

**TOKIO MARINE LIFE INSURANCE
SINGAPORE LTD. – Brunei Darussalam Branch**
(Incorporated in Singapore, Registered No: 194800055D)

ANNUAL REPORT
For the financial year ended 31 December 2022

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
- BRUNEI BRANCH**

(Incorporated in Singapore)

ANNUAL REPORT

For the financial year ended 31 December 2022

Contents

	Page
Statement by Directors	1
Independent Auditor's Report	2
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Life Assurance Fund	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
BRUNEI DARUSSALAM BRANCH
(Incorporated in Singapore)**

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2022

Directors

The Directors of Tokio Marine Life Insurance Singapore Ltd. - Brunei Darussalam Branch during the financial year and at the date of this report are:

1. Tan Cheng Han
2. Ooi Chee Kar
3. Rolf Gerber
4. Tang Loo Chuan
5. Tomaya Kittaka (appointed on 8 March 2023)

Other than as disclosed, none of the directors in office at the end of the financial year had any interest in shares and in options in Tokio Marine Life Insurance Singapore Ltd. during the financial year.

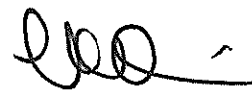
Statement by Directors

In our opinion, the accompanying statement of financial position, statement of comprehensive income, statement of changes in life assurance fund and statement of cash flows together with the notes thereto are properly drawn up in accordance with the provisions of the Brunei Darussalam Companies Act, Cap. 39 and International Financial Reporting Standards as issued by the International Accounting Standards Board so as to give a true and fair view of the financial position of the Branch as at 31 December 2022 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.

On behalf of the directors



Tan Cheng Han
Director



Ooi Chee Kar
Director





To the Board of Directors of
Tokio Marine Life Insurance Singapore 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 Ltd. - Brunei Darussalam Branch (the "Branch") gives a true and fair view of the financial position of the Branch as at 31 December 2022, 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").

What we have audited

The financial statements of the Branch comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the financial year ended 31 December 2022;
- the statement of changes in life assurance fund for the financial year ended 31 December 2022;
- the statement of cash flows for the financial year ended 31 December 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 Branch in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the "Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

*PricewaterhouseCoopers Services 13th Floor, PGGMB Building, Jalan Kianggeh,
Bandar Seri Begawan BS8111, Brunei Darussalam
T: +673 224 1951, www.pwc.com/ph/brunei*



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

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 Statement by Directors, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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, and for such internal control as management determines 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, management is 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 management either intends 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 ISAs 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 Ltd. - Brunei Darussalam Branch

As part of an audit in accordance with ISAs, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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.



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

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', is written over a faint, illegible stamp.

Chai Xiang Yuin
Partner

Brunei Darussalam
5 April 2023

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

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
INCOME			
Gross premiums		1,742	2,167
Less: Reinsurance premiums		3	(84)
Net premiums	23	1,745	2,083
Fee and commission income	6(a)	(5)	8
Investment and other income	6(b)	2,333	1,977
Other (losses)/gains– net	6(c)	(1,110)	761
TOTAL INCOME		2,963	4,829
OUTGO			
Net insurance benefits and claims under policies, paid and outstanding:			
- Death		(1,117)	(723)
- Maturity		(1,095)	(1,640)
- Surrenders including bonus		(263)	(79)
- Others		(15)	(4)
TOTAL OUTGO	24	(2,490)	(2,446)
DECREASE/(INCREASE) IN POLICY LIABILITIES (NET)	18	1,867	(2,965)
OPERATING EXPENSES AND COMMISSIONS			
Commission and agency expenses		(49)	(76)
Employee compensation	6(d)	(141)	(147)
Depreciation	6(e)	(12)	(12)
Other operating expenses	6(f)	(795)	(567)
TOTAL EXPENSES		(1,620)	(6,213)
PROFIT/(LOSS) BEFORE INCOME TAX		1,343	(1,384)
Income tax expense	5	-*	(1)
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,343	(1,385)
OTHER COMPREHENSIVE INCOME:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Financial assets, available-for-sale			
- fair value losses	9	(5,844)	(313)
- impairment of financial assets, available-for-sale	6(c)	693	-
- reclassification upon disposal	6(c)	257	(755)
- deferred tax on fair value changes	16	832	182
Other comprehensive loss, net of tax		(4,062)	(886)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(2,719)	(2,271)

* less than 1,000

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

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Cash and cash equivalents	7	7,643	4,983
Trade receivables		17	-*
Outstanding premium and agents' balances	8	102	102
Reinsurance assets	19	366	38
Financial assets, available-for-sale	9	49,395	53,263
Derivative financial instruments	10	473	98
Other assets	11	1,387	1,334
Loans	12	4,176	3,896
Property, plant and equipment	13	4	4
Deferred tax assets	16	475	-
Amounts due from Head Office	20	-	76
TOTAL ASSETS		64,038	63,794
LIABILITIES			
Claims admitted or intimated		1,551	2,071
Trade payables	15	137	197
Other payables	15	117	133
Deferred tax liabilities	16	-	357
Agents' retirement benefits	17	30	30
Derivative financial instruments	10	-*	10
Policy liabilities	18	46,353	48,271
Reinsurance liabilities	19	99	48
Amounts due to Head Office	20	414	-
Lease liabilities	21	4	4
TOTAL LIABILITIES		48,705	51,121
LIFE ASSURANCE FUND			
Unallocated surplus		17,652	10,930
Fair value reserve		(2,319)	1,743
TOTAL LIFE ASSURANCE FUND		15,333	12,673
TOTAL LIABILITIES AND LIFE ASSURANCE FUND		64,038	63,794

* less than 1,000

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

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

STATEMENT OF CHANGES IN LIFE ASSURANCE FUND

For the financial year ended 31 December 2022

	Notes	Unallocated surplus \$'000	Fair value reserve \$'000	Total \$'000
2022				
At 1 January 2022		10,930	1,743	12,673
Fair value losses on financial assets, available-for-sale		-	(5,844)	(5,844)
Impairment of financial assets, available-for-sale		-	693	693
Fair value changes transferred to profit or loss during the financial year		-	257	257
Tax credit to Life Assurance Fund		-	832	832
Other comprehensive loss recognised directly in Life Assurance Fund		-	(4,062)	(4,062)
Net profit for the financial year		1,343	-	1,343
Allocation of surplus to Head Office		(121)	-	(121)
Capital injection from Head Office*		5,500	-	5,500
At 31 December 2022		17,652	(2,319)	15,333
2021				
At 1 January 2021		12,439	2,629	15,068
Fair value losses on financial assets, available-for-sale		-	(313)	(313)
Fair value changes transferred to profit or loss during the financial year		-	(755)	(755)
Tax credit to Life Assurance Fund		-	182	182
Other comprehensive loss recognised directly in Life Assurance Fund		-	(886)	(886)
Net loss for the financial year		(1,385)	-	(1,385)
Allocation of surplus to Head Office		(124)	-	(124)
At 31 December 2021		10,930	1,743	12,673

* During the current financial year, there was a capital injection of \$5,500,000 (2021: \$Nil) from the Head Office to the Life Assurance Fund.

