


Tokio Marine  
Insurance  
Singapore LTD. -  
Brunei Darussalam  
Branch

(Incorporated in Singapore.  
Registration No: 192300014M)

**Financial statements**  
**For the financial year ended 31 December 2025**



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

*(Incorporated in Singapore)*

**ANNUAL REPORT**

*For the financial year ended 31 December 2025*

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## Independent Auditor's Report

To the Board of Directors of  
**Tokio Marine Insurance Singapore Ltd. - Brunei Darussalam Branch**  
(Established in Brunei Darussalam)  
Units A1 & A2, 1st floor, Block A, Bangunan Han Man Yong Complex,  
Simpang 88, Kg Kiulap BE1518  
Negara Brunei Darussalam

### Report on the Audit of the Financial Statements

#### Our Opinion

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

#### What we have audited

The financial statements of the Branch comprise:

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

PricewaterhouseCoopers Services, 13th Floor, PGGMB Building,  
Jalan Kianggeh, Bandar Seri Begawan BS8111, Brunei Darussalam  
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To the Board of Directors of  
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### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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

### **Other information**

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and IFRS Accounting Standards, 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report  
To the Board of Directors of  
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As part of an audit in accordance with ISA, we exercise professional judgement 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.



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To the Board of Directors of  
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## **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 Yui'.

Chai Xiang Yui  
Partner

Brunei Darussalam  
31 March 2026

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

**STATEMENT OF COMPLIANCE**

*For the financial year ended 31 December 2025*

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In our opinion, the accompanying balance sheet, statement of comprehensive income 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, Chapter 39 and International Financial Reporting Standards so as to exhibit a true and fair view of the state of affairs of the Brunei Branch's operations as at 31 December 2025, and of the results and cash flows of the Brunei Branch's operations for the financial year then ended.



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MASAHITO HIRAI  
Director



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YOSHINORI FUKAURA  
Director

Date: 31/3/2026

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

**STATEMENT OF COMPREHENSIVE INCOME**

*For the financial year ended 31 December 2025*

	Notes	2025 \$	2024 \$
Insurance revenue		<b>12,979,193</b>	12,970,374
Insurance service expenses		<b>(7,990,232)</b>	(6,891,050)
Net expenses from reinsurance contracts held		<b>(2,797,566)</b>	(3,355,960)
<b>Insurance service result</b>	4	<b>2,191,395</b>	2,723,364
Investment revenue on financial assets		<b>447,182</b>	527,103
Net reversal of credit impairment loss on financial assets		<b>(33,048)</b>	(9,287)
<b>Net investment return</b>	5	<b>414,134</b>	517,816
Net finance expenses from reinsurance contracts		<b>(31,398)</b>	(4,708)
Net finance (expenses)/income from insurance contracts held		<b>(164,723)</b>	388,924
<b>Net insurance finance (expenses)/income</b>	5	<b>(196,121)</b>	384,216
Other income	6	-	500
Other expenses	7	<b>(1,072,793)</b>	(1,421,155)
<b>Profit before tax</b>		<b>1,336,615</b>	2,204,741
Provision of income tax expense	8(a)	<b>(547,927)</b>	(283,906)
<b>Net profit</b>		<b>788,688</b>	1,920,835
<b>Other comprehensive income ("OCI")</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value gains on debt securities at fair value through other comprehensive income ("FVOCI") (gross of tax)	11	<b>401,489</b>	1,755
Fair value gains on debt securities measured at FVOCI reclassified to profit or loss on disposal (gross of tax)	5	-	6,700
Net reversal of credit impairment losses on financial assets at FVOCI (gross of tax)	5	<b>(347)</b>	(1,239)
		<b>401,142</b>	7,216
Income tax on items recorded through other comprehensive income	16	<b>(68,253)</b>	(1,437)
<b>Total other comprehensive income</b>		<b>332,889</b>	5,779
<b>Total comprehensive income</b>		<b>1,121,577</b>	1,926,614

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

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

**BALANCE SHEET**

*As at 31 December 2025*

	Notes	31 December	
		2025	2024
		\$	\$
<b>ASSETS</b>			
Cash and cash equivalents	9	15,965,075	16,218,853
Other assets	10	256,573	320,469
Investment assets	11	6,718,514	6,714,757
Reinsurance contract assets	12	1,747,575	1,467,204
Property, plant and equipment	13	15,462	31,647
Right-of-use assets	14(a)	104,590	142,624
Deferred income tax assets	16	-	329,348
<b>Total assets</b>		<b>24,807,789</b>	<b>25,224,902</b>
<b>LIABILITIES</b>			
Other payables	15	1,144,741	1,176,723
Lease liabilities	14(b)	103,383	139,567
Insurance contract liabilities	12	11,282,873	10,712,439
Current income tax liabilities	8(b)	353,369	339,421
Deferred income tax liabilities	16	12,236	-
<b>Total liabilities</b>		<b>12,896,602</b>	<b>12,368,150</b>
<b>NET ASSETS</b>		<b>11,911,187</b>	<b>12,856,752</b>
<b>Represented by:</b>			
<b>HEAD OFFICE ACCOUNT</b>			
Amount due to Head Office	17	11,895,080	13,173,534
Fair value reserve	18	16,107	(316,782)
		<b>11,911,187</b>	<b>12,856,752</b>



**Huang Dong Min**  
Managing Director

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

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

**STATEMENT OF CASH FLOWS**

*For the financial year ended 31 December 2025*

	Note s	2025 \$	2024 \$
<b>Cash flows from operating activities</b>			
Profit after tax		788,688	1,920,835
Adjustments for:			
- Income tax expense	8	547,927	283,906
- Depreciation of property, plant and equipment	13	19,683	24,351
- Depreciation of right-of-use assets	14	38,034	36,957
- Amortisation of investment assets	11	27,192	37,699
- Net loss on disposal of investment assets	5	-	6,700
- Net gain on disposal of property, plant and equipment	6	-	(500)
- Write-back on expected credit loss on debt securities at FVOCI	5	(347)	(1,239)
- Interest expense on lease liabilities	14	4,616	1,910
- Interest income	5	(447,182)	(533,803)
		<u>978,611</u>	<u>1,776,816</u>
Changes in working capital:			
- (Increase)/decrease in other assets		(4,140)	3,627
- Decrease/(increase) in insurance contract liabilities		570,434	(3,527,765)
- (Increase)/decrease in reinsurance contract assets		(280,371)	1,982,601
- Decrease in amount due to head office		(67,142)	(206,887)
- Decrease in other payables		(31,982)	(54,216)
Cash generated from operations		<u>1,165,410</u>	<u>(25,824)</u>
Income tax paid	8	(260,648)	(79,531)
<b>Net cash provided by operating activities</b>		<u>904,762</u>	<u>(105,355)</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	13	(3,498)	(11,343)
Purchases of investment assets	11	(449,460)	(330,977)
Disposal of investment assets	11	820,000	1,020,000
Disposal of property, plant and equipment	6	-	500
Interest received		515,218	539,459
<b>Net cash provided by investing activities</b>		<u>882,260</u>	<u>1,217,639</u>
<b>Cash flows from financing activities</b>			
Principal and interest payment of lease liabilities	14	(40,800)	(40,800)
Transfer to Head Office	17	(2,000,000)	(1,000,000)
<b>Net cash used in financing activities</b>		<u>(2,040,800)</u>	<u>(1,040,800)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(253,778)</b>	<b>71,484</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		<u>14,218,853</u>	14,147,369
<b>Cash and cash equivalents at end of financial year</b>	9	<u>13,965,075</u>	<u>14,218,853</u>

**Reconciliation of lease liabilities arising from financing activities**

	Beginning of financial year	Principal and interest payments	Interest expense	Addition - new leases	End of financial year
	\$	\$	\$	\$	\$
<b>2025</b>	<b>139,567</b>	<b>(40,800)</b>	<b>4,616</b>	-	<b>103,383</b>
2024	26,653	(40,800)	1,910	151,804	139,567

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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

**1. General information**

Tokio Marine Insurance Singapore Ltd. (the “Branch”) is incorporated and domiciled in Singapore. The principal place of business of the Branch registered in Brunei Darussalam (the “Branch”) is located at Units A1 & A2, 1<sup>st</sup> Floor, Block A, Bangunan Han Man Yong Complex, Simpang 88, Kg Kiulap BE1518, Negara Brunei Darussalam.

The principal activity of the Branch is to carry on the business of general insurance.

**2. Material accounting policies**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 and International Financial Reporting Standards (“IFRS”) 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 judgment in the process of applying the Branch’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

***Interpretations and amendments to published standards effective in 2025***

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

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

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year.

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held**

*(a) Summary of measurement methods*

The issued insurance contracts and its respective reinsurance contracts are accounted for by applying the Premium Allocation Approach (“PAA”). The PAA is a simplified measurement model which can be applied to all short duration contracts and to longer duration contracts that meet PAA eligibility criteria. The Branch has adopted PAA for its entire insurance contracts measurement for simplicity in view that the insurance contracts underwritten are largely short duration and for those that are not, further tests have been performed with results showing no material differences from that under the General Measurement Model (“GMM”).

*(b) Definition and classification*

Products sold by the Branch are classified as insurance contracts when the Branch accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Branch considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Branch determines whether it contains significant insurance risk, by assessing if a insured event could cause the Branch to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Branch holds reinsurance contracts to mitigate certain risk exposure. These are facultative and treaty reinsurance contracts.

*(c) Combining a set or series of contracts*

When determining whether it is necessary to treat a set or series of insurance contracts as a single contract involves significant judgement and careful consideration.

In assessing whether a set or series of insurance contracts achieve, or are designed to achieve, an overall commercial effect, the Branch determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the Branch is unable to measure one contract without considering the other.

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(d) Separating components from insurance contracts issued and reinsurance contracts held*

Some insurance contracts issued and reinsurance contracts held by the Branch have several components in addition to the provision of the insurance coverage service, such as an investment component.

The Branch assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other Standards. When these non-insurance components are non-distinct, they will be accounted for together with the insurance component as part of the accounting for a insurance contracts issued and reinsurance contracts held.

The Branch first considers the need to separate distinct embedded derivatives (if any issued during the year) and investment components before assessing the need to separate any non-insurance services component.

*(i) Separating investment components*

The Branch issues policies which include an investment component under which the Branch is required to repay to a policyholder in all circumstances, regardless of whether a insured event occurs. Investment components are only separated from the insurance contract if they are distinct. Those distinct investment components are accounted for applying IFRS 9.

In assessing whether an investment component is distinct, the Branch considers whether the investment and insurance components are not highly interrelated and a contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities (including entities issuing reinsurance contracts).

In determining whether investment and reinsurance components are highly interrelated, the Branch assesses whether it is unable to measure one component without considering the other and the policyholder is unable to benefit from one component unless the other component is present, i.e. whether cancelling one component also terminates the other. The Branch has not identified any distinct or non-distinct investment components.

*(ii) Separating promises to transfer distinct goods or non-insurance service*

After the Branch has determined whether to separate embedded derivatives (if any) and investment components, it considers the separation of any promise to transfer goods or non-insurance services embedded in the contract. The Branch separates from the host insurance contract only distinct promises to transfer goods or non-insurance services to a policyholder. Once separated, such promises are accounted for applying IFRS 15.

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(ii) Separating promises to transfer distinct goods or non-insurance service (continued)*

In determining whether an obligation to deliver a good or non-insurance service promised to a policyholder is distinct, the Branch considers whether the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder that are either sold separately or it is something that the policyholder already has.

A good or non-insurance service that is promised to the policyholder is not distinct if the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components and the Branch provides a significant service in integrating the good or non-insurance service with the insurance components.

The Branch has not identified any distinct goods or non-insurance services.

*(e) Level of Aggregation*

The Branch identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance and reinsurance contracts held into portfolios, the Branch determines that all contracts within each product line, as defined for management purposes, have similar risks and, therefore, represent a portfolio of contracts when they are managed together.

Each portfolio is sub-divided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, the Branch segregates contracts into annual cohorts, based on Underwriting Year aligned to the financial reporting period.

A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three separate profitability groups:

- A group of contracts that are onerous on initial recognition
- No significant chance of becoming onerous
- Other profitable

In determining the appropriate group, the Branch measures a set of contracts together using reasonable and supportable information. The Branch applies significant judgement in determining at what level of granularity the Branch has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information the Branch assesses each contract individually.

