public authority securities	75	-	-	3	11	2,392	-
Debt securities in corporations	128	139	205	109	95	2,782	-
Equities securities	-	-	-	-	-	444	2,419
Derivative financial instruments	130	-	-	-	-	-	-
Financial Assets at FVOCI							
Government and public authority securities	-	-	1	-	1	1,375	-
Debt securities in corporations	22	21	25	17	19	185	-
Financial Assets at Amortised Cost							
Accrued investment income	78	-	-	-	-	-	-
Other assets (exclude club membership and prepayments)	11	-	-	-	-	-	-
Cash & cash equivalents	-	-	-	-	-	-	300
Total investment asset	444	160	231	129	126	7,178	2,719
Insurance contract balances							
Reinsurance contract assets	(31)	3	3	2	2	13	-
Insurance contract liabilities	420	134	183	214	239	6,978	-
Total insurance contract balances	389	137	186	216	241	6,991	-

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023
34. Capital management (continued)
Liquidity Risks (continued)
The Company (continued)

	Up to 1 year S\$m	1-2 years S\$m	2-3 years S\$m	3-4 years S\$m	4-5 years S\$m	Over 5 years S\$m	No fixed maturity S\$m
As at 31 December 2022							
Financial Assets at FVTPL							
Government and public authority securities	151	-	-	-	3	2,503	-
Debt securities in corporations	64	99	112	110	96	2,625	-
Equities securities	-	-	-	-	2	603	1,877
Derivative financial instruments	134	-	-	-	-	-	-
Financial Assets at FVOCI							
Government and public authority securities	2	-	1	1	2	1,391	-
Debt securities in corporations	7	11	11	12	11	105	-
Unsecured loans*	-	-	-	-	-	-	-
Financial Assets at Amortised Cost							
Accrued investment income	75	-	-	-	-	-	-
Other assets (exclude club membership and prepayments)	4	-	-	-	-	-	-
Cash & cash equivalents	-	-	-	-	-	-	425
Total investment asset	437	110	124	123	114	7,227	2,302
Insurance contract balances							
Insurance contract assets	-	(1)	-	-	-	-	-
Reinsurance contract assets	(34)	4	3	3	3	37	-
Insurance contract liabilities	361	101	101	155	183	6,747	-
Total insurance contract balances	327	104	104	158	186	6,784	-

*Amounts in unsecured loans are rounded to zero in millions

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34. Capital management (continued)

Liquidity Risks (continued)

The following table shows the contractual maturity profile of the Group's financial liabilities. As all the financial liabilities are current, the carrying value approximates the undiscounted cash flows;

The Group

	<u>Up to 1 year</u> S\$m	<u>1-5 years</u> S\$m	<u>>5 years</u> S\$m
As at 31 December 2023			
Other payables	93	-	-
Borrowings	2	47	497
Obligations under repurchase agreement	1,763	-	-
As at 31 December 2022			
Other payables	181	-	-
Borrowings	1	47	150
Obligations under repurchase agreement	2,067	-	-

The Company

	<u>Up to 1 year</u> S\$m	<u>1-5 years</u> S\$m	<u>>5 years</u> S\$m
As at 31 December 2023			
Other payables	47	-	-
Borrowings	2	47	497
Obligations under repurchase agreement	1,763	-	-
As at 31 December 2022			
Other payables	142	-	-
Borrowings	1	47	150
Obligations under repurchase agreement	2,067	-	-

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For the financial year ended 31 December 2023

34. Capital management (continued)

Liquidity Risks (continued)

Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders. Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although it has been quite stable at a company level over the past several years. Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

35. Net fair values of financial assets and liabilities

The financial assets and the financial liabilities of the Group and the Company comprise current assets (except tax recoverable and prepayments), loans, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial instruments, current liabilities (except current tax liabilities), staff retirement benefits and agents' retirement benefits. The fair values of these financial assets and liabilities at 31 December 2023 approximate their carrying amounts as shown in the balance sheet.

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36. New or revised accounting standards and interpretations

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
<i>Amendments to:</i> - <i>SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)</i> - <i>SFRS(I) 1-1 Presentation of Financial Statements (Non-current Liabilities with Covenants)</i> - <i>SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Instruments: Disclosures (Supplier Finance Arrangement)</i> - <i>SFRS(I) 16 Leases (Lease liability in Sale and Leaseback)</i>	<i>1 January 2024</i>
<i>Amendments to SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)</i>	<i>1 January 2025</i>
<i>Amendments to:</i> <i>SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 28 Investment in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)</i>	<i>To be determined</i>

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

37. Controlled structured entities

The Group has determined that its investment in a wholesale unit trust fund and a retail fund amounting to \$14.5 million (2022: \$13.1 million) and \$54.9 million (2022: \$4.6 million) respectively as investments in structured entities ("investee funds"). The Group invests in the investee funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by RHB Asset Management Sdn Bhd and apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the respective investee fund's net assets.

