

Company Registration No. 198905490E

Sompo Insurance Singapore Pte. Ltd.

Annual Financial Statements
31 December 2024



Sompo Insurance Singapore Pte. Ltd.

General information

Directors

Pui Phusangmook
Reilly Kenneth (Appointed on 5 September 2024)
Tan Chuan Lye
Gabriel Teo Chen Thye
Neo Daniel (Resigned on 4 September 2024)

Secretary

Lathika Devi Amma d/o K Radhakrishna Pillay

Registered Office

50 Raffles Place
#03-03 Singapore Land Tower
Singapore 048623

Auditor

Ernst & Young LLP

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Sompo Insurance Singapore Pte. Ltd.

Directors' statement For the financial year ended 31 December 2024

The directors have pleasure in presenting their statement to the member together with the audited financial statements of Sompo Insurance Singapore Pte. Ltd. (the "Company") for the financial year ended 31 December 2024.

Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Pui Phusangmook	
Reilly Kenneth	(Appointed on 5 September 2024)
Tan Chuan Lye	
Gabriel Teo Chen Thye	

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

None of the directors who held office at the end of the financial year had any interests in shares, share options, warrants or debentures of the Company or any related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Sompo Insurance Singapore Pte. Ltd.

Directors' statement

For the financial year ended 31 December 2024

Share options

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

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:



Pui Phusangmook
Director



Tan Chuan Lye
Director

Singapore
14 April 2025

Sompo Insurance Singapore Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 December 2024**

Independent auditor's report to the member of Sompo Insurance Singapore Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sompo Insurance Singapore Pte Ltd (the "Company"), which comprise the balance sheet as at 31 December 2024, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of material accounting policy information.

In our opinion, the accompanying financial statement of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the General information and Directors' Statements included in pages 1 to 2.

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 directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 SSAs 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 SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company to cease to continue as a going concern.

Sompo Insurance Singapore Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 December 2024**

Independent auditor's report to the member of Sompo Insurance Singapore Pte. Ltd.

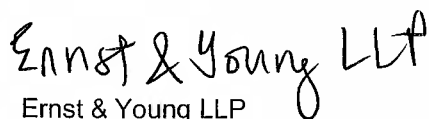
Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

14 April 2025

Sompo Insurance Singapore Pte. Ltd.

Balance sheet

As at 31 December 2024

	Note	As at 31 December 2024 \$	As at 31 December 2023 \$
ASSETS			
Non-current assets			
Property and equipment	4	2,486,527	1,200,033
Right-of-use assets	17	5,925,812	6,086,135
Debt instruments at fair value through other comprehensive income	10	134,133,108	119,213,287
Intangible assets	5	1,486,394	1,741,096
Deferred tax assets	7	5,210,899	10,057,359
		<u>149,242,740</u>	<u>138,297,910</u>
Current assets			
Amount owing from related companies (non-trade)	8	4,840	1,693,704
Prepayments		66,685	55,183
Other debtors	9	3,361,520	3,561,505
Lease receivables	17	—	301,201
Equity instruments at fair value through profit or loss	10	15,254,662	12,238,303
Debt instruments at fair value through other comprehensive income	10	34,887,323	32,369,193
Cash, bank balances and deposits	11	127,897,858	127,360,615
		<u>181,472,888</u>	<u>177,579,704</u>
Reinsurers' share of technical reserves			
Reinsurance contract assets	13	35,630,227	44,156,307
TOTAL ASSETS		<u>366,345,855</u>	<u>360,033,921</u>

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

Sompo Insurance Singapore Pte. Ltd.

