

TOKIO MARINE LIFE INSURANCE SINGAPORE
PTE. LTD. – BRUNEI DARUSSALAM BRANCH

ANNUAL REPORT

For the financial year ended 31 December 2025

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

ANNUAL REPORT

For the financial year ended 31 December 2025

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**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

The directors present their statement to Tokio Marine Life Insurance Singapore Pte. Ltd. together with the audited financial statements of the Branch for the financial year ended 31 December 2025.

In the opinion of the directors,

- (a) the financial statements of the Branch set out on pages 8 to 107 are drawn up so as to give a true and fair view of the financial position of the Branch as at 31 December 2025 and of the financial performance, changes in life assurance fund of the Branch, and cash flows of the Branch 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 Branch will be able to pay its debts as and when they fall due.

Directors

The Directors of Tokio Marine Life Singapore Pte. Ltd. (the "Head Office") – Brunei Darussalam Branch at the date of this statement are as follows:

Yao Chih Matthias
Goh Seng Kee
Kuan Li Li
Yoshinari Endo
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 Branch a party to any arrangement whose object was to enable the directors of the Head Office to acquire benefits by means of the acquisition of shares in, or debentures of, the Head Office or any other body corporate.

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

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 Head Office or its related corporations, except as follows:

	Holdings registered in name of director	
	As at 31.12.2025	As at 1.1.2025
Number of ordinary shares in:		
- Tokio Marine Holdings, Inc. ("Ultimate holding company")		
Yoshinari Endo	38,100	35,900

Share options

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

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

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

Independent auditor

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

On behalf of the directors



Yao Chih Matthias
Director



Kuan Li Li
Director

27 March 2026



Independent Auditor's Report

To the Board of Directors of
Tokio Marine Life Insurance Singapore Pte. Ltd. - Brunei Darussalam Branch
(Established in Brunei Darussalam)
Unit 2, 1st Floor, Block D, Abdul Razak Complex,
Gadong, Brunei Darussalam

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Tokio Marine Life Insurance Singapore Pte. Ltd. - Brunei Darussalam Branch (the "Branch") gives a true and fair view of the financial position of the Branch as at 31 December 2025, and its financial performance, changes in life assurance fund and cash flows for the years then ended in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act") and the International Financial Reporting Standards ("IFRS") Accounting Standards.

What we have audited

The financial statements of the Branch comprise:

- the statement of comprehensive income for the financial year ended 31 December 2025;
- the balance sheet as at 31 December 2025;
- the statement of changes in life assurance fund for the financial year ended 31 December 2025;
- the statement of cash flows for the financial year ended 31 December 2025; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers Services, 13th Floor, PGGMB Building,
Jalan Kianggeh, Bandar Seri Begawan BS8111, Brunei Darussalam
+673 224 1951



Independent Auditor's Report
To the Board of Directors of
Tokio Marine Life Insurance Singapore Pte. Ltd. - Brunei Darussalam Branch
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Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISA"). 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 Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements that are relevant to our audits of the financial statements in Brunei Darussalam. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the information included in 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Branch or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



Independent Auditor's Report
To the Board of Directors of
Tokio Marine Life Insurance Singapore Pte. Ltd. - Brunei Darussalam Branch
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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Branch's directors are responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and the IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch'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 ISA 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.



Independent Auditor's Report
To the Board of Directors of
Tokio Marine Life Insurance Singapore Pte. Ltd. - Brunei Darussalam Branch
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As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism 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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch'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 Branch 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.



Independent Auditor's Report
To the Board of Directors of
Tokio Marine Life Insurance Singapore Pte. Ltd. - Brunei Darussalam Branch
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We communicate with those charged with governance 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 Branch have been properly kept in accordance with the provisions of the Act. We have obtained all the information and explanations that we required.

PricewaterhouseCoopers Services

A handwritten signature in blue ink, appearing to read 'Chai Xiang Yuin'.

Chai Xiang Yuin
Partner

Brunei Darussalam
27 March 2026

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2025

	Notes	2025 \$'000	2024 \$'000
Insurance revenue	5(b)	2,027	2,792
Insurance service expenses	5(b)	(3,522)	(5,060)
Net income from reinsurance contracts held	5(b)	426	132
Insurance service result		<u>(1,069)</u>	<u>(2,136)</u>
Interest revenue on			
Financial assets not measured at fair value through profit or loss	6	976	780
Financial assets measured at fair value through profit or loss	6	1,423	1,240
Other investment return	6	4,639	4,395
Net impairment loss on financial assets	6	-	(8)
Investment return		<u>7,038</u>	<u>6,407</u>
Net finance expense from insurance contracts issued	6	(5,970)	(15,766)
Net finance income from reinsurance contracts held	6	27	12
Net investment return		<u>1,095</u>	<u>(9,347)</u>
NET INSURANCE AND INVESTMENT RESULT		<u>26</u>	<u>(11,483)</u>
OPERATING EXPENSES			
Other income		-*	1
Other (losses)/ gains - net		(2)	2
Other operating expenses	7	(22)	(18)
TOTAL EXPENSES		<u>(24)</u>	<u>(15)</u>
PROFIT/(LOSS) BEFORE INCOME TAX		2	(11,498)
Income tax expense	4	(41)	(42)
NET LOSS FOR THE FINANCIAL YEAR		<u>(39)</u>	<u>(11,540)</u>

*less than \$1,000

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

STATEMENT OF COMPREHENSIVE INCOME (continued)
For the financial year ended 31 December 2025

	Notes	2025 \$'000	2024 \$'000
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 from fair value adjustments to financial assets measured at FVOCI	6	2,673	207
- Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	6	(37)	(3)
		<u>2,636</u>	<u>204</u>
Insurance/reinsurance finance (expense)/income			
- Finance (expense)/income from insurance contracts issued	6	(384)	60
- Finance income/(expense) from reinsurance contracts held	6	6	(1)
		<u>(378)</u>	<u>59</u>
Other comprehensive income, net of tax		<u>2,258</u>	<u>263</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS)		<u>2,219</u>	<u>(11,277)</u>

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

BALANCE SHEET
As at 31 December 2025

	Notes	31 Dec 2025 \$'000	31 Dec 2024 \$'000
ASSETS			
Cash and cash equivalents	8	2,881	11,078
Reinsurance contract assets	5(a)	739	294
Financial assets at fair value through profit and loss	9	57,033	49,198
Financial assets at fair value through other comprehensive income	10	36,358	29,904
Derivative financial instruments	12	91	-
Other assets	11, 13	2,149	2,300
Property, plant and equipment	14	46	8
Amount due from Head office	18	3,028	-
TOTAL ASSETS		102,325	92,782
LIABILITIES			
Insurance contract liabilities	5(a)	71,577	66,161
Derivative financial instruments	12	196	310
Lease liabilities	15	46	4
Other payables	16	2,598	102
Deferred tax liabilities	17	88	45
Amounts due to Head Office	18	-	438
TOTAL LIABILITIES		74,505	67,060
LIFE ASSURANCE FUND			
Fair value reserve		2,544	(92)
Insurance/reinsurance finance reserves		(187)	191
Unallocated surplus		25,463	25,623
TOTAL LIFE ASSURANCE FUND		27,820	25,722
TOTAL LIABILITIES AND LIFE ASSURANCE FUND		102,325	92,782



Kuan Li Li
Director

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

STATEMENT OF CHANGES IN LIFE ASSURANCE FUND

For the financial year ended 31 December 2025

	Unallocated surplus \$'000	Fair value reserve \$'000	Insurance/ Reinsurance finance reserves \$'000	Total \$'000
Balance at 1 January 2025	25,623	(92)	191	25,722
Fair value gains on financial assets measured at FVOCI	-	2,673	-	2,673
Fair value gains on financial assets measured at FVOCI transferred to profit or loss on disposal	-	(37)	-	(37)
Net finance expense from insurance and reinsurance contracts	-	-	(378)	(378)
Other comprehensive income recognised directly in Life Assurance Fund	-	2,636	(378)	2,258
Net loss for the financial year	(39)	-	-	(39)
Total comprehensive income	(39)	2,636	(378)	2,219
Allocation of surplus to Head Office	(121)	-	-	(121)
At 31 December 2025	25,463	2,544	(187)	27,820
Balance at 1 January 2024	19,259	(296)	132	19,095
Fair value gains on financial assets measured at FVOCI	-	207	-	207
Fair value gains on financial assets measured at FVOCI transferred to profit or loss on disposal	-	(3)	-	(3)
Deferred tax on fair value changes	-	-	-	-
Net finance income from insurance and reinsurance contracts	-	-	59	59
Other comprehensive income recognised directly in Life Assurance Fund	-	204	59	263
Net loss for the financial year	(11,540)	-	-	(11,540)
Total comprehensive income	(11,540)	204	59	(11,277)
Allocation of surplus to Head Office	(96)	-	-	(96)
Capital injection from Head Office	18,000	-	-	18,000
At 31 December 2024	25,623	(92)	191	25,722

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2025

	2025 \$'000	2024 \$'000
Cash flows from operating activities		
Profit/(Loss) before income tax	2	(11,498)
Adjustments for:		
Depreciation of property, plant and equipment	14	11
Gains on disposal of:		
- Financial assets at fair value through profit or loss	(1,384)	-
- Financial assets at fair value through other comprehensive income	(37)	-
Fair value (gains)/losses:		
- Financial assets at fair value through profit or loss	(1,661)	(4,175)
- Financial assets at fair value through other comprehensive income	-	(21)
- Derivative financial instruments	(611)	707
Amortisation of effective interest	(106)	-
Interest expense on lease liabilities	(2)	-*
Dividend income	(801)	(902)
Interest income	(2,399)	(2,020)
Changes in working capital:		
Insurance contract liabilities (net)	4,718	16,341
Deferred tax liabilities	43	-
Other assets	(79)	(332)
Other payables	2,496	(222)
Amounts due to Head Office	(3,466)	(538)
Net cash used in operating activities	(3,273)	(2,649)
Cash flows from investing activities		
Purchase of property, plant & equipment	-	(4)
Purchases of:		
- Financial assets at fair value through profit or loss	(29,936)	(22,144)
- Financial assets at fair value through other comprehensive income	(8,706)	(18,295)
Proceeds/(payments) from disposal of:		
- Financial assets at fair value through profit or loss	25,146	19,830
- Financial assets at fair value through other comprehensive income	5,031	2,003
- Derivative financial instruments	406	(269)
Dividend received	801	902
Interest received	2,342	1,861
Net cash used in investing activities	(4,916)	(16,116)
Cash flows from financing activities		
Capital injection from Head Office	-	18,000
Principal repayment of lease liabilities	(8)	(12)
Net cash provided by financing activities	(8)	17,988
Net decrease in cash and cash equivalents held	(8,197)	(777)
Cash and cash equivalents at the beginning of financial year	11,078	11,855
Cash and cash equivalents at the end of financial year	2,881	11,078

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

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

1. General Information

With effect from 18 October 2025, the name of the Branch was changed Tokio Marine Life Insurance Singapore Ltd. - Brunei Darussalam Branch to Tokio Marine Life Insurance Singapore Pte. Ltd. - Brunei Darussalam Branch (the "Branch") is incorporated and domiciled in Singapore. The place of business of the Branch registered in Brunei is located at Unit 2, 1st Floor, Block D, Abdul Razak Complex, Gadong, Brunei Darussalam.