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

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Profit/(loss) before income tax		1,343	(1,384)
Adjustments for:			
Depreciation of property, plant and equipment	6(e)	12	12
(Decrease)/increase in policy liabilities (net)	18	(1,867)	2,965
Loss/(gain) on disposal of:			
- Financial assets, available-for-sale	6(c)	257	(755)
Fair value (gains)/losses:			
- Derivative financial instruments	6(c)	(4)	233
- Currency exchange on foreign currency denominated debt securities	6(c)	151	(251)
Impairment loss:			
- Financial assets, available-for-sale	6(c)	693	-
Amortisation of effective interest	9	10	15
Dividend income	6(b)	(1,002)	(830)
Interest income	6(b)	(1,330)	(1,145)
Interest expense on lease liabilities	6(f)	-*	-*
Provision for agents' retirement benefits	17	-*	-*
		(1,737)	(1,140)
Changes in working capital:			
Receivables and other current assets		(365)	163
Claims admitted and intimated		(519)	845
Trade and other payables		(75)	19
Amounts due to/(from) Head Office		404	(265)
Net cash used in operating activities		(2,292)	(378)
Cash flows from investing activities			
Purchases of financial assets, available-for-sale	9	(24,058)	(28,686)
Proceeds/(payments) from disposal of:			
- Financial assets, available-for-sale	9	21,921	20,538
- Derivative financial instruments		(379)	61
Disbursement of loans		(280)	(434)
Dividend received		1,041	827
Interest received		1,219	1,130
Net cash used in investing activities		(536)	(6,564)
Cash flows from financing activities			
Capital injection from Head Office		5,500	-
Principal repayment of lease liabilities		(12)	(13)
Net cash provided by/(used in) by financing activities		5,488	(13)
Net increase/(decrease) in cash and cash equivalents		2,660	(6,955)
Cash and cash equivalents at beginning of financial year		4,983	11,938
Cash and cash equivalents at end of financial year	7	7,643	4,983

* less than 1,000

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

1. General Information

Tokio Marine Life Insurance Singapore Ltd. (the “Company”) 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. Significant accounting policies

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

The preparation of financial statements in conformity with 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 Notes 3 and 4.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Branch adopted the new or amended IFRS and interpretations of IFRS (“INT 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 and INT IFRS.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022
(continued)

The International Accounting Standards Board (IASB) has issued a number of new IFRS and amendments to IFRS that are effective in the current financial year of the Branch. Of these, the following developments are relevant to the Branch's financial statements:

(a) Temporary exemption on adoption of IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into separate measurement categories: those measured as at fair value with changes either recognised in profit or loss or in other comprehensive income and those measured at amortised cost. The determination is made at initial recognition depending on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, a revised expected credit loss model will replace the incurred loss impairment model in IAS 39.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. In addition, the new standard revises the hedge accounting model to more closely align with the entity's risk management strategies. The IASB made further changes to two areas of IFRS 9. Financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if the cash flow represents solely payments of principal and interest. Non-substantial modifications or exchange of financial liabilities that do not result in derecognition will be required to be recognised in profit or loss.

The standard was mandatorily effective for financial periods beginning on or after 1 January 2018 (except for prepayment features with negative compensation and modifications or exchange of financial liabilities that do not result in derecognition which has become effective for financial periods beginning on or after 1 January 2019), but the Branch qualifies for a temporary exemption as explained in Note 2.1(b).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022
(continued)

- (b) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

As noted in 2.1 (a), these amendments provide a temporary option for companies whose activities are predominantly connected with insurance to defer the effective date of IFRS 9 until the earlier of the effective date of IFRS 17 and financial reporting periods beginning on or after 1 January 2023, as well as an approach that allows an entity to remove from profit or loss the effects of certain accounting mismatches that may occur before IFRS 17 is applied. Based on the amendments to IFRS 4, the Branch is eligible for and will elect to apply the temporary option to defer the effective date of IFRS 9 in order to implement the changes in parallel with IFRS 17.

Additional disclosures required by IFRS 9 is made in Note 27.

- (c) Deferral for IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts will replace the current IFRS 4 Insurance contract standard. IFRS 17 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, IFRS 17 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures.

On 25 June 2020, the IASB issued the amendments to IFRS 4 and IFRS 17, the effective date of IFRS 17 will be deferred to annual reporting periods beginning on or after 1 January 2023, and that the exemption currently in place for some insurers regarding the application of IFRS 9 will be extended to enable the implementation of both IFRS 9 and IFRS 17 at the same time.

On 9 December 2021, the IASB issued a narrow amendment to the transition requirements of IFRS 17 which provides entities that first apply IFRS 17 and IFRS 9 at the same time with an option to present comparative information about certain financial assets as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022
(continued)

(c) Deferral for IFRS 17 Insurance Contracts (continued)

The Branch's 2022 annual results have been calculated and reported before the adoption of IFRS 17 for the financial statements that will take effect from 1 January 2023. The preparation of the 2022 comparatives under IFRS 9 and IFRS 17 are progressing as planned, and the Branch will restate the comparative information in the financial statements for the year ended 2023 based on the transition approaches taken on adoption of IFRS 17.

2.2 Insurance contracts

The Branch issues contracts that transfer mainly insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Branch defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 1% more than the benefits payable if the insured event did not occur at some point during the contract.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Currently, the Branch does not issue investment contracts.

(a) *Discretionary participation feature*

A number of insurance contracts contain a discretionary participation feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional bonuses:

- that are likely to be a significant portion of the total contractual benefits;
 - whose amount or timing is contractually at the discretion of the Branch;
- and

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(a) *Discretionary participation feature* (continued)

- that are contractually based on:
 - (i) the performance of a specified pool of contracts or a specified type of contract;
 - (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Branch; or
 - (iii) the profit or loss of the Branch or fund that issues the contract.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Branch may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 80% of the eligible distributions must be attributed to the contract holders as a group, while the amount and timing of the distribution to individual contract holders are at the discretion of the Branch, approved by the Board of Directors based on the advice of the Appointed Actuary. As a branch of Tokio Marine Life Insurance Singapore Ltd., the Branch follows the Company's practice where the distribution ratio to contract holders is at least 90%.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(b) *Recognition and measurement*

- Participating Insurance Contracts

These contracts insure events associated with human life (for example death or survival) over a long duration. The contract holders participate in profits of the participating life fund by sharing a significant portion of insurance risk. Profits are distributed to the contract holders by way of a regular cash dividend, reversionary bonus, or terminal dividend or bonus.

Liabilities from these contracts are determined using the prospective discounted cashflow method. Insurance contract liabilities are determined based on a series of relevant assumptions by the Branch's Appointed Actuary. Details of the methods used to determine the liabilities are provided in Note 3.

- Non-Participating Insurance Contracts

Non-Participating Insurance Contracts, which pay guaranteed benefits on the occurrence of specified insurance events, are classified as Individual and Group Insurance Contracts.

The Non-Participating Individual Insurance Contracts insure human life events (for example death, dread disease or survival) over the duration of the contract.

Details of the methods used to determine the liabilities are provided in Note 3.

Non-Participating Group Insurance Contracts are short-duration life insurance contracts mainly issued to employers to insure their commitment to their employees in terms of the employees' benefit plans. The guaranteed benefits paid on occurrence of the specified insurance event (for example death or disability) are either fixed or linked to the extent of the economic loss suffered by the assured. There are no maturity or surrender benefits.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(c) *Premiums*

Premiums from Participating, and Non-Participating Contracts are recognised on their respective due dates and within grace period of one month for premiums due before the financial year end. These premiums are recognised as gross premiums in profit or loss with the corresponding outstanding premiums reported in the balance sheet.

Outstanding premiums are carried at amortised cost, which approximate fair value.

Premiums due after, but received before the financial year end are recorded as advance premiums, and this item is included in trade payables in the balance sheet.

Premiums from insurance contracts which remain outstanding beyond the contractual date would automatically trigger premium loans which are collateralised against the cash value of the policy. Where the cash value is insufficient to activate a premium loan, the policy lapses and the contract between the Branch and the contract holder is deemed cancelled without further liabilities accruing from either party.

(d) *Claims*

A provision is made for the estimated cost of all life assurance claims notified but not settled at the balance sheet date using best estimates available at that time. Provision is made for claims incurred but not reported at the balance sheet date using best estimates available at that time.

(e) *Commission*

Commission expense is incurred or accrued for premiums paid or due within the grace period of one month before the financial year end. Commission expense arising from advance premiums is not accrued in the financial statements until the premiums are due and recognised as gross premiums in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(f) Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities.

