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

ANNUAL REPORT
For the financial year ended 31 December 2022

Contents

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Independent Auditor's Report

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

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Tokio Marine Insurance Singapore Ltd. - Brunei Darussalam Branch (the "Branch") gives a true and fair view of the financial position of the Branch as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act") and the International Financial Reporting Standards ("IFRSs").

What we have audited

The financial statements of the Branch comprise:
- the statement of comprehensive income, including the general insurance revenue account for the year ended 31 December 2022;
- the balance sheet as at 31 December 2022;
- the statement of cash flows for the year ended 31 December 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

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Other Information

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

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

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

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

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 the IFRSs, 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.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Branch have been properly kept in accordance with the provisions of the Act. We have obtained all the information and explanations that we required.

PricewaterhouseCoopers Services

Chai Xiang Yuin
Partner

Brunei Darussalam
21 March 2023

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

STATEMENT OF COMPLIANCE

For the financial year ended 31 December 2022

In our opinion, the accompanying balance sheet, statement of 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 2022, and of the results and cash flows of the Brunei Branch's operations for the financial year then ended.

CHER AH KOW
Director

KATSUHIRO SAWADA
Director

Date: 21 March 2023

TOKIO MARINE INSURANCE SINGAPORE LTD.
BRUNEI DARUSSALAM BRANCH

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	**2022** **$**	2021 $
Gross premiums written		**11,936,600**	12,870,507
Underwriting profit from general insurance business		**1,647,562**	2,337,501
Investment income	4	**291,236**	248,591
Other gains/(losses) - net	5	**(40,755)**	9,315
		1,898,043	2,595,407
Other operating expenses	6(c)	**(103,153)**	(55,127)
Profit before income tax		**1,794,890**	2,540,280
Income tax expense	7(a)	**(281,520)**	(425,386)
Profit after income tax		**1,513,370**	2,114,894
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value losses - net	10	**(660,812)**	(682,654)
- Reclassification on disposal	5	**40,755**	(9,315)
- Deferred tax on fair value changes	16	**105,409**	117,635
Other comprehensive loss, net of tax		**(514,648)**	(574,334)
Total comprehensive income		**998,722**	1,540,560

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

TOKIO MARINE INSURANCE SINGAPORE LTD.
BRUNEI DARUSSALAM BRANCH

GENERAL INSURANCE REVENUE ACCOUNT
For the financial year ended 31 December 2022

	Note	2022 $	2021 $
General Insurance Business			
Gross premiums written		**11,936,600**	12,870,507
Outward reinsurance premiums		**(3,347,644)**	(3,445,261)
Net premiums written		**8,588,956**	9,425,246
Movement in reserves for unexpired risks, net of deferred acquisition cost ("DAC")	12	**188,677**	707,243
Net earned premiums		**8,777,633**	10,132,489
Gross claims paid		**(3,699,419)**	(3,227,515)
Reinsurers' share of claims paid		**774,702**	341,441
Net claims paid	11	**(2,924,717)**	(2,886,074)
Change in net outstanding claims		**(155,827)**	(955,889)
Net claims incurred	11	**(3,080,544)**	(3,841,963)
Commissions payable		**(2,091,395)**	(2,308,817)
Commissions receivable		**380,345**	485,724
Net commissions		**(1,711,050)**	(1,823,093)
Other gains/(losses) - net	5	**(11,576)**	9,350
Employee compensation	6(a)	**(567,242)**	(509,293)
Depreciation expense	6(b)	**(95,280)**	(114,058)
Other operating expenses	6(c)	**(1,664,379)**	(1,515,931)
		(2,338,477)	(2,129,932)
Total underwriting profit from general insurance business		**1,647,562**	2,337,501

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

TOKIO MARINE INSURANCE SINGAPORE LTD.
BRUNEI DARUSSALAM BRANCH

BALANCE SHEET
As at 31 December 2022

	Note	**2022**	2021
		$	$
ASSETS			
Cash and cash equivalents	8	**17,551,811**	19,215,603
Trade receivables	9	**700,079**	899,673
Other assets	9	**212,052**	164,758
Available-for-sale financial assets	10	**7,691,127**	9,180,561
Reinsurance assets:			
- Claims recoverable from reinsurers	11	**1,386,028**	1,012,963
- Reserves for unexpired risks, net of DAC on reinsurance ceded	12	**1,282,644**	1,360,087
Property, plant and equipment	13	**68,482**	91,943
Right-of-use assets	14(a)	**64,047**	100,645
Deferred income tax assets	16	**295,133**	281,000
Total assets		**29,251,403**	32,307,233
LIABILITIES			
Trade payables	15	**556,827**	594,029
Other payables	15	**1,326,442**	1,205,545
Lease liabilities	14(b)	**64,868**	101,064
Insurance liabilities:			
- Gross outstanding claims reserves	11	**10,059,569**	9,530,677
- Reserves for unexpired risks, net of DAC	12	**5,006,238**	5,272,358
Current income tax liabilities	7(b)	**226,393**	533,876
Deferred income tax liabilities	16	**-**	27,276
Total liabilities		**17,240,337**	17,264,825
NET ASSETS		**12,011,066**	15,042,408
Represented by:			
HEAD OFFICE ACCOUNT			
Amount due to Head Office	17	**12,392,541**	14,909,235
Fair value reserve	18	**(381,475)**	133,173
		12,011,066	15,042,408