The principal activity of the Branch is life assurance business.

2. Material accounting policy information

2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act Cap. 39 and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These 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 IFRS requires management to exercise its judgement in the process of applying the Branch'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.

2.2 New or revised accounting standards and interpretations

On 1 January 2025, the Branch has adopted the new or amended IFRS and Interpretations of IFRS that are mandatory for application for the financial year. Changes to the Branch's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS.

The adoption of these new or amended IFRS did not result in substantial changes to the Branch's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Branch's accounting periods beginning on or after 1 January 2026 and which the Branch has not early adopted.

(i) Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2026)

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.2 New or revised accounting standards and interpretations (continued)

(ii) IFRS 18 - Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)

(iii) Annual Improvements to IFRS - Volume 11

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Branch.

These are not expected to have a material impact on the Branch in the current or future reporting periods and on foreseeable future transactions, except for IFRS 18 as its impacts on presentation and disclosure are expected to be pervasive, in particular, those related to the statement of comprehensive income and providing management-defined performance measures within the financial statements. The Branch is currently assessing the detailed implication of applying the new standard on the Branch's financial statements.

2.3 Insurance contracts

The Branch'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, Term Individual 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 premium.
	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 assets and liabilities. For participating funds, local regulations generally prescribe a minimum proportion of policyholder participation in declared dividends.
Group Life	Non-participating	This product line covers Group Term Life, Medical, Personal Accident, Care & Health, Dread Disease, Disability Income. Coverage is provided typically for a 1 year term. Once the selected term has ended, the insurance contract is terminated and a policyholder may potentially obtain new coverage on the new terms, subject to successful underwriting. All insurance contracts in this product line offer fixed and guaranteed benefits over the contractual term. Contracts issued typically have annual premium.

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

Insurance contracts are contracts under which the Branch 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. The Branch uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Branch 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 Branch to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. The Branch does not issue investment contracts.

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

The Branch issues Participating contracts that substantially provides investment-related service.

Such contracts are insurance contracts with direct participation features and are defined by the Branch as one 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 Branch expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Branch 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 Branch's share of the fair value of the underlying items, which is based on the Branch's participation in the declared dividends or bonuses based on the performance of the participating fund, less the Fulfilment Cash Flows ("FCF") that do not vary based on the returns on underlying items.

In the normal course of business, the Branch 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 these financial statements apply to insurance contracts issued or acquired and reinsurance contracts held, unless specifically stated otherwise.

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(a) Summary of measurement approaches

The Branch 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
Reinsurance contracts held		
Non-participating reinsurance contracts	Reinsurance contract held	General Measurement Model

(b) Unit of account

The Branch 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 are (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 Branch aggregates reinsurance contracts held concluded within a calendar quarter (quarterly cohorts) 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.

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

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

Before the Branch accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 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 Branch applies IFRS 17 to all remaining components of the contract. The Branch does not have any contracts that require further separation or combination of insurance contracts.

(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 Branch determines that a group of contracts becomes onerous.

Insurance contracts acquired in a portfolio transfer are accounted for as if they were entered into at the date of 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 Branch does not recognise a group of quota share reinsurance contracts held until it has recognised at least one of the underlying insurance contracts.

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.

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(d) *Recognition and derecognition* (continued)

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 Branch as a result of an agreement with the counterparties or due to a change in regulations, the Branch 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 Branch 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 Branch would have concluded that the modified contract:
 - (i) is not in scope of IFRS 17;
 - (ii) results in different separable components;
 - (iii) results in a different contract boundary; or
 - (iv) belongs to a different group of contracts;
- (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.

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

- (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.

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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(d) Recognition and derecognition (continued)

Accounting for contract modification and derecognition (continued)

- (b) Adjusts the Contractual Service Margin (“CSM”) (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (“LRC”) of the group) 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 Branch 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 Branch 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 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;
- (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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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 Branch 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 Branch, 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 probability weighted 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 Branch estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Branch 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.

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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

The Branch 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 Branch has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- a) the Branch 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 Branch 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 Branch that exist during the reporting period in which the Branch is compelled to pay amounts to the reinsurer or in which the Branch has a substantive right to receive services from the reinsurer.

The Branch's quota share life reinsurance agreements held have a 3 months' notice period in common by either party. Thus, the Branch treats such reinsurance contracts as a series of quarterly contracts that cover underlying business issued within a quarter.

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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)

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 Branch 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.

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 Note 3(a).

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 Branch to the reinsurer.

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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)

The Branch 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, The Branch uses the Monetary Authority of Singapore (“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.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 90% (2024: 90%).

(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 Branch 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 recognised for insurance acquisition cash flows; and
- (c) cash flows arising from the contracts in the group at that date.

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.

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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)

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 Branch recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Branch 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.

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.

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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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

The carrying amount at the end of each reporting period of a group of reinsurance contracts held 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 assets for incurred claims, 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 Branch 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 General Measurement Model (“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;

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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)

Changes in fulfilment cash flows (continued)

- (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.

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 Branch'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:
- (i) changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
- (ii) 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;
- (iii) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

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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)

Changes in fulfilment cash flows (continued)

- (b) changes in the FCF that do not vary based on the returns of underlying items (continued):
- (iv) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- (v) changes in the risk adjustment for non-financial risk that relate to future service.

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

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;
- (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 (which the Branch defines as a three-month interim), the carrying amount of the CSM is adjusted by the Branch to reflect the effects 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;

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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)

Changes to the contractual service margin (continued)

- (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; and
- (e) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

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.

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 Branch 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.

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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

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 Branch determines the CSM recognition coverage period corresponding to the period in which insurance services are expected to be provided.

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 Branch 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 Branch 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 Participating contracts, coverage units are based on the total benefits amounts, inclusive of non-guaranteed bonuses, during the insurance coverage 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)

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

Coverage units for the proportionate term life 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 Branch recognises the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Branch 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 in 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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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 Branch recognise 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 Branch 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 measurement.

(f) *Amounts recognised in comprehensive income*

- (i) Insurance service result from insurance contracts issued

Insurance revenue

As the Branch 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 Branch 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;

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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)

Amounts relating to the changes in the LRC:

- (b) changes in the risk adjustment for non-financial risk, excluding:
- changes included in insurance finance income or expense;
 - 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.

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.

Other expenses not meeting the above categories are included in other operating expenses in profit or loss.

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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 reinsurance contracts held

Net income/(expenses) from reinsurance contracts held

The Branch 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 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
- (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 Branch 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

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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 reinsurance contracts held (continued)

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

- (d) ceded premium experience adjustments relating to past and current service.

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.

(ii) 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.
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2. Material accounting policy information (continued)

2.3 Insurance contracts (continued)

(f) Amounts recognised in comprehensive income (continued)

(ii) Insurance finance income or expenses (continued)

The Branch disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

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

- (a)* For contracts measured under the VFA and Group Term Life contracts measured under the GMM, the Branch includes all insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option is applied); or
- (b)* For other contracts measured under the GMM, the Branch disaggregates the insurance finance income or expenses between profit or loss and other comprehensive income.

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.

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

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 Branch, and the amount of the dividend can be reliably measured.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.5 Property, plant and equipment

(a) Measurement

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses (Note 2.6).

(ii) *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. The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) Depreciation

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Furniture and equipment	3 - 10 years
Buildings (Right-of-use assets)	Lease term between 1 - 2 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.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.5 Property, plant and equipment (continued)

(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 Branch and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within other gains/(losses).

2.6 Impairment of non-financial assets

Property, plant and equipment

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

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Material accounting policy information (continued)

2.7 Financial assets

(a) *Initial recognition and measurement*

Financial assets are recognised when the Branch 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 Branch 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 fair value through profit or loss ("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 Branch recognises an expected credit loss ("ECL") allowance for investments in debt instruments measured at FVOCI at each reporting date.

(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 that are integral to the EIR.

When the Branch 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 Branch classifies its financial assets in the following categories: amortised costs, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Material accounting policy information (continued)

2.7 Financial assets (continued)

(c) *Classification and subsequent measurement* (continued)

(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 instrument depend on:

- (a) the Branch'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"))

Based on these factors, the Branch 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 asset not measured at FVTPL using the EIR method.
- b) FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, 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 presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- 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 net gains on FVTPL investments in the period in which it arises.

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2. Material accounting policy information (continued)

2.7 Financial assets (continued)

(c) *Classification and subsequent measurement* (continued)

(i) *Debt instruments* (continued)

Business model

The business model reflects how the Branch manages assets in order to generate cash flows. That is, it reflects whether the Branch'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 measured at FVTPL.

The Branch performs its business model assessment at both the investment portfolio level and 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 Branch 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 Branch'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 Branch 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 2025

2. Material accounting policy information (continued)

2.7 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 Branch assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Branch 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 Branch 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 Branch 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 Branch has determined that an accounting mismatch is reduced if financial assets backing participating life insurance contracts are measured at FVTPL. For these instruments, the Branch has applied the option to designate these financial assets at FVTPL.

(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.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.7 Financial assets (continued)

(c) *Classification and subsequent measurement* (continued)

(ii) *Equity instruments* (continued)

The Branch 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 Branch has not made such an election.

Gains and losses on equity investments at FVTPL are included in the line 'Other investment return' in profit or loss.

(iii) *Cash and cash equivalents and other assets*

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 that are not mandatorily measured at fair value through profit or loss are measured at amortised cost using the EIR method.

Both accrued interest and accrued dividend are held at amortised cost.

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

(d) **Impairment**

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

- a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) 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 21(c)(iv) provides more detail on how the ECL allowance is measured.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.7 Financial assets (continued)

(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 Branch transfers substantially all the risks and rewards of ownership; or (ii) the Branch neither transfers nor retains substantially all the risks and rewards of ownership but has transferred control of the asset. The Branch 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.

2.8 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 are 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).

2.9 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.

2.10 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 EIR method.

2.11 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.

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For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.11 Derivative financial instruments (continued)

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

The Branch holds the following derivative instruments:

- 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.

2.12 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) are 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 Branch 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 are determined using actively quoted forward exchange rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

(a) *When the Branch is the lessee:*

The Branch leases certain assets from third parties.

At the inception of the contract, the Branch 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 Branch 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.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

2. Material accounting policy information (continued)

2.13 Leases (continued)

(a) *When the Branch is the lessee:* (continued)

- Right-of-use (“ROU”) assets (continued)

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 are presented within “Property, plant and equipment” (Note 14).

- 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 Branch shall use its incremental borrowing rate.

Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease liability is measured at amortised cost using the EIR method.

Lease liability shall be remeasured when:

- There is a change in the Branch’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 Branch 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.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Material accounting policy information (continued)

2.14 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 Branch expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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. Deferred tax arising from the fair value gains and losses on financial assets at fair value through other comprehensive income are charged or credited directly to the fair value reserve in the same period the temporary differences arise.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Material accounting policy information (continued)

2.15 Employee compensation

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Branch pays fixed contributions into separate entities such as the Tabung Amanah Pekerja and Supplemental Contributory Pension Funds, contractual or voluntary basis. The Branch has no further payment obligations once the contributions have been paid. The Branch'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 Branch'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.