In performing these tests for the Branch, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. The tests are conducted on liabilities net of reinsurance. The results of liability adequacy tests for the Branch are shown in the tables below:

Branch

	<u>Participating</u> \$'000	<u>Non- participating</u> \$'000
1. Reported insurance contract liabilities net of reinsurance liabilities	43,100	3,352
2. Gross Premium Valuation Reserve	43,100	2,979
Excess of reported insurance contract liabilities (1-2)	<u>-</u>	<u>373</u>

From the results, it is clear that the reported liabilities for the Branch are greater than the best estimate liabilities obtained by cash flow method. As such, no shortfall needs to be recorded in profit or loss.

(g) Reinsurance contracts held

Reinsurance contracts held relate to contracts entered into by the Branch with reinsurers under which the Branch is compensated for losses on one or more contracts issued by the Branch and that meet the classification requirements for insurance contracts as stated above.

The benefits to which the Branch is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets consist of short term balances due from reinsurers as well as long term receivables that are dependent on expected claims and benefits arising under the related reinsured insurance contract. Reinsurance liabilities are primarily premium payable for reinsurance contracts and are recognised as an expense when due. Should the amounts recoverable be less than the reinsurance premium payable, the differences will be recognised as reinsurance liabilities. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each insurance contract.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(g) *Reinsurance contracts held*

The Branch assesses its reinsurance assets for impairment at each balance sheet date. An allowance for impairment loss is established using the same method for loans and receivables. This is described in Note 2.6(e).

2.3 Revenue recognition

Revenue is recognised as follows:

(a) *Premiums*

The policy in respect of recognition of premiums is disclosed in Note 2.2(c).

(b) *Fee and commission income*

Fee and commission income comprise mainly of profit commission from reinsurers. The profit commission is recognised based on the terms of the underlying reinsurance contract, and when the amount of revenue and related cost of the reinsurance transaction can be reliably measured.

(c) *Interest income*

Interest income is recognised using the effective interest rate method.

(d) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses (Note 2.5).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(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

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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 disposals proceeds and its carrying amount is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.5 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.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in profit or loss.

2.6 Financial assets

(a) Classification

The Branch classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as “Cash and cash equivalents”, “Trade receivables”, “Other assets”, “Outstanding premium and agents’ balances”, “Amounts due from Head Office” and “Loans” on the balance sheet.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(a) Classification (continued)

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories.

(b) Recognition and derecognition

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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all the risks and rewards of ownership.

On disposal of a financial asset, the difference between the sale proceeds and the carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Interest and dividend income on financial assets are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(e) Impairment

The Branch assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.6 (e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as objective evidence that the financial asset is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.7 Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Trade and other payables represent liabilities for goods and services provided to the Branch prior to the end of the financial year which are unpaid.

Trade and other payables are derecognised when extinguished (i.e. when the obligation is discharged or is cancelled or has expired).

2.8 Derivative financial instruments

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

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

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.

2.9 Fair value estimation of financial assets and liabilities

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

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.10 Leases

When the Branch is the lessee:

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 assets (“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 incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

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

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

- **Lease liabilities**

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

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

Lease liability is measured at amortised cost using the effective interest rate method.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.10 Leases (continued)

When the Branch is the lessee: (continued)

- Lease liabilities (continued)

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 modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with 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 term of 12 months or less and leases of low value assets. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.11 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.11 Income tax (continued)

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 the Life assurance fund. Deferred income tax arising from the fair value gains and losses on Financial assets, available-for-sale are charged or credited directly to Fair value reserve/Life assurance fund in the same period the temporary differences arise.

2.12 Provisions

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

Agents' retirement benefits are provided for the Branch's tied agents and are calculated in accordance with the terms and conditions of the Agency Agreement.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.13 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 on a mandatory, 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.

2.14 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of 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 Dollar, 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 translation 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (continued)

2.15 Cash and cash equivalents

For the purposes of 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.

2.16 Life assurance fund

The Life Assurance Fund is made up of the accumulated profits (unallocated surplus) of the Branch and its fair value reserve on financial assets, available-for-sale.

2.17 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.

3. Insurance contracts

Insurance contract liabilities are determined based on a series of relevant assumptions made by the actuary of the Branch.

(a) *Methodology*

A prospective cashflow method, known as gross premium valuation method, is used to compute insurance contract liabilities.

Under the gross premium valuation approach, broadly speaking, the insurance contract liabilities are determined by first projecting future cash flows using realistic assumptions and then discounting these cash flow streams at appropriate interest rates.

For this liability valuation method, assumptions are needed for:

- ❖ Mortality and morbidity
- ❖ Persistency
- ❖ Discount rate
- ❖ Renewal expenses and inflation
- ❖ Expected future bonus (for participating policies)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. Insurance contracts (continued)

(a) Methodology (continued)

The insurance contract liabilities are calculated by aggregating the insurance contract liability of all policies. For participating policies, the insurance contract liabilities include provision for future payments arising for both guaranteed and non-guaranteed benefits.

Except for participating policies, additional provision is made in the liability valuation assumptions to allow for any adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the insurance liabilities where required. The methodology used to calculate provision for adverse deviation is consistent with generally accepted actuarial practice. For participating policies, there is no additional provision as any fluctuations of the best estimate experience can be reflected in the expected future payment arising from non-guaranteed benefits via bonus revision.

(b) Process to determine assumptions

All assumptions are reviewed and updated, if necessary, each year in order to value insurance contract liabilities that reflect the Branch's experience. The assumptions are required to be on best estimate basis. In general, due to the Branch's size, the assumptions reviews are done together with the Company.

▪ *Mortality and morbidity*

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

Morbidity assumptions for Dread Disease benefits are based on a percentage of the reinsurer's risk premium rates.

The mortality assumptions have been revised to reflect past experience. The morbidity assumptions remain unchanged.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. Insurance contracts (continued)

(b) Process to determine assumptions (continued)

▪ *Persistency*

An investigation into the experience over recent years was performed. This 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 persistency rates remain broadly stable. The assumptions for certain product groups have been revised to reflect recent experience.

▪ *Discount rate*

Participating Business.

The discount rates used to value insurance contract liabilities is determined based on the best estimate net investment return.

To determine the best estimate investment return, the Branch has broken down the assets in the fund as at the reporting date into various asset classes and has applied long term expected returns to each class. A weighted average rate of investment return is then derived by combining different proportions of the various asset classes. A weighted average return is computed based on a notional asset mix and the long term expected return of each asset class. The assumed investment expense is subtracted from the results to arrive at the best estimate investment return. This is done separately for suitable subgroups of assets within the fund (single and regular premium products).

The discount rate assumption for Participating business has been revised upwards.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. Insurance contracts (continued)

(b) Process to determine assumptions (continued)

Non-Participating Business

The insurance contract liability for non-participating business is computed by discounting policy cash flows using risk-free interest rates.

A three-segment approach is used to determine the risk-free discount rate. BND denominated risk is proxied using SGD.

1. In the first segment, the discount rate is based on market information on government bonds up to the last liquid point (“LLP”), that is 20 years for SGD-denominated liabilities.
2. In the second segment, the discount rate is extrapolated from the risk-free forward rates between the first and third segment based on Smith Wilson method.
3. In the third segment, the discount rate is based on the Ultimate Forward Rate (UFR) prescribed by the Monetary Authority of Singapore (“MAS”).

For other currency denominated risk, the last liquid point and ultimate forward rate are prescribed by the MAS.

▪ *Renewal expenses and inflation*

Expense analyses are carried out regularly to determine the long-term unit cost assumptions.

The analysis is done by dividing the current level of expense with the business volume. Adjustments are made to reflect expected changes in expense levels or business volume in the future, if any, to arrive at the long term best estimate unit cost assumptions.

The inflation assumption for Brunei is updated to 4% per annum for year 2023 to 2024, and 2% per annum thereafter.

An additional expense provision is also set up to ensure that any shortfall is taken into consideration.

The following table summarises the changes in methodology from 2021 to 2022.