The composition of groups established at initial recognition is not subsequently reassessed even if the contract becomes onerous. If the entire non-onerous group becomes onerous subsequently, then the loss component requirements will be triggered.

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(e) Level of Aggregation (continued)*

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability weighted basis. The Branch determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently.

For insurance contracts accounted for applying the PAA, IFRS 17 permits the Branch to assume no contracts in the portfolio are onerous, on initial recognition, unless there are facts and circumstances indicating otherwise. However, the Branch has opted not to utilise this simplification and completes an onerous contract test at initial recognition.

*Reinsurance contracts held*

The determination of the level of aggregation for reinsurance contracts held is largely consistent with that of the direct and assumed side as set out above. The Branch identifies portfolios by aggregating reinsurance contracts held that are subject to similar risks and managed together. Specifically, for reinsurance contracts held, the risks that must be similar relate to those transferred from the underlying contract to the issuer of the reinsurance contract held. When deciding whether these risks are similar, reference must be made to the risk profile of underlying contracts as well as the nature of the risks that are transferred.

At initial recognition, the Branch segregates contracts into annual cohorts, based on respective underwriting year aligned to the financial reporting period.

There is no difference between the determination of level of aggregation between insurance contracts issued and reinsurance contracts held.

*(f) Recognition*

The Branch recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received); and
- When the Branch determines that a group of contracts becomes onerous.

The Branch recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period and new contracts are included to the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognise.

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(g) Contract boundaries*

The Branch includes in the measurement of a group of insurance contracts all the future cash flows expected to arise within the boundary of each of the contracts in the group.

In determining which cash flows fall within a contract boundary, the Branch considers its substantive rights and obligations arising from the terms of the contract and from applicable laws and regulations. The Branch determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Branch can compel the policyholder to pay the premiums or the Branch has a substantive obligation to provide the policyholder with services.

A substantive obligation to provide services ends when:

- The Branch has the practical ability to reassess the risks of a particular policyholder and as a result, change the price charged or the level of benefits provided for the price to fully reflect the new level of risk.

In determining whether all the risks have been reflected either in the premium or in the level of benefits, the Branch considers all risks that policyholders would transfer had it issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Branch concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks that it would assess when assuming equivalent contracts on the renewal date for the remaining service. The assessment on the Branch's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Branch disregards restrictions that have no commercial substance. The Branch also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. Judgement is required to decide whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

The Branch assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Branch's substantive rights and obligations.

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(h) Measurement of insurance contracts under the PAA*

The Branch applies the PAA to the measurement of its insurance contracts as;

- The coverage period of each contract in the group is one year or less, or
- Where the coverage period is longer than one year, the Branch has performed an eligibility assessment and has determined that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

Insurance acquisition cash flows are allocated over the coverage period and in line with premium.

On initial recognition, the Branch measures the liability for remaining coverage ("LRC") at the amount of premiums received.

The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the following:

- The premiums received from insurance contracts;
- The amount of insurance revenue recognised for services provided in that period;
- Insurance acquisition cash flows;
- Any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group; and
- Any investment component paid or transferred to the liability for incurred claims.

The Branch has determined that there is no significant financing component in the insurance contracts issued. Consequently, the Branch does not discount the LRC to reflect the time value of money and financial risk.

The carrying amount of the LIC is measured similar to the General Measurement Model ("GMM"). The Branch discounts the LIC cashflows regardless of whether from incurred date to settlement is greater than or less than a year.

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time. The Branch applies judgement in determining the basis of allocation.

When facts and circumstances lead the Branch to believe that a group under PAA has become onerous, the Branch tests if the amount of the fulfilment cash flows exceeds the carrying amount of the LRC. The Branch recognises a loss in profit or loss and increases the LRC for the corresponding amount as a loss component.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(h) Measurement of insurance contracts under the PAA (continued)*

Acquisition costs now include operating expense paid that falls under the definition of directly attributable acquisition costs. Such acquisition costs will not be recognised as a separate asset, unless they refer to insurance contract acquisition cash flows that arise before the related insurance contracts are recognised. Operating expense is analysed for directly attributable maintenance costs. This expense will be included as part of insurance service expenses.

Insurance acquisition cash flows are allocated based on the passage of time as a portion of premium to profit or loss over the coverage period and in line with premium.

*(i) Onerous contracts*

The Branch considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract plus any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on groups of contracts, assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Branch recognises a loss component in profit or loss, and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(j) Reinsurance contracts held*

The Branch uses facultative and treaty reinsurance to mitigate some of its risks exposures. Reinsurance contracts held are accounted under IFRS 17 when they meet the definition of an insurance contract, which includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts held transfer significant reinsurance risk only if they transfer to the reinsurer substantially all the reinsurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract held does not expose the issuer (reinsurer) to the possibility of a significant loss. The effect of non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Branch disaggregates a portfolio of its reinsurance contracts held into two groups of contracts:

- Contracts that, on initial recognition, have a net gain; and
- Contracts that, on initial recognition, have a net loss.

In determining the timing of initial recognition of a reinsurance contract held, the Branch assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Branch recognises a group of reinsurance contracts held that provides proportionate coverage as the later of:

- The inception date for the reinsurance contract held treaty; and
- The recognition date of any of the underlying insurance policy (if the Branch entered into the reinsurance contract held at or before that date).

The Branch recognises a group of non-proportional reinsurance contracts held at the earliest of the inception date of the non-proportional reinsurance contract held or the date an underlying onerous group of contracts is recognised. Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the insured that exist during the reporting period in which the Branch is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. Where an insurance contract has a contract boundary shorter than the one of the reinsurance contract held boundary, (e.g. in the case of a 90 day termination clause on the assumed treaty), it is assumed that the contract boundary of the reinsurance contract held is aligned with that of the assumed.

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(j) Reinsurance contracts held (continued)*

Reinsurance contracts held measured under the PAA

After establishing a reinsurance loss recovery component, except for further additions of onerous contracts to the underlying groups, its amount is adjusted for:

- Changes in fulfilment cash flows of underlying insurance contracts related to future service; and
- Loss recovery component reversals to the extent those reversals do not exceed the portion of the carrying amount of the loss component that the Branch expects to recover from group of reinsurance contracts held.

These adjustments are calculated and presented in profit or loss.

Under the PAA, the initial measurement of the asset equals the reinsurance premium paid. The Branch measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. The allocation is based on the passage of time or on an appropriate earning pattern.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Branch adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on additional loss from a previously recognised onerous group of underlying insurance contracts. The recognition of this gain results in the establishment of a loss recovery component in respect of the group of reinsurance contracts held. This component is subsequently adjusted for any applicable changes.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(k) Modification and derecognition*

The Branch derecognises the original contracts and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- (i) If the modified terms were included at contract inception and the Branch would have concluded that the modified contract:
- is outside of the scope of IFRS 17;
  - results in a different insurance contract due to separating components from the host contract;
  - results in a different contract boundary;
  - includes in a different group of contracts.
- (ii) The original contract was accounted applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the Branch performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Branch treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the PAA, the Branch adjusts insurance revenue prospectively from the time of the contract modification.

The Branch derecognises an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- Modified and derecognition criteria are met.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(k) Modification and derecognition (continued)*

- (ii) The original contract was accounted applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach (continued)

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

- If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party;
- If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium the Branch would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

*(l) Presentation*

The Branch has presented separately in the balance sheet the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, portfolio of reinsurance contracts held that are assets and those that are liabilities.

The Branch disaggregates the amounts recognised in the statement of comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the insurance finance income or expenses.

The Branch does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

Insurance revenue

As the Branch provides insurance services under a group of insurance contracts issued, it reduces its liability for remaining coverage ("LRC") and recognises insurance revenue, which is measured at the amount of consideration the Branch expects to be entitled to in exchange for those services.

When applying the PAA, the Branch recognises insurance revenue for the period based on the passage of time by allocating premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, then premium receipts are allocated based on the expected pattern of incurred insurance service expense.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.3 Insurance contracts and reinsurance contracts held (continued)**

*(i) Presentation (continued)*

Insurance revenue (continued)

At the end of each reporting period, the Branch considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence for new and existing groups.

Insurance service expense

Insurance service expense arising from insurance contracts issued comprises of:

- LIC related to claims and expenses incurred in the period excluding repayment of investment components;
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service);
- Other directly attributable expenses incurred in the period;
- Amortisation of insurance acquisition cash flows; and
- Loss component of onerous groups of contracts initially recognised in the period.

Income or expenses from reinsurance contracts held

The Branch presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers; and
- An allocation of the reinsurance premiums paid, provided that together they equal total income or expenses from reinsurance contracts held.

The Branch presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurers which is then allocated to profit or loss.

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk.

The Branch has elected to recognise all reinsurance finance income and expense for the period through profit or loss.

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

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.4 Revenue recognition**

Revenue is recognised as follows:

(a) *Insurance revenue (see Note 2.3(l))*

(b) *Interest income*

Interest income is recognised using the effective interest method.

**2.5 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 accumulated impairment losses (Note 2.6).

(ii) *Components of costs*

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 is also recognised as part of the cost of property, plant and equipment if such an obligation is incurred as a consequence of acquiring or using the asset.

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Furniture and fixtures	4 years
Office equipment	4 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 only when it is probable that future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Material accounting policies (continued)**

**2.5 Property, plant and equipment (continued)**

*(d) Disposal*

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

**2.6 Impairment of non-financial assets**

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and 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, recoverable amount is determined for the cash-generating-units ("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 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 this 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 depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

**2.7 Financial assets**

*(a) Classification*

The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Branch classifies its financial assets in the following measurement categories:

- *Amortised cost;*
- *Fair value through profit or loss ("FVTPL"); and*
- *Fair value through other comprehensive income ("FVOCI")*

The classification depends on the Branch's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

A financial asset is measured at amortised cost if the asset is held to collect its contractual cash flows and the asset's contractual cash flows represent solely payments of principal and interest ("SPPI").

A financial asset is measured at FVOCI if the asset is held to achieve an objective by both collecting contractual cash flows and selling financial assets, and the asset's contractual cash flows represent SPPI.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.7 Financial assets (continued)**

*(a) Classification (continued)*

Financial assets should be classified as FVTPL if they do not meet the criteria of FVOCI or amortised cost.

The Branch reclassifies debt instruments when and only when its business model for managing those assets changes.

*(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 risks and rewards of ownership. On disposal, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

*(c) Measurement*

Financial assets are initially recognised at fair value plus transaction costs, unless they are measured at FVTPL.

After initial recognition, financial assets shall be measured in accordance to their respective classifications at amortised cost, fair value through other comprehensive income or fair value through profit or loss. Financial assets are carried at amortised cost using the effective interest method.

Interest income on financial assets are recognised separately in profit or loss. Changes in the fair values of financial assets measured at FVOCI are recognised in other comprehensive income and accumulated in the fair value reserve. Any foreign exchange gains and losses on financial assets that are monetary items should be recognised in profit in loss.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.7 Financial assets (continued)**

*(d) Impairment*

A loss allowance shall be recognised for expected credit losses (“ECL”) at each balance sheet date on financial assets that are measured at amortised cost or FVOCI. Impairment assessment is not applicable to equity instruments and financial assets measured at FVTPL. The amount of impairment gain or loss is recognised in profit or loss or other comprehensive income accordingly.

At each reporting date, the Branch shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. A significant increase in credit risk is defined as a significant increase in the probability of a default occurring since initial recognition.

The formula used to calculate ECLs is shown below:

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{Discounted EAD}$$

Probability of default “PD” is the likelihood that the obligator will default on the obligation.

Loss Given Default “LGD” is the estimated amount of money loses when the obligator defaults.

Exposure at Default “EAD” is the expected amount of exposure to a particular obligator at the point of default. This is determined on a 12 month and lifetime basis depending on whether or not a significant increase has occurred since initial recognition.

The Branch utilises third party historical default information on PD and LGD to calculate ECLs of Singapore Government Bonds and time deposits.

The Branch consider a financial asset to be in default when internal or external information indicated that the Branch is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Branch.

**2.8 Offsetting of financial instruments**

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Material accounting policies (continued)**

**2.9 Fair value estimation of financial assets and liabilities**

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

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 based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

**2.10 Other payables**

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

Other payables are considered as financial liabilities of the Branch.

**2.11 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*

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.

These right-of-use assets are 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.