2.16 Currency translation

(a) *Functional and presentation currency*

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

(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.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Material accounting policy information (continued)

2.17 Cash and cash equivalents

For the purpose of presentation in the 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.

2.18 Life assurance fund

The Life Assurance Fund is made up of the accumulated profits (unallocated surplus) of the Branch, its fair value reserve on financial assets through FVOCI and insurance/reinsurance finance reserves.

2.19 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 Branch 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.

2.20 Presentation of the balance sheet

The Branch's insurance contract liabilities and related assets are realised and settled over periods of several years, reflecting the long-term nature of the Branch's products. Accordingly, the Branch 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 Branch regards its property and equipment as non-current assets as these are held for the longer-term use of the Branch.

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) Liabilities of insurance business

The estimation of the ultimate liability arising from claims made under life insurance contracts is the Branch's most critical accounting estimate. In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

3. Critical accounting estimates and judgements (continued)

(a) Liabilities of insurance business (continued)

- 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.

The Branch derives its discount rates using a top-down 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 Singapore government bond and corporate bond yields are used in constructing the discount rates.

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:

Spot rates	As at 31 December 2025				
	1 year	5 years	10 years	15 years	20 years
Risk Free	1.41%	1.89%	2.16%	2.23%	2.21%
Risk Free + Illiquidity Premium	2.33%	2.78%	3.11%	3.28%	3.32%

Spot rates	As at 31 December 2024				
	1 year	5 years	10 years	15 years	20 years
Risk Free	2.72%	2.75%	2.85%	2.89%	2.80%
Risk Free + Illiquidity Premium	3.38%	3.83%	4.13%	4.24%	4.19%

- Mortality and morbidity (including longevity)

Assumptions for Death and Total and Permanent Disability (“TPD”) used are based on annual investigation in their respective 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. The assumptions are set at the Head Office level, with Singapore and Brunei portfolios combined.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

3. Critical accounting estimates and judgements (continued)

(a) Liabilities of insurance business (continued)

- Mortality and morbidity (including longevity) (continued)

Morbidity assumptions for Dread Disease (“DD”) benefits are based on a percentage of the reinsurer’s risk premium rates. The assumptions are set at the Head Office level, with Singapore and Brunei portfolios combined.

- Persistency

Assumptions for Persistency are based on investigation into the Branch and Head Office’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. The assumptions are set at the Head Office level, with Singapore and Brunei portfolios combined.

- Expenses

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

(b) 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 21(c)(iv).

**TOKIO MARINE LIFE INSURANCE SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

4. Income taxes

(a) Income tax expense

	2025	2024
	\$'000	\$'000
On profits for the financial year:		
Withholding tax	-	-*
Deferred tax (Note 17)	41	42
	<u>41</u>	<u>42</u>

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

	2025	2024
	\$'000	\$'000
Loss before tax	<u>2</u>	<u>(11,498)</u>
Tax calculated at Brunei statutory tax rate of 18.5% (2024: 18.5%)	-*	(2,127)
Expenses not deductible for tax purpose	-*	2,127
Withholding tax	-	-*
Difference in tax basis	41	42
	<u>41</u>	<u>42</u>

Based on management's annual assessment, deferred income tax asset on taxable losses were not recognised in the financial statements due to the Branch's limited ability to realise the deferred income tax asset based on forecasted future result of operations as at 31 December 2025 the Branch has unutilised tax losses of \$939,068 (2024: \$1,499,695).

* less than 1,000

As at 31 December 2025, Pillar Two legislation has not been enacted in Brunei. Accordingly, the Brunei Branch is not subject to any requirement to perform a Pillar Two top up tax analysis or to report to the Brunei Tax Authorities in respect of its local operations. Notwithstanding this, the Brunei Branch is included within the scope of the Income Inclusion Rule assessment undertaken at its ultimate parent entity, Tokio Marine Holdings, Inc., in Japan, where Pillar Two legislation has been enacted. Any resulting top up tax is determined and settled at the group level.

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BRUNEI DARUSSALAM BRANCH**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

5. Insurance Operations

(a) Composition of the insurance contract balances

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

	2025	2024
	\$'000	\$'000
Insurance contract liabilities	(71,577)	(66,161)
Reinsurance contract assets	739	294

Detailed reconciliations of changes in insurance contract balances during the reporting periods are included in Note 5(b), 5(c) and 5(d). For credit risk disclosures relating to insurance and reinsurance contract assets, refer to Note 21(c)(iv).

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5. Insurance operations (continued)

(b) Insurance revenue and expenses

(i) Insurance revenue and insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts for 2025 and 2024 is included in the following tables. Additional information on amounts recognised in profit or loss and OCI is included in the insurance contract balances reconciliations below in Note 5(c) and 5(d).

	2025	2024
	\$'000	\$'000
Insurance revenue		
Contracts not measured under the PAA		
Amounts relating to the changes in the LRC		
- Expected incurred claims and other expenses after loss component allocation	1,611	2,418
- Change in the risk adjustment for non-financial risk for the expired after loss component allocation	47	57
- CSM recognised in profit or loss for the services provided	117	160
- Insurance acquisition cash flows recovery	252	157
Total insurance revenue	<u>2,027</u>	<u>2,792</u>
Insurance service expenses		
Incurring claims and other directly attributable expenses	(1,940)	(1,130)
Losses on onerous contracts and reversal of those losses	(1,318)	(3,761)
Insurance acquisition cash flows amortisation	(252)	(157)
Others	(12)	(12)
Total insurance service expenses	<u>(3,522)</u>	<u>(5,060)</u>
Net income/(expenses) from reinsurance contracts held		
Reinsurance expenses - contracts not measured under the PAA		
Amounts relating to the changes in the remaining coverage:		
- Expected incurred claim recoveries and other expenses after loss component allocation	(108)	(60)
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	(3)	(2)
- CSM recognised in profit or loss for the services received	(48)	(35)
	<u>(159)</u>	<u>(97)</u>
Incurring claims recovery and other incurred directly attributable expenses	431	133
Effect of changes in the risk of reinsurers non-performance	(6)	(1)
Recovery of losses on onerous underlying contracts and reversal of those recoveries	160	97
Total net income from reinsurance	<u>426</u>	<u>132</u>
Total insurance service result	<u>(1,069)</u>	<u>(2,136)</u>

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

(b) Insurance revenue and expenses (continued)

(ii) Amounts determined on transition to IFRS 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.

	2025	2024
	\$'000	\$'000
Insurance contracts issued		
<u>Insurance revenue</u>		
New contracts and contracts measured under the full retrospective approach at transition	234	167
Contracts measured under the fair value approach at transition	1,793	2,625
<u>CSM as at 31 December</u>		
Contracts measured under the fair value approach at transition	1,993	2,293
Reinsurance contracts held		
<u>CSM as at 31 December</u>		
New contracts and contracts measured under the full retrospective approach at transition	(403)	(252)
Contracts measured under the fair value approach at transition	(30)	(18)

(iii) 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:

Number of years until expected to be recognised	Insurance contract issued	Reinsurance contract held
	\$'000	\$'000
As at 31 December 2025		
1 year or less	113	(60)
2	105	(53)
3	99	(47)
4	94	(42)
5	90	(36)
5 years or more	1,492	(195)
Total	1,993	(433)
As at 31 December 2024		
1 year or less	147	(40)
2	136	(35)
3	128	(30)
4	120	(26)
5	112	(23)
5 years or more	1,650	(116)
Total	2,293	(270)

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5. Insurance operations (continued)

(c) Insurance contracts issued

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

	Liabilities for remaining coverage			Total \$'000
	Excluding loss component \$'000	Loss component \$'000	Liabilities for incurred claims \$'000	
2025				
Opening insurance contract liabilities	58,050	6,569	1,542	66,161
Net balance as at 1 January	58,050	6,569	1,542	66,161
Insurance revenue	(2,027)	-	-	(2,027)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	(938)	2,878	1,940
Losses on onerous contracts and reversals of those losses	-	1,318	-	1,318
Insurance acquisition cash flows amortisation	252	-	-	252
Other	-	-	12	12
Insurance service expenses	252	380	2,890	3,522
Insurance service result	(1,775)	380	2,890	1,495
Finance expenses from insurance contracts issued through profit and loss	5,822	152	(4)	5,970
Finance income from insurance contracts through OCI	384	-	-	384
Total amounts recognised in comprehensive income	4,431	532	2,886	7,849
Investment components	(1,722)	-	1,722	-
Cash flows				
Premiums received	1,598	-	-	1,598
Insurance acquisition cash flows	(307)	-	-	(307)
Claims and other insurance service expenses paid	-	-	(3,680)	(3,680)
Net policy loan reimbursement	-	-	20	20
Other movement (e.g. premium waiver)	-	-	(64)	(64)
Total cash flows	1,291	-	(3,724)	(2,433)
Net balance as at 31 December	62,050	7,101	2,426	71,577
Closing insurance contract liabilities	62,050	7,101	2,426	71,577
Net balance as at 31 December	62,050	7,101	2,426	71,577

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5. Insurance operations (continued)

(c) Insurance contracts issued (continued)

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

	Liabilities for remaining coverage			Total \$'000
	Excluding loss component \$'000	Loss component \$'000	Liabilities for incurred claims \$'000	
2024				
Opening insurance contract liabilities	45,030	3,440	1,292	49,762
Net balance as at 1 January	45,030	3,440	1,292	49,762
Insurance revenue	(2,792)	-	-	(2,792)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	(710)	1,840	1,130
Losses on onerous contracts and reversals of those losses	-	3,761	-	3,761
Insurance acquisition cash flows amortisation	157	-	-	157
Other	-	-	12	12
Insurance service expenses	157	3,051	1,852	5,060
Insurance service result	(2,635)	3,051	1,852	2,268
Finance expenses from insurance contracts issued through profit and loss	15,683	78	5	15,766
Finance income from insurance contracts through OCI	(60)	-	-	(60)
Total amounts recognised in comprehensive income	12,988	3,129	1,857	17,974
Investment components	(1,258)	-	1,258	-
Cash flows				
Premiums received	1,534	-	-	1,534
Insurance acquisition cash flows	(244)	-	-	(244)
Claims and other insurance service expenses paid	-	-	(2,869)	(2,869)
Net policy loan reimbursement	-	-	63	63
Other movement (e.g. premium waiver)	-	-	(59)	(59)
Total cash flows	1,290	-	(2,865)	(1,575)
Net balance as at 31 December	58,050	6,569	1,542	66,161
Closing insurance contract liabilities	58,050	6,569	1,542	66,161
Net balance as at 31 December	58,050	6,569	1,542	66,161

The Branch identified certain cash flows related to attributable maintenance expenses that were classified as insurance acquisition cash flows within the LRC, rather than claims and other insurance service expenses paid within the LIC in the prior period. This was corrected retrospectively by restating the opening balances of the comparative LRC and LIC within insurance contract liabilities as at 1 January 2024, resulting in a increase in LRC and a corresponding decrease in LIC amounting to \$1,744,000.

Comparative cash flow movements have also been restated, reflecting a reduction in insurance acquisition cash flows and an increase in claims and other insurance service expenses paid amounting to \$1,195,000. This restatement affects only the presentation between LRC and LIC in Note 5(C)(i) and has no impact on the Statement of Comprehensive Income, total insurance contract liabilities in the Balance Sheet, or the Life Assurance Fund.