**Balance sheet
As at 31 December 2024**

	Note	As at 31 December 2024 \$	As at 31 December 2023 \$
EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities	17	4,292,363	4,426,101
Current liabilities			
Amount owing to holding companies (non-trade)	8	588,224	939,338
Other creditors	12	14,848,162	12,298,997
Lease liabilities	17	1,645,798	1,934,568
		17,082,184	15,172,903
Technical reserves			
Insurance contract liabilities	13	160,323,166	147,137,888
Reinsurance contract liabilities	13	3,918,098	11,532,693
		164,241,264	158,670,581
Total liabilities		185,615,811	178,269,585
Shareholder's equity			
Share capital	15	158,327,805	158,327,805
Accumulated losses		(57,954,557)	(52,015,520)
Amalgamation reserve		81,608,762	81,608,762
Fair value adjustment reserves	16	(1,251,966)	(6,156,711)
Total equity		180,730,044	181,764,336
TOTAL EQUITY AND LIABILITIES		366,345,855	360,033,921

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

Sompo Insurance Singapore Pte. Ltd.

**Statement of profit or loss
For the financial year ended 31 December 2024**

	Note	2024 \$	2023 \$
Insurance revenue	13	163,706,298	140,003,326
Insurance service expense	13,14	(144,278,227)	(106,471,962)
Insurance service result before reinsurance contracts held		19,428,071	33,531,364
Allocation of reinsurance premiums	13	(72,991,206)	(50,139,979)
Amounts recoverable from reinsurers for incurred claims	13	51,129,948	23,279,665
Net expense from reinsurance contracts held		(21,861,258)	(26,860,314)
Insurance service result		(2,433,187)	6,671,050
Net Investment income	18	8,252,133	8,326,370
Net foreign exchange expense		390,168	(709,592)
Total investment income		8,642,301	7,616,778
Insurance finance expenses for contracts issued	13	(6,176,556)	(4,929,532)
Reinsurance finance income for reinsurance contracts held	13	2,852,012	1,054,581
Net insurance financial result		(3,324,544)	(3,874,951)
Other income and expenses	19	4,779,489	452,133
Profit before tax		7,664,059	10,865,010
Taxation	7	(4,846,460)	(493,674)
Profit after tax		2,817,599	10,371,336

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

Sompo Insurance Singapore Pte. Ltd.

**Statement of comprehensive income
For the financial year ended 31 December 2024**

	Note	2024 \$	2023 \$
Profit for the year		2,817,599	10,371,336
Other comprehensive income			
OCI to be reclassified to profit or loss in subsequent periods			
Net change in fair value gain on financial assets	16	4,904,745	4,748,974
Total other comprehensive income		4,904,745	4,748,974
Total comprehensive income for the year		7,722,344	15,120,310

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

Sompo Insurance Singapore Pte. Ltd.

**Statement of changes in equity
For the financial year ended 31 December 2024**

	Share capital (Note 15) \$	Accumulated losses \$	Amalgamation reserve \$	Fair value adjustment reserves (Note 16) \$	Total \$
Balance as at 1 January 2023	158,327,805	(62,386,856)	81,608,762	(10,905,685)	166,644,026
Profit after tax	—	10,371,336	—	—	10,371,336
Other comprehensive income for the year, net of tax	—	—	—	4,748,974	4,748,974
Total comprehensive income for the year	—	10,371,336	—	4,748,974	15,120,310
Dividend (Note 6)	—	—	—	—	—
Capital reduction	—	—	—	—	—
Balance as at 31 December 2023	158,327,805	(52,015,520)	81,608,762	(6,156,711)	181,764,336
Profit after tax	—	2,817,599	—	—	2,817,599
Other comprehensive income for the year, net of tax	—	—	—	4,904,745	4,904,745
Total comprehensive income for the year	—	2,817,599	—	4,904,745	7,722,344
Dividend (Note 6)	—	(8,756,636)	—	—	(8,756,636)
Capital reduction	—	—	—	—	—
Balance at 31 December 2024	158,327,805	(57,954,557)	81,608,762	(1,251,966)	180,730,044

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

Sompo Insurance Singapore Pte. Ltd.