- *Lease liabilities*

Lease liabilities are initially measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Branch shall use its incremental borrowing rate.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.11 Leases - When the Branch is the Lessee (continued)**

• *Lease liabilities (continued)*

Lease payments may include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Branch exercising that option.

For contracts that contain both lease and non-lease components, the Branch allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Branch has elected to not separate lease and non-lease components for property leases and account for these as one single lease component.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Branch's assessment of whether it will exercise an extension option; and
- There are modifications in the scope or the consideration of the lease that was not part of the original terms.

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

Lease liabilities are considered as financial liabilities of the Branch.

• *Short-term leases and low value leases*

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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**2. Material accounting policies (continued)**

**2.12 Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Branch measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 affects neither accounting nor taxable profit or loss at the time of the 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 deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will 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 taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in head office account.

**2.13 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

**(a) *Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Branch pays fixed contributions into separate entities or funds on a mandatory, contractual or voluntary basis. The Branch has no future payment obligation once the contributions have been paid.

The Branch's contributions are recognised as employee compensation expenses when they are due. As required by law, the Branch makes such contributions to Tabung Amanah Pekerja (TAP) and Supplemental Contributory Pensions (SCP) scheme in respect of employees who are eligible.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**2. Material accounting policies (continued)**

**2.13 Employee compensation (continued)**

TAP and SCP now known as Skim Persaraan Kebangsaan (SPK) under Section 26 of the Order, the laws of Brunei Darussalam which relate to retirement benefits schemes shall apply to the employees of the Branch. The Branch participates in TAP and SCP. The two schemes has been replaced with SPK starting July 2023.

*(b) Employee leave entitlement*

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

**2.14 Provisions for other liabilities and charges**

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 a reliable estimate of the amount can be made.

**2.15 Currency translation**

The financial statements are presented in Brunei Dollar, which is the functional currency of the Branch.

Transactions in a currency other than Brunei Dollar (“foreign currency”) are translated into Brunei Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting 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. Foreign exchange gains and losses impacting profit or loss are presented within “other expenses”.

For groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, it is treated as a monetary item and the foreign currency translation differences calculated are recognised in profit or loss as finance income and expense from insurance contracts and reinsurance contracts held.

**2.16 Cash and cash equivalents**

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

For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

**TOKIO MARINE INSURANCE SINGAPORE LTD.  
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**3. Critical accounting estimates, assumptions and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following financial year are discussed below.

Management has assessed the development, selection and disclosure of the critical accounting policies and estimates, and the application of these policies and estimates.

Critical accounting estimates are made by the management in applying accounting policies related to the measurement of insurance contract issued and reinsurance contract held assets and liabilities in accordance with IFRS 17.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Branch based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Branch. Such changes are reflected in the assumptions when they occur.

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

*For the financial year ended 31 December 2025*

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**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”)**

The Branch applies the PAA to simplify the measurement as;

- (i) the coverage period of each contract in the group is one year or less, or
- (ii) where the coverage period is longer than one year, the Branch has performed an eligibility assessment and has determined that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

In addition to considering PAA on a direct and inwards basis, the Branch also considered whether the outwards insurance contracts are eligible for measurement under the PAA measurement model.

The vast majority of the internal and external reinsurance agreements are automatically eligible as they are 1-year contracts. For those contracts that are not automatically eligible, a quantitative assessment was performed to prove eligibility.

The Branch’s policy is to carry out a qualitative and quantitative of required annual assessment to ensure eligibility for PAA is still met.

**Liability for remaining coverage**

**Insurance Acquisition Costs**

For contracts measured under the PAA, the Branch has made the accounting policy choice to amortise contractual attributable acquisition costs over the coverage period of the contracts in line with premium.

The Branch applies judgement to allocate insurance acquisition cash flows to groups of insurance contracts as follows:

- (i) treat reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the insurance contract; and
- (ii) treat amounts the insurer expects to receive that are not contingent on claims of the underlying contracts as a reduction in the premium to be paid to the insurer.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”) (continued)**

**Liability for remaining coverage (continued)**

Onerous groups

The Branch is required to assess if facts and circumstances indicate that contracts are onerous at initial recognition. This is completed through an onerous contract test (“OCT”). This assessment determines if the Branch expects the contracts to be profitable or loss-making after adjusting pricing data for IFRS 17 assumptions, e.g. risk adjustment. Contracts identified as onerous at initial recognition are grouped separately from non-onerous contracts.

Subsequent to initial recognition, the Branch is also required to reevaluate each group of contracts to ensure that facts and circumstances do not indicate that the group of contracts have become onerous.

If facts and circumstances show contracts are onerous at initial recognition or have become onerous subsequently, then an additional liability for remaining coverage is calculated.

The additional liability for remaining coverage requires the calculation of fulfilment cashflows. The fulfilment cashflows are made up of two components:

- The expected present value of future cashflow (“PVFC”): this is probability-weighted average of future cash-flows, taking account of the time value of money, using the discount rates. Insurance liabilities are to be valued on a best estimate basis.
- Risk Adjustment (“RA”): this is the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts.

**Liability for incurred claims**

If the time to the payment or receipt of cash flows is expected to be 1 year or less from the date that the claims are incurred, then discounting may be ignored for those cash flows in the calculation of LIC. However, given the time to payment or receipt of cashflows is often greater than 1 year, the Branch will discount all best estimate cash flows (“BECFs”) in the calculation of the LIC. The BECFs are discounted at the prevailing discount rates at the valuation date.

Expenses

Expense assumptions must be best estimate and reflect all reasonable and supportable evidence available without undue cost or effort. The expenses that form part of the fulfilment cash flows reflect directly attributable expenses only.

Expense assumptions for LIC are set for maintenance expenses such as claims handling fees and other direct attributable expense.

Expense assumptions are expressed in the form of percentages by applying appropriate drivers and variables (e.g. premiums, claims).

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**NOTES TO THE FINANCIAL STATEMENTS**

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**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”) (continued)**

**Liability for incurred claims (continued)**

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid government securities.

The illiquidity premium is determined by reference to observable market rates of fixed income instruments with durations similar to the liability cashflows e.g. AAA rated covered bond yields. This illiquidity premium can differ by product and the type of reserve. The Branch’s assets backing the liabilities are generally short-term and highly liquid such as cash, bond and fixed deposit. As such, the Branch have chosen to adopt 0% illiquidity adjustment to the risk-free rate.

The data for Brunei portfolio was assess in Singapore dollars for discounting at head office level. Meanwhile, the Branch assumed an exchange rate of 1 to 1 for Brunei dollar and Singapore dollar.

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies i.e. Singapore Dollars:

	<b>1 year</b>		<b>3 years</b>		<b>5 years</b>		<b>10 years</b>	
%	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
SGD	1.37	2.78	1.68	2.77	1.84	2.82	2.22	2.86

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”) (continued)**

**Liability for incurred claims (continued)**

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Branch requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. A risk adjustment for the LIC is developed for use in measuring all contracts under the PAA. A risk adjustment for the LRC is developed for use in measuring onerous contracts only.

The Branch has estimated the risk adjustment using a confidence level technique for both the LIC and the LRC, with the risk adjustment being calibrated at 90<sup>th</sup> percentiles.

The Branch’s confidence level is estimated by fitting a distribution to the mean and the 90<sup>th</sup> percentile, which is determined from the internal policies.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”) (continued)**

Sensitivity analysis

The purpose of the sensitivity analysis is to address sensitivity of judgements and assumptions used to changes in the actuarial valuation of the Branch’s insurance contract assets and insurance contract liabilities net of the effect from reinsurance contracts held as at 31 December 2025.

The table below summarises the effect of the Branch’s insurance contract assets and insurance contract liabilities net of the effect from reinsurance contracts held to key variables affecting insurance risk exposures. This analysis assumes all other variables remain constant. Management believes the sensitivity analysis provided is indicative of the potential variability inherent in the estimation of those parameters. The effects on these items are mainly as below:

*(a) Liability for incurred claim sensitivity analysis*

31-Dec-25 \$	Change in assumptions	Impact on liability	
		+5%	-5%
<b>Gross of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		582,997	(589,072)
- Claim handling expenses		262,368	(262,368)
- Risk adjustment		292,673	(292,673)
		<b>1,138,038</b>	<b>(1,144,113)</b>
<b>Net of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		340,395	(344,959)
- Claim handling expenses		260,998	(260,998)
- Risk adjustment		267,602	(267,602)
		<b>868,995</b>	<b>(873,559)</b>
<b>Impact on profit and loss before tax</b>			
31-Dec-25 \$	Change in assumptions	+5%	-5%
<b>Gross of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(582,997)	589,072
- Claim handling expenses		(262,368)	262,368
- Risk adjustment		(292,673)	292,673
		<b>(1,138,038)</b>	<b>1,144,113</b>
<b>Net of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(340,395)	344,959
- Claim handling expenses		(260,998)	260,998
- Risk adjustment		(267,602)	267,602
		<b>(868,995)</b>	<b>873,559</b>
<b>Impact on equity</b>			
31-Dec-25 \$	Change in assumptions	+5%	-5%
<b>Gross of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(475,142)	480,094
- Claim handling expenses		(213,830)	213,830
- Risk adjustment		(238,528)	238,528
		<b>(927,500)</b>	<b>932,452</b>
<b>Net of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(277,422)	281,142
- Claim handling expenses		(212,713)	212,713
- Risk adjustment		(218,096)	218,096
		<b>(708,231)</b>	<b>711,951</b>

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*For the financial year ended 31 December 2025*

**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”) (continued)**

*Sensitivity analysis (continued)*

*(a) Liability for incurred claim sensitivity analysis (continued)*

31-Dec-24 \$	Change in assumptions	Impact on liability	
		+5%	-5%
<b>Gross of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		525,951	(532,536)
- Claim handling expenses		230,832	(230,832)
- Risk adjustment		253,525	(253,525)
		<u>1,010,308</u>	<u>(1,016,893)</u>
<b>Net of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		374,703	(382,629)
- Claim handling expenses		231,044	(231,044)
- Risk adjustment		232,062	(232,062)
		<u>837,809</u>	<u>(845,735)</u>

31-Dec-24 \$	Change in assumptions	Impact on profit and loss before tax	
		+5%	-5%
<b>Gross of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(525,951)	532,536
- Claim handling expenses		(230,832)	230,832
- Risk adjustment		(253,525)	253,525
		<u>(1,010,308)</u>	<u>1,016,893</u>
<b>Net of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(374,703)	382,629
- Claim handling expenses		(231,044)	231,044
- Risk adjustment		(232,062)	232,062
		<u>(837,809)</u>	<u>845,735</u>

31-Dec-24 \$	Change in assumptions	Impact on equity	
		+5%	-5%
<b>Gross of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(428,650)	434,017
- Claim handling expenses		(188,128)	188,128
- Risk adjustment		(206,623)	206,623
		<u>(823,401)</u>	<u>828,768</u>
<b>Net of reinsurance</b>			
- Initial expected loss ratio/ First incurred development factor		(305,383)	311,843
- Claim handling expenses		(188,301)	188,301
- Risk adjustment		(189,131)	189,131
		<u>(682,815)</u>	<u>689,275</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”) (continued)**

*Sensitivity analysis (continued)*

*(b) Interest rate on Liability for incurred claim sensitivity*

<b>31-Dec-25</b>	<b>Change in</b>	<b>Impact on liability</b>	
<b>\$</b>	<b>assumptions</b>	<b>+1%</b>	<b>-1%</b>
<b>Gross of reinsurance</b>			
- Change in risk free rate		<b>(216,141)</b>	<b>225,901</b>
<b>Net of reinsurance</b>			
- Change in risk free rate		<b>(201,548)</b>	<b>210,428</b>
<b>31-Dec-25</b>	<b>Change in</b>	<b>Impact on profit and</b>	
<b>\$</b>	<b>assumptions</b>	<b>loss before tax</b>	
		<b>+1%</b>	<b>-1%</b>
<b>Gross of reinsurance</b>			
- Change in risk free rate		<b>216,141</b>	<b>(225,901)</b>
<b>Net of reinsurance</b>			
- Change in risk free rate		<b>201,548</b>	<b>(210,428)</b>
<b>31-Dec-25</b>	<b>Change in</b>	<b>Impact on equity</b>	
<b>\$</b>	<b>assumptions</b>	<b>+1%</b>	
		<b>-1%</b>	
<b>Gross of reinsurance</b>			
- Change in risk free rate		<b>176,155</b>	<b>(184,109)</b>
<b>Net of reinsurance</b>			
- Change in risk free rate		<b>164,262</b>	<b>(171,499)</b>
<b>31-Dec-24</b>	<b>Change in</b>	<b>Impact on liability</b>	
<b>\$</b>	<b>assumptions</b>	<b>+1%</b>	
		<b>-1%</b>	
<b>Gross of reinsurance</b>			
- Change in risk free rate		<b>(201,648)</b>	<b>211,281</b>
<b>Net of reinsurance</b>			
- Change in risk free rate		<b>(191,135)</b>	<b>232,062</b>
<b>31-Dec-24</b>	<b>Change in</b>	<b>Impact on profit and</b>	
<b>\$</b>	<b>assumptions</b>	<b>loss before tax</b>	
		<b>+1%</b>	<b>-1%</b>
<b>Gross of reinsurance</b>			
- Change in risk free rate		<b>201,648</b>	<b>(211,281)</b>
<b>Net of reinsurance</b>			
- Change in risk free rate		<b>191,135</b>	<b>(232,062)</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**3. Critical accounting estimates, assumptions and judgements (continued)**

**3.1 Application of Premium Allocation Approach (“PAA”) (continued)**

*Sensitivity analysis (continued)*

*(b) Interest rate on Liability for incurred claim sensitivity (continued)*

<b>31-Dec-24</b>	<b>Change in assumptions</b>	<b>Impact on equity</b>	
		<b>+1%</b>	<b>-1%</b>
<b>\$</b>			
<b>Gross of reinsurance</b>			
- Change in risk free rate		164,343	(172,194)
<b>Net of reinsurance</b>			
- Change in risk free rate		155,775	(189,131)

**3.2 Impairment losses on financial assets**

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk.