	2022	2021
Policy Liabilities for Participating Business	Provision for adverse deviation has been removed from the liabilities of participating policies.	There is provision for adverse deviation in the liabilities of participating policies.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

3. Insurance contracts (continued)

(c) *Assumptions used*

	<u>Brunei</u>
Mortality and morbidity	<u>Death, TPD and DD:</u> Between 51% and 151% of reinsurance rates, depending on product type, age and gender.
Discount rate (Participating business)	Par Fund: between 3.82% and 5.50% (2021: between 3.25% and 5.04%).
Risk-free discount rate (For guaranteed benefits for Min. Condition Liability (MCL))	Derivation based on MAS Notice 133.
Persistency	Based on Company's experience.
Management expenses	Based on past actual expenses with adjustment for future trend, expressed as unit costs per in-force policy and percentage of premiums.
Distribution expenses	Based on actual payments, expressed as percentage of premiums and percentage of commissions.
Expense inflation rate	4% p.a. in 2023 and 2024, 2% thereafter.

(d) *Insurance contract liabilities*

Figures in \$'000

	2022	<u>Brunei</u>	2021
Participating Business	43,043		45,933
Non-Participating Business	3,310		2,338
Total	<u>46,353</u>		<u>48,271</u>

The insurance contract liabilities are gross of reinsurance and exclude the deferred tax liabilities related to the Participating Business. The change in total liabilities for both Participating Business and Non-Participating Business are mainly due to removal of PAD, assumption changes and policy movement during the year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3. Insurance contracts (continued)

(e) *Sensitivity analysis*

The Branch conducted sensitivity analyses of the value of insurance liabilities disclosed to movements in the assumptions used in the estimation of insurance liabilities.

The analyses are 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, for example:

- ❖ change in interest rate and change in market values; and
- ❖ change in lapses and future mortality.

The sensitivities are based on liabilities net of reinsurance.

▪ *Participating and Non-Participating Business*

<u>Variable</u>	<u>Change in variable</u>	<u>Change in liability</u>			
		<u>2022</u>		<u>2021</u>	
		<u>Value</u> \$'000	<u>Percentage</u> (%)	<u>Value</u> \$'000	<u>Percentage</u> (%)
Worsening of assurance mortality and morbidity	+25%	789	1.70	782	1.58
Improvement in assurance mortality and morbidity	-25%	(893)	(1.92)	(880)	(1.77)
Worsening of lapse rate	+25%	(530)	(1.14)	(582)	(1.17)
Improvement in lapse rate	-25%	576	1.24	622	1.25
Increase in discount rate	+100bps	(6,617)	(14.24)	(7,508)	(15.14)
Lowering of discount rate	-100bps	8,887	19.13	10,558	21.29
Worsening of expense	+25%	1,678	3.61	1,177	2.37
Improvement in expense	-25%	(1,668)	(3.59)	(1,164)	(2.35)

The liabilities are most sensitive to changes in discount rates.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. Critical accounting estimates and judgements

Estimates 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. The process for estimating the liabilities of insurance business is described in Note 3.

(b) Impairment of financial assets, available-for-sale

The Branch reviews its financial assets for objective evidence of impairment on a quarterly basis during the investment committee meeting. Financial assets are considered to be impaired if there has been a significant or prolonged period of decline in fair value below its cost or if there is objective evidence of impairment. The consideration of this requires management's judgement. The Branch evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. If actual experience differs negatively from the assumptions and other considerations used in the financial statements, unrealised losses currently in Fair Value Reserve may be recognised in profit or loss in future periods.

(c) Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Branch's operations have been affected by the spread of COVID-19 since 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. Critical accounting estimates and judgements (continued)

(c) Impact of COVID-19 (continued)

Set out below is the impact of COVID-19 on the Branch's financial performance reflected in this set of financial statements for the year ended 31 December 2022:

- (i) The Branch has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (ii) In 2022, continued border closures, production stoppages and workplace closures have resulted in periods where the Branch's operations were temporarily suspended to adhere to the respective governments' movement control measures. Despite the operational inconvenience caused by COVID-19 restrictions, there is no significant financial impact on Branch's financial performance.
- (iii) The Branch has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2022. Based on the assessment, management believe there is no need to set up any specific provisions for any unreported COVID-19 claims as at 31 December 2022.

As the COVID-19 pandemic situation continues to evolve, the Branch operations may be impacted by government restrictions. If the situation persists beyond management's current expectations, the Branch's assets may be subject to further write downs in the subsequent financial periods.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. Income taxes

	2022	2021
	\$'000	\$'000
On profits for the financial year:		
Withholding tax expense	-*	1

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

	2022	2021
	\$'000	\$'000
Profit/(loss) before tax	1,343	(1,384)
Tax calculated at Brunei statutory tax rate of 18.5% (2021: 18.5%)	248	(256)
Expenses not deductible for tax purpose	-	256
Income not taxable	(248)	-
Withholding tax expense	-*	1
	-*	1

* less than 1,000

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 2022 the Branch has unutilised tax losses of \$1,224,289 (2021: \$1,660,668).

6(a). Fee and commission income

	2022	2021
	\$'000	\$'000
Management fee rebates and commission income	13	1
Reinsurance commission income	(18)	7
	(5)	8

As a result of the unwinding of a major reinsurance contract, the Branch has recognised the reversal of reinsurance premium of \$81,000 (Note 23), reinsurance commission income of \$24,000, management fee rebate and other fee income of \$3,000 during the financial year.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6(b). Investment and other income

	2022	2021
	\$'000	\$'000
Investment income		
Dividend income		
- Financial assets, available-for-sale	1,002	830
 Interest income		
- Loans	253	240
- Fixed deposits	12	16
- Financial assets, available-for-sale	1,065	889
	1,330	1,145
Government grant	1	2
	2,333	1,977

Grant income of \$Nil (2021: \$1,000) under the Job Support Scheme (the "JSS"), \$ -* (2021:\$1,000) under the Jobs Growth Incentive (the "JGI") and \$ 1,000 (2021: \$Nil) under the Wage Credit Scheme (the "WCS") were recognised during the financial year. The JSS is a temporary scheme introduced in the Singapore Budget 2021 to help employers retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees. The JGI supports employers to expand local hiring from September 2020 to March 2023 (inclusive). The duration of JGI support will depend on when the local was hired and the characteristics of the local hire. The WCS was introduced to co-fund for wage increases from 2013 to 2020, the last payout was made to eligible employers in March 2022.

* less than 1,000

6(c). Other (losses)/gains - net

	2022	2021
	\$'000	\$'000
Fair value gains/(losses)		
- Derivatives (realised and unrealised gains/(losses))	4	(233)
 Financial assets, available-for-sale		
- Transfer from Life Assurance Fund on disposal	(257)	755
- Currency exchange (losses)/gains on debt securities (Note 9)	(151)	251
- Impairment of financial assets, available-for-sale (Note 9)	(693)	-
	(1,101)	1,006
Currency exchange losses on operations - net	(13)	(12)
	(1,110)	761

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6(d). Employee compensation

	2022	2021
	\$'000	\$'000
Employee compensation		
Wages and salaries	130	136
Employer's contribution to defined contribution plans including Tabung Amanah Pekerja and Supplemental Contributory Pension Funds	11	11
	141	147

6(e). Depreciation

	2022	2021
	\$'000	\$'000
Depreciation of property, plant and equipment:		
- Buildings	12	12
- Furniture and equipment	-	-
Total depreciation (Note 13)	12	12

6(f). Other operating expenses

	2022	2021
	\$'000	\$'000
Common expenses allocated from Head Office	655	457
Professional fees	50	49
Investment management fees	27	28
Registration fee	17	17
Other expenses	10	13
Courier expense	4	4
Bank charges	3	3
Interest expense on lease liabilities	-*	-*
Change in allowance for impairment	29	(4)
	795	567

* less than 1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. Cash and cash equivalents

(a)	2022 \$'000	2021 \$'000
Cash at bank and on hand	7,643	3,400
Fixed deposits with financial institutions	-	1,583
	7,643	4,983

- (b) There are no fixed deposits with financial institutions at the balance sheet date for the current financial year. The fixed deposits with financial institutions as at 31 December 2021 had an average maturity of 1 month from the end of the previous financial year with weighted average effective interest rate per annum of 0.22%.