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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.

	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Total \$'000
2025				
Opening insurance contract liabilities	62,630	1,238	2,293	66,161
Net balance as at 1 January	62,630	1,238	2,293	66,161
Changes that relate to current services				
CSM recognised in profit or loss for the services provided (including loss recovery component)	-	-	(117)	(117)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(209)	-	(209)
Experience adjustments	503	-	-	503
	503	(209)	(117)	177
Changes that relate to future services				
Changes in estimates that adjust the CSM	47	136	(184)	(1)
Changes in estimates that result in onerous contract losses or reversal of losses	(280)	(133)	-	(413)
Contracts initially recognised in the period	1,434	297	1	1,732
	1,201	300	(183)	1,318
Insurance service result	1,704	91	(300)	1,495
Finance expense from insurance contracts issued through profit and loss	5,944	26	-	5,970
Finance expense from insurance contracts issued through OCI	339	45	-	384
Total amounts recognised in comprehensive income	7,987	162	(300)	7,849
Cash flows				
Premiums received	1,598	-	-	1,598
Insurance acquisition cash flows	(307)	-	-	(307)
Claims and other insurance service expenses paid	(3,680)	-	-	(3,680)
Net policy loan reimbursement	20	-	-	20
Other movement (e.g. premium waiver)	(64)	-	-	(64)
Total cash flows	(2,433)	-	-	(2,433)
Net balance as at 31 December	68,184	1,400	1,993	71,577
Closing insurance contract liabilities	68,184	1,400	1,993	71,577
Net balance as at 31 December	68,184	1,400	1,993	71,577

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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.

	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	Contractual service margin \$'000	Total \$'000
2024				
Opening insurance contract liabilities	48,322	823	617	49,762
Net balance as at 1 January	48,322	823	617	49,762
Changes that relate to current services				
CSM recognised in profit or loss for the services provided (including loss recovery component)	-	-	(160)	(160)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(140)	-	(140)
Experience adjustments	(1,193)	-	-	(1,193)
	(1,193)	(140)	(160)	(1,493)
Changes that relate to future services				
Changes in estimates that adjust the CSM	(1,857)	25	1,832	-
Changes in estimates that result in onerous contract losses or reversal of losses	2,743	417	-	3,160
Contracts initially recognised in the period	483	114	4	601
	1,369	556	1,836	3,761
Insurance service result	176	416	1,676	2,268
Finance expense from insurance contracts issued through profit and loss	15,761	5	-	15,766
Finance income from insurance contracts issued through OCI	(54)	(6)	-	(60)
Total amounts recognised in comprehensive income	15,883	415	1,676	17,974
Cash flows				
Premiums received	1,534	-	-	1,534
Insurance acquisition cash flows	(244)	-	-	(244)
Claims and other insurance service expenses paid	(2,869)	-	-	(2,869)
Net policy loan reimbursement	63	-	-	63
Other movement (e.g. premium waiver)	(59)	-	-	(59)
Total cash flows	(1,575)	-	-	(1,575)
Net balance as at 31 December	62,630	1,238	2,293	66,161
Closing insurance contract liabilities	62,630	1,238	2,293	66,161
Net balance as at 31 December	62,630	1,238	2,293	66,161

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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>2025</u>			<u>2024</u>		
	Non- onerous contracts originated \$'000	Onerous contracts originated \$'000	Total \$'000	Non- onerous contracts originated \$'000	Onerous contracts originated \$'000	Total \$'000
Estimates of the present value of future cash outflows						
- Insurance acquisition cash flows	5	520	525	5	299	304
- Claims and other directly attributable expenses	7	1,514	1,521	8	587	595
Estimates of the present value of future cash outflows	12	2,034	2,046	13	886	899
Estimates of the present value of future cash inflows	(14)	(598)	(612)	(18)	(398)	(416)
Risk adjustment for non-financial risk	1	296	297	1	113	114
CSM	1	-	1	4	-	4
Losses recognised on initial recognition	-	1,732	1,732	-	601	601

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5. Insurance operations (continued)

(c) Insurance contracts issued (continued)

(iv) Amounts determined on transition to IFRS 17

	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
2025			
CSM as at 1 January	-	2,293	2,293
Changes that relate to current service			
CSM recognised in profit or loss for the services provided	-	(117)	(117)
Changes that relate to future service			
Changes in estimates that adjust the CSM	(1)	(183)	(184)
Contracts initially recognised in the period	1	-	1
	-	(183)	(183)
Finance expenses from insurance contracts issued	-	-	-
Total amounts recognised in comprehensive income	-	(300)	(300)
CSM as at 31 December	-	1,993	1,993
2024			
CSM as at 1 January	-	617	617
Changes that relate to current service			
CSM recognised in profit or loss for the services provided	(6)	(154)	(160)
Changes that relate to future service			
Changes in estimates that adjust the CSM	2	1,830	1,832
Contracts initially recognised in the period	4	-	4
	6	1,830	1,836
Finance expenses from insurance contracts issued	-	-	-
Total amounts recognised in comprehensive income	-	1,676	1,676
CSM as at 31 December	-	2,293	2,293

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5. Insurance operations (continued)

(d) Reinsurance contracts held

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

	Asset for remaining <u>coverage</u> \$'000	Asset for incurred <u>claims</u> \$'000	<u>Total</u> \$'000
2025			
Opening reinsurance contract assets	183	111	294
Net balance as at 1 January	183	111	294
Net income from reinsurance contracts held			
Net income from reinsurance contracts held (excluding effect of changes in non- performance risk of reinsurers)	43	388	431
Effect of changes in the risk of reinsurers non- performance	(6)	-	(6)
Net income from reinsurance contracts held	37	388	425
Finance income from reinsurance contracts held through profit & loss	27	-	27
Finance income from reinsurance contracts held through OCI	6	-	6
Total amounts recognised in comprehensive income	70	388	458
Cash flows			
Premiums paid net of ceding commissions and other directly attributable expenses paid	99	-	99
Recoveries from reinsurance	-	(112)	(112)
Total cash flows	99	(112)	(13)
Net balance as at 31 December	352	387	739
Closing reinsurance contract assets	352	387	739
Net balance as at 31 December	352	387	739

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5. Insurance operations (continued)

(d) Reinsurance contracts held (continued)

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

	Asset for remaining <u>coverage</u> \$'000	Asset for incurred <u>claims</u> \$'000	<u>Total</u> \$'000
2024			
Opening reinsurance contract assets	119	58	177
Net balance as at 1 January	119	58	177
Net income from reinsurance contracts held			
Net income from reinsurance contracts held (excluding effect of changes in non- performance risk of reinsurers)	-	133	133
Effect of changes in the risk of reinsurers non- performance	(1)	-	(1)
Net income from reinsurance contracts held	(1)	133	132
Finance income from reinsurance contracts held through profit & loss	12	-	12
Finance expenses from reinsurance contracts held through OCI	(1)	-	(1)
Total amounts recognised in comprehensive income	10	133	143
Cash flows			
Premiums paid net of ceding commissions and other directly attributable expenses paid	54	-	54
Recoveries from reinsurance	-	(80)	(80)
Total cash flows	54	(80)	(26)
Net balance as at 31 December	183	111	294
Closing reinsurance contract assets	183	111	294
Net balance as at 31 December	183	111	294

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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 issued showing estimates of the present value of future cash flows, risk adjustment and CSM for portfolios included in the reinsurance units.

	Present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	Contractual service margin \$'000	Total \$'000
2025				
Opening reinsurance contract assets	(21)	45	270	294
Net balance as at 1 January	(21)	45	270	294
Changes that relate to current services				
CSM recognised in profit and loss for the services provided (including loss recovery component)	-	-	(123)	(123)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(3)	-	(3)
Experience adjustments	326	-	-	326
	326	(3)	(123)	200
Changes that relate to future services				
Changes in estimates that adjust the CSM the CSM	(22)	8	14	-
Contracts initially recognised in the period	(10)	(4)	273	259
Changes in loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	(28)	(28)
Effect of changes in the risk of reinsurer non-performance	-	(6)	-	(6)
	(32)	(2)	259	225
Net income from reinsurance contracts held	294	(5)	136	425
Finance (expense)/income from reinsurance contracts issued through profit and loss	(2)	1	28	27
Finance (expense)/income from reinsurance contracts issued through OCI	(3)	9	-	6
Total amounts recognised in comprehensive income	289	5	164	458
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	99	-	-	99
Recoveries from reinsurance	(112)	-	-	(112)
Total cash flows	(13)	-	-	(13)
Net balance as at 31 December	255	50	434	739
Closing insurance contract liabilities	255	50	434	739
Net balance as at 31 December	255	50	434	739

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5. Insurance operations (continued)

(d) Reinsurance contracts held (continued)

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

	Present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	Contractual service margin \$'000	Total \$'000
2024				
Opening reinsurance contract assets	(92)	51	218	177
Net balance as at 1 January	(92)	51	218	177
Changes that relate to current services				
CSM recognised in profit and loss for the services provided (including loss recovery component)	-	-	(92)	(92)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(2)	-	(2)
Experience adjustments	73	-	-	73
	73	(2)	(92)	(21)
Changes that relate to future services				
Changes in estimates that adjust the CSM the CSM	37	-	(37)	-
Contracts initially recognised in the period	(8)	(3)	115	104
Changes in loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	50	50
Effect of changes in the risk of reinsurer non-performance	2	(3)	-	(1)
	31	(6)	128	153
Net income from reinsurance contracts held	104	(8)	36	132
Finance (expense)/income from reinsurance contracts issued through profit and loss	(5)	1	16	12
Finance (expense)/income from reinsurance contracts issued through OCI	(2)	1	-	(1)
Total amounts recognised in comprehensive income	97	(6)	52	143
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	54	-	-	54
Recoveries from reinsurance	(80)	-	-	(80)
Total cash flows	(26)	-	-	(26)
Net balance as at 31 December	(21)	45	270	294
Closing insurance contract liabilities	(21)	45	270	294
Net balance as at 31 December	(21)	45	270	294

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5. Insurance operations (continued)

(d) Reinsurance contracts held (continued)

(iii) Impact of contracts recognised in the year

	Contracts originated 2025 \$'000	Contracts originated 2024 \$'000
Estimates of the present value of future cash inflows	39	29
Estimates of the present value of future cash outflows	(49)	(37)
Risk adjustment for non-financial risk	(4)	(3)
CSM	273	115
Income recognised on initial recognition	259	104

(iv) Amounts determined on transition to IFRS 17

	New contracts and contracts measured under the full retrospective approach at transition \$'000	Contracts measured under the fair value approach at transition contracts \$'000	Total \$'000
2025			
CSM as at 1 January	252	18	270
Changes that relate to current services			
CSM recognised in profit or loss for the services provided (including loss recovery component)	(119)	(4)	(123)
Changes that relate to future services			
Changes in estimates that adjust the CSM	-	14	14
Contracts initially recognised in the period	273	-	273
Changes in loss-recovery component other than changes in the FCF of reinsurance contracts held	(28)	-	(28)
Net income from reinsurance contracts held	126	10	136
Finance expenses from reinsurance contracts issued	26	2	28
Total amounts recognised in comprehensive income	152	12	164
CSM as at 31 December	404	30	434
2024			
CSM as at 1 January	162	56	218
Changes that relate to current services			
CSM recognised in profit or loss for the services provided (including loss recovery component)	(89)	(3)	(92)
Changes that relate to future services			
Changes in estimates that adjust the CSM	(1)	(36)	(37)
Contracts initially recognised in the period	115	-	115
Changes in loss-recovery component other than changes in the FCF of reinsurance contracts held	50	-	50
Net income from reinsurance contracts held	75	(39)	36
Finance expenses from reinsurance contracts issued	15	1	16
Total amounts recognised in comprehensive income	90	(38)	52
CSM as at 31 December	252	18	270

