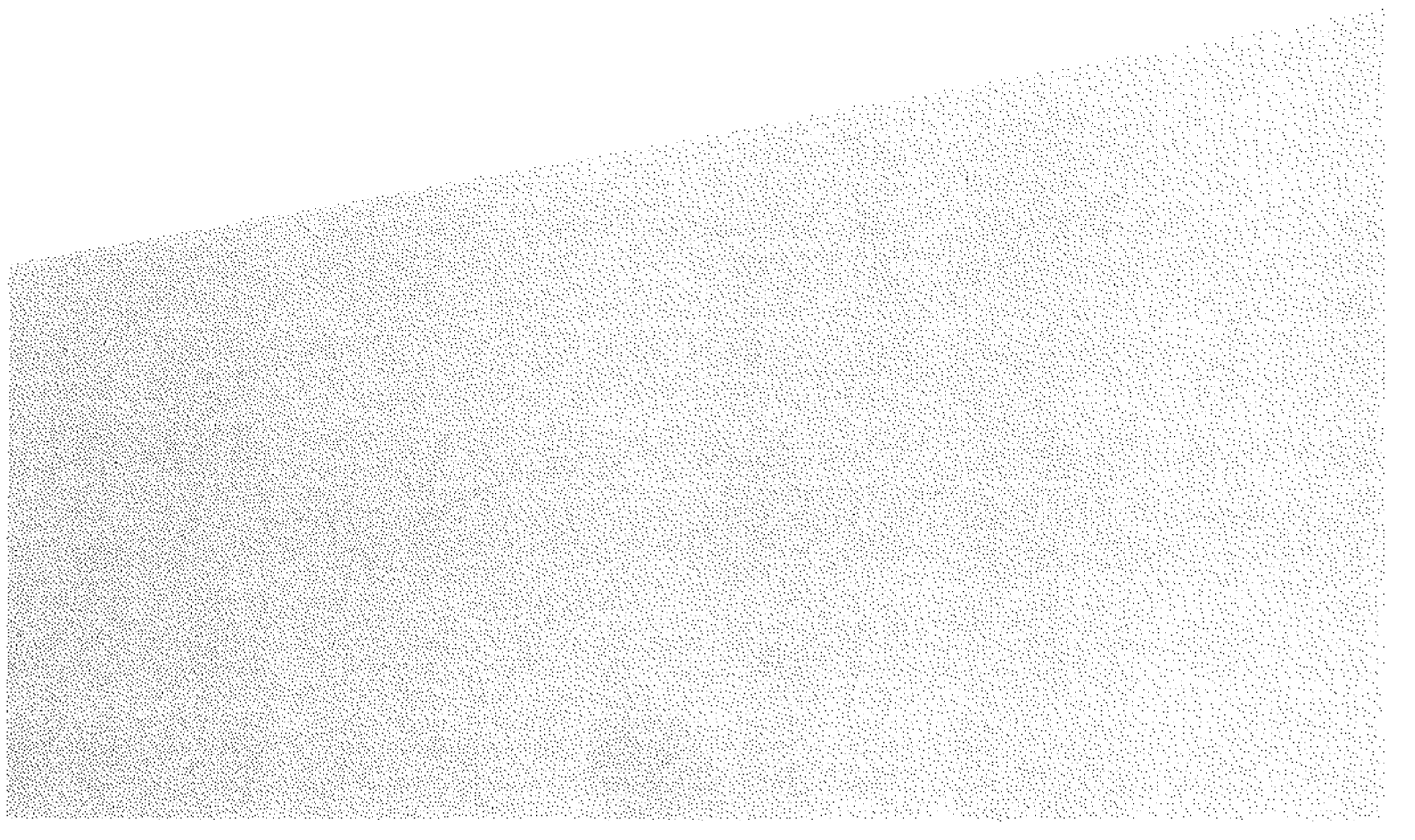


ANNUAL REPORT

**Tokio Marine Insurance Singapore Ltd.
Brunei Darussalam Branch**

For the year ended 31 December 2020



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

I N D E X

	Page
Independent Auditor's Report	1
Statement of Compliance	4
Statement of Profit or Loss and Other Comprehensive Income	5
General Insurance Revenue Account	6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tokio Marine Insurance Singapore Ltd.

Opinion

We have audited the financial statements of **Tokio Marine Insurance Singapore Ltd. – Brunei Darussalam Branch** ("the Branch"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, general insurance revenue account and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

The Branch is a segment of Tokio Marine Insurance Singapore Ltd., a company incorporated in Singapore, and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

In our opinion,

- a) the accompanying financial statements give a true and fair view of the financial position of the Branch as at 31 December 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the provisions of the Brunei Darussalam Companies Act, Cap. 39 ("the Act") and International Financial Reporting Standards according to the best of our information and the explanations given to us and as shown by the books of the Branch.
- b) We have obtained all the information and explanations we required.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent on the Branch in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the statement of compliance by the directors of Tokio Marine Insurance Singapore Ltd., set out on page 4.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tokio Marine Insurance Singapore Ltd. (continued)

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 International Financial Reporting 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.


INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tokio Marine Insurance Singapore Ltd. (continued)


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

- 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.



ERNST & YOUNG
Public Accountants



KONG EE PIN
Registered Public Accountant

Brunei Darussalam
Date: 18 March 2021

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

STATEMENT OF COMPLIANCE

For the financial year ended 31 December 2020

In our opinion, the accompanying statement of financial position, statement of profit or loss and other comprehensive income, general insurance revenue account 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 2020, and of the results and cash flows of the Brunei Branch's operations for the financial year then ended.



CHER AH KOW
Director



KATSUYA KOBAYASHI
Director

Date: 18 March 2021

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
Gross premiums written		<u>14,642,570</u>	<u>15,656,411</u>
Underwriting profit from general insurance business		2,435,265	2,527,753
Investment income	4	411,258	499,768
Other gains	5	33,672	791
		<u>2,880,195</u>	<u>3,028,312</u>
Other operating expenses	6(c)	(66,973)	(61,737)
Profit before income tax		2,813,222	2,966,575
Income tax expense	7(a)	(495,869)	(483,579)
Profit after tax		<u>2,317,353</u>	<u>2,482,996</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains - net	10	552,990	215,345
- Reclassification on disposal	5	(33,672)	(791)
- Deferred tax on fair value changes	16	(88,284)	(36,474)
Other comprehensive income, net of tax		<u>431,034</u>	<u>178,080</u>
Total comprehensive income		<u>2,748,387</u>	<u>2,661,076</u>

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

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

GENERAL INSURANCE REVENUE ACCOUNT

For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
General Insurance Business			
Gross premiums written		14,642,570	15,656,411
Outward reinsurance premiums		(3,851,619)	(3,741,578)
Net premiums written		10,790,951	11,914,833
Movement in reserves for unexpired risks, net of deferred acquisition cost ("DAC")	12	224,923	419,088
Net earned premiums		11,015,874	12,333,921
Gross claims paid		(3,746,372)	(2,981,601)
Reinsurers' share of claims paid		377,044	182,055
Net claims paid	11	(3,369,328)	(2,799,546)
Change in net outstanding claims		(877,822)	(2,308,783)
Net claims incurred	11	(4,247,150)	(5,108,329)
Commissions payable		(2,864,235)	(3,007,223)
Commissions receivable		585,031	582,753
Net commissions		(2,279,204)	(2,424,470)
Other gains/(losses)	5	10,836	(9,800)
Employee compensation	6(a)	(498,607)	(796,453)
Depreciation expense	6(b)	(108,936)	(81,388)
Other operating expenses	6(c)	(1,457,548)	(1,385,728)
		(2,054,255)	(2,273,369)
Total underwriting profit from general insurance business		2,435,265	2,527,753