8. Outstanding premium and agents' balances

	2022 \$'000	2021 \$'000
Outstanding premium and agents' balances	102	103
Less: Provision for impairment		
Balance at beginning of financial year	(1)	(5)
Decrease in allowance for impairment	1	4
Balance at end of financial year	-*	(1)
Total outstanding premium and agents' balances	102	102
Due within 12 months	102	102

* less than 1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Financial assets, available-for-sale

	2022	2021
	\$'000	\$'000
Beginning of financial year	53,263	45,192
Additions	24,058	28,686
Carrying value of disposals	(21,921)	(20,538)
Amortisation of effective interest	(10)	(15)
Currency exchange (losses)/gains on debt securities (Note 6(c))	(151)	251
Fair value losses transferred to Life Assurance Fund	(5,844)	(313)
End of financial year	49,395	53,263
Due within 12 months	22,058	22,210
Due after 12 months	27,337	31,053

Financial assets, available-for-sale are analysed as follows:

	2022	2021
	\$'000	\$'000
Quoted securities:		
- Equity securities - Singapore	17,761	16,975
- Equity securities - Asia Pacific ¹	1,273	1,822
- Equity securities - United States	78	1,147
- Debt securities - Singapore	14,385	17,926
- Debt securities - Asia Pacific ¹	7,937	7,348
- Debt securities - United States	2,288	2,005
- Debt securities - Western Europe	2,644	1,041
- Debt securities - Cayman Islands	854	1,898
- Debt securities - Canada	1,074	1,374
- Collective investment schemes	1,101	1,727
	49,395	53,263

¹ Asia Pacific refers to all countries in the region excluding Singapore that is disclosed separately above.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. Derivative financial instruments

(a)

	2022	2021
	\$'000	\$'000
<u>Derivative financial assets:</u>		
Foreign exchange contracts	473	98
<u>Derivative financial liabilities:</u>		
Foreign exchange contracts	-*	(10)

* less than 1,000

(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</u>		<u>Fair value asset - Net</u>	
	<u>notional amount - Net</u>			
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
United States Dollar	13,933	15,639	473	88
			2022	2021
			\$'000	\$'000
Beginning of financial year			88	383
Fair value gains/(losses) recognised in profit or loss			385	(295)
End of financial year			473	88

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. Other assets

	2022	2021
	\$'000	\$'000
Deposit - Others	1,000	1,000
Accrued investment income	375	321
Prepayments	10	11
Other receivables	2	2
	1,387	1,334
Less: Prepayments	(10)	(11)
	1,377	1,323
Add:		
Cash and cash equivalents (Note 7)	7,643	4,983
Trade receivables	17	-*
Outstanding premium and agents' balances (Note 8)	102	102
Loans (Note 12)	4,176	3,896
Loans and receivables	13,315	10,304
Due within 12 months	13,315	10,304

* less than 1,000

The Branch has \$1 million (2021: \$1 million) that is placed as a statutory deposit as required by the Brunei Darussalam Central Bank, under section 16 of Insurance Order, 2006.

12. Loans

	2022	2021
	\$'000	\$'000
Cash and non-forfeiture loans on policies within the surrender value	4,176	3,896

Cash and non-forfeiture loans on policies within the surrender value are repayable on demand and are collateralised against the surrender value of policyholders' insurance contracts.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

13. Property, plant and equipment

	Furniture and equipment \$'000	Building \$'000	Total \$'000
2022			
<u>Cost</u>			
At 1 January 2022	34	40	74
Additions	-	12	12
Write offs	-	(40)	(40)
At 31 December 2022	34	12	46
<u>Accumulated depreciation</u>			
At 1 January 2022	34	36	70
Depreciation charge (Note 6(e))	-	12	12
Write offs	-	(40)	(40)
At 31 December 2022	34	8	42
Net book value at 31 December 2022	-	4	4
2021			
<u>Cost</u>			
At 1 January 2021 and 31 December 2021	34	40	74
<u>Accumulated depreciation</u>			
At 1 January 2021	34	24	58
Depreciation charge (Note 6(e))	-	12	12
At 31 December 2021	34	36	70
Net book value at 31 December 2021	-	4	4

14. Leases – The Branch as a lessee

Nature of the Company's leasing activity - Property

Property

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

(i) Carrying amounts

Right-of-use ("ROU") assets classified within property, plant and equipment

	2022 \$'000	2021 \$'000
Buildings	4	4

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. Leases – The Branch as a lessee (continued)

Nature of the Company's leasing activity – Property (continued)

(ii)	Depreciation charge during the year	2022	2021
		\$'000	\$'000
	Buildings	12	12
		<hr/>	<hr/>
(iii)	Interest expense	2022	2021
		\$'000	\$'000
	Interest expense on lease liabilities (Note 6(f))	-*	-*
		<hr/>	<hr/>

* less than 1,000

(iv) Total cash outflow for all leases in 2022 was \$12,400 (2021: \$13,200).

(v) Addition of ROU assets during the year was \$11,650 (2021: Nil).

15. Other payables

	2022	2021
	\$'000	\$'000
Accrued management expenses	33	38
Other non-trade payables	84	95
	<hr/>	<hr/>
	117	133
Add: Trade payables	137	197
Financial liabilities at amortised cost	254	330
	<hr/>	<hr/>
Due within 12 months	254	330
	<hr/>	<hr/>

16. 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:

	2022	2021
	\$'000	\$'000
Deferred tax assets/(liabilities)		
- Settled after 12 months	475	(357)
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

16. Deferred income taxes (continued)

The movement in the deferred income tax account is as follows:

	<u>Fair value reserve</u>	
	2022	2021
	\$'000	\$'000
Beginning of financial year	(357)	(539)
Tax credit to Life Assurance Fund	832	182
End of financial year	475	(357)

17. Agents' retirement benefits

	2022	2021
	\$'000	\$'000
Beginning of financial year	30	30
Increase in provision for the financial year	-*	-*
End of financial year	30	30
Due after 12 months	30	30

* less than 1,000

18. Policy liabilities

	2022	2021
	\$'000	\$'000
Beginning of financial year	48,271	45,335
Due to assumption changes	(1,783)	2,324
Due to risk free rate changes	(256)	(307)
Due to movement during the year	121	919
(Decrease)/increase in policy liabilities for the financial year	(1,918)	2,936
End of financial year	46,353	48,271
(Decrease)/increase in policy liabilities (net)		
(Decrease)/increase in policy liabilities for the financial year	(1,918)	2,936
Increase in reinsurance liabilities (Note 19)	51	29
	(1,867)	2,965

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. Reinsurance assets / (liabilities)

	2022	2021
	\$'000	\$'000
Reinsurers' share of claims admitted or intimated	366	38
Reinsurance liabilities arising from policy liabilities	(99)	(48)
	267	(10)

(i) Reinsurers' share of claims admitted or intimated

	2022	2021
	\$'000	\$'000
Reinsurers' share of claims admitted or intimated	366	38
Movement in reinsurers' share of claims admitted or intimated		
Balance at beginning of financial year	38	329
Amount received for claims settled during the financial year	(6)	(293)
Claims notified during the financial year	364	2
Balance at end of financial year	396	38
Reinsurers' share of claims admitted or intimated	396	38
Less: Provision for impairment		
Beginning of financial year	-	-
Increase in allowance for impairment	(30)	-
End of financial year	(30)	-
Due within 12 months	366	38

As a result of the unwinding of a major reinsurance contract, the Branch has made a full provision for impairment on the reinsurers' share of claims admitted or intimated balances arising from this contract. As at 31 December 2022, this resulted in an allowance for impairment of \$30,000.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