The Group holds 100% of RHB Income Plus Fund 8 and 97% of RHB Leisure, Lifestyle and Luxury Fund respectively (2022: 100% of RHB Income Plus Fund 8 and 97% of RHB Leisure, Lifestyle and Luxury Fund). All funds were established in Malaysia and the Group has control over these investee funds. The Group is exposed to, or has rights to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

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For the financial year ended 31 December 2023

37. Controlled structured entities (continued)

As the Group has control over these investee funds which are considered controlled structured entities, these structured entities are consolidated as at 31 December 2023.

RHB Income Plus Fund 8, a wholesale unit trust fund and RHB Leisure, Lifestyle and Luxury Fund, a retail unit trust fund are classified as fair value through profit or loss investment and the change in fair value of the investee funds are recognised in the statement of profit or loss in the Group's separate financial statements. The cumulative impact to the non-controlling interest ("NCI") of the subsidiary as at 31 December 2023 and 31 December 2022 are \$194,000 and \$143,000 respectively. This was presented in the financial statements as other financial liability within other payables (Note 21).

All investee funds are audited by PricewaterhouseCoopers PLT.

38. Events occurring after balance sheet date

On 12 September 2024, the Group issued 279,458,276 new ordinary shares, for a total sum of \$1,430,826,373. After deducting related expenses, the net proceeds of \$1,429,688,826 were recognised as an increase to share capital. The loan and equity raised strengthened the Group's balance sheet and liquidity position.

A new subordinated loan agreement was entered with TMNF on 16 January 2024 and the Group received additional loan proceedings from TMNF amounting to \$320,000,000 in February 2024.

On 20 December 2024, the Group injected \$15,000,000 into its wholly owned subsidiary, TMFAS. MAS approval for the capital injection was obtained on 18 December 2024.

On 23 January 2025, the Group completed the sale of TMC Levels 5 to 7 to TMIS and concurrently entered into a leaseback arrangement for TMC Levels 6 and 7. The transaction was completed at a selling price of \$67,530,000.

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38. Events occurring after balance sheet date (continued)

TMLM and RHB Bank Berhad (“RHB”) entered into a 10-year Bancassurance Arrangement Agreement dated 29 December 2014 (“2014 Agreement”), which was effective from 1 January 2015 to 31 December 2024 for the distribution of TMLM’s conventional life insurance products. Pursuant to the 2014 Agreement, RHB was required to grant TMLM a right of first refusal (“ROFR”) to extend the term of the 2014 Agreement, 6 months before its expiry. In the course of the bidding process for the renewal of the bancassurance arrangement, disputes arose between RHB and TMLM when RHB contended that it had fully discharged its obligations under the ROFR. This led to TMLM filing an Originating Summons (“OS”) in the High Court of Malaya at Kuala Lumpur (“HC”) on 9 September 2024, seeking amongst others a declaration that TMLM’s ROFR remains in full force and subsists as well as an order for RHB to deliver to TMLM the final, conclusive and non-revisable bid (“Successful Bid”) that RHB has decided to accept. On 20 November 2024, the HC ruled in TMLM’s favour and ordered RHB to disclose the Successful Bid to TMLM (“HC Order”). TMLM then responded to RHB on 10 December 2024 that it would match the Successful Bid. An appeal was subsequently filed by RHB against the HC Order to the Court of Appeal (“the Appeal”) and, during the case management on 19 March 2025, the Court of Appeal has set the hearing on 11 November 2025.

In the meantime, TMLM and RHB had entered into an interim arrangement agreement (“Interim Agreement”) commencing from 1 January 2025 to allow RHB to continue to distribute TMLM’s products on a non-exclusive basis. TMLM is also in ongoing discussions with RHB with the aim of finalising a new distribution agreement. In line with the opinion of TMLM’s counsel for the Appeal, TMLM has developed the probability weighted mean of possible outcomes in the estimate of the fulfilment cash flows in the valuation of the insurance contract liabilities and reinsurance contract assets/liabilities. Management considers that it is not reasonably possible for the Appeal to materially affect the key assumptions that would result in material change in the insurance contract liabilities and reinsurance contract assets/liabilities as at 31 December 2024.

39. Authorisation of financial statements

These financial statements were authorised for issue in accordance with resolution of the Board of Directors of Tokio Marine Life Insurance Singapore Ltd. on 9 June 2025.