Cher Ah Kow
Director

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

TOKIO MARINE INSURANCE SINGAPORE LTD.
BRUNEI DARUSSALAM BRANCH

STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Profit after tax		**1,513,370**	2,114,894
Adjustments for:			
- Income tax expense		**281,520**	425,386
- Depreciation of property, plant and equipment		**58,682**	77,460
- Depreciation of right-of-use assets		**36,598**	36,598
- Amortisation of available-for-sale financial assets		**42,038**	46,209
- Net loss/(gain) on disposal of available-for-sale financial assets		**40,755**	(9,315)
- Interest expense on lease liabilities		**4,604**	6,516
- Interest income		**(291,236)**	(248,591)
		1,686,331	2,449,157
Changes in working capital:			
- Trade receivables		**199,594**	(117,366)
- Other assets		**3,551**	(9,673)
- Outstanding claims reserves		**155,827**	955,889
- Reserves for unexpired risks, net of DAC		**(188,677)**	(707,243)
- Due to Head Office		**(30,064)**	(77,286)
- Trade payables		**(37,202)**	(63,713)
- Other payables		**120,897**	115,242
Cash generated from operations		**1,910,257**	2,545,007
Income tax paid		**(525,003)**	(621,663)
Net cash provided by operating activities		**1,385,254**	1,923,344
Cash flows from investing activities			
Additions to property, plant and equipment		**(35,221)**	(22,166)
Purchases of available-for-sale financial assets		**(282,249)**	(1,029,668)
Disposal of available-for-sale financial assets		**1,068,833**	883,610
Interest received		**240,391**	288,158
Net cash provided by investing activities		**991,754**	119,934
Cash flows from financing activities			
Principal payment of lease liabilities		**(40,800)**	(40,799)
Transfer to Head Office		**(4,000,000)**	(4,000,000)
Net cash used in financing activities		**(4,040,800)**	(4,040,799)
Net decrease in cash and cash equivalents		**(1,663,792)**	(1,997,521)
Cash and cash equivalents			
Beginning of financial year		**17,215,603**	19,213,124
Cash and cash equivalents at end of financial year	8	**15,551,811**	17,215,603

Reconciliation of lease liabilities arising from financing activities

	Beginning of financial year $	Principal payments $	Interest expense $	End of financial year $
2022	**101,064**	**(40,800)**	**4,604**	**64,868**
2021	135,347	(40,799)	6,516	101,064

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

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") is incorporated and domiciled in Singapore. The principal place of business of the Branch registered in Brunei Darussalam (the "Branch") is located at Units A1 & A2, 1st Floor, Block A, Bangunan Han Man Yong Complex, Simpang 88, Kg Kiulap BE1518, Negara Brunei Darussalam.

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

2. 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 and International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Branch's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Adoption of IFRS

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

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

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

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into separate measurement categories: those measured as at fair value with changes 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.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of IFRS (continued)

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

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 IASB made further changes to two areas of IFRS 9. Financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if the cash flow represents solely payments of principal and interest. Non-substantial modifications or exchange of financial liabilities that do not result in derecognition will be required to be recognised in profit or loss.

The standard 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).

(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 2023, as well as an approach that allows an entity to remove from profit or loss the effects of certain accounting mismatches that may occur before IFRS 17 is applied.

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

Additional disclosures required by IFRS 9 is made in Note 24.

(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.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of IFRS (continued)

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

The 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. 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.

In July 2021, the IASB proposed a narrow-scope amendment to the transition requirements in IFRS 17 by allowing an option for insurer to present comparative information for certain financial assets in a manner consistent with IFRS 9. An Exposure Draft was issued for public consultation, which ended on 27 September 2021. This was subsequently approved on 28 October 2021.

(d) IFRS 17 *Insurance Contracts*

IFRS 17 Insurance Contracts will come into effect on 1 January 2023, to be applied retrospectively. If full retrospective application to a group of contracts is impracticable, the modified retrospective or fair value methods may be used.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. It introduces the general measurement model that measures groups of contracts based on the present value of future cash flows with an explicit risk adjustment for non-financial risk (the fulfilment cash flows); and a contractual service margin, representing the unearned profit to be recognised in profit or loss over the service period (coverage period). Losses on contracts that are onerous at inception are recognised immediately. The core of IFRS 17 is the general measurement model, supplemented by a simplified approach (the premium allocation approach) for short-duration contracts.

IFRS 17 transition approach
Changes in accounting policies resulting from the adoption of IFRS 17 shall apply the full retrospective approach to the extent practicable. The Branch will adopt the modified retrospective approach when it is impracticable to use a full retrospective approach in determining transition amounts at the IFRS 17 transition date.

Level of aggregation
Groups of insurance contracts have been determined by identifying portfolios of insurance contracts, comprising contracts subject to similar risks that are managed together, and dividing each portfolio into annual cohorts by year of issue. Each annual cohort is then further subdivided into three groups based on the profitability of contracts determined at initial recognition.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of IFRS (continued)

(d) IFRS 17 *Insurance Contracts* (continued)

Measurement models
There are two measurement models that apply to the Branch's business as follows:

i. General measurement model (GMM)
The GMM is the default IFRS 17 measurement model. The GMM requires a group of insurance contracts to be measured on the basis of a probability-weighted expected value (the fulfilment cash flows), a risk adjustment, plus the unearned profit remaining in the contract (the contractual service margin).

ii. Premium allocation approach (PAA)
The PAA is a simplified measurement model which can be applied to all short duration contracts and to longer duration contracts that meet PAA eligibility criteria.

Financial impact on the transition to IFRS 17
The Branch will adopt IFRS 17 for the first time on 1 January 2023. The Branch is in the midst of conducting a detailed assessment on the impact to the financial statements on adopting the new standard. The Branch will restate the comparative information based on the transition approaches taken on adoption of IFRS 17.

2.2 Insurance contracts

The Branch issues contracts that transfer mainly insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Branch defines 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.