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

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
Cash and cash equivalents	8	21,213,124	20,895,266
Trade receivables	9	782,307	419,691
Other assets	9	194,652	286,995
Available-for-sale financial assets	10	9,763,366	8,837,470
Reinsurance assets:			
- Claims recoverable from reinsurers	11	928,861	473,396
- Reserves for unexpired risks, net of DAC on reinsurance ceded	12	1,495,368	1,952,889
Property, plant and equipment	13	147,237	96,079
Right-of-use assets	14(a)	137,243	54,454
Deferred income tax assets	16	177,000	55,000
Total assets		34,839,158	33,071,240
LIABILITIES			
Trade payables	15	657,742	758,997
Other payables	15	1,090,303	1,107,087
Lease liabilities	14(b)	135,347	54,523
Insurance liabilities:			
- Gross outstanding claims reserves	11	8,490,686	7,157,399
- Reserves for unexpired risks, net of DAC	12	6,114,882	6,797,326
Current income tax liabilities	7(b)	626,153	489,153
Deferred income tax liabilities	16	144,911	56,627
Total liabilities		17,260,024	16,421,112
NET ASSETS		17,579,134	16,650,128
Represented by:			
HEAD OFFICE ACCOUNT			
Amount due to Head Office	17	16,871,627	16,373,655
Fair value reserve	18	707,507	276,473
		17,579,134	16,650,128



Cher Ah Kow
Director

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

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Profit after tax		2,317,353	2,482,996
Adjustments for:			
- Income tax expense		495,869	483,579
- Depreciation of property, plant and equipment		72,776	45,541
- Depreciation of right-of-use assets		36,160	35,847
- Amortisation of available-for-sale financial assets		53,700	22,411
- Net gain on disposal of available-for-sale financial assets		(33,672)	(791)
- Net gain on lease modification		(2,542)	-
- Property, plant and equipment written off		-	199
- Interest expense on lease liabilities		4,617	3,821
- Interest income		(411,258)	(499,768)
		<u>2,533,003</u>	<u>2,573,835</u>
Changes in working capital:			
- Trade receivables		(362,616)	171,232
- Other assets		(1,336)	5,427
- Outstanding claims reserves		877,822	2,308,783
- Reserves for unexpired risks, net of DAC		(224,923)	(419,088)
- Due to Head Office		180,619	25,976
- Trade payables		(101,255)	(218,878)
- Other payables		(16,784)	(204,121)
Cash generated from operations		<u>2,884,530</u>	<u>4,243,166</u>
Income tax paid		(480,869)	(745,667)
Net cash provided by operating activities		<u>2,403,661</u>	<u>3,497,499</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(123,934)	(53,407)
Purchases of available-for-sale financial assets		(2,195,437)	(1,736,982)
Disposal of available-for-sale financial assets		1,768,831	531,106
Interest received		504,937	439,348
Net cash used in investing activities		<u>(45,603)</u>	<u>(819,935)</u>
Cash flows from financing activities			
Principal payment of lease liabilities		(40,200)	(39,599)
Transfer to Head Office		(2,000,000)	(2,000,000)
Net cash used in financing activities		<u>(2,040,200)</u>	<u>(2,039,599)</u>
Net increase in cash and cash equivalents		317,858	637,965
Cash and cash equivalents			
Beginning of financial year		18,895,266	18,257,301
End of financial year	8	<u>19,213,124</u>	<u>18,895,266</u>

Reconciliation of lease liabilities arising from financing activities

	Beginning of financial year \$	Adoption of IFRS 16 \$	Principal payments \$	Interest expense \$	Addition -- new leases \$	Disposal -- lease modifications \$	End of financial year \$
2020	54,523	-	(40,200)	4,617	152,492	(36,085)	135,347
2019	-	90,301	(39,599)	3,821	-	-	54,523

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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 Company") – Brunei Darussalam Branch's ("the Branch") principal activity is to carry on the business of general insurance. There has been no significant change in the nature of this activity during the financial year.

The principal place of business of the Branch is located at Units A1 & A2, 1st Floor, Block A, Bangunan Han Man Yong Complex, Simpang 88, Kg Kiulap BE1518, Negara Brunei Darussalam.

The Branch is a segment of Tokio Marine Insurance Singapore Ltd., a company incorporated in Singapore, and is not a separately incorporated legal entity.

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

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 ("the Act") 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 the Act and 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.

The following are the IFRS that are relevant to the Branch: -

- IAS 1 *Presentation of Financial Statements*
- IAS 7 *Statement of Cash Flows*
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- IAS 10 *Events after the Reporting Period*
- IAS 12 *Income Taxes*
- IAS 16 *Property, Plant and Equipment*
- IAS 19 *Employee Benefits*
- IAS 21 *The Effects of Changes in Foreign Exchange Rates*
- IAS 24 *Related Party Disclosures*
- IAS 32 *Financial Instruments: Presentation*
- IAS 36 *Impairment of Assets*
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRS 4 *Insurance Contracts*
- IFRS 7 *Financial Instruments: Disclosures*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The following are the IFRS that are relevant to the Branch (continued): -

- IFRS 13 *Fair Value Measurement*
- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 16 *Leases*

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Branch has adopted the new or amended IFRS and Interpretations of IFRS ("IFRIC INT") that are mandatory for application for the financial year. Changes to the Branch's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC INT.

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

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

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

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

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. In addition, the new standard revises the hedge accounting model to align more closely with the entity's risk management strategies.

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

Additional disclosures required by IFRS 9 is made in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020 (continued)

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

As stated in Note 2.1(a), these amendments provide a temporary option for companies whose activities are predominantly connected with insurance to defer the effective date of IFRS 9 until the earlier of the effective date of IFRS 17 *Insurance Contracts* and financial reporting periods beginning on or after 1 January 2021, as well as an approach that allows an entity to remove from profit or loss the effects of certain accounting mismatches that may occur before IFRS 17 is applied.

Based on the amendments to IFRS 4, the Branch is eligible for and will elect to apply the temporary option to defer the effective date of IFRS 9 in order to implement the changes in parallel with IFRS 17.

(c) Deferral for IFRS 17 *Insurance Contracts*

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

The International Accounting Standards Board ("IASB") proposed in June 2019 to defer IFRS 17 and extend the temporary IFRS 9 exemption available to insurers until the financial period beginning on or after 1 January 2022. The proposed deferral was published in the Exposure Draft amendments to IFRS 17 for public consultation, which ended on 25 September 2019. This was consequently approved on 17 March 2020 where the effective date has now been deferred to periods beginning on or after 1 January 2023.

2.2 Insurance contracts

The Branch issues contracts that transfer mainly insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Branch defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur under general insurance contract.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(a) Premiums

Premium is taken up as income at the commencement date of the risk.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

(b) Claims

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claim settlement costs and arise from events that have occurred up to the reporting date inclusive of provisions for incurred but not reported claims and incurred but not enough reported claims. The Branch does not discount its liabilities for unpaid claims.

(c) Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition cost. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately charged to profit or loss.

(d) Deferred acquisition cost

Commission and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are netted off against the reserves for unexpired risks.