Statement of cash flows
For the financial year ended 31 December 2024

	2024	2023
	\$	\$
Cash flows from operating activities		
Profit before tax	7,664,059	10,865,010
Adjustments for:		
Depreciation of property and equipment (Note 4)	509,676	961,197
Depreciation of right-of-use assets (Note 17)	1,711,044	1,747,354
Amortisation and impairment of intangible assets (Note 5)	254,702	2,239,829
Net investment income (Note 18)	(8,252,133)	(8,326,370)
Net fair value gain on financial assets at fair value through profit or loss (Note 18)	(2,517,252)	(325,058)
Gain on derecognition of lease liabilities and right-of-use assets	7,851	—
Interest income on lease receivables (Note 17 and 20)	(9,946)	(15,163)
Interest expense on lease liabilities (Note 17)	171,179	73,901
Amortization of discount/(premium) on bonds	(1,199,727)	244,390
Operating cash flows before working capital changes	(1,660,547)	7,465,090
Increase in insurance and reinsurance contracts	14,086,649	9,356,320
Decrease/(increase) in other debtors and prepayments	(139,675)	(802,946)
Increase in other creditors	2,549,165	1,095,143
Decrease in amount owing from holding and related companies (non-trade)	1,688,864	483,979
Increase in amount owing to holding and related companies (non-trade)	(351,115)	762,218
Increase in fixed deposits held in trust for policyholders	(3,312,455)	(914,423)
Increase in cash, bank balances and deposits held in trust for policyholders	(5,615)	(67)
Cash flows from operations	12,855,271	17,445,314
Net investment income received	8,590,402	7,712,785
Interest paid on lease liabilities (Note 17)	(171,179)	(73,901)
Interest received on lease receivables (Note 17)	9,946	15,163
Net cash flows generated from operating activities	21,284,440	25,099,361
Cash flows from investing activities		
Purchase of property and equipment (Note 4)	(1,796,170)	(882,044)
Purchase of equity instruments at FVTPL (Note 10)	(499,107)	(1,994,009)
Purchase of debt instruments at FVOCI (Note 10)	(88,512,264)	(13,847,751)
Proceeds from disposal and redemption of debts instruments at FVOCI(Note 10)	77,178,785	21,531,418
Receipt of principal portion of lease receivable	293,350	439,782
Net cash flows(used in)/ from investing activities	(13,335,406)	5,247,396

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

Sompo Insurance Singapore Pte. Ltd.

Statement of cash flows
For the financial year ended 31 December 2024

	2024	2023
	\$	\$
Cash flow from financing activities		
Payment of principal portion of lease liabilities	(1,973,228)	(2,223,084)
Dividend paid (Note 6)	(8,756,636)	—
Capital repatriation (Note 15)	—	—
Net cash flow used in financing activities	(10,729,864)	(2,223,084)
Net (decrease)/increase in cash and cash equivalents	(2,780,830)	28,123,673
Cash and cash equivalents at beginning of year (Note 11)	119,632,933	91,509,260
Cash and cash equivalents at end of year (Note 11)	116,852,103	119,632,933

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

1. Corporate information

The financial statements of Sompo Insurance Singapore Pte. Ltd. (the "Company") for the financial year ended 31 December 2024 were authorised by the Board of Directors for issuance on 14 April 2025.

The Company is a limited liability company which is incorporated and domiciled in Singapore.

The Company's immediate holding company is Sompo Holdings (Asia) Pte. Ltd., incorporated in Singapore and the ultimate holding company is Sompo Holdings Inc., incorporated in Japan. Related companies in these financial statements refer to the Sompo Holdings Inc. group of companies.

The registered office and principal place of business of the Company is located at 50 Raffles Place, #03-03 Singapore Land Tower, Singapore 048623.

The principal activities of the Company are the underwriting and reinsurance of general insurance business. There have been no significant changes in the nature of these activities during the year.