(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 balance sheet 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 balance sheet 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.

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(c) *Liability adequacy test*

At each balance sheet 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 due. 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.

(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 balance sheet 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.

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(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.

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.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

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

	Useful lives
Furniture and fixtures	4 years
Office equipment	4 years

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

(c) Subsequent expenditure

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

(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 of CGU is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

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

2. Significant accounting policies (continued)

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 balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other assets" (exclude prepayments) and "cash and cash equivalents" on the balance sheet respectively.

(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 balance sheet date.

The Branch has obtained approval from Brunei Darussalam Central Bank 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.

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(d) Impairment

The Branch assesses at each balance sheet 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.

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. Significant accounting policies (continued)

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 balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Branch uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

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

2.9 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 rate 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 conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

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

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

2. Significant accounting policies (continued)

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

- *Lease liabilities*

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

  Lease payments may include the following:

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

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

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

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

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

- *Short-term leases and low value leases*

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

2. Significant accounting policies (continued)

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 balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Branch measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Branch expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in head office account. 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

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

(a) Defined contribution plans

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

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

2. Significant accounting policies (continued)

2.12 Employee compensation (continued)

(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 balance sheet 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.

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 balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Foreign exchange gains and losses impacting profit or loss are presented within "other gains/(losses) - net".

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 premiums 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, industry experience and the Company's business plan.

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 9.0% across all lines of business, which is an increase from 8.5% applied at 31 December 2021. This CHE assumption was selected based on 2022 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 2022 valuation ranged from 10% to 20% and are generally similar to those used in the previous valuation at 31 December 2021. The diversification credit applied to the PAD margins was 20%, same as the previous valuation at 31 December 2021.

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.

	2022
	$
Claims liability:	
- Gross	**10,059,569**
- Net	**8,673,541**

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

3.1 Liabilities of insurance business (continued)

(a) Claims reserves - Sensitivity analysis (continued)

Assumption	Percentage change in assumption	Change in reported outstanding claim reserves Value $	Change in reported outstanding claim reserves Percentage
Gross analysis			
Increase in IELR/IDF	+5%	572,339	+6.1%
Decrease in IELR/IDF	-5%	(575,913)	-6.1%
Increase in CHE	+5%	366,330	+3.9%
Decrease in CHE	-5%	(366,330)	-3.9%
Increase in PAD	+5%	338,930	+3.6%
Decrease in PAD	-5%	(338,930)	-3.6%
Net analysis			
Increase in IELR/IDF	+5%	323,816	+4.1%
Decrease in IELR/IDF	-5%	(332,949)	-4.2%
Increase in CHE	+5%	366,330	+4.6%
Decrease in CHE	-5%	(366,330)	-4.6%
Increase in PAD	+5%	291,132	+3.6%
Decrease in PAD	-5%	(291,132)	-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 2022 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 2022 valuation ranged from 13% to 26% and are generally similar to those used in the previous valuation at 31 December 2021. The diversification credit applied to the PAD margins was 20%, same as the previous valuation at 31 December 2021.

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.

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

3.1 Liabilities of insurance business (continued)

(b) Premium reserves - Sensitivity analysis (continued)

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.

	2022
	$
Premium liability:	
- Gross	**5,006,238**
- Net	**3,723,594**

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.

4. Investment income

	2022	2021
	$	$
Interest income from:		
- Available-for-sale financial assets	**171,244**	179,152
- Fixed deposits with financial institutions	**119,992**	69,439
	291,236	248,591

5. Other gains/(losses) - net

	2022	2021
	$	$
Available-for-sale financial assets – Reclassification from fair value reserve on disposal	**(40,755)**	9,315
Currency exchange gain/(loss) - net	**7,424**	(4,650)
(Increase)/decrease in allowance for impairment of trade receivables (Note 9)	**(19,000)**	14,000
	(52,331)	18,665
Other (losses)/gains - net (charged)/credited to:		
- Statement of comprehensive income	**(40,755)**	9,315
- General insurance revenue account	**(11,576)**	9,350
	(52,331)	18,665

6. Expenses by nature

(a) Employee compensation

	2022	2021
	$	$
Wages and salaries	**537,352**	481,466
Employer's contribution to defined contribution plans including Tabung Amanah Pekerja ("TAP") and Supplementary Contribution Pension ("SCP")	**29,890**	27,827
Total employee compensation charged to general insurance revenue account	**567,242**	509,293

(b) Depreciation expense

	2022	2021
	$	$
Depreciation of property, plant and equipment (Note 13):		
- Furniture and fixtures	**28,365**	28,798
- Office equipments	**30,317**	48,662
	58,682	77,460
Depreciation of right-of-use assets (Note 14(a)): Property	**36,598**	36,598
Total depreciation expense charged to general insurance revenue account	**95,280**	114,058

6. Expenses by nature (continued)

(c) Other operating expenses

	2022 $	2021 $
Computer services and expenses	**318,044**	291,746
Management fee to a fellow subsidiary	**53,742**	43,817
Investment management fee to a fellow subsidiary	**8,308**	9,335
Internal audit fee to a fellow subsidiary	**48,000**	40,620
Professional fee	**110,845**	48,937
Professional fee to a fellow subsidiary	**46,100**	24,000
Distribution and marketing expenses	**179,583**	185,995
Printing and stationery	**34,672**	43,938
Postage, telephone and telex charges	**83,395**	97,353
Bank charges	**21,550**	12,149
Interest expense on lease liabilities (Note 14(b))	**4,604**	6,516
Administrative expenses charged by Head Office[1]	**813,216**	739,004
Other expenses	**45,473**	27,648
	1,767,532	1,571,058
Other operating expenses charged to:		
- Statement of comprehensive income	**103,153**	55,127
- General insurance revenue account	**1,664,379**	1,515,931
	1,767,532	1,571,058

[1] The administrative expenses charged by Head Office are incurred for routine support services provided to the Branch.