**3.3 Uncertain tax positions**

In determining the income tax liabilities, management has estimated the amount of capital allowances and the taxability/deductibility of certain income/expense (“uncertain tax positions”). At the balance sheet date, the Branch has several open tax assessments with the tax authority. The Branch has recognised the tax liability on these uncertain tax positions.

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

*For the financial year ended 31 December 2025*

**4. Insurance revenue and insurance service result**

	2025 \$	2024 \$
<b>Insurance revenue:</b>		
- Insurance revenue from contracts measured under the PAA	<b>12,979,193</b>	12,970,374
<b>Insurance service expenses:</b>		
- Incurred claims	<b>(3,369,414)</b>	(6,451,226)
- Other directly attributable expenses	<b>(330,214)</b>	(325,287)
- Changes that relate to current service - adjustments to LIC	<b>(482,323)</b>	551,760
- Changes that relate to past service - adjustments to LIC	<b>(285,259)</b>	2,833,850
- (Losses) on onerous contracts and reversal of those losses	<b>38,139</b>	(40,130)
- Insurance acquisition cash flows amortisation	<b>(3,561,161)</b>	(3,460,017)
	<b>(7,990,232)</b>	(6,891,050)
<b>Net income/(expenses) from reinsurance contracts held</b>		
- Reinsurance expenses from contracts measured under the PAA	<b>(3,797,204)</b>	(4,160,827)
- Claims recovered and benefits covered from reinsurers	<b>853,832</b>	1,941,918
- Changes that relate to current service – adjustments to AIC	<b>57,462</b>	(540,327)
- Changes that relate to past service – adjustments to AIC	<b>26,241</b>	(647,383)
- Reinsurance share of losses on onerous contracts and (reversal) of those losses	<b>62,103</b>	50,659
	<b>(2,797,566)</b>	(3,355,960)
<b>Total insurance service result</b>	<b>2,191,395</b>	2,723,364

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**5. Net investment return and insurance finance (expenses)/income**

	2025 \$	2024 \$
<b>Interest revenue on financial assets:</b>		
- Government and public authority securities	140,944	144,064
- Fixed deposits with financial institutions	306,238	389,739
	<b>447,182</b>	<b>533,803</b>
<b>Net losses on financial assets reclassified to profit to loss on disposal:</b>		
- Government and public authority securities	-	(6,700)
	-	(6,700)
<b>Net credit impairment (losses)/gains:</b>		
- Government and public authority securities	347	1,239
- Fixed deposits with financial institutions	(33,395)	(10,526)
	<b>(33,048)</b>	<b>(9,287)</b>
<b>Total net investment return</b>	<b>414,134</b>	<b>517,816</b>
<b>Net finance (expenses)/income from insurance contracts:</b>		
- Interest (expenses)/income accretion	(88,950)	431,706
- Effect of changes in interest rates	(75,773)	(42,782)
	<b>(164,723)</b>	<b>388,924</b>
<b>Net finance (expenses)/income from reinsurance contracts:</b>		
- Interest expense accretion	(17,269)	(5,273)
- Effect of changes in interest rates	(14,129)	565
	<b>(31,398)</b>	<b>(4,708)</b>
<b>Net insurance finance (expenses)/income</b>	<b>(196,121)</b>	<b>384,216</b>
<b>Summary of the amounts recognised in profit or loss:</b>		
- Net investment return	414,134	517,816
- Net insurance finance (expenses)/income	(196,121)	384,216
	<b>218,013</b>	<b>902,032</b>

**6. Other income**

	2025 \$	2024 \$
Gains on disposal of property, plant and equipment	-	500

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

*For the financial year ended 31 December 2025*

**7. Expenses by nature**

*(a) Employee compensation*

	<b>2025</b>	2024
	\$	\$
Wages and salaries	<b>602,741</b>	598,659
Employer's contribution to defined contribution plans including "SPK"	<b>39,068</b>	38,648
Employee compensation expenses charged by Head office	<b>743,538</b>	770,862
	<b>1,385,347</b>	1,408,169
Deferred acquisition cost – Employee compensation	<b>(9,053)</b>	(21,161)
	<b>1,376,294</b>	1,387,008

Employee compensation charged to:

- Amount attributable to insurance acquisition cash flows	<b>493,550</b>	480,594
- Other directly attributable expenses	<b>139,206</b>	135,552
Insurance service expenses (Note 4)	<b>632,756</b>	616,146
Other expenses	<b>743,538</b>	770,862
	<b>1,376,294</b>	1,387,008

*(b) Depreciation expenses*

	<b>2025</b>	2024
	\$	\$
Depreciation of property, plant and equipment (Note 13):		
- Furniture and equipment	-	189
- Office equipment	<b>19,683</b>	24,162
	<b>19,683</b>	24,351
Depreciation of right-of-use assets (Note 14(a))	<b>38,034</b>	36,957
Depreciation charged by Head Office	<b>34,137</b>	35,843
	<b>91,854</b>	97,151
Deferred acquisition cost - Depreciation	<b>2,561</b>	10,343
	<b>94,415</b>	107,494

Depreciation expenses charged to:

- Amount attributed to insurance acquisition cash flows	<b>71,264</b>	83,636
- Other directly attributable expenses	<b>23,151</b>	23,858
Insurance service expenses (Note 4)	<b>94,415</b>	107,494
	<b>94,415</b>	107,494

*(c) Commissions*

	<b>2025</b>	2024
	\$	\$
Commissions amortised and charged to amount attributable to insurance acquisition cash flows (Note 4)	<b>2,401,219</b>	2,307,677

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**7. Expenses by nature (continued)**

*(d) Other operating expenses*

	<b>2025</b>	2024
	\$	\$
Computer services and expenses	<b>400,661</b>	421,667
Management fee to a fellow subsidiary	<b>61,600</b>	51,071
Investment management fee to a fellow subsidiary	<b>6,795</b>	6,962
Internal audit fee to a fellow subsidiary	<b>48,000</b>	39,761
Professional fee	<b>92,171</b>	190,955
Professional fee to a fellow subsidiary	<b>28,800</b>	35,400
Distribution and marketing expenses	<b>234,756</b>	244,212
Printing and stationery	<b>38,759</b>	35,313
Postage, telephone and telex charges	<b>92,387</b>	82,124
Bank charges	<b>17,047</b>	17,912
Interest expense on lease liabilities (Note 14(b))	<b>4,616</b>	1,910
Currency exchange gain	<b>449</b>	5,710
Administrative expenses charged by Head Office <sup>1</sup>	<b>144,778</b>	158,068
Other expenses (income)	<b>(75,001)</b>	142,544
	<b>1,095,818</b>	1,433,609
Deferred acquisition cost – other operating expenses	<b>(3,578)</b>	(29,329)
	<b>1,092,240</b>	1,404,280
Other operating expenses charged to:		
- Amount attributed to insurance acquisition cash flows	<b>595,128</b>	588,110
- Other directly attributable expenses	<b>167,857</b>	165,877
Insurance service expenses (Note 4)	<b>762,985</b>	753,987
Other expenses	<b>329,255</b>	650,293
	<b>1,092,240</b>	1,404,280

<sup>1</sup>The administrative expenses charged by Head Office are incurred for routine support services provided to the Branch.

	<b>2025</b>	2024
	\$	\$
<b>Summary of expenses charged to:</b>		
- Amount attributed to insurance acquisition cash flows	<b>3,561,161</b>	3,460,017
- Other directly attributable expenses	<b>330,214</b>	325,287
Insurance service expenses (Note 4)	<b>3,891,375</b>	3,785,304
Other expenses	<b>1,072,793</b>	1,421,155
	<b>4,964,168</b>	5,206,459

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**8. Provision for income tax expense**

*(a) Income tax expense*

	<b>2025</b>	2024
	\$	\$
Tax expense attributable to profit is made up of:		
- Current income tax (Note 8(b))		
- Brunei	<b>202,747</b>	251,000
- Foreign	<b>80,000</b>	10,000
	<b>282,747</b>	261,000
- Deferred income tax (Note 16)	<b>273,331</b>	25,000
	<b>556,078</b>	286,000
- Over provision in prior financial years		
- Current income tax (Note 8(b))		
- Brunei	<b>(640)</b>	(5,515)
- Foreign	<b>(7,511)</b>	3,421
	<b>(8,151)</b>	(2,094)
	<b>547,927</b>	283,906

The tax on profit before income tax differs from the theoretical amount that would arise using the Brunei standard rate of income tax as follows:

	<b>2025</b>	2024
	\$	\$
Profit before income tax	<b>1,336,615</b>	2,204,741
Tax calculated at tax rate of 18.5% (2024: 18.5%)	<b>247,274</b>	407,877
Effects of:		
- Different tax rates in other countries	<b>(7,995)</b>	(1,859)
- Tax incentives	<b>(46,392)</b>	(48,426)
- Different tax basis	<b>371,739</b>	(74,951)
- Expenses not deductible for tax purposes	<b>3,160</b>	1,940
- Income not subject to tax	<b>(12,549)</b>	(66)
- Over provision of tax	<b>(8,151)</b>	(2,094)
- Others	<b>841</b>	1,485
Tax charge	<b>547,927</b>	283,906

*(b) Movement in current income tax liabilities*

	<b>2025</b>	2024
	\$	\$
Beginning of financial year	<b>339,421</b>	160,046
Income tax paid	<b>(260,648)</b>	(79,531)
Tax expense (Note 8(a)) - Current financial year	<b>282,747</b>	261,000
Over provision in prior years (Note 8(a))	<b>(8,151)</b>	(2,094)
End of financial year	<b>353,369</b>	339,421

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**9. Cash and cash equivalents**

	<b>2025</b>	2024
	<b>\$</b>	\$
Cash at bank and on hand	<b>782,933</b>	797,226
Fixed deposits with financial institutions		
- Maturing within 12 months	<b>15,253,073</b>	15,459,163
Less: credit impairment	<b>(70,931)</b>	(37,536)
Fixed deposits net of impairment	<b>15,182,142</b>	15,421,627
Cash and cash equivalents	<b>15,965,075</b>	16,218,853

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	<b>2025</b>	2024
	<b>\$</b>	\$
Cash and fixed deposits (as above)	<b>15,965,075</b>	16,218,853
Less: Fixed deposits pledged as lien for banker's guarantee	<b>(2,000,000)</b>	(2,000,000)
Cash and cash equivalents per statement of cash flows	<b>13,965,075</b>	14,218,853

Included in the Brunei Dollar fixed deposits as 31 December 2025 and 2024 is an amount of \$2,000,000 held under lien by a financial institution for the issuance of banker's guarantees in respect of statutory deposits required by the Brunei Darussalam Central Bank (see Note 22).