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6. Net investment result

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

	2025	2024
	\$'000	\$'000
Investment return		
Interest revenue on financial assets	2,399	2,020
Other investment return	4,639	4,395
Net impairment losses on financial assets	-	(8)
Amount recognised in profit or loss	7,038	6,407
Amount recognised in OCI	2,636	204
Total investment return	9,674	6,611
Net finance expense from insurance contracts issued		
Changes in fair value of underlying assets of contracts measured under the VFA	(5,788)	(15,665)
Interest accreted	(182)	(111)
Effect of changes in interest rates and other financial assumptions	(384)	70
Total net finance expense from insurance contracts issued	(6,354)	(15,706)
Net finance income/(expense) from reinsurance contracts held		
Interest accreted	22	12
Effect of changes in interest rates and other financial assumptions	11	(1)
Total net finance income from reinsurance contracts held	33	11
Net investment result	3,353	(9,084)
Summary of the amounts recognised in profit or loss		
Investment return	7,038	6,407
Net finance expense from insurance contracts issued	(5,970)	(15,766)
Net finance income from reinsurance contracts held	27	12
	1,095	(9,347)
Summary of the amounts recognised in OCI		
Investment return	2,636	204
Net finance (expense)/income from insurance contracts issued	(384)	60
Net finance income/(expense) from reinsurance contracts held	6	(1)
	2,258	263
Summary of the amounts recognised		
Investment return	9,674	6,611
Net finance expense from insurance contracts issued	(6,354)	(15,706)
Net finance income from reinsurance contracts held	33	11
Net investment result	3,353	(9,084)

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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:

	AC \$'000	FVOCI \$'000	FVTPL		Total \$'000
			Designated \$'000	Mandatory \$'000	
2025					
Interest revenue on financial assets					
Financial assets measured at AC	47	-	-	-	47
Financial assets measured at FVOCI	-	929	-	-	929
Financial assets measured at FVTPL	-	-	1,150	273	1,423
	47	929	1,150	273	2,399
Other investment return					
Dividend income	-	-	-	801	801
Net gains of debt securities	-	37	754	41	832
Net gains of equity shares	-	-	-	3,016	3,016
Net fair value movement on derivatives	-	-	-	612	612
Amortisation on debt securities	-	106	-	-	106
Net foreign exchange losses	(31)	-	(665)	(32)	(728)
	(31)	143	89	4,438	4,639
Net impairment losses on financial assets	-	-	-	-	-
Total investment return	16	1,072	1,239	4,711	7,038
2024					
Interest revenue on financial assets					
Financial assets measured at AC	164	-	-	-	164
Financial assets measured at FVOCI	-	616	-	-	616
Financial assets measured at FVTPL	-	-	957	283	1,240
	164	616	957	283	2,020
Other investment return					
Dividend income	-	-	-	902	902
Net gains of debt securities	-	3	330	8	341
Net gains of equity shares	-	-	-	3,362	3,362
Net fair value movement on derivatives	-	-	-	(706)	(706)
Amortisation on debt securities	-	25	-	-	25
Net foreign exchange (losses)/gains	(4)	-	467	8	471
	(4)	28	797	3,574	4,395
Net impairment losses on financial assets	-	(8)	-	-	(8)
Total investment return	160	636	1,754	3,857	6,407

On transition to IFRS 17, for certain groups of contracts that the Branch applies the fair value approach, the cumulative insurance finance income or expenses recognised in other comprehensive income at 1 January 2024 was determined to be zero.

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

	2025 \$'000	2024 \$'000
Balance at 1 January	(111)	(303)
Net change in fair value and others	145	209
Net amount reclassified to profit or loss	(29)	(17)
	5	(111)

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7. Other operating expenses - expenses by nature

	2025	2024
	\$'000	\$'000
Employee compensation	168	162
Commission and agency expenses	72	47
Other operating expenses ⁽²⁾	3,643	5,695
	3,883	5,904
Amounts attributed to insurance acquisition cash flows ⁽¹⁾	(591)	(983)
Amortisation of insurance acquisition cash flows	252	157
Insurance service and other expense	3,544	5,078

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

	2025	2024
	\$'000	\$'000
Insurance service expenses	3,522	5,060
Other operating expenses	22	18
	3,544	5,078

(1) Expenses attributed to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Branch in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope and reinsurance contracts held. These expenses are recognised in the profit or loss based on IFRS 17 measurement requirements.

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

	2025	2024
	\$'000	\$'000
<u>Employee compensation</u>		
Wages and salaries	157	152
Employer's contribution to defined contribution plans including Employee Trust fund	11	10
Insurance service and other expense	168	162

8. Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Cash at bank and on hand	2,881	11,078

At the end of the financial year, there were no fixed deposits with financial institutions.

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9. Financial assets at fair value through profit or loss

The carrying amounts of the financial assets held by the Branch are:

	<u>Designated</u> \$'000	<u>Mandatory</u> \$'000	<u>Total</u> \$'000
2025			
Government debt securities	3,236	-	3,236
Other debt securities	28,439	1,411	29,850
Equity securities	-	22,951	22,951
Collective investment scheme	-	996	996
Total investment assets	31,675	25,358	57,033
Current			19,343
Non-current			37,690
			<u>57,033</u>
2024			
Government debt securities	1,824	-	1,824
Other debt securities	24,680	275	24,955
Equity securities	-	21,397	21,397
Collective investment scheme	-	1,022	1,022
Total financial assets	26,504	22,694	49,198
Current			17,387
Non-current			31,811
			<u>49,198</u>

Refer to the accounting policies in Note 2.7 for an explanation as to why the Branch have designated certain financial assets at FVTPL.

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10. Financial assets at fair value through other comprehensive income

The carrying amounts of the financial assets held by the Branch are:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Government debt securities	19,922	11,684
Other debt securities	16,436	18,220
Total financial assets	<u>36,358</u>	<u>29,904</u>
Current	250	2,000
Non-current	36,108	27,904
	<u>36,358</u>	<u>29,904</u>

Refer to the accounting policies in Note 2.7 for an explanation as to why the Branch has designated certain financial assets at FVOCI.

11. Financial assets at amortised cost

The carrying amounts of the financial assets held by the Branch are:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Accrued investment income	645	587
Accrued dividend	-	1
Statutory deposit	1,000	1,000
Other assets	496	712
Cash and cash equivalents	2,881	11,078
Total financial assets	<u>5,022</u>	<u>13,378</u>
Current	5,022	13,378
	<u>5,022</u>	<u>13,378</u>

12. Derivative financial instruments

(a) Derivative financial instruments

	<u>2025</u> \$'000	<u>2024</u> \$'000
<u>Derivative financial assets:</u>		
Foreign exchange contracts	91	-
	<u>91</u>	<u>-</u>
<u>Derivative financial liabilities:</u>		
Foreign exchange contracts	(196)	(310)
	<u>(196)</u>	<u>(310)</u>

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12. Derivative financial instruments (continued)

(b) Foreign exchange contracts

At 31 December, the contractual amounts and the fair value of the Branch's outstanding foreign exchange contracts on a net basis are as follows:

<u>Description</u>	<u>Contract notional amount</u>		<u>Net fair value</u>	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
United States Dollar	19,496	14,982	(105)	(310)
			2025	2024
			\$'000	\$'000
Beginning of financial year			(310)	128
Fair value gains/(losses) recognised in profit or loss			205	(438)
End of financial year			(105)	(310)

13. Other assets

	2025	2024
	\$'000	\$'000
Accrued investment income – Financial assets at FVTPL	381	327
Accrued investment income – Financial assets at FVOCI	264	260
Accrued dividend income	-	1
Statutory deposit	1,000	1,000
Receivable from sales of investment	1	-*
Non-insurance receivables	-	-*
Prepayments	8	-*
Other non-trade receivables	495	712
	2,149	2,300

The Branch has \$1 million (2024: \$1 million) that is placed as a statutory deposit as required by the Brunei Darussalam Central bank, under section 16 of Insurance Order, 2006.

* less than 1,000

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14. Property, plant and equipment

	<u>Buildings</u> \$'000	<u>Furniture and equipment</u> \$'000	<u>Total</u> \$'000
2025			
<u>Cost</u>			
At 1 January 2025	23	23	46
Additions	52	-	52
Disposals	-	-	-
Write-offs	(23)	-	(23)
At 31 December 2025	52	23	75
<u>Accumulated depreciation</u>			
At 1 January 2025	19	19	38
Depreciation charge	10	4	14
Disposals	-	-	-
Write-offs	(23)	-	(23)
At 31 December 2025	6	23	29
Net book value at 31 December 2025	46	-	46
2024			
<u>Cost</u>			
At 1 January 2024	23	26	49
Additions	-	4	4
Disposals	-	(7)	(7)
Write-offs	-	-	-
At 31 December 2024	23	23	46
<u>Accumulated depreciation</u>			
At 1 January 2024	8	26	34
Depreciation charge	11	-*	11
Disposals	-	(7)	(7)
Write-offs	-	-	-
At 31 December 2024	19	19	38
Net book value at 31 December 2024	4	4	8

Right-of-use (“ROU”) assets acquired under leasing arrangements are presented together with the same line that the corresponding underlying asset would have been presented in if it had been owned. Details of such assets are disclosed in Note 15.

* less than 1,000

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15. Leases – The Branch as a lessee

Nature of the Branch's leasing activities

Property

The Branch leases office space for the purpose of back-office operations.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	2025 \$'000	2024 \$'000
Buildings	46	4
	<u>46</u>	<u>4</u>

(b) Depreciation charge during the year

	2025 \$'000	2024 \$'000
Buildings	10	11
	<u>10</u>	<u>11</u>

(c) Interest expense

	2025 \$'000	2024 \$'000
Interest expense on lease liabilities	2	-*
	<u>2</u>	<u>-*</u>

(d) Total cash outflow for all leases in 2025 was \$8,000 (2024: \$12,000).

(e) The addition of ROU assets during the financial year 2025 was \$52,000 (2024: \$nil).