7. Income taxes

(a) Income tax expense

	2022 $	2021 $
Tax expense attributable to profit is made up of:		
- Current income tax (Note 7(b))		
- Brunei	**216,000**	514,000
- Foreign	**10,000**	18,000
	226,000	532,000
- Deferred income tax (Note 16)	**64,000**	(104,000)
	290,000	428,000
- (Over)/under provision in prior financial years		
- Current income tax (Note 7(b))		
- Brunei	**(8,716)**	-
- Foreign	**236**	(2,614)
	(8,480)	(2,614)
	281,520	425,386

7. Income taxes (continued)

(a) *Income tax expense* (continued)

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:

	2022	2021
	$	$
Profit before income tax	**1,794,890**	2,540,280
Tax calculated at tax rate of 18.5% (2021: 18.5%)	**332,055**	469,952
Effects of :		
- different tax rates in other countries	**(1,802)**	(2,663)
- tax incentives	**(44,419)**	(45,064)
- expenses not deductible for tax purposes	**14,972**	5,229
- income not subject to tax	**(11,000)**	-
- over provision of tax	**(8,480)**	(2,614)
- others	**194**	546
Tax charge	**281,520**	425,386

(b) *Movement in current income tax liabilities*

	2022	2021
	$	$
Beginning of financial year	**533,876**	626,153
Income tax paid	**(525,003)**	(621,663)
Tax expense (Note 7(a)) - Current financial year	**226,000**	532,000
Over provision in prior years (Note 7(a))	**(8,480)**	(2,614)
End of financial year	**226,393**	533,876

8. Cash and cash equivalents

	2022	2021
	$	$
Cash at bank and on hand	**1,152,150**	1,008,093
Fixed deposits with financial institutions		
- Maturing within 12 months	**16,399,661**	18,207,510
	17,551,811	19,215,603

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

	2022	2021
	$	$
Cash and fixed deposits (as above)	**17,551,811**	19,215,603
Less: Fixed deposits pledged as lien for banker's guarantee	**(2,000,000)**	(2,000,000)
Cash and cash equivalents per statement of cash flows	**15,551,811**	17,215,603

8. Cash and cash equivalents (continued)

Included in the Brunei Dollar fixed deposits is an amount of $2,000,000 (2021: $2,000,000) held under lien by a financial institution for the issuance of banker's guarantees in respect of statutory deposits required by the Brunei Darussalam Central Bank (see Note 22).

Cash and fixed deposits were denominated in the following currencies:

	2022 $	2021 $
Brunei Dollar	**17,186,068**	19,193,910
Singapore Dollar	**365,743**	21,693
	17,551,811	19,215,603

The Branch has fixed deposits with financial institutions with an average maturity of 187 days (2021: 151 days) from the end of the financial year with the following weighted average effective interest rate:

	2022 %	2021 %
Brunei Dollar	**1.50**	0.26

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

9. Trade receivables and other assets

	2022 $	2021 $
Trade receivables:		
Current		
Non-related parties	**745,079**	925,673
Less: Allowance for impairment		
Beginning of financial year	**(26,000)**	(40,000)
(Increase)/decrease in allowance (Note 5)	**(19,000)**	14,000
End of financial year	**(45,000)**	(26,000)
	700,079	899,673
Other assets:		
Current		
- Deposits	**5,700**	5,700
- Interest income receivable	**142,998**	92,153
- Prepayments	**63,354**	66,905
	212,052	164,758
Total trade receivables and other assets	**912,131**	1,064,431
Add: Cash and cash equivalents (Note 8)	**17,551,811**	19,215,603
Less: Prepayments	**(63,354)**	(66,905)
Total loans and receivables	**18,400,588**	20,213,129

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

9. Trade receivables and other assets (continued)

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

	2022 **$**	2021 $
Brunei Dollar	**786,590**	801,806
Singapore Dollar	**104,464**	161,543
United States Dollar	**21,077**	101,082
	912,131	1,064,431

10. Available-for-sale financial assets

	2022 **$**	2021 $
Government securities		
Beginning of financial year	**9,180,561**	9,763,366
Additions	**282,249**	1,029,668
Disposals	**(1,068,833)**	(883,610)
Amortisation	**(42,038)**	(46,209)
Fair value losses recognised in other comprehensive income	**(660,812)**	(682,654)
End of financial year	**7,691,127**	9,180,561
Current	**279,255**	-
Non-current	**7,411,872**	9,180,561
	7,691,127	9,180,561

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

	2022 **%**	2021 %
Government securities	**1.90**	1.91

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

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	More than 5 years $	Total $
2022	**279,255**	**1,014,158**	**1,784,514**	**4,613,200**	**7,691,127**
2021	-	818,992	2,468,495	5,893,074	9,180,561

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

	2022 **$**	2021 $
Singapore Dollar	**7,691,127**	9,180,561

11. Outstanding claims reserves

	2022	2021
	$	$
Gross outstanding claims reserves:		
- Current	**7,278,436**	6,220,703
- Non-current	**2,781,133**	3,309,974
	10,059,569	9,530,677
Claims recoverable from reinsurers:		
- Current	**(1,385,705)**	(1,007,204)
- Non-current	**(323)**	(5,759)
	(1,386,028)	(1,012,963)
	8,673,541	8,517,714

Movements in the outstanding claims reserves are as follows:

	Gross	Reinsurance ceded	Net
	$	$	$
2022			
Beginning of financial year	9,530,677	(1,012,963)	8,517,714
Claims paid	(3,699,419)	774,702	(2,924,717)
Claims incurred	4,228,311	(1,147,767)	3,080,544
End of financial year	**10,059,569**	**(1,386,028)**	**8,673,541**
2021			
Beginning of financial year	8,490,686	(928,861)	7,561,825
Claims paid	(3,227,515)	341,441	(2,886,074)
Claims incurred	4,267,506	(425,543)	3,841,963
End of financial year	9,530,677	(1,012,963)	8,517,714

12. Reserves for unexpired risks, net of DAC

	2022	2021
	$	$
Reserves for unexpired risks, net of DAC:		
- Current	**3,970,411**	3,949,932
- Non-current	**1,035,827**	1,322,426
	5,006,238	5,272,358
Reserves for unexpired risks, net of DAC on reinsurance ceded:		
- Current	**(1,120,170)**	(1,134,051)
- Non-current	**(162,474)**	(226,036)
	(1,282,644)	(1,360,087)
	3,723,594	3,912,271

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

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

	Gross $	Reinsurance ceded $	Net $
2022			
Beginning of financial year	5,272,358	(1,360,087)	3,912,271
Transfer (to)/from general insurance revenue account	(266,120)	77,443	(188,677)
End of financial year	**5,006,238**	**(1,282,644)**	**3,723,594**
2021			
Beginning of financial year	6,114,882	(1,495,368)	4,619,514
Transfer (to)/from general insurance revenue account	(842,524)	135,281	(707,243)
End of financial year	5,272,358	(1,360,087)	3,912,271

13. Property, plant and equipment

	Furniture and fixtures $	Office equipment $	Total $
2022			
Cost			
Beginning of financial year	151,350	234,721	386,071
Additions	-	35,221	35,221
End of financial year	151,350	269,942	421,292
Accumulated depreciation			
Beginning of financial year	94,608	199,520	294,128
Depreciation charge (Note 6(b))	28,365	30,317	58,682
End of financial year	122,973	229,837	352,810
***Net book value at* end of financial year**	**28,377**	**40,105**	**68,482**
2021			
Cost			
Beginning of financial year	150,600	213,305	363,905
Additions	750	21,416	22,166
End of financial year	151,350	234,721	386,071
Accumulated depreciation			
Beginning of financial year	65,810	150,858	216,668
Depreciation charge (Note 6(b))	28,798	48,662	77,460
End of financial year	94,608	199,520	294,128
Net book value at end of financial year	56,742	35,201	91,943

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*

	2022	2021
	$	$
Property		
Cost		
Beginning and end of financial year	**152,492**	152,492
Accumulated depreciation		
Beginning of financial year	**51,847**	15,249
Depreciation charge (Note 6(b))	**36,598**	36,598
End of financial year	**88,445**	51,847
Net book value at end of financial year	**64,047**	100,645

(b) *Lease liabilities*

	2022	2021
	$	$
Current	**38,215**	36,196
Non-current	**26,653**	64,868
	64,868	101,064

Movement in lease liabilities is as follows:

	2022	2021
	$	$
Beginning of financial year	**101,064**	135,347
Principal payment of lease liabilities	**(40,800)**	(40,799)
Interest expense on lease liabilities (Note 6(c))	**4,604**	6,516
End of financial year	**64,868**	101,064

(c) Total cash outflow for all the leases (including short-term leases) in 2022 was $40,800 (2021: $40,799).

15. Trade and other payables

	2022 $	2021 $
Trade payables:		
Current		
- Intermediate holding corporation	**191,765**	191,485
- Fellow subsidiaries	**9,129**	15,188
- Other related parties	**900**	900
- Non-related parties	**355,033**	386,456
	556,827	594,029
Other payables:		
Current		
- Cash collaterals held on bond business	**334,924**	329,924
- Other creditors and accrued operating expenses	**910,627**	865,721
- Management and professional fees due to fellow subsidiaries	**80,891**	9,900
	1,326,442	1,205,545
Total trade and other payables	**1,883,269**	1,799,574
Total financial liabilities carried at amortised cost	**1,883,269**	1,799,574

Trade payables due to related parties are non-interest bearing and have no specific credit terms. Balances are typically settled after 90 days. 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:

	2022 $	2021 $
Brunei Dollar	**1,480,176**	1,386,998
Singapore Dollar	**338,819**	397,307
United States Dollar	**64,274**	15,269
	1,883,269	1,799,574

16. Deferred income taxes

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

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

	2022 $	2021 $
Deferred tax assets	**(295,133)**	(281,000)
Deferred tax liabilities	**-**	27,276
Net deferred income tax assets	**(295,133)**	(253,724)

16. Deferred income taxes (continued)

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

	2022	2021
	$	$
Beginning of financial year	**(253,724)**	(32,089)
Tax charged/(credited) to:		
- Profit or loss (Note 7(a))	**64,000**	(104,000)
- Other comprehensive income	**(105,409)**	(117,635)
End of financial year	**(295,133)**	(253,724)

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

	Fair value loss - net	Policy liabilities	Total
	$	$	$
2022			
Beginning of financial year	-	(281,000)	(281,000)
Charged to profit or loss	-	64,000	64,000
Credited to other comprehensive income	(78,133)	-	(78,133)
End of financial year	**(78,133)**	**(217,000)**	**(295,133)**
2021			
Beginning of financial year	-	(177,000)	(177,000)
Credited to profit or loss	-	(104,000)	(104,000)
End of financial year	-	(281,000)	(281,000)