19. Reinsurance assets / (liabilities) (continued)

(ii) Reinsurance liabilities arising from policy liabilities

	2022	2021
	\$'000	\$'000
Reinsurance liabilities arising from policy liabilities	99	48
Movement in reinsurance liabilities:		
Balance at beginning of financial year	48	19
Due to assumption changes	68	(12)
Due to risk free rate changes	(3)	(4)
Due to movement during the year	(14)	45
Change in reinsurance liabilities arising from policy liabilities	51	29
Balance at end of financial year	99	48
Due within 12 months	15	(32)
Due after 12 months	84	80

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. Amounts due (to)/from Head Office

	2022	2021
	\$'000	\$'000
Beginning of financial year	76	(154)
Allocation of surplus to head office	(121)	(124)
Surplus transferred to head office	35	127
Other movement during the year	(404)	227
End of financial year	(414)	76

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

21. Lease liabilities

	2022	2021
	\$'000	\$'000
Lease liabilities	4	4
Due within 12 months	4	4

Reconciliation of liabilities arising from financing activities:

	1 January 2022 \$'000	Principal and interest payments \$'000	Interest expense \$'000	Addition – new leases \$'000	31 December 2022 \$'000
Lease Liabilities	4	(12)	-*	12	4

	1 January 2021 \$'000	Principal and interest payments \$'000	Interest expense \$'000	Addition – new leases \$'000	31 December 2021 \$'000
Lease Liabilities	17	(13)	-*	-	4

* less than 1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. Related party transactions

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

	2022	2021
	\$'000	\$'000
Common expenses paid to Head Office	477	457
Insurance premium paid to a fellow subsidiary	-*	-*
Guarantee fee paid to an intermediate holding company	-*	-*

* less than 1,000

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

23. Net premiums

Details of the net premiums on insurance contracts based on product type for the financial years ended are as follows:

	Term <u>Insurance</u>	<u>Whole Life</u>	<u>Endowment</u>	Accident & Health	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Gross premiums	403	936	356	47	1,742
Reinsurance premiums	(48)	(17)	-	68	3
Net premiums	355	919	356	115	1,745
2021					
Gross premiums	481	1,063	582	41	2,167
Reinsurance premiums	(48)	(17)	-	(19)	(84)
Net premiums	433	1,046	582	22	2,083

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. Net insurance benefits and claims under policies, paid and outstanding

- (i) Details of the net insurance benefits and claims paid and outstanding on insurance contracts based on product type for the financial years ended are as follows:

	<u>Term Insurance</u> \$'000	<u>Whole Life</u> \$'000	<u>Endowment</u> \$'000	<u>Accident & Health</u> \$'000	<u>Total</u> \$'000
2022					
Gross benefits/claims	76	1,701	1,064	13	2,854
Reinsurance recoveries	(366)	-	-	2	(364)
Net benefits/claims	(290)	1,701	1,064	15	2,490
2021					
Gross benefits/claims	743	103	1,596	6	2,448
Reinsurance recoveries	-	-	-	(2)	(2)
	743	103	1,596	4	2,446

- (ii) Details of the net insurance benefits and claims paid and outstanding on insurance contracts based on type of claims for the financial years ended are as follows:

	<u>Death</u> \$'000	<u>Maturities</u> \$'000	<u>Surrenders including bonus</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
2022					
Gross benefits/claims	1,483	1,095	263	13	2,854
Reinsurance recoveries	(366)	-	-	2	(364)
Net benefits/claims	1,117	1,095	263	15	2,490
2021					
Gross benefits/claims	723	1,640	79	6	2,448
Reinsurance recoveries	-	-	-	(2)	(2)
Net benefits/claims	723	1,640	79	4	2,446

25. Immediate holding company and ultimate holding corporation

The Branch is a segment of Tokio Marine Life Insurance Singapore Ltd., 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. 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.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk covered.

(a) Long-term insurance contracts (All insurance contracts other than Group insurance contracts)

(i) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS or SARS) or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

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 participating contracts, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the policyholders. In addition, 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 manages these risks through its underwriting strategy and reinsurance arrangements.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(a) Long-term insurance contracts (All insurance contracts other than Group insurance contracts) (continued)

(i) *Frequency and severity of claims (continued)*

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 has a retention limit of up to \$300,000 on any single life assured who purchased individual life products. RGA International Reinsurance Company Ltd (Singapore Branch) remains as the main incumbent reinsurer.

The tables below present the concentration of insured benefits across two bands of insured benefits per individual life assured for non-linked business. These tables do not include annuity contracts.

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

	Total benefits insured (\$'000)			
	Before Reinsurance		After Reinsurance (Estimated)	
0 – 500	155,953	90.61%	111,147	94.87%
500 - 1,000	14,277	8.30%	5,400	4.61%
More than 1,000	1,885	1.09%	614	0.52%
Total	172,115	100.00%	117,161	100.00%

(ii) *Sources of uncertainty in the estimation of future benefit payments and premium receipts*

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality, morbidity and the variability in contract holder behaviour.

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 Company's best estimate assumptions for mortality, morbidity and persistency may be used for the Branch's best estimate assumptions as the Branch portfolio is small and the actual experience is not credible enough to form the best estimate assumptions.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

- (a) Long-term insurance contracts (All insurance contracts other than Group insurance contracts) (continued)

(ii) *Sources of uncertainty in the estimation of future benefit payments and premium receipts (continued)*

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.

In addition, on a yearly basis, the Branch, together with the Company, also carries out a bonus investigation to ascertain the sustainability of current bonus scales.

(B) Company Risk Management Policies

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

In alignment with Tokio Marine Holdings, the Company does not seek to eliminate all risks, but to identify, understand and manage the risks effectively. The Company is selective in its approach to risk taking, striking a balance between risk acceptance and the reward it can derive from accepting that risk. The key ideas behind the Company’s Risk Management Philosophy include:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(B) Company Risk Management Policies (continued)

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

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

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

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

(C) Investment Committee

The Company’s Investment Committee (also known as the “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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

The Branch 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.

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

The SAA are reviewed on an annual basis, recognising among other things, changes to business in-force and the economic environment, so as to ensure that they remain appropriate and are 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, including its collective investment schemes. 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 for the life insurance operations.

The Investment Committee is responsible and has oversight over the investment teams to manage market risk actively through the setting of investment policies and strategic asset allocations. Investment limits are set and monitored at various levels to ensure that all investment activities are within the guidelines set by the Investment 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(c) in Assumptions used for insurance contracts.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

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

(a) Interest rate risk

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

<u>In Brunei Dollar</u>	<u>Fixed Rate</u> \$'000	<u>Floating Rate</u> \$'000	<u>Non-Interest Bearing</u> \$'000	<u>Total</u> \$'000
<u>As at 31 December 2022</u>				
<u>FINANCIAL ASSETS</u>				
Financial assets, available-for-sale	21,129	8,053	20,213	49,395
Derivative financial instruments	-	-	473	473
Policy loans	4,176	-	-	4,176
Reinsurance assets	-	-	366	366
Outstanding premium and agents' balances	-	-	102	102
Trade receivables	-	-	17	17
Other assets (excluding prepayment)	-	-	1,377	1,377
Cash and cash equivalents	-	-	7,643	7,643
	25,305	8,053	30,191	63,549
<u>FINANCIAL LIABILITIES</u>				
Claims admitted or intimated	-	-	1,551	1,551
Trade payables	-	-	137	137
Other payables	-	-	117	117
Lease liabilities	4	-	-	4
Derivative financial instruments	-	-	*	*
Amount due to Head Office	-	-	414	414
	4	-	2,219	2,223