(e) Receivables, payables and reinsurance assets related to insurance contracts

Receivables and payables are recognised when the Branch becomes a party to the contractual provisions of the financial instrument. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable or reinsurers' share of the Branch's policy liabilities is impaired, the Branch adjusts their carrying values accordingly and recognises the impairment loss in profit or loss. The Branch gathers objective evidence that an insurance receivable or reinsurers' share of the Branch's policy liabilities is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(f) Outstanding claims reserves

Provision is made for the estimated costs of all claims notified but not settled at the date of the reporting, less reinsurance recoveries, using the best information available at that time.

For reinsurance inward, an additional provision is made based on developmental trends as discerned in the running-off of outstanding claims in respect of prior underwriting years.

In addition, provision is made for claims incurred but not reported and incurred but not enough reported claims for all business written, based on actuarial assessment as at reporting date as required under the Brunei Darussalam Insurance Order, 2006.

(g) Reserves for unexpired risks

Reserves for unexpired risks comprise the sum of unearned premium reserves and premium deficiency reserves.

The unearned premium reserves for all classes of business other than inward treaty reinsurance business are calculated on a basis using the 1/365th method based on gross premiums written less premiums on reinsurance, reduced by the actual commission to the corresponding premiums.

Premium deficiency reserves are derived using actuarial methods on the Branch's loss statistics.

(h) Reinsurance contracts held

Contracts entered into by the Branch with reinsurers under which the Branch is compensated for losses for one or more insurance contracts issued by the Branch where significant insurance risk is transferred are classified as reinsurance contracts held. Insurance contracts entered into by the Branch under which the contract holder is another insurer (inward reinsurance) are included in insurance contracts.

The benefits to which the Branch is entitled under its reinsurance contracts held are recognised as reinsurance assets, being reinsurers' share of insurance liabilities. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised as follows:

(a) *Premium income (see Note 2.2(a))*

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

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

(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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.4 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.

2.5 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 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.

2.6 Financial assets

(a) Classification

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other assets" and "cash and cash equivalents" on the statement of financial position respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(a) Classification (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

The Branch has obtained approval from Autoriti Monetari Brunei Darussalam to invest in Singapore government securities.

(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 sale proceeds is recognised in profit or loss. Any amount previously recognised in the fair value reserve relating to that asset is reclassified to profit or loss.

(c) Measurement

Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Interest income on available-for-sale financial assets are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary assets) denominated in Singapore Dollar, are recognised in other comprehensive income and accumulated in the fair value reserve.

(d) Impairment

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

(i) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(d) Impairment (continued)

(i) Loans and receivables (continued)

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

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

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.6(d)(i), significant or prolonged decline in the fair value of a security below its cost and the disappearance of an active trading market are considered as indicators that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised as an expense.

2.7 Offsetting of financial instruments

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

2.8 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 reporting 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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.9 Trade and other payables

Trade and 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 method.

2.10 Leases – When the Branch is the Lessee

At the inception of the contract, the Branch assesses if the contract contains a lease. A contract contains a lease if the contract convey 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 recognised 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. The right-of-use assets are also subject to impairment as disclosed in Note 2.5.

- *Lease liabilities*

The initial measurement of lease liability is 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.

Lease payments 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.
-

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.10 Leases – When the Branch is the Lessee (continued)

• *Lease liabilities (continued)*

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 liability is measured at amortised cost using the effective interest method. Lease liability 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;
- There are modification in the scope or the consideration of the lease that was not part of the original terms.

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

• *Short-term 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 leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.11 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 reporting 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.11 Income taxes (continued)

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 reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Branch expects, at the reporting 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. Deferred tax arising from the fair value gains and losses on available-for-sale financial assets are charged or credited directly to other comprehensive income in the same period the temporary differences arise.

2.12 Employee compensation

(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 and the Supplemental Contributory Pension scheme in respect of employees who are eligible.

(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 unutilized annual leave as a result of services rendered by employees up to the reporting date.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.14 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 reporting 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.

2.15 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.

3. Critical accounting estimates, assumptions and judgements

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

3.1 Liabilities of insurance business

One of the Branch's critical accounting estimate is the estimation of the ultimate liabilities arising from claims and unearned premium under insurance contracts. The process of estimating the liabilities of insurance business is described as follows:

(a) Claims reserves - Sensitivity analysis

The methods used in the valuation of liabilities and preparing the sensitivity analysis are primarily the Paid and Incurred Chain Ladder, Paid and Incurred Bornhuetter-Ferguson and the Expected Loss Ratio. These are actuarial methods which produce more stable results.

The key assumptions, which have the greatest effect on the Branch's claims liabilities, are the initial expected loss ratio ("IELR"), first incurred development factor ("IDF"), indirect claims handling expenses ("CHE"), and provisions for adverse deviation ("PAD").

In the case of IELR, the actuary has taken into consideration the Company's view on pricing, the history of ultimate loss ratios adjusted where appropriate and the industry experience.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

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

3.1 Liabilities of insurance business (continued)

(a) Claims reserves - Sensitivity analysis (continued)

For IDF, the selected factors are based on the trends of the development factors for each accident/underwriting and development period and the impact of large losses or changes in settlement and case reserving practice.

In the case of CHE, the actuary has applied 8% across all lines of business, same as the previous valuation at 31 December 2019. This CHE assumption was selected based on 2020 management expense allocation furnished by the Head Office and is estimated at the total company level.

For PAD margin, the actuary has generally relied on the results produced by the Mack and Bootstrapping approach and where appropriate has considered the industry benchmark as well.

The PAD margins for all lines of business used at 31 December 2020 valuation ranged from 10% to 20% and are generally similar to those used in the previous valuation at 31 December 2019.

The diversification credit applied to the PAD margins was 20%, same as the previous valuation at 31 December 2019.

The Branch believes that the outstanding claims reserves carried at year-end is adequate. The reasonableness of the estimation process is tested by an analysis of sensitivity around four major assumptions namely IELR, IDF, CHE and PAD.

	2020
	\$
Claims liability:	
- Gross	8,490,686
- Net	<u>7,561,825</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

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

3.1 Liabilities of insurance business (continued)

(a) Claims reserves - Sensitivity analysis (continued)

<u>Assumption</u>	<u>Percentage change in assumption</u>	<u>Change in reported outstanding claim reserves</u>	
		<u>Value</u> \$	<u>Percentage</u>
<u>Gross analysis</u>			
Increase in IELR	+5%	637,539	+7.9%
Decrease in IELR	-5%	(637,539)	-7.9%
Increase in IDF	+5%	37,356	+0.5%
Decrease in IDF	-5%	(37,645)	-0.5%
Increase in CHE	+5%	331,320	+4.1%
Decrease in CHE	-5%	(331,320)	-4.1%
Increase in PAD	+5%	293,163	+3.6%
Decrease in PAD	-5%	(293,163)	-3.6%
<u>Net analysis</u>			
Increase in IELR	+5%	275,443	+3.9%
Decrease in IELR	-5%	(275,443)	-3.9%
Increase in IDF	+5%	97,463	+1.4%
Decrease in IDF	-5%	(101,357)	-1.4%
Increase in CHE	+5%	331,320	+4.6%
Decrease in CHE	-5%	(331,320)	-4.6%
Increase in PAD	+5%	261,130	+3.6%
Decrease in PAD	-5%	(261,130)	-3.6%

(b) Premium reserves - Sensitivity analysis

To calculate the premium liability, for each line of business, the actuary multiplies the Branch's unearned premium reserve with his selected loss ratio for the unearned business. The loss ratio is based on the ultimate loss ratio for the 2020 accident/underwriting year and where appropriate, adjusted for large claims and changes in premium rates. This amount, together with an allowance for future expenses including reinsurance costs forms the best estimate of the "unexpired risk reserve".