Cash and fixed deposits were denominated in the following currencies:

	<b>2025</b>	2024
	<b>\$</b>	\$
Brunei Dollar	<b>15,911,210</b>	16,207,905
Singapore Dollar	<b>53,865</b>	10,948
	<b>15,965,075</b>	16,218,853

The Branch has fixed deposits with financial institutions with an average maturity of 144 days (2025: 135 days) from the end of the financial year with the following weighted average effective interest rate:

	<b>2025</b>	2024
	<b>%</b>	%
Brunei Dollar	<b>1.44</b>	2.56

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 19(g).

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**10. Other assets**

	2025 \$	2024 \$
<b>Other assets:</b>		
<b>Current</b>		
- Deposits	5,700	5,700
- Interest income receivable	178,512	246,548
- Prepayments	72,361	68,167
- Sundry debtors	-	54
Total other assets	256,573	320,469
Less: Prepayments	(72,361)	(68,167)
Total other assets (exclude prepayments)	<u>184,212</u>	<u>252,302</u>

The exposures to interest rate risk and credit risk are disclosed in Note 19(i) and Note 19(h) respectively.

Other assets were denominated in the following currencies at the balance sheet date:

	2025 \$	2024 \$
Brunei Dollar	152,820	220,704
Singapore Dollar	103,753	99,765
	<u>256,573</u>	<u>320,469</u>

**11. Investment assets**

	2025 \$	2024 \$
<b>Government Securities:</b>		
<b>Measured at FVOCI</b>		
Beginning of financial year	6,714,757	7,439,724
Additions	449,460	330,977
Disposals/maturities	(820,000)	(1,020,000)
Amortisation	(27,192)	(37,699)
Net fair value gains recognised in OCI	401,489	1,755
End of financial year	<u>6,718,514</u>	<u>6,714,757</u>
Current	814,116	810,529
Non-current	5,904,398	5,904,228
	<u>6,718,514</u>	<u>6,714,757</u>

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**11. Investment assets (continued)**

The weighted average effective interest rates for the interest-bearing financial assets are as follows:

	<b>2025</b>	2024
	%	%
Government securities	<b>2.03</b>	1.99

The maturity of the interest-bearing financial assets – government securities is as follows:

	Less than <u>1 year</u> \$	Between 1 and 2 <u>years</u> \$	Between 2 and 5 <u>years</u> \$	More than <u>5 years</u> \$	<u>Total</u> \$
<b>2025</b>	<b>814,116</b>	<b>643,922</b>	<b>1,763,711</b>	<b>3,496,765</b>	<b>6,718,514</b>
2024	810,529	359,608	1,688,732	3,855,888	6,714,757

Investment assets were denominated in the following currency at the balance sheet date:

	<b>2025</b>	2024
	\$	\$
Singapore Dollar	<b>6,718,514</b>	6,714,757

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**12. Insurance contracts and reinsurance contracts held**

(a) Analysis by remaining coverage and incurred claims of insurance contracts measured under the PAA

		Year ended 31 December 2025				
\$	Notes	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets		-	-	-	-	-
Opening liabilities		3,760,400	102,072	5,128,910	1,721,057	10,712,439
<b>Net opening balance</b>		<b>3,760,400</b>	<b>102,072</b>	<b>5,128,910</b>	<b>1,721,057</b>	<b>10,712,439</b>
<b>Insurance revenue</b>	4	<b>(12,979,193)</b>	-	-	-	<b>(12,979,193)</b>
<b>Insurance service expenses</b>	4					
Incurred claims and other insurance service expenses		-	-	3,699,628	-	3,699,628
Amortisation of insurance acquisition cash flows		3,561,161	-	-	-	3,561,161
Losses and reversal of losses on onerous contracts		-	(38,139)	-	-	(38,139)
Changes that relate to current service - adjustments to LIC		-	-	202,478	279,845	482,323
Changes that relate to past service - adjustments to LIC		-	-	285,259	-	285,259
<b>Total insurance service expenses</b>		<b>3,561,161</b>	<b>(38,319)</b>	<b>4,187,365</b>	<b>279,845</b>	<b>7,990,232</b>
<b>Insurance service result</b>		<b>(9,418,032)</b>	<b>(38,319)</b>	<b>4,187,365</b>	<b>279,845</b>	<b>(4,988,961)</b>
Net finance expenses from insurance contracts	5	-	9,459	138,530	16,734	164,723
<b>Total changes in the income statement and statement of comprehensive income</b>		<b>(9,418,032)</b>	<b>(28,680)</b>	<b>4,325,895</b>	<b>296,579</b>	<b>(4,824,238)</b>
<b>Cash flows</b>						
Premiums received		12,701,590	-	-	-	12,701,590
Claims and other insurance service expenses paid, including investment components		-	-	(3,699,628)	-	(3,699,628)
Insurance acquisition cash flows paid		(3,607,290)	-	-	-	(3,607,290)
<b>Total cash flows</b>		<b>9,094,300</b>	<b>-</b>	<b>(3,699,628)</b>	<b>-</b>	<b>5,394,672</b>
Closing assets						
Closing liabilities		3,436,668	73,392	5,755,177	2,017,636	11,282,873
<b>Net closing balance</b>		<b>3,436,668</b>	<b>73,392</b>	<b>5,755,177</b>	<b>2,017,636</b>	<b>11,282,873</b>

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**12. Insurance contracts and reinsurance contracts held (continued)**

(a) Analysis by remaining coverage and incurred claims of insurance contracts measured under the PAA (continued)

		Year ended 31 December 2024				
\$	Notes	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets		-	-	-	-	-
Opening liabilities		3,553,761	110,770	8,239,378	2,336,295	14,240,204
<b>Net opening balance</b>		<b>3,553,761</b>	<b>110,770</b>	<b>8,239,378</b>	<b>2,336,295</b>	<b>14,240,204</b>
<b>Insurance revenue</b>	4	<b>(12,970,374)</b>	-	-	-	<b>(12,970,374)</b>
<b>Insurance service expenses</b>	4					
Incurred claims and other insurance service expenses		-	-	6,776,513	-	6,776,513
Amortisation of insurance acquisition cash flows		3,460,017	-	-	-	3,460,017
Losses and reversal of losses on onerous contracts		-	40,130	-	-	40,130
Changes that relate to current service - adjustments to LIC		-	-	37,843	(589,603)	(551,760)
Changes that relate to past service - adjustments to LIC		-	-	(2,833,850)	-	(2,833,850)
<b>Total insurance service expenses</b>		<b>3,460,017</b>	<b>40,130</b>	<b>3,980,506</b>	<b>(589,603)</b>	<b>6,891,050</b>
<b>Insurance service result</b>		<b>(9,510,357)</b>	<b>40,130</b>	<b>3,980,506</b>	<b>(589,603)</b>	<b>(6,079,324)</b>
Net finance income from insurance contracts	5	-	(48,828)	(314,461)	(25,635)	(388,924)
<b>Total changes in the income statement and statement of comprehensive income</b>		<b>(9,510,357)</b>	<b>(8,698)</b>	<b>3,666,045</b>	<b>(615,238)</b>	<b>(6,468,248)</b>
<b>Cash flows</b>						
Premiums received		13,307,318	-	-	-	13,307,318
Claims and other insurance service expenses paid, including investment components		-	-	(6,776,513)	-	(6,776,513)
Insurance acquisition cash flows paid		(3,590,322)	-	-	-	(3,590,322)
<b>Total cash flows</b>		<b>9,716,996</b>	-	<b>(6,776,513)</b>	-	<b>2,940,483</b>
Closing assets		-	-	-	-	-
Closing liabilities		3,760,400	102,072	5,128,910	1,721,057	10,712,439
<b>Net closing balance</b>		<b>3,760,400</b>	<b>102,072</b>	<b>5,128,910</b>	<b>1,721,057</b>	<b>10,712,439</b>

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**12. Insurance contracts and reinsurance contracts held (continued)**

(b) Analysis by remaining coverage and incurred claims of reinsurance contracts measured under the PAA

Year ended 31 December 2025						
\$	Notes	Asset for remaining coverage		Asset for incurred claims		Total
		Excluding loss- recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets		(702,534)	(45,073)	(549,496)	(170,101)	(1,467,204)
Opening liabilities		-	-	-	-	-
<b>Net opening balance</b>		<b>(702,534)</b>	<b>(45,073)</b>	<b>(549,496)</b>	<b>(170,101)</b>	<b>(1,467,204)</b>
<b>Insurance contract revenue ceded to reinsurers</b>	4	<b>3,797,204</b>	-	-	-	<b>3,797,204</b>
<b>Amounts recoverable from reinsurers</b>	4					
Claims recovered and benefits covered from reinsurers		-	-	(853,832)	-	(853,832)
Changes that relate to current service - adjustments to AFC		-	-	(46,682)	(10,780)	(57,462)
Changes that relate to past service - adjustments to AFC		-	-	(26,241)	-	(26,241)
Changes in fulfilment cash flows which relates to onerous underlying contracts		-	(62,103)	-	-	(62,103)
<b>Total amounts recoverable from reinsurers</b>		-	<b>(62,103)</b>	<b>(926,755)</b>	<b>(10,780)</b>	<b>(999,638)</b>
<b>Net expense/(income) from reinsurance contract held</b>		<b>3,797,204</b>	<b>(62,103)</b>	<b>(926,755)</b>	<b>(10,780)</b>	<b>2,797,566</b>
Net finance expense/(income) from reinsurance contracts	5	-	33,784	(730)	(1,656)	31,398
<b>Total changes in the income statement and statement of comprehensive income</b>		<b>3,797,204</b>	<b>(28,319)</b>	<b>(927,485)</b>	<b>(12,436)</b>	<b>2,828,964</b>
<b>Cash flows</b>						
Premiums paid net of ceding commissions and other directly attributable expenses paid		(3,790,167)	-	-	-	(3,790,167)
Recoveries from reinsurance		-	-	680,832	-	680,832
<b>Total cash flows</b>		<b>(3,790,167)</b>	-	<b>680,832</b>	-	<b>(3,109,335)</b>
Closing assets						
Closing liabilities		(695,497)	(73,392)	(796,149)	(182,537)	(1,747,575)
<b>Net closing balance</b>		<b>(695,497)</b>	<b>(73,392)</b>	<b>(796,149)</b>	<b>(182,537)</b>	<b>(1,747,575)</b>

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**12. Insurance contracts and reinsurance contracts held (continued)**

(b) Analysis by remaining coverage and incurred claims of reinsurance contracts measured under the PAA (continued)

		Year ended 31 December 2024				
		Asset for remaining coverage		Asset for incurred claims		
\$	Notes	Excluding loss- recovery component	Loss-recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets		(869,007)	-	(2,067,082)	(513,716)	(3,449,805)
Opening liabilities		-	-	-	-	-
<b>Net opening balance</b>		<b>(869,007)</b>	<b>-</b>	<b>(2,067,082)</b>	<b>(513,716)</b>	<b>(3,449,805)</b>
<b>Insurance contract revenue ceded to reinsurers</b>	4	<b>4,160,827</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,160,827</b>
<b>Amounts recoverable from reinsurers</b>	4					
Claims recovered and benefits covered from reinsurers		-	-	(1,941,918)	-	(1,941,918)
Changes that relate to current service - adjustments to AFC		-	-	196,385	343,942	540,327
Changes that relate to past service - adjustments to AFC		-	-	647,383	-	647,383
Changes in fulfilment cash flows which relates to onerous underlying contracts		-	(50,659)	-	-	(50,659)
<b>Total amounts recoverable from reinsurers</b>		<b>-</b>	<b>(50,659)</b>	<b>(1,098,150)</b>	<b>343,942</b>	<b>(804,867)</b>
<b>Net expense/(income) from reinsurance contract held</b>		<b>4,160,827</b>	<b>(50,659)</b>	<b>(1,098,150)</b>	<b>343,942</b>	<b>3,355,960</b>
Net finance expense /(income) from reinsurance contracts	5	-	5,586	(551)	(327)	4,708
<b>Total changes in the income statement and statement of comprehensive income</b>		<b>4,160,827</b>	<b>(45,073)</b>	<b>(1,098,701)</b>	<b>343,615</b>	<b>3,360,668</b>
<b>Cash flows</b>						
Premiums paid net of ceding commissions and other directly attributable expenses paid		(3,994,355)	-	-	-	(3,994,355)
Recoveries from reinsurance	1	-	-	2,616,287	-	2,616,288
<b>Total cash flows</b>		<b>(3,994,354)</b>	<b>-</b>	<b>2,616,287</b>	<b>-</b>	<b>(1,378,067)</b>
Closing assets		(702,534)	(45,073)	(549,496)	(170,101)	(1,467,204)
Closing liabilities		-	-	-	-	-
<b>Net closing balance</b>		<b>(702,534)</b>	<b>(45,073)</b>	<b>(549,496)</b>	<b>(170,101)</b>	<b>(1,467,204)</b>