Deferred income tax liabilities

	Fair value gains - net	Total
	$	$
2022		
Beginning of financial year	27,276	27,276
Credited to other comprehensive income	(27,276)	(27,276)
End of financial year	-	-
2021		
Beginning of financial year	144,911	144,911
Credited to other comprehensive income	(117,635)	(117,635)
End of financial year	27,276	27,276

17. Amount due to Head Office

	2022	2021
	$	$
Due to Head Office	**94,111**	124,175
Retained earnings	**12,298,430**	14,785,060
	12,392,541	14,909,235

Movement in retained earnings is as follows:

	2022	2021
Beginning of financial year	**14,785,060**	16,670,166
Transfer to Head Office	**(4,000,000)**	(4,000,000)
Profit for the year	**1,513,370**	2,114,894
End of financial year	**12,298,430**	14,785,060

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

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

18. Fair value reserve

	2022	2021
	$	$
Beginning of financial year	**133,173**	707,507
Other comprehensive loss for the year	**(514,648)**	(574,334)
End of financial year	**(381,475)**	133,173

19. Management of insurance and financial risk

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

The Head Office manages and monitors the risk management process, plans and runs the Branch's operations in accordance with the Risk Policy Statement, "Sustainable Profitable Growth", taking into consideration the Brunei Darrusalam 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.

19. Management of insurance and financial risk (continued)

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.

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.

19. Management of insurance and financial risk (continued)

(a) Insurance risk (continued)

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 balance sheet date.

The reserves for losses and loss adjustment expenses are determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate 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.

19. Management of insurance and financial risk (continued)

(a) Insurance risk (continued)

(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 balance sheet 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			
	Motor	WICA[1]	Others	Total
	$	$	$	$
Year ended 31 December 2022				
Gross	**5,178,169**	**5,962,492**	**3,925,146**	**15,065,807**
Net	**4,905,733**	**5,962,249**	**1,529,153**	**12,397,135**
Year ended 31 December 2021				
Gross	5,168,289	6,232,353	3,402,393	14,803,035
Net	5,011,176	6,114,166	1,304,643	12,429,985

[1] WICA refers to workmen compensation policies.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	$	$	$	$	$
Year ended 31 December 2022					
Insurance liabilities - Gross of reinsurance					
Outstanding claims reserves	7,278,436	1,018,836	1,762,297	-	10,059,569
Reserves for unexpired risks	3,970,411	380,786	655,041	-	5,006,238
	11,248,847	**1,399,622**	**2,417,338**	**-**	**15,065,807**
Insurance liabilities - Net of reinsurance					
Outstanding claims reserves	5,892,731	1,018,513	1,762,297	-	8,673,541
Reserves for unexpired risks	2,850,241	319,635	553,718	-	3,723,594
	8,742,972	**1,338,148**	**2,316,015**	**-**	**12,397,135**

19. Management of insurance and financial risk (continued)

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	$	$	$	$	$
Year ended 31 December 2021					
Insurance liabilities - Gross of reinsurance					
Outstanding claims reserves	6,220,703	1,207,455	2,089,909	12,610	9,530,677
Reserves for unexpired risks	3,949,932	483,197	834,207	5,022	5,272,358
	10,170,635	1,690,652	2,924,116	17,632	14,803,035
Insurance liabilities - Net of reinsurance					
Outstanding claims reserves	5,213,499	1,202,318	2,089,287	12,610	8,517,714
Reserves for unexpired risks	2,815,881	398,948	693,248	4,194	3,912,271
	8,029,380	1,601,266	2,782,535	16,804	12,429,985

(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	2016	2017	2018	2019	2020	2021	2022	Total
	$	$	$	$	$	$	$	$
- at end of accident year	2,970,298	2,940,286	3,104,167	3,721,066	3,479,124	3,727,724	3,738,541	
- one year later	2,664,934	2,910,730	2,814,005	3,254,324	3,282,107	4,282,909		
- two years later	2,662,736	2,777,509	3,231,396	3,251,630	3,408,099			
- three years later	3,676,771	3,432,441	3,026,139	3,073,739				
- four years later	3,729,880	3,258,424	3,073,410					
- five years later	4,283,636	3,199,982						
- six years later	4,403,264							
Current estimate of ultimate claims	4,403,264	3,199,982	3,073,410	3,073,739	3,408,099	4,282,909	3,738,541	25,179,944
Cumulative payments	(3,435,685)	(2,764,481)	(2,386,132)	(2,474,849)	(2,720,930)	(2,637,055)	(1,333,051)	(17,752,183)
Gross outstanding claim liabilities	967,579	435,501	687,278	598,890	687,169	1,645,854	2,405,490	7,427,761
Best estimate for claims liability including indirect claim handling expenses	1,054,661	474,650	741,422	652,105	749,014	1,747,950	2,574,795	7,994,597
Reserve for prior years								453,532
Reserve for marine class (see following table)								25,115
Provision for adverse deviation								898,786
Additional provision for IBNR								687,539
Outstanding claim liability in financial statements								**10,059,569**

19. Management of insurance and financial risk (continued)

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

(i) Insurance claims (gross) (continued)

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

Underwriting Year	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	Total $
- at end of underwriting year	277,238	390,902	196,535	196,511	52,515	33,506	34,295	
- one year later	16,000	4,368	36,336	600,754	-	8,205		
- two years later	1,161	4,200	63,438	480,493	-			
- three years later	1,161	4,200	34,938	465,143				
- four years later	1,161	4,200	34,938					
- five years later	1,161	4,200						
- six years later	1,161							
Current estimate of ultimate claims	1,161	4,200	34,938	465,143	-	8,205	34,295	547,942
Cumulative payments	(1,161)	(4,200)	(34,938)	(465,143)	-	(8,205)	-	(513,647)
Gross outstanding claim liability	-	-	-	-	-	-	34,295	34,295
Best estimate for claims liability including indirect claim handling expenses and net of unearned claims	-	-	-	-	-	-	25,115	25,115
Reserve for marine class								**25,115**