The PAD margins for all lines of business used at 31 December 2020 valuation ranged from 13% to 26% and are generally similar to those used in the previous valuation at 31 December 2019. The diversification credit applied to the PAD margins was 20%, same as the previous valuation at 31 December 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

3.1 Liabilities of insurance business (continued)

(b) Premium reserves - Sensitivity analysis (continued)

The Branch believes that the unearned premium reserves carried at year-end is adequate. The reasonableness of the estimation process is tested by an analysis of sensitivity around three major assumptions, the ultimate loss ratio ("ULR"), management expense ratio ("MER") and PAD.

Premium liability is defined as the higher of Unearned Risk Reserve ("URR") and Unearned Premium Reserve ("UPR") at the fund level. For Brunei, the total URR at 75% level of adequacy is significantly lower than the accounted UPR for both gross and net. Hence premium liability is taken as the value of UPR.

This situation remains true with sensitivity analysis conducted at 5% change in assumption for each of the major factors resulted in no impact to the reported gross and net unearned premium reserves.

	2020
	\$
Premium liability:	
- Gross	6,114,882
- Net	4,619,514

For both claims and premium liabilities, the net sensitivity results assume that all reinsurance recoveries are receivable in full. The sensitivity values shown for each assumption item are independent of changes to other assumption items. In practice a combination of adverse and favourable changes could occur. The sensitivity results are also not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

3.2 Impairment of available-for-sale financial assets

The Branch reviews its financial assets for objective evidence of impairment on a quarterly basis during the investment committee meeting. Financial assets are considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost or if there is objective evidence of impairment. Debt securities are considered to be impaired if there has been default in cash flows and a significant decline in credit rating below investment grade. The consideration of this requires management's judgment.

The Branch evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. If actual experience differs negatively from the assumptions and other considerations used in the financial statements, unrealised losses currently in the fair value reserves may be recognised in profit or loss in future periods.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

4. Investment income

	2020	2019
	\$	\$
Interest income:		
- Available-for-sale financial assets	164,649	184,940
- Fixed deposits	246,609	314,828
	<u>411,258</u>	<u>499,768</u>

5. Other gains and losses - net

	2020	2019
	\$	\$
Available-for-sale financial assets – Reclassification from fair value reserve on disposal	33,672	791
Currency exchange gain/(loss) - net	8,294	(9,800)
Gain on lease modification - net	2,542	-
	<u>44,508</u>	<u>(9,009)</u>
Other gains and (losses) credited/(charged) to:		
- Statement of profit or loss and other comprehensive income	33,672	791
- General insurance revenue account	10,836	(9,800)
	<u>44,508</u>	<u>(9,009)</u>

6. Expenses by nature

(a) Employee compensation

	2020	2019
	\$	\$
Wages and salaries	471,104	747,605
Employer's contribution to defined contribution plans including Tabung Amanah Pekerja ("TAP") and Supplementary Contribution Pension ("SCP")	27,503	48,848
Total employee compensation charged to general insurance revenue account	<u>498,607</u>	<u>796,453</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

6. Expenses by nature (continued)

(b) Depreciation expense

	2020	2019
	\$	\$
Depreciation of property, plant and equipment (Note 13):		
- Furniture and fixtures	28,610	2,562
- Office equipments	44,166	42,979
	<u>72,776</u>	<u>45,541</u>
Depreciation of right-of-use assets (Note 14(a)); Property	36,160	35,847
Total depreciation expense charged to general insurance revenue account	<u>108,936</u>	<u>81,388</u>

(c) Other operating expenses

	2020	2019
	\$	\$
Computer services and expenses	250,546	235,764
Management fee to a related party	54,000	50,000
Investment management fee to a related party	9,390	8,463
Internal audit fee to a related party	38,448	25,376
Professional fee	55,127	35,990
Professional fee to a related party	27,500	21,000
Distribution and marketing expenses	191,208	226,085
Lease expense – short-term lease (Note 14(c))	2,250	8,000
Printing and stationery	34,902	46,437
Postage, telephone and telex charges	101,014	69,678
Bank charges	12,048	13,821
Interest expense on lease liabilities (Note 14(b))	4,617	3,821
Administrative expenses charged by Head Office	692,063	624,490
Other expenses	51,408	78,540
	<u>1,524,521</u>	<u>1,447,465</u>
Other operating expenses charged to:		
- Statement of profit or loss and other comprehensive income	66,973	61,737
- General insurance revenue account	1,457,548	1,385,728
	<u>1,524,521</u>	<u>1,447,465</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

7. Income taxes

(a) *Income tax expense*

	2020 \$	2019 \$
Tax expense attributable to profit is made up of:		
- Current income tax (Note 7(b))		
- Brunei	597,000	469,000
- Foreign	21,000	18,000
	<u>618,000</u>	<u>487,000</u>
- Deferred income tax (Note 16)	(122,000)	1,000
	<u>496,000</u>	<u>488,000</u>
- Over provision in prior financial years		
- Current income tax (Note 7(b))		
- Brunei	(131)	(1,329)
- Foreign	-	(3,092)
	<u>(131)</u>	<u>(4,421)</u>
	<u>495,869</u>	<u>483,579</u>

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:

	2020 \$	2019 \$
Profit before income tax	<u>2,813,222</u>	<u>2,966,575</u>
Tax calculated at tax rate of 18.5% (2019: 18.5%)	520,446	548,816
Effects of :		
- Different tax rates in other countries	(2,782)	(2,621)
- Tax incentives	(44,680)	(51,621)
- Expenses not deductible for tax purposes	21,774	1,510
- Income not subject to tax	-	(9,054)
- Over provision of tax	(131)	(4,421)
- Others	1,242	970
Tax charge	<u>495,869</u>	<u>483,579</u>

(b) *Movement in current income tax liabilities*

	2020 \$	2019 \$
Beginning of financial year	489,153	752,241
Income tax paid	(480,869)	(745,667)
Tax expense (Note 7(a))		
- Current financial year	618,000	487,000
Over provision in prior financial years (Note 7(a))	(131)	(4,421)
End of financial year	<u>626,153</u>	<u>489,153</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

8. Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank and on hand	700,244	991,590
Fixed deposits with financial institutions		
- Maturing within 12 months	<u>20,512,880</u>	<u>19,903,676</u>
	<u>21,213,124</u>	<u>20,895,266</u>

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

	2020 \$	2019 \$
Cash and fixed deposits (as above)	21,213,124	20,895,266
Less: Fixed deposits pledged as lien for banker's guarantee	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Cash and cash equivalents per statement of cash flows	<u>19,213,124</u>	<u>18,895,266</u>

Included in the Brunei Dollar fixed deposits is an amount of \$2,000,000 (2019: \$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 Authoriti Monetari Brunei Darussalam (see Note 21).