Reconciliation of liabilities arising from financing activities

	1 January 2025	Principal and interest payments	Interest expense	Addition - new leases	31 December 2025
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease Liabilities	4	(8)	(2)	52	46

	1 January 2024	Principal and interest payments	Interest expense	Addition - new leases	31 December 2024
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease Liabilities	16	(12)	-*	-	4

* less than 1,000

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16. Other payables

	2025 \$'000	2024 \$'000
Other non-trade payables	5	87
Other payables related to non-insurance contract	16	15
Withholding tax payable	<u>2,577</u>	-
	<u>2,598</u>	<u>102</u>
Due within 12 months	2,598	102

17. Deferred income taxes

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

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

	2025 \$'000	2024 \$'000
Deferred tax liabilities		
- Settled after 12 months	<u>(88)</u>	<u>(45)</u>

The movement in deferred tax liabilities during the period is as follows:

Deferred tax liabilities

	Fair value <u>reserve</u> \$'000	Other temporary <u>difference</u> \$'000	<u>Total</u> \$'000
2025			
At 1 January 2025	-	(45)	(45)
Tax credit to Life Assurance Fund	-	(43)	(43)
At 31 December 2025	<u>-</u>	<u>(88)</u>	<u>(88)</u>
2024			
At 1 January 2024	(3)	-	(3)
Tax credit to Life Assurance Fund	3	(45)	(42)
At 31 December 2024	<u>-</u>	<u>(45)</u>	<u>(45)</u>

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18. Amounts due from/ (to) Head Office

	2025	2024
	\$'000	\$'000
Beginning of financial year	(438)	(977)
Allocation of surplus to head office	(121)	(96)
Surplus transferred to head office	37	123
Other movement during the year	3,550	512
Amount due from / (to) Head Office	3,028	(438)

The amounts due from and to Head Office is interest-free, unguaranteed, unsecured and repayable on demand. Payment made out by the Head Office on behalf of the Branch is settled within 3 months, in accordance with the requirements of MAS Notice 101.

19. Related party transactions

Other than disclosed elsewhere in the financial statements, the following significant transactions took place between the Branch, the Head Office and related parties during the financial year on terms agreed between the parties concerned:

	2025	2024
	\$'000	\$'000
Common expenses paid to Head Office	2,002	1,654

The Branch has no separate key management personnel and the common expenses paid to Head Office are inclusive of key management personnel expenses incurred.

20. Immediate holding company and ultimate holding corporation

The Branch is a segment of Tokio Marine Life Insurance Singapore Pte. Ltd. ("the Head Office") incorporated in Singapore. The immediate holding company is Asia General Holdings Limited, incorporated in Singapore. The ultimate holding corporation is Tokio Marine Holdings, Inc., incorporated in Japan.

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

The Branch 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 Branch utilises both quota share and surplus reinsurance.

A substantial portion of the Branch's life insurance business is participating in nature. The Branch 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 Branch also performs notional bonus cuts to reflect bonus rates that are as close as possible to the bonus rates based on the investigation.

For 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 Branch generally has the right to vary the non-guaranteed future premium rates if claim experience deteriorates in the future.

The Branch 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 Branch's financial position. The Branch reviews and updates the assumptions (where the basis is not prescribed) used in the estimation of its insurance contract liabilities regularly to ensure its relevance and appropriateness.

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21. Insurance and financial risk management (continued)

(a) Insurance risk (continued)

(i) Concentrations of insurance risks

The following tables present the concentration of insured benefits across three bands of insured benefits per individual life assured.

Benefits assured (\$'000) per life assured at the end of 2025

	Total benefits insured (\$'000)			
	Before reinsurance		After reinsurance (estimated)	
	\$'000	%	\$'000	%
0 - 500	187,168	91	131,588	95
500 - 1,000	16,332	8	7,076	5
More than 1,000	1,753	1	577	0
Total	205,253	100	139,241	100

Benefits assured (\$'000) per life assured at the end of 2024

	Total benefits insured (\$'000)			
	Before reinsurance		After reinsurance (estimated)	
	\$'000	%	\$'000	%
0 - 500	172,424	90	121,674	94
500 - 1,000	16,467	9	7,153	6
More than 1,000	1,799	1	590	0
Total	190,690	100	129,417	100

(ii) Sensitivity analysis

The following tables present information on how reasonably possible changes in assumptions made by the Branch 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.

	Change in <u>assumption</u> (%)	Impact on <u>profit before tax</u>		Impact on life assurance fund <u>(before the effects of taxation)</u>	
		Gross	Net	Gross	Net
		\$'000	\$'000	\$'000	\$'000
As at 31 December 2025					
Worsening of mortality/morbidity	25%	(241)	(178)	(245)	(166)
Improvement in mortality/ morbidity	-25%	244	213	248	204
Worsening of lapse/surrender rates	25%	388	352	404	367
Improvement in lapse/surrender rates	-25%	(436)	(363)	(455)	(382)
Worsening of expense	25%	(1,900)	(1,900)	(1,942)	(1,942)
Improvement in expense	-25%	1,900	1,758	1,941	1,799

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21. Insurance and financial risk management (continued)

(a) Insurance risk (continued)

(ii) Sensitivity analysis (continued)

	Change in assumption (%)	Impact on profit before tax		Impact on life assurance fund (before the effects of taxation)	
		Gross \$'000	Net \$'000	Gross \$'000	Net \$'000
As at 31 December 2024					
Worsening of mortality/morbidity	25%	(196)	(141)	(192)	(141)
Improvement in mortality/ morbidity	-25%	202	169	198	169
Worsening of lapse/surrender rates	25%	428	394	415	380
Improvement in lapse/surrender rates	-25%	(481)	(396)	(466)	(380)
Worsening of expense	25%	(1,857)	(1,856)	(1,816)	(1,816)
Improvement in expense	-25%	1,860	1,743	1,819	1,703

(b) Head Office Risk Management Policies

The Branch being a segment of the Head Office follows the Risk Management practices of the Head Office. The Head Office 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 practices from ultimate holding corporation, Tokio Marine Holdings Inc. are considered in the ERM Framework.

In alignment with Tokio Marine Holdings, the Head Office does not seek to eliminate all risks, but to identify, understand and manage the risks effectively. The Head Office 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 key objectives of the Branch’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;
- Ensuring financial sufficiency to meet liquidity and capital management needs;
- Seeking earnings consistency in order to achieve stable 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 Head Office 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.

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21. Insurance and financial risk management (continued)

(b) Head Office Risk Management Policies (continued)

The Head Office has established a Board Risk Management Committee (“RMC”) which is a committee dedicated to assist the Board in the governance of risk within the Head Office and its Branch. 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.

To ensure that appropriate risks are taken, business risk strategies follow the risk appetite set out by the Head Office and are monitored on a regular basis to ensure that they are within the tolerances and limits set. These levels are reviewed on an annual basis to ensure its relevance and sufficiency in relation to the overall Head Office’s business objectives. As such, quantitative and qualitative approaches are taken to set the relevant risk appetite statements.

In addition to the ERM Framework, the Head Office recognises that establishing a strong risk culture is necessary for the long-term success of the Branch. Having a good risk culture helps in creating risk awareness among all staff of the Branch. As all staff are responsible for managing the risks within their area of influence, having a higher state of risk awareness enables better recognition and addressing of risks. This enhances the Branch’s performance by decreasing issues and impediments. The Head Office 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.

*As at 31 December 2025, the Chief Risk Officer position is vacant. In the interim, the Risk Management Department is overseen by an Acting Head of Risk Management.

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(c) Investment Committee

The Head Office's Investment Committee (also known as "Asset Liability Management & Investment Committee") is responsible for managing the Branch's investment activities. The Investment Committee is responsible for the formulation of the Branch's investment strategies, principles, policies and procedures for the investment function. The Investment Committee sets the investment limits and procedures to manage the market and credit risks faced by the Branch.

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

For the insurance funds (including the Branch), 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.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

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.

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

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

The Investment Committee is responsible and has oversight over the investment team to manage market risk actively through the setting of investment policies and the strategic asset allocation. Investment limits are set and monitored at various levels to ensure that all investment activities are within the guidelines set by the Investment Committee.

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

The liabilities assumptions used for ALM purpose are the same as those disclosed in Note 3(a) in assumptions used for insurance contracts.

(i) Interest rate risk

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

The Branch manages the interest rate risk after taking into consideration the underwriting and investment risks. The Head Office 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 Head Office would receive quarterly updates on their exposure to interest rate as part of the fixed income review.

The Branch reduces interest rate risk through the close matching of assets and guaranteed liabilities.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(i) Interest rate risk (continued)

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

	<u>Fixed rate</u> \$'000	<u>Floating rate</u> \$'000	<u>Non-interest bearing</u> \$'000	<u>Total</u> \$'000
As at 31 December 2025				
Financial Assets at FVTPL				
Government debt securities	2,981	-	255	3,236
Other debt securities	20,510	9,340	-	29,850
Equity securities (exclude perpetual bonds)	-	-	17,810	17,810
Equity securities (perpetual bonds)	157	5,980	-	6,137
Derivative financial instruments	-	-	91	91
Financial Assets at FVOCI				
Government debt securities	19,922	-	-	19,922
Other debt securities	10,715	5,721	-	16,436
Financial Assets at Amortised Cost				
Accrued investment income	426	219	-	645
Accrued dividend income	-	-	-	-
Other assets (excluding prepayments)	-	-	496	496
Statutory deposit	-	-	1,000	1,000
Cash and cash equivalents	-	-	2,881	2,881
Amount due from Head Office	-	-	3,028	3,028
	54,711	21,260	25,561	101,532
Financial Liabilities				
Other payables	-	-	2,598	2,598
Lease liabilities	46	-	-	46
Derivative financial instruments	-	-	196	196
	46	-	2,794	2,840

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(i) Interest rate risk (continued)

The Branch identified certain equity securities relating to perpetual bonds that were classified under non-interest bearing with the rest of the equity securities instead of their respective fixed and floating rate classifications in the prior period. This was corrected by restating the balances of the comparative Fixed rate and Floating rate equity securities to 164,000 and 5,996,000 respectively with a corresponding decrease in Non-interest bearing equity securities as at 31 December 2024. This restatement affects only the presentation in Note 21(c)(i) and has no impact on the Statement of Comprehensive Income, Balance Sheet and the Life Assurance Fund.

The tables below illustrate the interest rate exposure of the Branch's financial assets and liabilities: (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 2024				
Financial Assets at FVTPL				
Government debt securities	1,824	-	-	1,824
Other debt securities	16,237	8,718	-	24,955
Equity securities (exclude perpetual bonds)	-	-	16,260	16,260
Equity securities (perpetual bonds)	164	5,996	-	6,160
Derivative financial instruments	-	-	-	-
Financial Assets at FVOCI				
Government debt securities	11,684	-	-	11,684
Other debt securities	12,375	5,845	-	18,220
Financial Assets at Amortised Cost				
Accrued investment income	365	222	-	587
Accrued dividend income	-	-	1	1
Other assets (excluding prepayments)	-	-	712	712
Statutory deposit	-	-	1,000	1,000
Cash and cash equivalents	-	-	11,078	11,078
	42,649	20,781	29,051	92,481
Financial Liabilities				
Other payables	-	-	102	102
Lease liabilities	4	-	-	4
Derivative financial instruments	-	-	310	310
Amounts due to Head Office	-	-	438	438
	4	-	850	854

As the Branch 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. The table below summarises the impact on profit before tax and total life assurance fund (before the effects of taxation).

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(i) Interest rate risk (continued)

	Profit before tax \$'000	Impact on: Life assurance fund (before the effects of taxation) \$'000
As at 31 December 2025		
<i>100bps increase in interest rates</i>		
Net insurance contracts balance	2,042	2,582
Financial instruments	(1,984)	(6,429)
<i>100bps decrease in interest rates</i>		
Net insurance contracts balance	(2,334)	(2,940)
Financial instruments	2,266	7,835
As at 31 December 2024		
<i>100bps increase in interest rates</i>		
Net insurance contracts balance	1,595	2,054
Financial instruments	(1,602)	(4,499)
<i>100bps decrease in interest rates</i>		
Net insurance contracts balance	(1,844)	(2,356)
Financial instruments	1,827	5,397

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 Branch'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.