2. Material accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act.

The financial statements have been prepared on a historical cost basis, except for certain financial assets classified as fair value through other comprehensive income which have been measured at their fair values.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "\$"), the functional currency of the Company. Management has determined the currency of the primary economic environment in which the Company operates ie. functional currency, to be Singapore Dollars as it best reflect the economic substance of the underlying events and circumstances relevant to the Company. Revenue and major costs including the major operating expenses are primarily influenced by fluctuations in Singapore Dollars.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

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

2. Material accounting policies (cont'd)

2.2 Basis of amalgamation

The financial statements comprise the financial statements of the Company and its related company that had been amalgamated during the prior financial year. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group are eliminated in full.

Amalgamation involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the amalgamated entities are reflected at their carrying amounts. Any differences between the consideration paid and the share capital and reserves of the "amalgamated" entity is reflected within equity as amalgamation reserve.

2.3 New accounting policies adopted by the Company

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards and interpretations of FRS that are effective for annual periods beginning on or after 1 January 2024.

All other revisions and amendments to existing standards that are effective for financial periods commencing on or after January 1, 2024 are not expected to have a material impact on the Company's results and financial position.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to FRS 16 - Lease Liability in a Sale and Leaseback

The amendments in FRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's financial statements.

Amendments to FRS 1 - Classification of Liabilities as Current or Non-current

The amendments to FRS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments have not had an impact on the classification of the Company's liabilities.

2. Material accounting policies (cont'd)

2.3 New accounting policies adopted by the Company (cont'd)

Supplier Finance Arrangements - Amendments to FRS 7 and FRS10 7

The amendments to FRS 7 Statement of Cash Flows and FRS 107 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments have not had an impact on the classification of the Company.

Standards issued but not yet effective

The significant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Lack of exchangeability – Amendments to FRS 21	1 January 2025
FRS 118 Presentation and Disclosure in Financial Statements	1 January 2027
FRS 119 Subsidiaries without Public Accountability: Disclosures	1 January 2027

Except for FRS 118, the management expects that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

2.4 Insurance and reinsurance contracts classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when an insurer agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company writes inward and outward business within its Commercial P&C and Consumer businesses across 9 accounting portfolios (product lines) which include: Credit & Surety, Other Specialty, Property, Casualty, Professional lines, Motor, Health and Marine. These products offer protection of policyholder's assets and indemnification of other parties that may suffered damage as a result of a policyholder.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Company does not issue any contracts with direct participating features.

2. Material accounting policies (cont'd)

2.5 Insurance and reinsurance contracts accounting treatment

2.5.1 *Separating components from insurance and reinsurance contracts*

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another FRS instead of under FRS 117. After separating any distinct components, the Company applies FRS 117 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

2.5.2 Level of aggregation

Under FRS 117, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e., by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

The grouping of contracts under FRS 117 limits the offsetting of gains on profitable contracts against losses on onerous contracts, which are recognized immediately.

The Company has identified portfolios of insurance contracts that are subject to similar risks and managed together based on the risks transferred from the policyholder to the Company under the insurance contracts and how the contracts are managed internally.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and, for the remaining contracts, whether they have no significant possibility of becoming onerous subsequently.

For insurance contracts measured using the Premium Allocation Approach ("PAA"), the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts may be onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous contracts. For non-onerous contracts, the Company assesses the likelihood of changes in relevant facts and circumstances in subsequent periods in determining whether contracts have no significant possibility of becoming onerous after initial recognition.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

2. Material accounting policies (cont'd)

2.5 Insurance and reinsurance contracts accounting treatment (cont'd)

2.5.3 Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; or
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held); and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above

2.5.4 Contract boundary

The measurement of a group of insurance contracts includes all the cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. Cash flows outside of the boundary of the insurance contract are excluded from measurement. These cash flows relate to future insurance contracts.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The Company has identified certain contract terms or features, for example retroactive coverage, portfolio transfer, cancellation which could impact contract boundary. These may result in the contract boundary to be longer or shorter than the coverage period and therefore affect the measurement of the insurance contracts.