Cash and fixed deposits were denominated in the following currencies:

	2020 \$	2019 \$
Brunei Dollar	21,182,976	20,829,532
Singapore Dollar	<u>30,148</u>	<u>65,734</u>
	<u>21,213,124</u>	<u>20,895,266</u>

The fixed deposits with financial institutions at the reporting date had an average maturity of 165 days (2019: 186 days) from the end of the financial year with the following weighted average effective interest rate:

	2020 %	2019 %
Brunei Dollar	<u>0.54</u>	<u>1.71</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

9. Trade receivables and other assets

	2020 \$	2019 \$
Trade receivables:		
Current		
- Non-related parties	822,307	459,691
Less: Allowance for impairment (beginning and end of financial year)	<u>(40,000)</u>	<u>(40,000)</u>
	<u>782,307</u>	<u>419,691</u>
Other assets:		
Current		
- Deposits	5,700	5,700
- Interest income receivable	131,720	225,399
- Prepayments	<u>57,232</u>	<u>55,896</u>
	<u>194,652</u>	<u>286,995</u>
Total trade receivables and other assets	<u>976,959</u>	706,686
Add: Cash and cash equivalents (Note 8)	21,213,124	20,895,266
Less: Prepayments	<u>(57,232)</u>	<u>(55,896)</u>
Total loans and receivables	<u>22,132,851</u>	<u>21,546,056</u>

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

Trade receivables and other assets were denominated in the following currencies at the reporting date:

	2020 \$	2019 \$
Brunei Dollar	740,397	578,204
Singapore Dollar	236,562	104,098
United States Dollar	-	24,384
	<u>976,959</u>	<u>706,686</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

10. Available-for-sale financial assets

	2020 \$	2019 \$
Government securities		
Beginning of financial year	8,837,470	7,438,660
Additions	2,195,437	1,736,982
Disposals	(1,768,831)	(531,106)
Amortisation	(53,700)	(22,411)
Fair value gains recognised in other comprehensive income – net	552,990	215,345
End of financial year	<u>9,763,366</u>	<u>8,837,470</u>
Current	-	524,274
Non-current	<u>9,763,366</u>	<u>8,313,196</u>

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

	2020 %	2019 %
Government securities	<u>1.95</u>	<u>2.22</u>

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> \$
2020	-	896,432	2,599,703	6,267,231	<u>9,763,366</u>
2019	524,274	915,101	2,463,181	4,934,914	<u>8,837,470</u>

Available-for-sale financial assets were denominated in the following currency at the reporting date:

	2020 \$	2019 \$
Singapore Dollar	<u>9,763,366</u>	<u>8,837,470</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

11. Outstanding claims reserves

	2020 \$	2019 \$
Gross outstanding claims reserves:		
- Current	4,792,676	3,639,312
- Non-current	3,698,010	3,518,087
	8,490,686	7,157,399
Claims recoverable from reinsurers:		
- Current	(775,930)	(112,456)
- Non-current	(152,931)	(360,940)
	(928,861)	(473,396)
	<u>7,561,825</u>	<u>6,684,003</u>

Movements in the outstanding claims reserves are as follows:

	<u>Gross</u> \$	<u>Reinsurance</u> <u>ceded</u> \$	<u>Net</u> \$
2020			
Beginning of financial year	7,157,399	(473,396)	6,684,003
Claims paid	(3,746,372)	377,044	(3,369,328)
Claims incurred	5,079,659	(832,509)	4,247,150
End of financial year	<u>8,490,686</u>	<u>(928,861)</u>	<u>7,561,825</u>
2019			
Beginning of financial year	5,158,876	(783,656)	4,375,220
Claims paid	(2,981,601)	182,055	(2,799,546)
Claims incurred	4,980,124	128,205	5,108,329
End of financial year	<u>7,157,399</u>	<u>(473,396)</u>	<u>6,684,003</u>

12. Reserves for unexpired risks, net of DAC

	2020 \$	2019 \$
Reserves for unexpired risks, net of DAC:		
- Current	3,913,143	3,876,596
- Non-current	2,201,739	2,920,730
	6,114,882	6,797,326
Reserves for unexpired risks, net of DAC on reinsurance ceded:		
- Current	(1,089,440)	(1,186,095)
- Non-current	(405,928)	(766,794)
	(1,495,368)	(1,952,889)
	<u>4,619,514</u>	<u>4,844,437</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

12. Reserves for unexpired risks, net of DAC (continued)

Movements in the reserves for unexpired risks, net of DAC are as follows:

	<u>Gross</u> \$	Reinsurance <u>ceded</u> \$	<u>Net</u> \$
2020			
Beginning of financial year	6,797,326	(1,952,889)	4,844,437
Transfer (to)/from general insurance revenue account	(682,444)	457,521	(224,923)
End of financial year	<u>6,114,882</u>	<u>(1,495,368)</u>	<u>4,619,514</u>
2019			
Beginning of financial year	7,062,678	(1,799,153)	5,263,525
Transfer to general insurance revenue account	(265,352)	(153,736)	(419,088)
End of financial year	<u>6,797,326</u>	<u>(1,952,889)</u>	<u>4,844,437</u>

13. Property, plant and equipment

	<u>Furniture and fixtures</u> \$	<u>Office equipment</u> \$	<u>Total</u> \$
2020			
Cost			
Beginning of financial year	38,600	221,381	259,981
Additions	112,000	11,934	123,934
Disposals	-	(20,010)	(20,010)
End of financial year	<u>150,600</u>	<u>213,305</u>	<u>363,905</u>
Accumulated depreciation			
Beginning of financial year	37,200	126,702	163,902
Depreciation charge (Note 6(b))	28,610	44,166	72,776
Disposals	-	(20,010)	(20,010)
End of financial year	<u>65,810</u>	<u>150,858</u>	<u>216,668</u>
Net book value at end of financial year	<u>84,790</u>	<u>62,447</u>	<u>147,237</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

13. Property, plant and equipment (continued)

	<u>Furniture and fixtures</u> \$	<u>Office equipment</u> \$	<u>Total</u> \$
2019			
Cost			
Beginning of financial year	39,208	169,902	209,110
Additions	710	52,697	53,407
Disposals	(1,119)	(1,218)	(2,337)
Written off	(199)	-	(199)
End of financial year	<u>38,600</u>	<u>221,381</u>	<u>259,981</u>
Accumulated depreciation			
Beginning of financial year	35,757	84,941	120,698
Depreciation charge (Note 6(b))	2,562	42,979	45,541
Disposals	(1,119)	(1,218)	(2,337)
End of financial year	<u>37,200</u>	<u>126,702</u>	<u>163,902</u>
Net book value at end of financial year	<u>1,400</u>	<u>94,679</u>	<u>96,079</u>

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.

(a) *Right-of-use assets*

	2020 \$	2019 \$
Property		
Cost		
Beginning of financial year	90,301	-
Adoption of IFRS 16	-	90,301
Additions	152,492	-
Disposals	(90,301)	-
End of financial year	<u>152,492</u>	<u>90,301</u>
Accumulated depreciation		
Beginning of financial year	35,847	-
Depreciation charge (Note 6(b))	36,160	35,847
Disposals	(56,758)	-
End of financial year	<u>15,249</u>	<u>35,847</u>
Net book value at end of financial year	<u>137,243</u>	<u>54,454</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

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

(b) Lease liabilities

	2020 \$	2019 \$
Current	34,283	33,727
Non-current	101,064	20,796
	<u>135,347</u>	<u>54,523</u>

Movement in lease liabilities is as follows:

	2020 \$	2019 \$
Beginning of financial year	54,523	-
Adoption of IFRS 16	-	90,301
Additions	152,492	-
Principal payment of lease liabilities	(40,200)	(39,599)
Interest expense on lease liabilities (Note 6(c))	4,617	3,821
Disposal – lease modifications	(36,085)	-
End of financial year	<u>135,347</u>	<u>54,523</u>

(c) Lease expense not capitalised in lease liabilities

	2020 \$	2019 \$
Lease expense – short-term leases (Note 6(c))	<u>2,250</u>	<u>8,000</u>

(d) Total cash outflow for all the leases (including short-term leases) in 2020 was \$42,450 (2019: \$47,599).