(ii) Insurance claims (net)

Accident Year	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	Total $
- at end of accident year	2,200,901	2,597,376	2,807,365	3,443,431	3,092,383	3,058,804	3,183,135	
- one year later	2,387,815	2,645,148	2,735,876	3,157,490	3,035,818	3,105,350		
- two years later	2,396,163	2,643,674	3,154,849	3,154,163	3,161,809			
- three years later	3,521,953	3,309,181	2,948,591	2,924,980				
- four years later	3,578,492	3,135,164	2,996,179					
- five years later	4,132,249	3,076,723						
- six years later	4,251,264							
Current estimate of ultimate claims	4,251,264	3,076,723	2,996,179	2,924,980	3,161,809	3,105,350	3,183,135	22,699,440
Cumulative payments	(3,283,685)	(2,641,725)	(2,394,584)	(2,333,696)	(2,474,641)	(1,970,945)	(1,301,967)	(16,401,243)
Net outstanding claim liabilities	967,579	434,998	601,595	591,284	687,168	1,134,405	1,881,168	6,298,197
Best estimate for claims liability including indirect claim handling expenses	1,054,661	474,147	655,738	644,500	749,014	1,236,502	2,050,473	6,865,035
Reserve for prior years								396,507
Reserve for marine class (see following table)								16,765
Provision for adverse deviation								707,695
Additional Provision for IBNR								687,539
Outstanding claims liability in financial statements								**8,673,541**

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

Underwriting Year	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	Total $
- at end of underwriting year	101,250	120,268	76,174	61,835	33,742	21,053	20,996	
- one year later	15,390	4,368	3,270	48,060	-	8,205		
- two years later	1,161	4,200	31,644	37,211	-			
- three years later	1,161	4,200	3,144	37,211				
- four years later	1,161	4,200	3,144					
- five years later	1,161	4,200						
- six years later	1,161							
Current estimate of ultimate claims	1,161	4,200	3,144	37,211	-	8,205	20,996	74,917
Cumulative payments	(1,161)	(4,200)	(3,144)	(37,211)	-	(8,205)	-	(53,921)
Net outstanding claim liability	-	-	-	-	-	-	20,996	20,996
Best estimate fo claims liability including indirect claim handling expenses and net of unearned claims	-	-	-	-	-	-	16,765	16,765
Reserve for marine class								**16,765**

19. Management of insurance and financial risk (continued)

(e) Investment market risk

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

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

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

(f) Foreign currency risk

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

(g) Cash flow and fair value interest rate risks

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

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

19. Management of insurance and financial risk (continued)

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

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 2022				
Financial Assets				
Cash and cash equivalents	-	16,399,661	1,152,150	17,551,811
Trade receivables	-	-	700,079	700,079
Other assets (exclude prepayments)	-	-	148,698	148,698
Available-for-sale financial assets	-	7,691,127	-	7,691,127
	-	**24,090,788**	**2,000,927**	**26,091,715**
Financial Liabilities				
Trade payables	-	-	556,827	556,827
Other payables	-	-	1,326,442	1,326,442
Lease liabilities	-	64,868	-	64,868
	-	**64,868**	**1,883,269**	**1,948,137**
As at 31 December 2021				
Financial Assets				
Cash and cash equivalents	-	18,207,510	1,008,093	19,215,603
Trade receivables	-	-	899,673	899,673
Other assets (exclude prepayments)	-	-	97,853	97,853
Available-for-sale financial assets	-	9,180,561	-	9,180,561
	-	27,388,071	2,005,619	29,393,690
Financial Liabilities				
Trade payables	-	-	594,029	594,029
Other payables	-	-	1,205,545	1,205,545
Lease liabilities	-	101,064	-	101,064
	-	101,064	1,799,574	1,900,638

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

(h) Credit risk

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

- Reinsurers' share of insurance liabilities;
- 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.

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.

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.

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.

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

	Neither past due nor impaired			Past due or impaired	
	Investment grade (AAA to A-)	Investment grade (BBB+ to BBB-)	Not rated	Not rated	Total
	$	$	$	$	$
As at 31 December 2022					
Cash and cash equivalents	14,383,153	3,168,658	-	-	17,551,811
Trade receivables	556	-	23,791	675,732	700,079
Other assets (exclude prepayments)	122,303	18,848	7,547	-	148,698
Available-for-sale financial assets	7,333,941	-	357,186	-	7,691,127
	21,839,953	**3,187,506**	**388,524**	**675,732**	**26,091,715**
Aa at 31 December 2021					
Cash and cash equivalents	9,814,334	9,401,269	-	-	19,215,603
Trade receivables	-	-	809,903	89,770	899,673
Other assets (exclude prepayments)	82,630	8,341	6,882	-	97,853
Available-for-sale financial assets	8,943,641	-	236,920	-	9,180,561
	18,840,605	9,409,610	1,053,705	89,770	29,393,690

(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.

19. Management of insurance and financial risk (continued)

(i) Liquidity risk (continued)

The Branch has cash and cash equivalents excluding fixed deposits pledged as lien for banker's guarantees of $15,551,811 (2021: $17,215,603) to meet its liquidity requirements.