	<u>Carrying amount</u> \$'000	<u>Of which: not yet transited to an alternative benchmark rate</u> \$'000
As at 31 December 2025		
Non-derivative financial assets	3,287	3,287
As at 31 December 2024		
Non-derivative financial assets	5,545	5,545

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(ii) Foreign currency risk

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

Based on the currency interchangeability agreement, Brunei and Singapore adopted a system of free interchangeability of their respective currencies, which took effect from 12 June 1967. Under the agreement, each country undertakes to accept the currency issued by the other and to exchange them, at par and without charge, into their own currency.

Currency risk arising from fixed income investments in foreign currency instruments is generally managed using foreign currency forward contracts, which are relatively certain in their timing and extent.

The tables below show the foreign exchange position of the Branch's financial assets and liabilities by major currencies:

In Brunei Dollar	<u>BND</u> \$'000	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>Total</u> \$'000
As at 31 December 2025				
Financial Assets at FVTPL				
Government debt securities	-	-	3,236	3,236
Other debt securities	-	16,598	13,252	29,850
Equity securities	-	17,494	6,454	23,948
Financial Assets at FVOCI				
Government debt securities	-	19,922	-	19,922
Other debt securities	-	16,436	-	16,436
Financial Assets at Amortised Cost				
Accrued investment income	-	426	219	645
Other assets (exclude prepayments)	496	-	-	496
Statutory deposit	1,000	-	-	1,000
Cash and cash equivalents	958	1,374	549	2,881
Reinsurance contract assets	730	9	-	739
Amount due from Head Office	2,577	451	-	3,028
	5,761	72,710	23,710	102,181
Financial Liabilities				
Insurance contract liabilities	73,350	(1,773)	-	71,577
Other payables	2,598	-	-	2,598
Lease liabilities	46	-	-	46
	75,994	(1,773)	-	74,221

* less than 1,000

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For the financial year ended 31 December 2025

21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(ii) Foreign currency risk (continued)

The tables below show the foreign exchange position of the Branch's financial assets and liabilities by major currencies: (continued)

In Brunei Dollar	<u>BND</u> \$'000	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>Total</u> \$'000
As at 31 December 2025				
Net financial assets/(liabilities)	(70,233)	74,483	23,710	27,960
Less: Forward foreign exchange contracts (net)	-	-	(19,496)	(19,496)
Less: Net financial assets denominated in the Branch's functional currency	70,233	-	-	70,233
Currency Exposure	-	74,483	4,214	78,697
As at 31 December 2024				
Financial Assets at FVTPL				
Government debt securities	-	-	1,824	1,824
Other debt securities	-	12,926	12,029	24,955
Equity securities	-	18,367	4,052	22,419
Financial Assets at FVOCI				
Government debt securities	-	11,684	-	11,684
Other debt securities	-	18,220	-	18,220
Financial Assets at Amortised Cost				
Accrued investment income	-	415	172	587
Accrued dividend income	-	1	-	1
Other assets (exclude prepayments)	712	-*	-	712
Statutory deposit	1,000	-	-	1,000
Cash and cash equivalents	1,571	9,325	182	11,078
Reinsurance contract assets	282	12	-	294
	3,565	70,950	18,259	92,774
Financial Liabilities				
Insurance contract liabilities	62,423	3,738	-	66,161
Other payables	102	-	-	102
Lease liabilities	4	-	-	4
Amount due to Head Office	-	438	-	438
	62,529	4,176	-	66,705
Net financial assets / (liabilities)	(58,964)	66,774	18,259	26,069
Less: Forward foreign exchange contracts (net)	-	-	(14,982)	(14,982)
Less: Net financial assets denominated in the Branch's functional currency	58,964	-	-	58,964
Currency Exposure	-	66,774	3,277	70,051

A study of a 5% increase or decrease in the market value of the USD-denominated assets has been undertaken. The table below summarises the impact on profit before tax and total equity (before the effects of taxation).

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For the financial year ended 31 December 2025

21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(ii) Foreign currency risk (continued)

	Profit before <u>tax</u> \$'000	<u>Life assurance fund (before the effects of taxation)</u> \$'000
As at 31 December 2025		
<i>5% increase in market value of USD-denominated assets</i>		
Net insurance contracts balance	(182)	(182)
Financial instruments	183	183
<i>5% decrease in market value of USD-denominated assets</i>		
Net insurance contracts balance	182	182
Financial instruments	(183)	(183)
As at 31 December 2024		
<i>5% increase in market value of USD-denominated assets</i>		
Net insurance contracts balance	(147)	(147)
Financial instruments	148	148
<i>5% decrease in market value of USD-denominated assets</i>		
Net insurance contracts balance	147	147
Financial instruments	(148)	(148)

(iii) Equity risk

The Branch is exposed to equity price risk primarily through its investments in quoted equity instruments. The Branch is directly exposed to equity price risk for investments and bears all or most of the volatility in returns and investment performance.

The Head Office has determined the target percentage of equity exposure to the total investment portfolio. These exposure limits approved by the Investment Committee are defined within SAA and includes the monitoring of limits to various countries and sectors in the equity market.

The Head Office invests primarily in Singapore stock markets for its Branch. In this analysis, the applicable shock is applied to each market exposure. In addition, the Branch makes adjustments or assumptions where it determines this to be necessary or appropriate.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iii) Equity risk

(i) Equity risk sensitivity analysis

A study of a 10% increase or decrease in the equity prices has been undertaken for the Branch's operations respectively. The table below summarises the impact on profit before tax and total life assurance fund (before the effects of taxation).

	Profit before tax \$'000	Impact on: Life assurance fund (before the effects of taxation) \$'000
As at 31 December 2025		
<i>10% increase in equity prices</i>		
Net insurance contracts balance	(1,755)	(1,755)
Financial instruments	1,781	1,781
<i>10% decrease in equity prices</i>		
Net insurance contracts balance	1,769	1,769
Financial instruments	(1,781)	(1,781)
As at 31 December 2024		
<i>10% increase in equity prices</i>		
Net insurance contracts balance	(1,609)	(1,609)
Financial instruments	1,626	1,626
<i>10% decrease in equity prices</i>		
Net insurance contracts balance	1,609	1,609
Financial instruments	(1,626)	(1,626)

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iv) Credit risk

The Branch is exposed to credit risk through (i) investments in cash, money market and debt instruments (ii) exposure to counterparty's credit in group life and (iii) reinsurance contracts.

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 Head Office has internal limits by issuer or counterparty and restrict debt instruments to investment grade ratings or equivalents. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis by the Investment Committee.

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 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 Branch by classifying assets according to the Branch's credit ratings of counterparties.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iv) Credit risk (continued)

The tables below show the credit ratings of financial assets held by the Branch:

	<u>Neither past-due nor impaired</u>			<u>Total</u>
	Investment grade* (AAA+ to A-)* \$'000	Investment grade* (BBB+ to BBB-)* \$'000	Not rated \$'000	\$'000
As at 31 December 2025				
Financial Assets at FVTPL				
Government debt securities	2,895	341	-	3,236
Other debt securities	15,007	10,261	4,582	29,850
Equity securities	2,300	3,336	18,311	23,947
Derivative financial instruments	-	-	91	91
Financial Assets at FVOCI				
Government debt securities	19,922	-	-	19,922
Other debt securities	8,219	3,384	4,833	16,436
Financial Assets at Amortised Cost				
Accrued investment income	364	199	82	645
Other assets (exclude club membership and prepayments)	-	-	496	496
Statutory deposit	1,000	-	-	1,000
Cash and cash equivalents	2,881	-	-	2,881
Reinsurance contract assets	739	-	-	739
Amount due from Head Office	-	-	3,028	3,028
	53,327	17,521	31,423	102,271
As at 31 December 2024				
Financial Assets at FVTPL				
Government debt securities	1,510	314	-	1,824
Other debt securities	11,774	9,460	3,721	24,955
Equity securities	1,704	3,459	17,256	22,419
Derivative financial instruments	-	-	-	-
Financial Assets at FVOCI				
Government debt securities	11,684	-	-	11,684
Other debt securities	9,208	3,569	5,443	18,220
Financial Assets at Amortised Cost				
Accrued investment income	300	196	91	587
Accrued dividend income	-	-	1	1
Other assets (exclude club membership and prepayments)	-	-	712	712
Statutory deposit	1,000	-	-	1,000
Cash and cash equivalents	11,078	-	-	11,078
Reinsurance contract assets	294	-	-	294
	48,552	16,998	27,224	92,774

* Credit rating scale as per S&P and Fitch

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21. Insurance and financial risk management (continued)

- (c) Investment Committee (continued)
- (iv) Credit risk (continued)

The FVOCI financial assets which are not rated comprise mainly bonds issued by Singapore statutory authorities. 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 financials 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.

Credit loss allowance on financial assets of the Branch is computed using forward looking methodology via the ECL approach. In 2025, an ECL allowance of \$64 was provided on financial assets.

Model for expected credit losses

IFRS 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 Branch.
- (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 IFRS 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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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iv) Credit risk (continued)

Definition of default and credit-impaired assets

The Branch 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 Branch 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 Branch's expected loss calculations.

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21. Insurance and financial risk management (continued)

- (c) Investment Committee (continued)
- (iv) 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 Branch expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- The LGD represents the Branch'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 Branch, 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.

Forward-looking economic information is also included in determining the 12M and lifetime PD, EAD and LGD. These assumptions vary by product type.

The Branch 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.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iv) Credit risk (continued)

Significant increase in credit risk

The Branch 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 instrument 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;
- 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.

(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.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iv) Credit risk (continued)

Low credit risk debt instruments

The Branch 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 Branch 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 Branch defines low credit risk financial assets as financial assets that are “investment grade” at the reporting date, based on the Head Office’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 Head Office 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.

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 Branch considers these forecasts to represent its best estimate of the possible outcomes.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iv) Credit risk (continued)

Amounts arising from expected credit loss

The following table explains the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period.

	<u>Stage 1</u>	
	<u>Carrying amount</u>	<u>Related ECL allowance</u>
	\$'000	\$'000
As at 1 January 2025	29,647	15
Transfer from Stage 2 to Stage 1	256	-
Originated or purchased	8,706	-
Matured or sold	(5,030)	(1)
Remeasurements ¹	2,779	-*
As at 31 December 2025	36,358	14

*less than 1,000

	<u>Stage 2</u>	
	<u>Carrying amount</u>	<u>Related ECL allowance</u>
	\$'000	\$'000
As at 1 January 2025	256	-
Transfer from Stage 2 to Stage 1	(256)	-
Remeasurements ¹	-	-
As at 31 December 2025	-	-

	<u>Stage 1</u>	
	<u>Carrying amount</u>	<u>Related ECL allowance</u>
	\$'000	\$'000
As at 1 January 2024	13,387	7
Transfer from Stage 1 to Stage 2	(251)	-
Originated or purchased	18,295	-
Matured or sold	(2,003)	-
Remeasurements ¹	219	8
As at 31 December 2024	29,647	15

¹ Includes releases of ECL allowance.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(iv) Credit risk (continued)

Amounts arising from expected credit loss (continued)

	<u>Stage 2</u>	
	<u>Carrying amount</u>	<u>Related ECL allowance</u>
	\$'000	\$'000
As at 1 January 2024	-	-
Transfer from Stage 1 to Stage 2	251	-
Remeasurements ¹	5	-
As at 31 December 2024	256	-

Credit risk grading

The Branch 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.