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

15. Trade and other payables

	2020 \$	2019 \$
Trade payables:		
Current		
- Related parties	245,449	248,572
- Non-related parties	412,293	510,425
	657,742	758,997
Other payables:		
Current		
- Cash collaterals held on bond business	326,924	334,174
- Other creditors and accrued operating expenses	743,679	719,713
- Management and professional fees due to a related party	19,700	53,200
	1,090,303	1,107,087
Total trade and other payables	1,748,045	1,866,084
Total financial liabilities carried at amortised cost	1,748,045	1,866,084

Trade payables are non-interest bearing and are normally settled after a 90-days credit terms. Other payables are settled based on the Branch's arrangements with the counterparties. Non-trade payables due to related parties are unsecured, interest-free and repayable on demand.

Trade and other payables were denominated in the following currencies:

	2020 \$	2019 \$
Brunei Dollar	1,445,793	1,432,268
Singapore Dollar	302,252	310,637
United States Dollar	-	125,099
Malaysia Ringgit	-	(1,920)
	1,748,045	1,866,084

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 statement of financial position as follows:

	2020 \$	2019 \$
Deferred tax assets	(177,000)	(55,000)
Deferred tax liabilities	144,911	56,627
Net deferred income tax (assets)/liabilities	(32,089)	1,627

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

16. Deferred income taxes (continued)

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

	2020 \$	2019 \$
Beginning of financial year	1,627	(35,847)
Tax (credited)/charged to:		
- Profit or loss (Note 7(a))	(122,000)	1,000
- Other comprehensive income	88,284	36,474
End of financial year	<u>(32,089)</u>	<u>1,627</u>

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

	<u>Policy liabilities</u> \$	<u>Other</u> \$	<u>Total</u> \$
2020			
Beginning of financial year	(55,000)	-	(55,000)
Credited to profit or loss	(122,000)	-	(122,000)
End of financial year	<u>(177,000)</u>	<u>-</u>	<u>(177,000)</u>
2019			
Beginning of financial year	(56,000)	-	(56,000)
Charged to profit or loss	1,000	-	1,000
End of financial year	<u>(55,000)</u>	<u>-</u>	<u>(55,000)</u>

The Branch's deferred tax asset has been computed based on the corporate tax rate and tax laws prevailing at the reporting date of 18.5% (2019: 18.5%).

Deferred income tax liabilities

	<u>Fair value gains - net</u> \$	<u>Other</u> \$	<u>Total</u> \$
2020			
Beginning of financial year	56,627	-	56,627
Charged to other comprehensive income	88,284	-	88,284
End of financial year	<u>144,911</u>	<u>-</u>	<u>144,911</u>
2019			
Beginning of financial year	20,153	-	20,153
Charged to other comprehensive income	36,474	-	36,474
End of financial year	<u>56,627</u>	<u>-</u>	<u>56,627</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

16. Deferred income taxes (continued)

The Branch's deferred tax liability has been computed based on the corporate tax rate and tax laws prevailing at the reporting date of 17% (2019: 17%).

17. Amount due to Head Office

	2020 \$	2019 \$
Due to Head Office	201,461	20,842
Retained earnings	<u>16,670,166</u>	<u>16,352,813</u>
	<u>16,871,627</u>	<u>16,373,655</u>

Movement in retained earnings is as follows:

Beginning of financial year	16,352,813	15,869,817
Transfer to Head Office	(2,000,000)	(2,000,000)
Profit for the year	<u>2,317,353</u>	<u>2,482,996</u>
End of financial year	<u>16,670,166</u>	<u>16,352,813</u>

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

The Branch is regulated by the Autoriti Monetari Brunei Darussalam, which sets and monitors its capital requirements under the Brunei Insurance Order, 2006. The Branch is required to maintain a minimum surplus of assets over liabilities of \$8,000,000.

18. Fair value reserve

	2020 \$	2019 \$
Beginning of financial year	276,473	98,393
Other comprehensive gain	<u>431,034</u>	<u>178,080</u>
End of financial year	<u>707,507</u>	<u>276,473</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

(a) Insurance risk (continued)

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.

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.

(ii) Loss reserves

Outstanding claims reserves 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 reserves 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 outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

(a) Insurance risk (continued)

(ii) Loss reserves (continued)

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 liabilities may vary as a result of subsequent developments. The ultimate 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 are changed.

(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 unearned premiums 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 statement of financial position unless a right of offset exists.

(b) Concentration of insurance risk

The Branch has two significant business classes – motor and workmen compensation. 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 ¹ \$	Others \$	
Year ended 31 December 2020				
Gross	5,290,641	5,855,306	3,459,621	14,605,568
Net	5,004,040	5,778,286	1,399,013	12,181,339
Year ended 31 December 2019				
Gross	4,941,326	5,861,766	3,151,633	13,954,725
Net	4,545,809	5,652,565	1,330,066	11,528,440

¹ WICA refers to workmen compensation policies.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

(c) *Breakdown of policy liabilities into current and non-current*

	Less than <u>1 year</u>	Between <u>1 and 2</u> <u>years</u>	Between 2 <u>and 5 years</u>	More than <u>5 years</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Year ended 31 December 2020					
<i>Insurance liabilities - Gross of reinsurance</i>					
Outstanding claims reserves	4,792,676	1,427,625	2,261,195	9,190	8,490,686
Reserves for unexpired risks	3,913,143	850,301	1,345,982	5,456	6,114,882
	<u>8,705,819</u>	<u>2,277,926</u>	<u>3,607,177</u>	<u>14,646</u>	<u>14,605,568</u>
<i>Insurance liabilities - Net of reinsurance</i>					
Outstanding claims reserves	4,016,746	1,333,329	2,202,560	9,190	7,561,825
Reserves for unexpired risks	2,823,703	675,417	1,115,714	4,680	4,619,514
	<u>6,840,449</u>	<u>2,008,746</u>	<u>3,318,274</u>	<u>13,870</u>	<u>12,181,339</u>
Year ended 31 December 2019					
<i>Insurance liabilities - Gross of reinsurance</i>					
Outstanding claims reserves	3,639,312	1,456,540	1,918,211	143,336	7,157,399
Reserves for unexpired risks	3,876,596	1,209,224	1,592,507	118,999	6,797,326
	<u>7,515,908</u>	<u>2,665,764</u>	<u>3,510,718</u>	<u>262,335</u>	<u>13,954,725</u>
<i>Insurance liabilities - Net of reinsurance</i>					
Outstanding claims reserves	3,526,856	1,449,768	1,696,196	11,183	6,684,003
Reserves for unexpired risks	2,690,501	989,091	1,157,214	7,631	4,844,437
	<u>6,217,357</u>	<u>2,438,859</u>	<u>2,853,410</u>	<u>18,814</u>	<u>11,528,440</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