Notes to the financial statements
For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.5 Insurance and reinsurance contracts accounting treatment (cont'd)

2.5.5 *Measurement – Premium Allocation Approach*

The table below shows the elections by the company for each of the five accounting policy choices available in respect of the PAA approach.

	FRS 117 Options	Adopted approach
PAA Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the FRS 117 general model	<p>The Company performed an eligibility assessment, and it was concluded that it qualifies for PAA as there was no material difference in the measurement of the liability for remaining coverage between PAA and the general measurement model for contracts longer than 1 year. The Company will perform PAA eligibility retesting depending on trigger events such as:</p> <ul style="list-style-type: none"> • a change in the PAA Testing portfolio's loss ratio by 10% or more. • An increase in the FRS 117 discount rate beyond 2%. • If there's a new line of business written which leads to a new PAA testing segment or a significant change in the make-up of the existing one.
Insurance acquisition cash flows for insurance contracts issued	<p>Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortized over the coverage period of the related group.</p> <p>For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortized over the coverage period of the related group.</p>	<p>Direct and Direct Shared acquisition expenses are typically more stable and do not vary by premium and as such the Company elected to expense them in the period incurred and presented under insurance service expenses.</p> <p>Contract-level acquisition costs (e.g. brokerage costs) are recognized as a reduction of LRC and amortized over duration of contracts.</p> <p>The fees paid to policyholders such as ceding commission, do not form part of acquisition expenses but reduction in insurance revenue by way of effectively charging less premium.</p>

Notes to the financial statements
For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.5 Insurance and reinsurance contracts accounting treatment (cont'd)

2.5.5 Measurement – Premium Allocation Approach (cont'd)

	FRS 117 Options	Adopted approach
Liability for Remaining Coverage ("LRC"), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under FRS 117, the Company does not adjust the LRC to reflect the time value of money and the effect of financial risk. The Company allocates expected premium receipts and recognizes insurance revenue during the coverage period based on the passage of time, unless the expected pattern of release from risk during the coverage period differs significantly from the passage of time, in which case the allocation is made based on the expected timing of incurred insurance service expenses.
Liability for Incurred Claims, ("LIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company will recognize the LIC of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates).
Insurance/ Reinsurance finance income and expense	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	The Company has elected not to apply the option to recognize changes in discount rate in Other Comprehensive Income but rather recognize all effects of the time value of money, financial risk and changes therein in profit or loss as part of insurance/ reinsurance finance income or expenses.

Insurance contracts – initial measurement

The Company applies the PAA to all the insurance contracts that it issues as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

2. Material accounting policies (cont'd)

2.5 Insurance and reinsurance contracts accounting treatment (cont'd)

2.5.5 Measurement – Premium Allocation Approach (cont'd)

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for the remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Minus the amount recognised as insurance revenue for the services provided in the period

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

2. Material accounting policies (cont'd)

2.5 Insurance and reinsurance contracts accounting treatment (cont'd)

2.5.5 Measurement – Premium Allocation Approach (cont'd)

Reinsurance contracts – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2.5.6 Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognise the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

2.5.7 Presentation

The Company has presented separately, in the Balance Sheets, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the Statement of profit or loss and into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

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

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

2. Material accounting policies (cont'd)

2.5 Insurance and reinsurance contracts accounting treatment (cont'd)

2.5.7 Presentation (cont'd)

2.5.7.1 Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognized on the basis of the passage of time.

2.5.7.2 Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined at the level of aggregation stage. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

2.5.7.3 Loss-recovery components

Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

2. Material accounting policies (cont'd)

2.6 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on whether it is current and non-current.

An asset is current when it is:

- Expected to be realised in the normal operating cycle; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- It is expected to be settled in the normal operating cycle;
- Due to be settled within 12 months after the reporting period; or
- Not subject to unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

2.7 Property and equipment

All items of property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years or over the remaining term of lease, whichever is shorter
Motor vehicles	5 years
Renovations	5 years or over the remaining term of lease, whichever is shorter
Furniture and fittings	3 years
Office equipment	3 years
Computers	3 to 5 years

Notes to the financial statements
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2. Material accounting policies (cont'd)

2.7 Property and equipment (cont'd)

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Costs incurred for individual items of property and equipment amounting to less than \$1,500 are recognised in profit or loss in the year of purchase.