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21. Insurance and financial risk management (continued)

- (c) Investment Committee (continued)
- (v) Fair value measurements

Fair value hierarchy

The Branch 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 Branch 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 Branch 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 Branch has no Level 3 investments during the two reporting periods presented.

There were no transfers between Levels 1 and 2 for recurring fair value measurements during both years.

The Branch's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to determine 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2025

21. Insurance and financial risk management (continued)

- (c) Investment Committee (continued)
(v) Fair value measurements (continued)

Recognised fair value measurement

This note sets out the split of financial instruments by fair value hierarchy level:

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
2025				
Investment assets at FVTPL				
Government debt securities	-	3,236	-	3,236
Other debt securities	-	29,850	-	29,850
Equity securities (exclude perpetual bonds)	17,810	-	-	17,810
Equity securities (perpetual bonds)	-	6,137	-	6,137
Derivative financial instruments	-	91	-	91
	<u>17,810</u>	<u>39,314</u>	<u>-</u>	<u>57,124</u>
Investments assets at FVOCI				
Government debt securities	19,922	-	-	19,922
Other debt securities	-	16,436	-	16,436
	<u>19,922</u>	<u>16,436</u>	<u>-</u>	<u>36,358</u>
Total investment assets at FV	37,732	55,750	-	93,482
Derivatives financial derivatives	-	196	-	196
Total liabilities	-	196	-	196
2024				
Investment assets at FVTPL				
Government debt securities	-	1,824	-	1,824
Other debt securities	-	24,955	-	24,955
Equity securities (exclude perpetual bonds)	16,260	-	-	16,260
Equity securities (perpetual bonds)	-	6,159	-	6,159
	<u>16,260</u>	<u>32,938</u>	<u>-</u>	<u>49,198</u>
Investments assets at FVOCI				
Government debt securities	11,684	-	-	11,684
Other debt securities	-	18,220	-	18,220
	<u>11,684</u>	<u>18,220</u>	<u>-</u>	<u>29,904</u>
Total investment assets at FV	27,944	51,158	-	79,102
Derivatives	-	310	-	310
Total liabilities	-	310	-	310

The Branch identified certain equity securities relating to perpetual bonds that were classified under Level 1 fair value hierarchy instead of Level 2. This was corrected by restating the balances of the comparative Level 2 equity securities to 6,159,000 with a corresponding decrease in Level 1 equity securities. This restatement affects only the presentation in Note 21(c)(v) and has no impact on the Statement of Comprehensive Income, Balance Sheet and the Life Assurance Fund.

The carrying amounts of cash and cash equivalents, other financial assets and other financial liabilities approximate their fair value.

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21. Insurance and financial risk management (continued)

(c) Investment Committee (continued)

(vi) Offsetting financial assets and financial liabilities

The Branch 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.

(vii) Investment in funds

The funds invested in by the Branch 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 balance sheet. However, as the Branch has limited interests in these funds, the Branch's risk with respect to such transactions is limited to its capital balance in each fund.

The Branch'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 Branch may, at any point in time, hold a majority of a fund's total units in issue.

(viii) 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 Branch's contracts with direct participation features at all the reporting date.

	2025	2024
	\$'000	\$'000
Cash & cash equivalent	2,012	8,973
Financial assets at fair value through profit and loss	56,781	46,495
Derivative financial instruments	91	-
Other assets	388	319
Property, plant & equipment	46	8
<i>Less: payables and other liabilities</i>	(1,192)	(1,090)
	58,126	54,705

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22. Capital management

The Branch'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 Branch's capital adequacy.

The Branch currently uses capital requirements under the regulatory regime it operates in as a proxy for capital adequacy assessment. In Brunei, it is governed by the Insurance Order, 2006, which prescribes a minimum amount of capital that must be held to fulfil statutory solvency requirements and must be met at all times throughout the year.

As stated in the Insurance Order, 2006, the Branch's surplus of assets over liabilities within each insurance fund ("fund margin of solvency") cannot be less than 20% of the net premium income of the fund in the last accounting period. In addition, the surplus of assets over liabilities for the Branch ("margin of solvency") cannot be less than 20% of liabilities.

Liquidity Risks

Liquidity risk arises when a Branch is unable to meet its obligations on a timely basis; especially so when the investment portfolio is largely made up of illiquid assets. Under normal circumstances, the liquidity demands of the Branch 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 Branch remains susceptible to exceptional experiences (surrender or catastrophic events) for its insurance portfolio. Also, the Branch 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.

Liquidity risk is reduced by having insurance contract liabilities that are well diversified by product and policyholder. The Branch designs insurance products to encourage policyholders to maintain their policies in-force, thereby generating a diversified and stable flow of recurring premium income.

The Branch adopts prudent liquidity risk management by monitoring daily operating liquidity and cash movements to ensure liquidity is available and cash is employed optimally. The Branch has cash and cash equivalents of \$2.8 million (2024: \$11.1 million) to meet its liquidity requirements.

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BRUNEI DARUSSALAM BRANCH**

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For the financial year ended 31 December 2025

22. Capital management (continued)

Liquidity Risks (continued)

The following table shows the contractual maturity profile of the Branch's investment assets and insurance liabilities. For investment assets, the expected recovery or settlement of financial assets and maturity profile of the Branch'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.

	Up to 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	Over 5 years \$'000	No fixed maturity \$'000
As at 31 December 2025							
Financial Assets at FVTPL							
Government debt securities	255	-	1,157	-	-	1,824	-
Other debt securities	1,278	1,529	1,800	768	3,273	21,201	-
Equity securities	-	-	-	-	-	6,137	17,810
Derivative financial instruments	91	-	-	-	-	-	-
Financial Assets at FVOCI							
Government debt securities	-	-	-	-	-	19,922	-
Other debt securities	250	255	501	1,810	1,317	12,303	-
Financial Assets at Amortised Cost							
Accrued investment income	645	-	-	-	-	-	-
Other assets (Exclude prepayments)	496	-	-	-	-	-	-
Statutory deposit	-	-	-	-	-	-	1,000
Cash and cash equivalents	-	-	-	-	-	-	2,881
Amount due from Head Office	3,028	-	-	-	-	-	-
Total investment asset	6,043	1,784	3,458	2,578	4,590	61,387	21,691
Insurance/Reinsurance contract balances							
Reinsurance contract assets	(414)	23	19	17	13	87	-
Insurance contract liabilities	5,542	3,222	3,823	2,693	2,691	50,213	-
Total insurance/reinsurance contract balances	5,128	3,245	3,842	2,710	2,704	50,300	-

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22. Capital management (continued)

Liquidity Risks (continued)

	Up to 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	Over 5 years \$'000	No fixed maturity \$'000
As at 31 December 2024							
Financial Assets at FVTPL							
Government debt securities	-	-	-	-	492	1,332	-
Other debt securities	1,127	1,315	1,544	1,303	1,277	18,389	-
Equity securities	-	-	-	-	-	6,159	16,260
Financial Assets at FVOCI							
Government debt securities	-	-	-	-	-	11,684	-
Other debt securities	2,000	988	1,242	730	2,262	10,998	-
Financial Assets at Amortised Cost							
Accrued investment income	587	-	-	-	-	-	-
Accrued dividend income	1	-	-	-	-	-	-
Other assets (Exclude prepayments)	712	-	-	-	-	-	-
Statutory deposit	-	-	-	-	-	-	1,000
Cash and cash equivalents	-	-	-	-	-	-	11,078
Total investment asset	4,427	2,303	2,786	2,033	4,031	48,562	28,338
Insurance contract balances							
Reinsurance contract assets	(90)	24	21	15	14	37	-
Insurance contract liabilities	7,600	2,840	3,015	3,498	2,443	43,234	-
Total insurance contract balances	7,510	2,864	3,036	3,513	2,457	43,271	-

The following table shows the contractual maturity profile of the Branch's financial liabilities. As all the financial liabilities are current, the carrying value approximates the undiscounted cash flows:

	Up to 1 year \$'000	1-5 years \$'000	>5 years \$'000
As at 31 December 2025			
Other payables	2,598	-	-
Lease liabilities	10	36	-
Derivative financial instruments	196	-	-
As at 31 December 2024			
Other payables	102	-	-
Lease liabilities	4	-	-
Amounts due to Head Office	438	-	-
Derivative financial instruments	310	-	-

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22. 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 Branch level over the past several years. Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring.

23. Segmental information

By Business Segments

	Par	<u>2025</u> Others	Total	Par	<u>2024</u> Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance revenue	1,512	515	2,027	2,186	606	2,792
Insurance service expenses	(1,418)	(2,104)	(3,522)	(1,108)	(3,952)	(5,060)
Net income from reinsurance contracts held	-	426	426	-	132	132
Insurance service result	<u>94</u>	<u>(1,163)</u>	<u>(1,069)</u>	<u>1,078</u>	<u>(3,214)</u>	<u>(2,136)</u>
Investment return	5,917	1,121	7,038	5,450	957	6,407
Net finance expense from insurance contracts and reinsurance contracts held	(5,782)	(161)	(5,943)	(15,667)	(87)	(15,754)
Net investment result	<u>135</u>	<u>960</u>	<u>1,095</u>	<u>(10,217)</u>	<u>870</u>	<u>(9,347)</u>
Other income	-	-	-	1	-	1
Other (losses)/gains	1	(3)	(2)	1	1	2
Other operating expenses	720	(742)	(22)	(3)	(15)	(18)
(Loss)/profit before tax	950	(948)	2	(9,140)	(2,358)	(11,498)
Tax expense	-	(41)	(41)	-	(42)	(42)
Net (loss)/profit	<u>950</u>	<u>(989)</u>	<u>(39)</u>	<u>(9,140)</u>	<u>(2,400)</u>	<u>(11,540)</u>

The amounts relating to reinsurance contracts held for both business segments are being presented under the Others segment.

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24. Net fair values of financial assets and liabilities

The financial assets and the financial liabilities of the Branch comprise current assets (except tax recoverable and prepayments), 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), and agents' retirement benefits. The fair values of these financial assets and liabilities at 31 December 2025 approximate their carrying amounts as shown in the balance sheet.

25. New or revised accounting standards and interpretations

The Branch 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 IFRS 9 and IFRS 7</i>	
- <i>Amendments to the Classification and Measurement of Financial Instruments</i>	<i>1 January 2026</i>
- <i>Annual improvements to IFRS Accounting Standard Volume 11</i>	
 New Accounting standards: <i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	 <i>1 January 2027</i>

IFRS 18 will replace IFRS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance (comprising of the statement of profit or loss and other comprehensive income) and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Branch's financial statements.

The adoption of IFRS 18 will have no impact on the Branch's net profit, the Branch expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.

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For the financial year ended 31 December 2025

26. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Tokio Marine Life Insurance Singapore Pte. Ltd. on 27 March 2026.