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	2014	2015	2016	2017	2018	2019	2020	Total
	\$	\$	\$	\$	\$	\$	\$	\$
- at end of accident year	1,467,010	2,418,674	2,970,298	2,940,286	3,104,167	3,721,066	3,479,124	
- one year later	1,408,228	1,065,525	2,664,934	2,910,730	2,814,005	3,254,324		
- two years later	1,442,781	1,582,637	2,662,736	2,777,509	3,231,396			
- three years later	1,641,054	1,614,645	3,670,771	3,432,441				
- four years later	1,804,066	1,515,178	3,729,880					
- five years later	2,210,565	1,332,972						
- six years later	2,167,973							
Current estimate of ultimate claims	2,167,973	1,332,972	3,729,880	3,432,441	3,231,396	3,254,324	3,479,124	20,648,110
Cumulative payments	(1,942,070)	(1,211,072)	(2,646,676)	(2,733,457)	(2,185,112)	(2,064,929)	(1,599,767)	(14,363,083)
Gross outstanding claim liabilities	245,903	121,900	1,083,204	698,984	1,046,284	1,189,395	1,879,357	6,285,027
Best estimate for claims liability including indirect claim handling expenses	265,575	131,614	1,169,828	754,862	1,123,167	1,280,080	2,012,630	6,737,776
Reserve for prior years								110,575
Reserve for marine class (see following table)								480,722
Provision for adverse deviation								756,310
Additional provision for IBNR								405,303
Outstanding claim liability in financial statements								<u>6,490,686</u>

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

Underwriting Year	2014	2015	2016	2017	2018	2019	2020	Total
	\$	\$	\$	\$	\$	\$	\$	\$
- at end of underwriting year	280,408	265,938	277,238	390,902	198,535	198,511	52,515	
- one year later	1,800	3,000	16,000	4,368	36,336	600,754		
- two years later	2,000	3,000	1,161	4,200	63,438			
- three years later	2,000	3,000	1,161	4,200				
- four years later	2,000	3,000						
- five years later	2,000	3,000						
- six years later	2,000							
Current estimate of ultimate claims	2,000	3,000	1,161	4,200	63,438	600,754	52,515	727,068
Cumulative payments	(2,000)	(3,000)	(1,161)	(4,200)	(34,938)	(193,612)	-	(236,911)
Gross outstanding claim liability	-	-	-	-	28,500	407,142	52,515	488,157
Best estimate for claims liability including indirect claim handling expenses and net of unearned claims	-	-	-	-	30,780	409,748	40,194	480,722
Reserve for marine class								<u>480,722</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

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

(ii) Insurance claims (net)

Accident Year	2014 \$	2016 \$	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
- at end of accident year	1,161,200	1,807,750	2,200,901	2,597,376	2,807,365	3,443,431	3,092,383	
- one year later	1,036,228	978,383	2,397,815	2,045,148	2,735,878	3,157,490		
- two years later	1,061,416	1,423,038	2,398,163	2,643,674	3,154,849			
- three years later	1,240,653	1,468,372	3,521,953	3,309,181				
- four years later	1,443,169	1,455,292	3,578,492					
- five years later	1,743,098	1,272,972						
- six years later	1,679,528							
Current estimate of ultimate claims	1,679,528	1,272,972	3,578,492	3,309,181	3,154,849	3,157,490	3,092,383	19,244,695
Cumulative payments	(1,433,625)	(1,151,555)	(2,495,695)	(2,610,701)	(2,193,565)	(2,023,916)	(1,426,479)	(13,335,536)
Net outstanding claim liabilities	245,903	121,417	1,082,797	698,480	961,284	1,133,574	1,665,904	5,909,159
Best estimate for claims liability including indirect claim handling expenses	285,575	131,130	1,169,421	754,359	1,038,167	1,224,260	1,799,177	6,382,109
Reserve for prior years								53,550
Reserve for marine class (see following table)								92,589
Provision for adverse deviation								628,274
Additional Provision for IBNR								405,303
Outstanding claims liability in financial statements								<u>7,661,825</u>

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

Underwriting Year	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
- at end of underwriting year	60,100	72,250	101,250	120,288	76,174	61,835	33,742	
- one year later	1,900	3,000	15,390	4,368	3,270	48,060		
- two years later	2,000	3,000	1,161	4,200	31,644			
- three years later	2,000	3,000	1,161	4,200				
- four years later	2,000	3,000	1,161					
- five years later	2,000	3,000						
- six years later	2,000							
Current estimate of ultimate claims	2,000	3,000	1,161	4,200	31,644	48,060	33,742	123,807
Cumulative payments	(2,000)	(3,000)	(1,161)	(4,200)	(3,144)	(15,489)	-	(28,994)
Net outstanding claim liability	-	-	-	-	28,500	32,571	33,742	94,813
Best estimate for claims liability including indirect claim handling expenses and net of unearned claims	-	-	-	-	30,780	35,177	26,632	92,589
Reserve for marine class								<u>92,589</u>

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

(e) Investment market risk (continued)

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 rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
As at 31 December 2020				
Financial Assets				
Cash and cash equivalents	-	20,512,880	700,244	21,213,124
Available-for-sale financial assets	-	9,763,366	-	9,763,366
Trade receivables	-	-	782,307	782,307
Other assets (exclude prepayments)	-	-	137,420	137,420
	-	30,276,246	1,619,971	31,896,217
Financial Liabilities				
Trade payables	-	-	657,742	657,742
Other payables	-	-	1,090,303	1,090,303
Lease liabilities	-	135,347	-	135,347
	-	135,347	1,748,046	1,883,392

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

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

	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
As at 31 December 2019				
Financial Assets				
Cash and cash equivalents	-	19,903,676	991,590	20,895,266
Available-for-sale financial assets	-	8,837,470	-	8,837,470
Trade receivables	-	-	419,691	419,691
Other assets (exclude prepayments)	-	-	231,099	231,099
	-	28,741,146	1,642,380	30,383,526
Financial Liabilities				
Trade payables	-	-	758,997	758,997
Other payables	-	-	1,107,087	1,107,087
Lease liabilities	-	54,523	-	54,523
	-	54,523	1,866,084	1,920,607

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

(h) Credit risk

Credit risk refers to the risk that 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;
- Trade receivables; 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.

Trade 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

(h) Credit risk (continued)

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.

The following table provides information regarding the credit risk exposure for financial assets with external credit ratings:

	<u>Neither past due nor impaired</u>			<u>Past due or impaired</u>	<u>Total</u>
	<u>Investment grade (AAA to A-)</u>	<u>Investment grade (BBB+ to BBB-)</u>	<u>Not rated</u>	<u>Not rated</u>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
As at 31 December 2020					
Cash and cash equivalents	9,654,741	11,558,383	-	-	21,213,124
Trade receivables	214,313	-	567,994	-	782,307
Other assets (exclude prepayments)	89,849	33,974	13,597	-	137,420
Available-for-sale financial assets	8,378,152	-	1,385,214	-	9,763,366
	18,337,055	11,592,357	1,966,805	-	31,896,217
Aa at 31 December 2019					
Cash and cash equivalents	13,744,116	7,151,150	-	-	20,895,266
Trade receivables	-	-	393,882	25,809	419,691
Other assets (exclude prepayments)	189,419	30,174	11,506	-	231,099
Available-for-sale financial assets	7,821,608	-	1,015,862	-	8,837,470
	21,755,143	7,181,324	1,421,250	25,809	30,383,526