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*For the financial year ended 31 December 2025*

**13. Property, plant and equipment**

	<u>Furniture and fixtures</u> \$	<u>Office equipment</u> \$	<u>Total</u> \$
<b>2025</b>			
<b>Cost</b>			
Beginning of financial year	151,350	305,714	457,064
Additions	-	3,498	3,498
Disposal	(11,465)	-	(11,465)
End of financial year	<u>139,885</u>	<u>309,212</u>	<u>449,097</u>
<b>Accumulated depreciation</b>			
Beginning of financial year	151,350	274,067	425,417
Depreciation charge (Note 7(b))	-	19,683	19,683
Disposals	(11,465)	-	(11,465)
End of financial year	<u>139,885</u>	<u>293,750</u>	<u>433,635</u>
<b>Net book value at end of financial year</b>	<u>-</u>	<u>15,462</u>	<u>15,462</u>
	<u>Furniture and fixtures</u> \$	<u>Office equipment</u> \$	<u>Total</u> \$
<b>2024</b>			
<b>Cost</b>			
Beginning of financial year	151,350	296,115	447,465
Additions	-	11,343	11,343
Disposal	-	(1,744)	(1,744)
End of financial year	<u>151,350</u>	<u>305,714</u>	<u>457,064</u>
<b>Accumulated depreciation</b>			
Beginning of financial year	151,161	251,649	402,810
Depreciation charge (Note 7(b))	189	24,162	24,351
Disposals	-	(1,744)	(1,744)
End of financial year	<u>151,350</u>	<u>274,067</u>	<u>425,417</u>
<b>Net book value at end of financial year</b>	<u>-</u>	<u>31,647</u>	<u>31,647</u>

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**14. Leases - the Branch as a lessee**

Nature of the Branch's leasing activity - Property

The Branch leases office space as the principal place of business for a 4-year lease term. The discount rates used by the Branch is 3.75%. The lease agreement has a renewal option subject to certain conditions.

(a) *Right-of-use assets*

	<b>2025</b>	2024
	\$	\$
<b>Property Cost</b>		
Beginning of financial year	<b>152,132</b>	152,492
Additions	-	152,132
Disposals	-	(152,492)
End of financial year	<b>152,132</b>	152,132
<b>Accumulated depreciation</b>		
Beginning of financial year	<b>9,508</b>	125,043
Depreciation charge (Note 7(b))	<b>38,034</b>	36,957
Disposals	-	(152,492)
End of financial year	<b>47,542</b>	9,508
<b>Net book value at end of financial year</b>	<b>104,590</b>	142,624

(b) *Lease liabilities*

	<b>2025</b>	2024
	\$	\$
Current	<b>37,564</b>	36,184
Non-current	<b>65,819</b>	103,383
	<b>103,383</b>	139,567

Movement in lease liabilities is as follows:

	<b>2025</b>	2024
	\$	\$
Beginning of financial year	<b>139,567</b>	26,653
Additions	-	151,804
Principal and interest payment of lease liabilities	<b>(40,800)</b>	(40,800)
Interest expense on lease liabilities (Note 7(d))	<b>4,616</b>	1,910
End of financial year	<b>103,383</b>	139,567

(c) Total cash outflow for all the leases (including short-term leases) as at 31 December 2025 and 2024 is \$40,800.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**15. Other payables**

	2025	2024
	\$	\$
<b>Other payables:</b>		
<b>Current</b>		
- Cash collaterals held on bond business	178,000	346,924
- Other creditors and accrued operating expenses	887,613	772,683
- Management and professional fees due to a fellow subsidiaries	79,128	57,116
Total other payables	<u>1,144,741</u>	<u>1,176,723</u>

Non-trade payables due to related parties are unsecured, interest-free and repayable on demand.

Other payables were denominated in the following currencies:

	2025	2024
	\$	\$
Brunei Dollar	994,429	1,045,745
Singapore Dollar	150,312	130,978
	<u>1,144,741</u>	<u>1,176,723</u>

**16. Deferred income taxes**

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

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	2025	2024
	\$	\$
Deferred tax assets	-	329,348
Deferred tax liabilities	(12,236)	-
Net deferred income tax assets (liabilities)	<u>(12,236)</u>	<u>329,348</u>

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

	2025	2024
	\$	\$
Beginning of financial year	329,348	355,785
Tax charged to:		
- Profit or loss (Note 8(a))	(273,331)	(25,000)
- Other comprehensive income	(68,253)	(1,437)
End of financial year	<u>(12,236)</u>	<u>329,348</u>

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**16. Deferred income taxes (continued)**

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

*Deferred income tax assets/ (liabilities)*

	<u>Fair value</u> <u>loss - net</u> \$	<u>Other</u> \$	<u>Total</u> \$
<b>2025</b>			
Beginning of financial year	65,348	264,000	329,348
Charged to profit or loss	-	(273,331)	(273,331)
Charged to other comprehensive income	(68,253)	-	(68,253)
End of financial year	<u>(2,905)</u>	<u>(9,331)</u>	<u>(12,236)</u>
<b>2024</b>			
Beginning of financial year	66,785	289,000	355,785
Charged to profit or loss	-	(25,000)	(25,000)
Charged to other comprehensive income	(1,437)	-	(1,437)
End of financial year	<u>65,348</u>	<u>264,000</u>	<u>329,348</u>

**17. Amount due to Head Office**

	2025 \$	2024 \$
Due to Head Office	176,752	243,894
Retained earnings	11,718,328	12,929,640
	<u>11,895,080</u>	<u>13,173,534</u>

Movement in retained earnings is as follows:

Beginning of financial year	12,929,640	12,008,805
Transfer to Head Office	(2,000,000)	(1,000,000)
Profit for the year	788,688	1,920,835
End of financial year	<u>11,718,328</u>	<u>12,929,640</u>

The amount due to Head Office is unsecured, interest-free and without any fixed terms of repayment.

The Branch is regulated by the Brunei Darussalam Central Bank, which sets and monitors its capital requirements under the Brunei Insurance Order, 2006. The Branch is in full compliance with the capital requirement to maintain a minimum surplus of assets over liabilities of \$8,000,000.

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**18. Fair value reserve**

	<b>2025</b>	2024
	<b>\$</b>	\$
Beginning of financial year	<b>(316,782)</b>	(322,561)
Other comprehensive gains for the year	<b>332,889</b>	5,779
End of financial year	<b>16,107</b>	(316,782)

**19. Management of insurance and financial risk**

Risk management is an integral part of the internal control system of the Branch's business operations. The Head Office, being a member of the Tokio Marine Group of companies (the "Tokio Marine Group"), takes into consideration the risk management philosophy and business strategy of the Tokio Marine Group when managing the risk of the Branch. The Head Office is committed to maintain sound, robust and effective risk management processes as part of good business practice to safeguard the Branch's assets and investments as well as to protect the Head Office's interest.

The Head Office manages and monitors the risk management process, plans and runs the Branch's operations in accordance with the Risk Policy Statement, "Sustainable Profitable Growth", taking into consideration the Brunei Darussalam market environment and practice, business specialty and domain, size of business operations and capacity, degree of management's commitment, probabilities and impact of risks, and costs. It complies with regulatory principles, recommendations and requirements on risk management in its risk management processes.

The Management Team, comprising the Chief Executive and senior management staff, assists the Board of Directors in identifying different types of risk and categorises them into relevant risk groups, formulates appropriate risk management policies and guidelines and conducts periodic risk management assessment exercises. Results are reviewed and evaluated by the Management Team and they will make the necessary recommendations to manage risks.

Some of the main risk groups are as follows:

a. Business risks

Risks which may arise from failure to achieve strategic targets, inadequate planning or research, slow response to business environmental changes, lack of credit control and unsuitable claims or reserve management.

b. Underwriting risks

Risks arising from unsuitable underwriting, economic/market changes and unexpected increases in the occurrence of insured events or arising from inadequate reinsurance management policies.

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**19. Management of insurance and financial risk (continued)**

Under each risk group, the various risks exposures are identified and classified based on their frequency and severity of the losses.

The Branch issues all lines of general insurance contracts that transfer insurance risk. The main classes of insurance are motor, fire, general accident, workmen compensation and marine.

A key corporate objective of the Branch is to improve the earnings from its general insurance business. To this end, the Branch targets personal lines business and small/medium commercial business and maintains discipline in its risk underwriting. Through underwriting discipline, the Branch strives to reduce cyclical volatility, achieve more stable results and to increase value for Head Office.

*(a) Insurance risk*

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Branch faces the possibility of incurring higher claims costs than expected owing to the nature of the claim, their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting pricing and conditions of insurance or reinsurance cover.

The Branch seeks to minimise and manage these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Branch's underwriting policy supports the seeking of risks in the preferred market of personal and small/medium commercial business and adequate pricing commensurate with the risk profiles and claims experience.

The underwriting strategy attempts to ensure that there are appropriate risk selection criteria. There are underwriting policies setting the Branch's risk appetite, risk management and control. Also in place are underwriting and claims authority limits for each level of responsibility. The Branch's strategy limits the total exposure to any one client or location for certain risks. Where applicable, the Branch has the right not to renew any policy, impose deductibles and reject payment of any fraudulent claim. Insurance contracts also entitle the Branch to pursue recoveries from tortfeasors who may be third parties or insurance companies.

*(i) Motor and workmen compensation policies*

In terms of liability reserves, the Branch has two significant business classes – motor and workmen compensation.

In the case of motor insurance, the Branch provides insurance cover for both personal and commercial vehicles. The terms and conditions of the Branch's motor insurance are generally in line with the market. Insurance covers range from comprehensive level covering own damage and third party liability to compulsory third party bodily injury and third party property damage.

Similar to any liability class of insurance, the claims cost for motor insurance depends on the litigious climate of the insuring community.

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**19. Management of insurance and financial risk (continued)**

The Branch's workmen compensation insurance compensates the insured's workers in the event of work-related injury or death. The claims cost of this business class moves in tandem with any change in the legislative compensation scale and is affected by the litigious climate of the insuring community. One of the important premium control tool is to ensure that wages declared under workmen compensation policies are adequate.

*(a) Insurance risk (continued)*

*(ii) Loss reserves*

Liability for incurred claims ("LIC") include unpaid losses, loss adjustment expenses and estimates for ultimate reserves for losses incurred but not reported ("IBNR") as well as losses incurred but not enough reported ("IBNER"). The LIC represent estimates of future payments of reported and unreported claims for losses and related expenses with respect to insured events that have occurred.

Reserving is a complex process which deals with uncertainty and requires the use of informed estimates and judgements. Significant delays may occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing LIC, the ultimate cost of which cannot be known with certainty as of the balance sheet date.

The reserves for losses and loss adjustment expenses are determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate insurance contract liabilities may vary as a result of subsequent developments. The ultimate insurance contract liabilities are estimated and certified by the Certifying Actuary of the Head Office in accordance with the local regulatory requirements. Any changes in overall estimates are reflected in results of operations in the period in which estimates change.

*(iii) Reinsurance*

The Branch cedes insurance premiums and risk in the normal course of its business in order to limit the potential for single large loss or losses arising from a single event or longer exposures. Reinsurance does not, however, relieve the originating insurer of its liability. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses, ceded premiums for the remaining coverage and ceded future policy benefits.

Amounts recoverable from reinsurers are estimated in a manner consistent with the claims liability associated with the reinsured policy. Reinsurance is recorded gross in the balance sheet unless a right of offset exists.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**19. Management of insurance and financial risk (continued)**

*(b) Concentration of insurance risk*

The Branch has two significant business classes – motor and workmen compensation (“WICA”). The concentration of insurance risk before and after reinsurance by territory in relation to the type of insurance risk accepted by the Branch is summarised below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from insurance contracts:

	Type of risk			Total \$
	Motor \$	WICA <sup>1</sup> \$	Others \$	
<b>Year ended 31 December 2025</b>				
Gross	4,822,592	5,525,718	2,858,141	13,206,451
Net	4,398,046	5,400,827	1,218,539	11,017,412
<b>Year ended 31 December 2024</b>				
Gross	4,711,406	5,054,052	2,524,120	12,289,578
Net	4,200,496	4,896,245	1,077,873	10,174,614

<sup>1</sup> WICA refers to workmen compensation policies.