* less than 1,000

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

<u>In Brunei Dollar</u>	<u>Fixed Rate \$'000</u>	<u>Floating Rate \$'000</u>	<u>Non-Interest Bearing \$'000</u>	<u>Total \$'000</u>
<u>As at 31 December 2021</u>				
<u>FINANCIAL ASSETS</u>				
Financial assets, available-for-sale	27,473	4,119	21,671	53,263
Derivative financial instruments	-	-	98	98
Policy loans	3,896	-	-	3,896
Reinsurance assets	-	-	38	38
Outstanding premium and agents' balances	-	-	102	102
Other assets (excluding prepayment)	1,000	-	323	1,323
Amounts due from Head Office	-	-	76	76
Cash and cash equivalents	583	-	4,400	4,983
	<u>32,952</u>	<u>4,119</u>	<u>26,708</u>	<u>63,779</u>
<u>FINANCIAL LIABILITIES</u>				
Claims admitted or intimated	-	-	2,071	2,071
Trade payables	-	-	197	197
Other payables	-	-	133	133
Lease liabilities	4	-	-	4
Derivative financial instruments	-	-	10	10
	<u>4</u>	<u>-</u>	<u>2,411</u>	<u>2,415</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

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

A study of a 1% yield movement across relevant curves has been undertaken on the fair value of fixed income securities and this is considered to be a reasonable basis for interest rate sensitivity analysis. The table below summarises the impact on the Life Assurance Fund based on a 1% parallel shift in the yield curves:

Brunei Operations

<u>In Brunei Dollar</u>	<u>Impact on Life Assurance Fund</u>	
	2022	2021
<u>Change in variables</u>	\$'000	\$'000
<u>Interest rate</u>		
+100bps	(1,979)	(2,722)
-100bps	2,271	3,185

Preference shares are considered as fixed income securities for the purpose of the sensitivity analysis above.

Effect of Interbank Offer Rates (“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 debt securities that are linked to the USD LIBOR and Singapore SWAP Offer Rate. The table below summarises exposure of instruments that have not transited to an alternative benchmark rate.

	<u>Carrying amount</u>	<u>Of which: not yet transited to an alternative benchmark rate</u>
	\$'000	\$'000
Non-derivative financial assets	49,395	6,777
Derivative financial instruments	473	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) 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 exposure to United States Dollar "USD" for the Branch relating to investment securities is not material.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the 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
<u>As at 31 December 2022</u>				
<u>FINANCIAL ASSETS</u>				
Financial assets, available-for-sale	-	36,403	12,992	49,395
Derivative financial instruments	-	-	473	473
Policy loans	4,176	-	-	4,176
Reinsurance assets	366	-	-	366
Outstanding premium and agents' Balances	102	-	-	102
Trade Receivables	17	-	-	17
Other assets (excluding prepayments)	1,005	230	142	1,377
Cash and cash equivalents	1,492	5,612	539	7,643
	7,158	42,245	14,146	63,549
<u>FINANCIAL LIABILITIES</u>				
Claims admitted or intimated	1,551	-	-	1,551
Trade payables	137	-	-	137
Other payables	117	-	-	117
Lease liabilities	4	-	-	4
Derivative financial instruments	-	-	-*	-*
Amount due to Head Office	-	414	-	414
	1,809	414	-*	2,223
Net financial assets	5,349	41,831	14,146	61,326
Less: Foreign exchange contracts (net)	-	-	13,933	13,933
Less: Net financial assets denominated in the Branch's functional currency	5,349	-	-	5,349
Currency exposure	-	41,831	213	42,044

* less than 1,000

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the 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
<u>As at 31 December 2021</u>				
<u>FINANCIAL ASSETS</u>				
Financial assets, available-for-sale	-	36,685	16,578	53,263
Derivative financial instruments	-	-	98	98
Policy loans	3,896	-	-	3,896
Reinsurance assets	38	-	-	38
Outstanding premium and agents' Balances	102	-	-	102
Other assets (excluding prepayments)	1,007	195	121	1,323
Cash and cash equivalents	3,957	903	123	4,983
Amounts due from Head Office	-	76	-	76
	<u>9,000</u>	<u>37,859</u>	<u>16,920</u>	<u>63,779</u>
<u>FINANCIAL LIABILITIES</u>				
Claims admitted or intimated	2,071	-	-	2,071
Trade payables	197	-	-	197
Other payables	133	-	-	133
Lease liabilities	4	-	-	4
Derivative financial instruments	-	-	10	10
	<u>2,405</u>	<u>-</u>	<u>10</u>	<u>2,415</u>
Net financial assets	6,595	37,859	16,910	61,364
Less: Foreign exchange contracts (net)	-	-	15,639	15,639
Less: Net financial assets denominated in the Branch's functional currency	6,595	-	-	6,595
Currency exposure	<u>-</u>	<u>37,859</u>	<u>1,271</u>	<u>39,130</u>

(c) Equity price 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 Branch has determined the target percentage of equity exposure to the total investment portfolio. These exposure limits, approved by the Investment Committee, are defined within the SAA and includes the monitoring of limits to the various countries and sectors in the equity market.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(c) Equity price risk (continued)

The table below summarises the Branch's exposure to the equity securities across different markets.

	2022	2021
	%	%
<u>Market</u>		
Singapore Exchange	93	86
Others including unlisted equities	7	14
Total	100	100

(i) Sensitivity analysis

The analysis below is performed for reasonable possible movements in key variables with all other variables remaining constant. In practice, the estimated change may not be accurate particularly in periods of market turmoil. Actual results may differ substantially from these estimates.

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

The table below summarises the Branch's sensitivity analysis based on investment holdings as of 31 December. The parameters used are for illustration purpose only. Preference shares are excluded from the sensitivity analysis below.

Brunei Operations

	<u>Impact on Life Assurance Fund</u>	
<u>In Brunei Dollar</u>	2022	2021
Change in variables	\$'000	\$'000
<u>Equities</u>		
+10% Change in market value	1,302	1,266
-10% Change in market value	(1,302)	(1,266)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) 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 and reinsurance contracts and (iii) lending activities.

For all three types of exposures, financial loss may materialise as a result of 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 Branch has internal limits by issuer or counterparty and restricts debt instruments to investment-grade ratings or equivalents (internal ratings for unrated bonds). These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis by the Investment Committee. For unrated issues, they were not rated as the issuer did not obtain any credit rating from the respective rating agencies during the launch. Such issues although not rated are issued by companies which have sound financial and high credit worthiness. The credit worthiness for such bonds is evaluated and given an internal rating by the investment manager.

They are then monitored on an ongoing basis with a review annually at the minimum for any deviation especially for a deterioration.

The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

The Branch manages its lending activities by extending loans against collateral pledged to the Branch. Regular monitoring and review of the payments of loans are performed by the Branch to identify any non-performing loan. Any non-performing loan identified is communicated to management. Based on the decisions made by management on the possible course of recovery and provision of these loans, appropriate action is taken.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the balance sheet. 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.

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

	<u>Neither past-due nor impaired</u>				<u>Past due or impaired</u>	<u>Total</u>
	<u>Investment Grade*</u>	<u>Investment Grade*</u>	<u>Non Investment Grade*</u>	<u>Not Rated</u>	<u>Not Rated</u>	
	<u>(AAA+ to A-)</u>	<u>(BBB+ to BBB-)</u>	<u>(BB+ to C)</u>			
	<u>\$'000</u>	<u>\$'000</u>	<u>'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>As at 31 December 2022</i>						
AFS ¹ - Quoted government and public authority securities	1,185	397	-	-	-	1,582
AFS ¹ - Quoted debentures	10,599	10,005	-	6,996	-	27,600
AFS ¹ - Equities	-	-	-	19,963	250	20,213
Derivative financial instruments	-	-	-	473	-	473
Policy loans	-	-	-	4,176	-	4,176
Reinsurance assets	-	-	-	366	-	366
Outstanding premium and agents' balances	-	-	-	-	102	102
Other assets (excluding prepayments)	1,000	-	-	377	-	1,377
Trade receivables	-	-	-	17	-	17
Cash and cash equivalents	6,393	1,250	-	-	-	7,643
	19,177	11,652	-	32,368	352	63,549