(i) 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. The Branch has cash and cash equivalents excluding fixed deposits pledged as lien for banker's guarantees of \$19,213,124 (2019: \$18,895,266) to meet its liquidity requirements.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

(i) *Liquidity risk (continued)*

The following table shows the maturity profile of the Branch's financial liabilities based on contractual undiscounted cashflows:

	Less than <u>1 year</u> \$	Between 1 and <u>5 years</u> \$	More than <u>5 years</u> \$	<u>Total</u> \$
At 31 December 2020				
Trade payables	657,742	-	-	657,742
Other payables	1,090,303	-	-	1,090,303
Lease liabilities	40,800	108,800	-	149,600
	1,788,845	108,800	-	1,897,645
At 31 December 2019				
Trade payables	758,997	-	-	758,997
Other payables	1,107,087	-	-	1,107,087
Lease liabilities	35,700	21,200	-	56,900
	1,901,784	21,200	-	1,922,984

(j) *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 for the past 3 years is undertaken for the Singapore market and based on the weights assigned considering the current market condition, a 23 bps (2019: 34 bps) movement in yield for investments in the Singapore market is considered to be a reasonable basis for the interest rate sensitivity analysis.

The table below summarises the sensitivity analysis for the Branch's fair value interest rate risks.

	Impact on profit after tax		Impact on head office account	
	2020 \$	2019 \$	2020 \$	2019 \$
Change in interest rate				
+ 23 bps (2019: + 34 bps)	-	-	(179,082)	(213,314)
- 23 bps (2019: - 34 bps)	-	-	185,067	223,637

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. Management of insurance and financial risk (continued)

(k) 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 2019 and 2020. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2019 and 2020.

(l) 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>
	\$	\$	\$	\$
Assets -- Available-for-sale financial assets				
As at 31 December 2020	<u>9,763,366</u>	-	-	<u>9,763,366</u>
As at 31 December 2019	<u>8,837,470</u>	-	-	<u>8,837,470</u>

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 reporting 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 reporting 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.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

20. 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*

	2020	2019
	\$	\$
Reinsurance commissions received from related parties	138,809	160,498
Reinsurance claims recovered from related parties	<u>91,165</u>	<u>5,077</u>

(b) *Expenses*

Reinsurance premiums ceded to related parties	650,308	669,287
Miscellaneous reinsurance expenses paid to related parties	<u>1,020</u>	<u>785</u>

21. Contingent liabilities

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

	2020	2019
	\$	\$
(a) Performance bonds and bankers' guarantee provided on behalf of third parties	70,035	108,535
(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	<u>1,000,000</u>	<u>1,000,000</u>
	<u>2,070,035</u>	<u>2,108,535</u>

The banker's guarantees ((b) and (c)) are secured by fixed deposits of \$2,000,000 (2019: \$2,000,000) (see Note 8).

22. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2021. They have not been early adopted by the Company and are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Disclosure on temporary exemption from IFRS 9 *Financial Instruments*

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

(a) The table below presents the fair value of the following groups of financial assets under IFRS 9 as at reporting date and fair value changes for the year:

	Fair value as at <u>31 December</u> \$	Fair value changes for the year ended <u>31 December</u> \$
2020		
Cash and cash equivalents (Note 8)	21,213,124	-
Trade receivables (Note 9)	782,307	-
Deposits (Note 9)	5,700	-
Interest income receivable (Note 9)	131,720	-
Available-for-sale financial assets (Note 10)	9,763,366	552,990
Financial assets that met Solely Payments of Principal and Interest ("SPPI") criteria and are not held for trading or managed on a fair value basis	<u>31,896,217</u>	<u>552,990</u>
2019		
Cash and cash equivalents (Note 8)	20,895,266	-
Trade receivables (Note 9)	419,691	-
Deposits (Note 9)	5,700	-
Interest income receivable (Note 9)	225,399	-
Available-for-sale financial assets (Note 10)	8,837,470	215,345
Financial assets that met Solely Payments of Principal and Interest ("SPPI") criteria and are not held for trading or managed on a fair value basis	<u>30,383,526</u>	<u>215,345</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Disclosure on temporary exemption from IFRS 9 *Financial Instruments* (continued)

(b) The table below presents the credit risk exposure for financial assets with contractual terms that give rise on SPPI:

	AAA \$	AA+ to AA- \$	A+ to A- \$	BBB+ to BBB- \$	BB+ and below or not rated \$	Total \$
Carrying amount as at 31 December 2020						
Cash and cash equivalents	-	3,752,149	5,902,592	11,558,383	-	21,213,124
Trade receivables	-	155,007	58,306	-	567,994	782,307
Deposits	-	-	-	-	5,700	5,700
Interest income receivable	66,374	5,903	17,572	33,974	7,897	131,720
Available-for-sale financial assets	7,608,568	-	-	-	1,302,380	8,910,948
	<u>7,674,942</u>	<u>3,914,059</u>	<u>5,978,470</u>	<u>11,592,357</u>	<u>1,883,971</u>	<u>31,043,799</u>
Fair value as at 31 December 2020						
Cash and cash equivalents	-	3,752,149	5,902,592	11,558,383	-	21,213,124
Trade receivables	-	155,007	58,306	-	567,994	782,307
Deposits	-	-	-	-	5,700	5,700
Interest income receivable	66,374	5,903	17,572	33,974	7,897	131,720
Available-for-sale financial assets	8,378,152	-	-	-	1,385,214	9,763,366
	<u>8,444,526</u>	<u>3,914,059</u>	<u>5,978,470</u>	<u>11,592,357</u>	<u>1,966,806</u>	<u>31,896,217</u>

	AAA \$	AA+ to AA- \$	A+ to A- \$	BBB+ to BBB- \$	BB+ and below or not rated \$	Total \$
Carrying amount as at 31 December 2019						
Cash and cash equivalents	-	4,409,081	9,334,035	7,151,150	1,000	20,895,266
Trade receivables	-	13,624	-	-	406,067	419,691
Deposits	-	-	-	-	5,700	5,700
Interest receivable	62,685	42,030	84,704	30,174	5,806	225,399
Available-for-sale financial assets	7,520,754	-	-	-	983,615	8,504,369
	<u>7,583,439</u>	<u>4,464,735</u>	<u>9,418,739</u>	<u>7,181,324</u>	<u>1,402,188</u>	<u>30,050,425</u>
Fair value as at 31 December 2019						
Cash and cash equivalents	-	4,409,081	9,334,035	7,151,150	1,000	20,895,266
Trade receivables	-	13,624	-	-	406,067	419,691
Deposits	-	-	-	-	5,700	5,700
Interest receivable	62,685	42,030	84,704	30,174	5,806	225,399
Available-for-sale financial assets	7,821,608	-	-	-	1,015,862	8,837,470
	<u>7,884,293</u>	<u>4,464,735</u>	<u>9,418,739</u>	<u>7,181,324</u>	<u>1,434,435</u>	<u>30,383,526</u>

For financial assets measured at amortised cost, carrying amount represents amount before adjusting impairment allowance. The credit risk exposure of these assets are disclosed in Note 19(h).

24. Impact of COVID-19

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. Impact of COVID-19 (continued)

Set out below is the impact of COVID-19 on the Branch's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

- (a) The Branch has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (b) The Branch has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Branch cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persist beyond management's current expectations, the Branch's assets may be subject to further write downs in the subsequent financial periods.

25. 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 18 March 2021.