The exposure of liquidity risk of insurance liabilities is disclosed in Note 19(c).

*(c) Liquidity risk*

Liquidity risk is the risk where the Branch is unable to meet its obligations on a timely basis; especially so when the investment portfolio is largely made up of illiquid assets. Under normal circumstances, the liquidity demands of an insurance company are met through ongoing operations, continuous premium income, sale of disposable assets and borrowings.

The projected cash flows from the insurance contract liabilities consist of premiums, commissions and claims. Premiums, commissions and claims are generally stable and predictable. However, companies may be subjected 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.

The Branch adopts a prudent liquidity management by regularly monitoring its operating liquidity, actual and projected cash inflows and outflows movements to ensure liquidity is available and cash is employed optimally. It aims to generate positive cash inflow from its insurance operations through stringent credit control policy and prompt collection of outstanding premium balances. It also ensures that a reasonably high percentage of its assets are invested in highly liquid assets at all times, such as fixed deposits and government securities.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(c) Liquidity risk (continued)*

The following table shows the maturity profile of the Branch's financial liabilities based on contractual undiscounted cashflow basis. For ILC – Insurance and AIC - Reinsurance, the maturity profile is presented based on contractual discounted cashflows:

<b>\$</b>	<b>Less than <u>1 year</u></b>	<b>Between 1 and 2 <u>years</u></b>	<b>Between 2 and 3 <u>years</u></b>	<b>Between 3 and 4 <u>years</u></b>	<b>Between 4 and 5 <u>years</u></b>	<b>More than <u>5 years</u></b>	<b><u>Total</u></b>
<b>Year ended 31 December 2025</b>							
LIC - Insurance	5,059,615	1,182,618	774,607	508,687	204,406	42,880	7,772,813
AIC - Reinsurance	(925,942)	(40,205)	(6,498)	(4,209)	(1,515)	(317)	(978,686)
	<b>4,133,673</b>	<b>1,142,413</b>	<b>768,109</b>	<b>504,478</b>	<b>202,891</b>	<b>42,563</b>	<b>6,794,127</b>
Other payables	1,144,741	-	-	-	-	-	1,144,741
Lease Liabilities	37,564	38,998	26,821	-	-	-	103,383
	<b>5,315,978</b>	<b>1,181,411</b>	<b>794,930</b>	<b>504,478</b>	<b>202,891</b>	<b>42,563</b>	<b>8,042,251</b>

<b>\$</b>	<b>Less than <u>1 year</u></b>	<b>Between 1 and 2 <u>years</u></b>	<b>Between 2 and 3 <u>years</u></b>	<b>Between 3 and 4 <u>years</u></b>	<b>Between 4 and 5 <u>years</u></b>	<b>More than <u>5 years</u></b>	<b><u>Total</u></b>
<b>Year ended 31 December 2024</b>							
LIC - Insurance	4,445,755	1,169,933	582,922	402,820	206,463	42,074	6,849,967
AIC - Reinsurance	(609,435)	(89,557)	(15,335)	(5,270)	-	-	(719,597)
	<b>3,836,320</b>	<b>1,080,376</b>	<b>567,587</b>	<b>397,550</b>	<b>206,463</b>	<b>42,074</b>	<b>6,130,370</b>
Other payables	1,176,723	-	-	-	-	-	1,176,723
Lease Liabilities	36,184	37,564	38,998	26,821	-	-	139,567
	<b>5,049,227</b>	<b>1,117,940</b>	<b>606,585</b>	<b>424,371</b>	<b>206,463</b>	<b>42,074</b>	<b>7,446,660</b>

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*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities*

The following tables set out the Branch's development of claim liabilities for all classes of business except the marine class by accident year (accident year basis) with reference to the actual date of the event that caused the claim. For the marine classes, the basis used for claims development is by reference to the year in which the business was underwritten (underwriting year basis).

*(i) Insurance claims (gross)*

Accident Year	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	Total \$
- at end of accident year	3,721,066	3,479,124	3,727,724	3,738,541	4,772,486	4,466,712	3,328,467	
- one year later	3,254,324	3,282,107	4,282,909	3,160,515	3,749,257	4,328,071		
- two years later	3,251,630	3,408,099	5,183,251	2,977,555	3,537,390			
- three years later	3,073,739	3,146,871	5,411,541	2,900,826				
- four years later	2,879,303	3,176,703	5,645,313					
- five years later	2,769,602	3,853,334						
- six years later	2,707,159							
Current estimate of ultimate claims	2,707,159	3,853,334	5,645,313	2,900,826	3,537,390	4,328,071	3,328,467	26,300,560
Cumulative payments	(2,613,443)	(3,341,200)	(5,091,759)	(2,448,339)	(3,003,048)	(3,018,893)	(1,618,781)	(21,135,463)
Gross liabilities for incurred claims	93,716	512,134	553,554	452,487	534,342	1,309,178	1,709,686	5,165,097
Best estimate for incurred claims liability including other attributable expenses	370,315	554,129	598,946	488,128	578,158	1,392,896	1,830,813	5,813,385
Reserve for prior years								315,985
Reserve for marine class (see following table)								26,808
Fulfilment cash flows								37,555
Discounting impact								(438,556)
Risk adjustment								2,017,636
Gross liabilities for incurred claims in financial statements								<b>7,772,813</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities (continued)*

*(i) Insurance claims (gross) (continued)*

The reserves for marine class for the Branch were calculated on an underwriting year basis as follows:

Underwriting Year	2019	2020	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$	\$	\$	\$	\$
- at end of underwriting year	196,511	52,515	33,506	34,295	67,772	71,389	36,745	
- one year later	600,754	-	8,205	-	1,931	2,515		
- two years later	480,493	-	7,795	-	2,069			
- three years later	465,143	-	8,205	-				
- four years later	465,143	-	8,205					
- five years later	465,143	-						
- six years later	465,143							
Current estimate of ultimate claims	465,143	-	8,205	-	2,069	2,515	36,745	514,677
Cumulative payments	(465,143)	-	(8,205)	-	(1,970)	(2,395)	(480)	(478,193)
Gross liabilities for incurred claims	-	-	-	-	99	120	36,265	36,484
Best estimate for incurred claims liability including other attributable expenses								26,808
Reserve for prior years								-
Reserve for marine class								<b>26,808</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities (continued)*

*(ii) Insurance claims (net)*

Accident Year	2019	2020	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$	\$	\$	\$	\$
- at end of accident year	3,443,431	3,092,383	3,058,804	3,183,135	4,150,452	4,102,694	3,088,220	
- one year later	3,157,490	3,035,818	3,105,350	2,836,272	3,676,637	3,873,891		
- two years later	3,154,163	3,161,809	3,325,482	2,654,198	3,465,755			
- three years later	2,924,980	2,900,582	3,252,678	2,577,469				
- four years later	2,730,650	2,930,414	3,486,449					
- five years later	2,620,949	3,607,045						
- six years later	2,566,066							
Current estimate of ultimate claims	2,566,006	3,607,045	3,486,449	2,577,469	3,465,755	3,873,891	3,088,220	22,664,835
Cumulative payments	(2,472,290)	(3,094,911)	(2,932,895)	(2,142,832)	(2,931,413)	(2,852,940)	(1,611,062)	(18,038,343)
Net Liabilities for incurred claims	93,716	512,134	553,554	434,637	534,342	1,020,951	1,477,158	4,626,492
Best estimate for incurred claims liability including other attributable expenses	285,315	554,130	598,946	470,277	578,158	1,104,669	1,598,285	5,189,780
Reserve for prior years								315,985
Reserve for marine class (see following table)								9,093
Fulfilment cash flows								(142,683)
Discounting impact								(413,147)
Risk adjustment								1,835,099
Net liabilities for incurred claims in financial statements								<b>6,794,127</b>

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*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities (continued)*

*(ii) Insurance claims (net) (continued)*

The reserves for marine class for the Branch were calculated on an underwriting year basis as follows:

Underwriting Year	2019	2020	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$	\$	\$	\$	\$
- at end of underwriting year	61,835	33,742	21,053	20,996	23,078	15,976	12,466	
- one year later	48,060	-	8,205	-	1,909	2,407		
- two years later	37,211	-	8,033	-	2,000			
- three years later	37,211	-	8,041	-				
- four years later	37,211	-	8,328					
- five years later	37,211	-						
- six years later	37,211							
Current estimate of ultimate claims	37,211	-	8,328	-	2,000	2,407	12,466	62,412
Cumulative payments	(37,211)	-	(8,205)	-	(1,970)	(2,395)	(480)	(50,261)
Net Liabilities for incurred claims	-	-	123	-	30	12	11,986	12,151
Best estimate for incurred claims liability including other attributable expenses	-	-	133	-	32	13	8,915	9,093
Reserve for prior years								-
Reserve for marine class								9,093

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**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities (continued)*

*(iii) Insurance claims (gross)*

Accident Year	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	Total \$
- at end of accident year	3,104,167	3,721,066	3,479,124	3,727,724	3,738,541	4,772,486	4,466,712	
- one year later	2,814,005	3,254,324	3,282,107	4,282,909	3,160,515	3,749,257		
- two years later	3,231,396	3,251,630	3,408,099	5,183,251	2,977,555			
- three years later	3,025,139	3,073,739	3,146,871	5,411,541				
- four years later	3,073,410	2,879,303	3,176,703					
- five years later	3,026,631	2,769,602						
- six years later	2,822,398							
Current estimate of ultimate claims	2,822,398	2,769,602	3,176,703	5,411,541	2,977,555	3,749,257	4,466,712	25,373,768
Cumulative payments	(2,645,339)	(2,554,591)	(2,783,902)	(4,941,357)	(2,448,156)	(2,973,048)	(2,256,270)	(20,602,663)
Gross liabilities for incurred claims	177,059	215,011	392,801	470,184	529,399	776,209	2,210,442	4,771,105
Best estimate for incurred claims liability including other attributable expenses	184,608	232,027	425,011	508,740	571,346	839,777	2,363,138	5,124,647
Reserve for prior years								492,385
Reserve for marine and treaty classes (see following table)								51,408
Fulfilment cash flows								54,291
Discounting impact								(593,821)
Risk adjustment								1,721,057
Gross liabilities for incurred claims in financial statements								<b>6,849,967</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities (continued)*

*(iii) Insurance claims (gross) (continued)*

The reserves for marine class for the Branch were calculated on an underwriting year basis as follows:

Underwriting Year	2018	2019	2020	2021	2022	2023	2024	Total
	\$	\$	\$	\$	\$	\$	\$	\$
- at end of underwriting year	196,535	196,511	52,515	33,506	34,295	67,772	71,389	
- one year later	36,336	600,754	-	8,205	-	1,931		
- two years later	63,438	480,493	-	7,795	-			
- three years later	34,938	465,143	-	8,205				
- four years later	34,938	465,143	-					
- five years later	34,938	465,143						
- six years later	34,938							
Current estimate of ultimate claims	34,938	465,143	-	8,205	-	1,931	71,389	581,606
Cumulative payments	(34,938)	(465,143)	-	(8,205)	-	(1,970)	-	(510,256)
Net Liabilities for incurred claims	-	-	-	-	-	(39)	71,389	71,350
Best estimate for incurred claims liability including other attributable expenses	-	-	-	(13)	-	(45)	51,466	51,408
Reserve for prior years								-
Reserve for marine class								<u>51,408</u>

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**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities (continued)*