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

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	$	$	$	$
At 31 December 2022				
Trade payables	556,827	-	-	556,827
Other payables	1,326,442	-	-	1,326,442
Lease liabilities	40,800	27,200	-	68,000
	1,924,069	**27,200**	**-**	**1,951,269**
At 31 December 2021				
Trade payables	594,029	-	-	594,029
Other payables	1,205,545	-	-	1,205,545
Lease liabilities	40,800	68,000	-	108,800
	1,840,374	68,000	-	1,908,374

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

	Impact on profit after tax		Impact on head office account	
	2022	2021	**2022**	2021
	$	$	**$**	$
Change in interest rate				
+100 bps (2021: +100 bps)	**-**	-	**(599,688)**	(752,399)
-100 bps (2021: - 100 bps)	**-**	-	**599,688**	752,399

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 2021 and 2022. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 2022.

(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).

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets – Available-for-sale financial assets				
As at 31 December 2022	**7,691,127**	**-**	**-**	**7,691,127**
As at 31 December 2021	9,180,561	-	-	9,180,561

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Branch is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Branch uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. These instruments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

20. Holding corporations

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

21. Related party transactions

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

(a) *Income*

	2022	2021
	$	$
Reinsurance commissions received from intermediate holding corporation	**88,903**	96,001
Reinsurance commissions received from fellow subsidiaries	**8,361**	9,265
Reinsurance claims recovered from intermediate holding corporation	**297,002**	56,379

(b) *Expenses*

	2022	2021
Reinsurance premiums ceded to intermediate holding corporation	**487,401**	490,541
Reinsurance premiums ceded to fellow subsidiaries	**31,210**	34,037
Miscellaneous reinsurance expenses paid to intermediate holding corporation	**677**	1,006

22. Contingent liabilities

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

	2022	2021
	$	$
(a) Performance bonds and bankers' guarantee provided on behalf of third parties	**70,035**	70,035
(b) Banker's guarantee in respect of statutory deposit required under Section 5(1) of the Motor Vehicles Insurance (Third Party Risks) Act, Chapter 90	**1,000,000**	1,000,000
(c) Banker's guarantee in respect of statutory deposit required under Section 16 of the Brunei Insurance Order, 2006	**1,000,000**	1,000,000
	2,070,035	2,070,035

The banker's guarantees ((b) and (c)) are secured by fixed deposits of $2,000,000 (2021: $2,000,000) (see Note 8).

23. New or revised accounting standards and interpretations

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

Description	*Effective for annual periods beginning on or after*
IFRS 17 Insurance Contracts *Amendments to:* - *IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)* - *IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Disclosure of Accounting Policies)* - *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)* - *IAS 12 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)* - *IFRS 17 Insurance Contracts*	*1 January 2023*

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Branch. These are not expected to have a material impact on the Branch in the current or future reporting periods and on foreseeable future transactions except for IFRS 17 as disclosed in Note 2.1(d) and IFRS 9 as disclosed in Note 2.1(a).

24. 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.

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

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

	Fair value as at 31 December	Fair value changes for the year ended 31 December
	$	$
2022		
Cash and cash equivalents (Note 8)	17,551,811	-
Trade receivables (Note 9)	700,079	-
Deposits (Note 9)	5,700	-
Interest income receivable (Note 9)	142,998	-
Available-for-sale financial assets (Note 10)	7,691,127	(660,812)
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	**26,091,715**	**(660,812)**
2021		
Cash and cash equivalents (Note 8)	19,215,603	-
Trade receivables (Note 9)	899,673	-
Deposits (Note 9)	5,700	-
Interest income receivable (Note 9)	92,153	-
Available-for-sale financial assets (Note 10)	9,180,561	(682,654)
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	29,393,690	(682,654)

(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 2022						
Cash and cash equivalents	-	5,929,160	8,453,993	3,168,658	-	17,551,811
Trade receivables	-	556	-	-	699,523	700,079
Deposits	-	-	-	-	5,700	5,700
Interest income receivable	63,558	42,023	16,722	18,848	1,847	142,998
Available-for-sale financial assets	7,767,370	-	-	-	383,366	8,150,736
	7,830,928	**5,971,739**	**8,470,715**	**3,187,506**	**1,090,436**	**26,551,324**
Fair value as at 31 December 2022						
Cash and cash equivalents	-	5,929,160	8,453,993	3,168,658	-	17,551,811
Trade receivables	-	556	-	-	699,523	700,079
Deposits	-	-	-	-	5,700	5,700
Interest income receivable	63,558	42,023	16,722	18,848	1,847	142,998
Available-for-sale financial assets	7,333,941	-	-	-	357,186	7,691,127
	7,397,499	**5,971,739**	**8,470,715**	**3,187,506**	**1,064,256**	**26,091,715**

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

	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below or not rated	Total
	$	$	$		$	$
Carrying amount as at 31 December 2021						
Cash and cash equivalents	-	4,399,140	5,415,194	9,401,269	-	19,215,603
Trade receivables	-	-	-	-	899,673	899,673
Deposits	-	-	-	-	5,700	5,700
Interest receivable	72,839	2,457	7,334	8,341	1,182	92,153
Available-for-sale financial assets	8,774,689	-	-	-	245,423	9,020,112
	8,847,528	4,401,597	5,422,528	9,409,610	1,151,978	29,233,241
Fair value as at 31 December 2021						
Cash and cash equivalents	-	4,399,140	5,415,194	9,401,269	-	19,215,603
Trade receivables	-	-	-	-	899,673	899,673
Deposits	-	-	-	-	5,700	5,700
Interest receivable	72,839	2,457	7,334	8,341	1,182	92,153
Available-for-sale financial assets	8,943,641	-	-	-	236,920	9,180,561
	9,016,480	4,401,597	5,422,528	9,409,610	1,143,475	29,393,690

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

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 21 March 2023.