	<u>Neither past-due nor impaired</u>				<u>Past due or impaired</u>	<u>Total</u>
	<u>Investment Grade*</u>	<u>Investment Grade*</u>	<u>Non Investment Grade*</u>	<u>Not Rated</u>	<u>Not Rated</u>	
	<u>(AAA+ to A-)</u>	<u>(BBB+ to BBB-)</u>	<u>(BB+ to C)</u>			
	<u>\$'000</u>	<u>\$'000</u>	<u>'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>As at 31 December 2021</i>						
AFS ¹ - Quoted government and public authority securities	276	1,025	-	-	-	1,301
AFS ¹ - Quoted debentures	11,062	10,031	-	9,198	-	30,291
AFS ¹ - Equities	-	-	-	21,671	-	21,671
Derivative financial instruments	-	-	-	98	-	98
Policy loans	-	-	-	3,896	-	3,896
Reinsurance assets	-	-	-	38	-	38
Outstanding premium and agents' balances	-	-	-	-	102	102
Other assets (excluding prepayments)	1,000	-	-	323	-	1,323
Amounts due from Head Office	-	-	-	76	-	76
Cash and cash equivalents	2,681	2,302	-	-	-	4,983
	15,019	13,358	-	35,300	102	63,779

The financial assets, available-for-sale, which are not rated comprise mainly of bonds issued by statutory authorities or companies listed on the Singapore Stock Exchange.

¹ "AFS" refers to financial assets, available-for-sale

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

In respect of those financial assets which are past due but not impaired, there was no objective evidence that the amount due cannot be collected. The objective evidence includes significant financial difficulties of the counterparty and the probability that the counterparty will enter bankruptcy.

(e) Fair value measurements

The following table presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2022				
Financial assets, available-for-sale	13,021	36,374	-	49,395
Derivative financial instruments	-	473	-	473
Total assets	13,021	36,847	-	49,868
Derivative financial instruments	-	-*	-	-*
Total liabilities	-	-*	-	*

* less than 1,000

As at 31 December 2021				
Financial assets, available-for-sale	12,664	40,599	-	53,263
Derivative financial instruments	-	98	-	98
Total assets	12,664	40,697	-	53,361
Derivative financial instruments	-	10	-	10
Total liabilities	-	10	-	10

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Branch is the last current bid prices. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is 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. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. These investments are included in Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in Level 3.

27. Disclosure on temporary exemption from IFRS 9

According to IFRS 4 Amendments, the Branch made the assessment based on the financial position of 31 December 2015, concluding that the carrying amount of the Branch's liabilities arising from contracts within the scope of IFRS 4 was significant compared to the total carrying amount of all its liabilities. And the percentage of the total carrying amount of all its liabilities is greater than 90 percent. There had been no significant change in the activities of the Branch since then that requires reassessment. Therefore, the Branch's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from IFRS 9.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. Disclosure on temporary exemption from IFRS 9 (continued)

- (i) The table below presents the fair value of the following groups of financial assets under IFRS 9 as at 31 December 2022 and fair value changes for the year ended 31 December 2022:

	Fair value as at 31 December 2022 \$'000	Fair value losses for the year ended 31 December 2022 \$'000
<u>The Branch</u>		
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	16,687	(1,105)
Financial assets for the participating fund that are managed and whose performance are evaluated on a fair value basis	38,987	(3,357)
Other financial assets	7,875	(305)
	63,549	(4,767)

The table below presents the fair value of the following groups of financial assets under IFRS 9 as at 31 December 2021 and fair value changes for the year ended 31 December 2021:

	Fair value as at 31 December 2021 \$'000	Fair value losses for the year ended 31 December 2021 \$'000
<u>The Branch</u>		
Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	13,792	(322)
Financial assets for the participating fund that are managed and whose performance are evaluated on a fair value basis	42,575	(282)
Other financial assets	7,412	(3)
	63,779	(607)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. Disclosure on temporary exemption from IFRS 9 (continued)

- (ii) The table below presents the credit risk exposure for debt securities with contractual terms that give rise on SPPI for the year ended 31 December 2022:

	Carrying amount as 31 December 2022 \$'000	Fair value as at 31 December 2022 \$'000
<u>The Branch</u>		
AAA	2,999	2,720
A	500	446
BBB	1,000	937
Below BBB or not rated	3,506	3,079
	8,005	7,182

The table below presents the credit risk exposure for debt securities with contractual terms that give rise on SPPI for the year ended 31 December 2021:

	Carrying amount as 31 December 2021 \$'000	Fair value as at 31 December 2021 \$'000
<u>The Branch</u>		
AAA	1,999	2,049
A	500	499
BBB	750	783
Below BBB or not rated	3,759	3,938
	7,008	7,269

For financial assets measured at amortised cost, in relation to cash and cash equivalents, trade receivables, amounts due from Head Office, other assets, outstanding premium and agents' balances, reinsurance assets and policy loans, carrying amount represents amount before adjusting impairment allowance. The credit risk exposure for these financial assets is disclosed in Note 26(C)(d).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. 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; and
- 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. As at 31 December 2022, the fund margin of solvency is at 688% of net premium income for the previous financial year. The margin of solvency is at 29.5%.

Liquidity Risk

Liquidity risk arises when a company 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 an insurance company are often determined through ongoing operations, continuous premium income, sale of disposable assets and lease liabilities. 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. Capital management (continued)

Liquidity Risk (continued)

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 \$7.6 million (2021: \$5 million) to meet its liquidity requirements.

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.

<u>In Brunei Dollar (thousands) 2022</u>	<u><1 Year</u>	<u>1- 5 years</u>	<u>> 5 years</u>
Claims admitted or intimated	1,551	-	-
Trade payables	137	-	-
Other payables	117	-	-
Lease liabilities	4	-	-

In Brunei Dollars (thousands) 2021

Claims admitted or intimated	2,071	-	-
Trade payables	197	-	-
Other payables	133	-	-
Lease liabilities	4	-	-

The following table shows the expected contractual maturity profile of the Branch's insurance contract liabilities. All insurance contract liabilities values are approximates of the undiscounted cash flows.

<u>In Brunei Dollars (millions) 2022</u>	<u><1 Year</u>	<u>1- 5 years</u>	<u>> 5 years</u>
Insurance contract liabilities	(2.10)	(7.65)	(155.08)
<u>In Brunei Dollars (millions) 2021</u>	<u><1 Year</u>	<u>1- 5 years</u>	<u>> 5 years</u>
Insurance contract liabilities	(1.57)	(5.67)	(147.34)

Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or lease liabilities. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. Capital management (continued)

Liquidity Risk (continued)

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 over the past several years. Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Branch from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

29. 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), loans, financial assets available-for-sale, 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 2022 approximate their carrying amounts as shown in the balance sheet.

30. New or revised accounting standards and interpretations

The Branch has adopted all new, amendments and interpretations to existing standards which are mandatory for application for the financial year beginning on or after 1 January 2022. The adoption of these new standards or amendments to standards did not result in substantial changes to the accounting policies of the Branch and had no material effect on the amounts reported for the current or prior financial years.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

30. New or revised accounting standards and interpretations (continued)

Standards issued but not yet effective

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:</i>	
- <i>IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)</i>	
- <i>IAS 1 Presentation of Financial Statements and FRS Practice Statement 2 (Disclosure of Accounting Policies)</i>	
- <i>IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)</i>	<i>1 January 2023</i>
- <i>IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	
- <i>IFRS 17 Insurance Contracts</i>	
- <i>IFRS 17 Insurance Contracts</i>	<i>1 January 2023</i>
<i>Amendments to:</i>	<i>To be determined</i>
<i>IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)</i>	

The new or amended Accounting Standards and Interpretations listed above are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Branch. There 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 17 as disclosed in Note 2.1 (c) and IFRS 9 as disclosed in Note 2.1 (a).

31. 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 Ltd. on 05 April 2023.