*(iv) Insurance claims (net)*

Accident Year	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	Total \$
- at end of accident year	2,807,365	3,443,431	3,092,383	3,058,804	3,183,135	4,150,452	4,102,694	
- one year later	2,735,878	3,157,490	3,035,818	3,105,350	2,836,272	3,676,637		
- two years later	3,154,849	3,154,163	3,161,809	3,325,482	2,654,198			
- three years later	2,948,591	2,924,980	2,900,582	3,252,678				
- four years later	2,996,179	2,730,650	2,930,414					
- five years later	2,950,084	2,620,949						
- six years later	2,745,851							
Current estimate of ultimate claims	2,745,851 (2,653,792)	2,620,949 (2,413,438)	2,930,414 (2,537,613)	3,252,678 (2,782,493)	2,654,198 (2,142,650)	3,676,637 (2,901,413)	4,102,694 (2,240,553)	21,983,421
Cumulative payments								(17,671,952)
Net Liabilities for incurred claims	92,059	207,511	392,801	470,185	511,548	775,224	1,862,141	4,311,469
Best estimate for incurred claims liability including other attributable expenses	99,608	224,527	425,011	508,740	553,495	838,793	2,014,837	4,665,011
Reserve for prior years								422,986
Reserve for marine class (see following table)								12,045
Fulfilment cash flows								45,397
Discounting impact								(566,025)
Risk adjustment								1,550,956
Net liabilities for incurred claims in financial statements								<b>6,130,370</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(d) Development of claim liabilities (continued)*

*(iv) Insurance claims (net)*

The reserves for marine class for the Branch were calculated on an underwriting year basis as follows:

Underwriting Year	2018	2019	2020	2021	2022	2023	2024	Total
	\$	\$	\$	\$	\$	\$	\$	\$
- at end of underwriting year	76,174	61,835	33,742	21,053	20,996	23,078	15,976	
- one year later	3,270	48,060	-	8,205	-	1,909		
- two years later	31,644	37,211	-	8,033	-			
- three years later	3,144	37,211	-	8,041				
- four years later	3,144	37,211	-					
- five years later	3,144	37,211						
- six years later	3,144							
Current estimate of ultimate claims	3,144	37,211	-	8,041	-	1,909	15,976	66,281
Cumulative payments	(3,144)	(37,211)	-	(8,205)	-	(1,970)	-	(50,530)
Net liabilities for incurred claims	-	-	-	(164)	-	(61)	15,976	15,751
Best estimate for incurred claims liability including other attributable expenses	-	-	-	(178)	-	(65)	12,288	12,045
Reserve for prior years								-
Reserve for marine class								<b>12,045</b>

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**19. Management of insurance and financial risk (continued)**

*(e) Investment market risk*

The Branch's investment objective is to maintain its net asset value and steadily improve its investment return in order to increase the enterprise value of the Tokio Marine Group.

The Management Team in Head Office is responsible for managing the Branch's investment activities and for the formulation of the Branch's investment strategies, principles, policies and procedures. The Management Team sets the limits and approves new counterparties such as banks and securities broking houses, which form part of the credit policy and procedure, to manage the risks faced by the Branch.

The Branch is exposed to market risks arising from its investments in Singapore government securities. Changes in interest rates and foreign exchange rates will impact the financial position of the Branch as any reaction to market changes will affect the present and future earnings of the Branch for its general insurance operations and value for Head Office.

*(f) Foreign currency risk*

The Branch has limited exposure to foreign exchange risks arising from its insurance and investment activities. Exposures to foreign currency risks are monitored on an on-going basis through setting of limits. The Management Team does not consider the Branch's exposure to foreign currency exchange fluctuations to be significant and, therefore the Branch does not enter into derivative contracts to manage this risk.

*(g) Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Branch's core insurance and investment activities are inherently exposed to interest rate risk which arises principally from different maturity profile as well as repricing of interest bearing assets. In dealing with this risk, the Branch adopts an approach of focusing on achieving a desired overall interest rate profile, which may change over time, based on management's longer term view of interest rates and economic conditions.

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

	Variable <u>rates</u> \$	Fixed <u>rates</u> \$	Non-interest <u>bearing</u> \$	<u>Total</u> \$
<b>As at 31 December 2025</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	15,182,142	782,933	15,965,075
Debt securities measured at FVOCI	-	6,718,514	-	6,718,514
Other assets (exclude prepayments)	-	-	184,212	184,212
	<b>-</b>	<b>21,900,656</b>	<b>967,145</b>	<b>22,867,801</b>
<b>Financial Liabilities</b>				
Other payables	-	-	1,144,741	1,144,741
Lease liabilities	-	103,383	-	103,383
	<b>-</b>	<b>103,383</b>	<b>1,144,741</b>	<b>1,248,124</b>

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*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(g) Cash flow and fair value interest rate risks (continued)*

	Variable <u>rates</u> \$	Fixed <u>rates</u> \$	Non-interest <u>bearing</u> \$	<u>Total</u> \$
<b>As at 31 December 2024</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	-	15,421,627	797,226	16,218,853
Debt securities measured at FVOCI	-	6,714,757	-	6,714,757
Other assets (exclude prepayments)	-	-	252,302	252,302
	-	22,136,384	1,049,528	23,185,912
<b>Financial Liabilities</b>				
Other payables	-	-	1,176,723	1,176,723
Lease liabilities	-	139,567	-	139,567
	-	139,567	1,176,723	1,316,290

The Branch's interest rate risk sensitivity analysis is disclosed in Note 19 (i).

*(h) Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Branch. Key balances where the Branch is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Other assets; and
- Counterparty risk with respect to Singapore government securities and bank deposits.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Branch's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Branch remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information prior to the finalisation of any contract.

For investments in Singapore government securities, financial losses may also materialize as a result of the widening of credit spread or a downgrade of credit rating that causes a default by the issuer on coupon payment or even the principal amount.

For Singapore government securities and bank deposits, the Branch has internal limits by issuer or counterparty and by investment grades. These limits are actively monitored and reviewed on a regular basis by the Management Team in Head Office to manage the credit and concentration risk.

Receivables of the Branch are non-interest bearing and are generally on a 3-month credit term. The Branch considers balances that are outstanding for more than 3 months as past due. It is the Branch's policy to review the credit standing and business potential of each counterparty and set appropriate credit terms to minimize credit risk exposure.

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*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(h) Credit risk (continued)*

The following table provides information regarding the credit risk exposure for financial assets with external credit ratings. The carrying amount of financial assets below also represents the maximum exposure of the Branch to credit risk on these assets.

	<b>Neither past due nor impaired</b>			<b>Total</b>
	<b>Investment grade (AAA to A-)</b>	<b>Investment grade (BBB+ to BBB-)</b>	<b>Not rated</b>	
	\$	\$	\$	\$
<b>As at 31 December 2025</b>				
Cash and cash equivalents	15,965,075	-	-	15,965,075
Debt securities measured at FVOCI	5,537,665	-	1,180,849	6,718,514
Reinsurance assets	1,686,342	11,797	49,436	1,747,575
Other assets (exclude prepayments)	171,906	-	12,306	184,212
	<b>23,360,988</b>	<b>11,797</b>	<b>1,242,591</b>	<b>24,615,376</b>
<b>As at 31 December 2024</b>				
Cash and cash equivalents	16,218,853	-	-	16,218,853
Debt securities measured at FVOCI	6,056,773	-	657,984	6,714,757
Reinsurance assets	1,349,738	12,964	104,502	1,467,204
Other assets (exclude prepayments)	240,882	-	11,420	252,302
	<b>23,866,246</b>	<b>12,964</b>	<b>773,906</b>	<b>24,653,116</b>

The loss allowance provision for debt securities at FVOCI and fixed deposits as at 31 December 2024 reconciles to the opening loss allowance for that provision as follows:

	<b>Fixed deposit</b>	<b>Debt securities at FVOCI</b>	<b>Total</b>
	\$	\$	\$
<b>At 31 December 2024</b>	<b>37,536</b>	<b>2,272</b>	<b>39,808</b>
Loss allowance measured at:			
- 12-month ECL	33,395	(347)	33,048
- Life-time ECL	-	-	-
<b>At 31 December 2025</b>	<b>70,931</b>	<b>1,925</b>	<b>72,856</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(i) Interest rate sensitivity analysis*

The analysis below is performed for reasonable possible movements in key variables with all other variables constant. In practice, the estimated future 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 government securities. The statistical risk analytic tool used by the Branch to monitor price risk exposures is the volatility of the benchmark.

A study of the movement in risk-free rate is undertaken for all the Singapore government securities held on the balance sheet date. A study of a 1 %-yield movement across relevant curves has been undertaken on the fair value of Singapore government securities and this is considered to be a reasonable basis for interest rate sensitivity analysis. The table below summarises the impact on profit after tax and equity based on a 1% parallel shift in the yield curve for Singapore:

	Impact on profit after tax		Impact on head office account	
	2025	2024	2025	2024
	\$	\$	\$	\$
<b>Change in interest rate</b>				
+ bps (2025: + 100 bps)	-	-	<b>(567,597)</b>	(554,366)
- bps (2025: - 100 bps)	-	-	<b>567,597</b>	554,366

*(j) Capital risk*

The Branch's capital management objective is to maintain a strong capital position with optimum buffer to meet its obligations towards policyholders and to comply with the required capital requirements.

The Branch has put in place a process to obtain capital injection from its Head Office should the need arise.

The Branch defines capital as regulatory capital. Regulatory capital is the minimum amount of assets that must be held to meet statutory solvency requirements. The Branch monitors its capital position to ensure that the statutory solvency requirements are met at all times.

The Branch has complied with the statutory solvency requirements during the financial year ended 31 December 2024 and 2025. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2024 and 2025.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**19. Management of insurance and financial risk (continued)**

*(k) Fair value measurements*

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

- (a) quoted prices (unadjusted) in active markets for identical assets that the Branch has access to at the measurement date (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset 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>
	\$	\$	\$	\$
<b>As at 31 December 2025</b>				
<b>Assets</b>				
Debt Securities at FVOCI	<b>6,718,514</b>	-	-	<b>6,718,514</b>
<b>As at 31 December 2024</b>				
<b>Assets</b>				
Debt Securities at FVOCI	<b>6,714,757</b>	-	-	<b>6,714,757</b>

There were no transfers between level 1 and level 2 during the year.

The fair value of financial instruments traded in active markets 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 current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market 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. These instruments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

**20. Holding corporations**

The Branch is a segment of Tokio Marine Insurance Singapore Ltd., incorporated in Singapore, and is not a separately incorporated legal entity. The Branch's immediate holding corporation is Asia General Holdings Limited, incorporated in Singapore. The intermediate holding corporation is Tokio Marine & Nichido Fire Insurance Co., Ltd., incorporated in Japan. The ultimate holding corporation is Tokio Marine Holdings, Inc., incorporated in Japan.

**21. Related party transactions**

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Branch and related parties at terms agreed between the parties:

*(a) Income*

	<b>2025</b>	2024
	\$	\$
Reinsurance commissions received from intermediate holding corporation	<b>92,606</b>	104,055
Reinsurance commissions received from fellow subsidiaries	<b>9,437</b>	8,200
Reinsurance claims recovered from intermediate holding corporation	<b>61,871</b>	356,338
Reinsurance claims recovered from fellow subsidiaries	<b>137,428</b>	-

*(b) Expenses*

Reinsurance premiums ceded to intermediate holding corporation	<b>371,247</b>	543,500
Reinsurance premiums ceded to fellow subsidiaries	<b>37,739</b>	33,293
Miscellaneous reinsurance expenses paid to intermediate holding corporation	<b>468</b>	689

**22. Contingent liabilities**

Contingent liabilities not provided for in the financial statements are gross of facultative and treaty reinsurance underlining protection:

	<b>2025</b>	2024
	\$	\$
(a) Performance bonds and bankers' guarantee provided on behalf of third parties	70,035	70,035
(b) Banker's guarantee in respect of statutory deposit required under Section 5(1) of the Motor Vehicles Insurance (Third Party Risks) Act, Chapter 90	1,000,000	1,000,000
(c) Banker's guarantee in respect of statutory deposit required under Section 16 of the Brunei Insurance Order, 2006	1,000,000	1,000,000
	<b>2,070,035</b>	<b>2,070,035</b>

The banker's guarantees ((b) and (c)) are secured by fixed deposits of \$2,000,000 (2024: \$2,000,000) (see Note 9).

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2025*

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**23. New or revised accounting standards and interpretations**

The following are the new or amended Standards and Interpretations that are not yet applicable but may be early adopted for the current financial year.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (Amendments to the Classification and Measurement of Financial Instruments)	1 January 2026
Annual Improvement to IFRSs - Volume 11	1 January 2026
IFRS 18 Presentation and disclosure in financial statements	1 January 2027

The new or amended accounting standards and interpretations listed above are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Branch. These are not expected to have a material impact on the Branch in the current or future reporting periods and on foreseeable future transactions.

**24. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Tokio Marine Insurance Singapore Ltd. on 31 March 2026.