2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use ("ROU") assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of right-of-use assets if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office space	-	5 years
Motor vehicles	-	5 years
Office equipment	-	3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10 Impairment of non-financial assets.

2. Material accounting policies (cont'd)

2.8 Leases (cont'd)

Company as a lessee (cont'd)

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

In classifying a sublease, the Company as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

2. Material accounting policies (cont'd)

2.8 Leases (cont'd)

Company as a lessor (cont'd)

When the sublease is assessed as a finance lease, the Company derecognises the right-of-use asset relating to the head lease that it transfers to the sub-lessee and recognised the net receivable relating to the sublease under "Lease receivables" in the balance sheet. Any differences between the right-of-use asset derecognised and the net receivable relating to the sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Company recognises lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial acquisition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite lives are not amortised, but are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2. Material accounting policies (cont'd)

2.9 Intangible assets (cont'd)

Bancassurance rights

Bancassurance rights relate to the cost of the Bancassurance Distribution Agreement entered into with a bank. The cost is capitalised and amortised to profit or loss using the straight-line method over the estimated finite useful life of 20 years (i.e., the term of Bancassurance Distribution Agreement) and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Club membership

Club membership is carried at cost less any accumulated impairment losses, if any. No amortisation is provided as management has assessed the useful life of the club membership to be indefinite. Club membership is tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired. The useful life of a club membership is reviewed annually to determine whether the useful life assessment continues to be supportable.

2.10 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the statement of profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Material accounting policies (cont'd)

2.11 Investment in subsidiary

The investment in subsidiary is stated at cost, less any impairment in recoverable value.

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.12 Financial assets

The Company classified its non-derivative financial assets based on the business model for managing the assets and the asset's contractual terms into the following categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Debt instruments measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

2. Material accounting policies (cont'd)

2.12 Financial assets (cont'd)

Debt instruments measured at amortised cost (cont'd)

Business model assessment (cont'd)

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as debt instruments. Subsequent to initial recognition, debts instruments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, and through the amortisation process.

Cash, bank balances and deposits, trade debtors and other debtors including those with related parties are carried at amortised cost and are considered as debt instruments.

2. Material accounting policies (cont'd)

2.12 Financial assets (cont'd)

Debt instruments measured at fair value through other comprehensive income

The Company classifies its investments in debts instruments at fair value through other comprehensive income.

The Company applies the new category under FRS 109 for debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, FVOCI debt instruments are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets measured at fair value through profit or loss

The Company classifies its investments in equity instruments at fair value through profit or loss.

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under FRS 109. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences and interest income.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Material accounting policies (cont'd)

2.12 Financial assets (cont'd)

Derecognition (cont'd)

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.13 Impairment of financial assets

FRS 109 also introduces new classification and measurement requirements for financial instruments and an expected credit loss impairment model that replaces the FRS 39 incurred loss model. Financial instruments subject to impairment under FRS 109 includes assets measured at amortized cost and those assets mandatorily measured at FVOCI.

The Company's debt instruments at FVOCI and amortised cost comprise quoted bonds that are graded in the top investment category by the Standard & Poor's and, therefore, are considered to be low credit risk investments. Therefore, the new expected credit loss impairment model is not expected to have significant impact on Sompo's investments.

(a) Debt instruments measured at FVOCI

In the case of debt instruments classified as FVOCI, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on the financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) Financial assets carried at amortised cost

Management reviews its debt instruments for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

2. Material accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(b) Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 Cash, bank balances and deposits

Cash, bank balances and deposits consist of current accounts, fixed deposits with banks and cash on hand.

Cash equivalents are those that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

The carrying amounts of these financial liabilities are reasonable approximation of fair values, either due to their short-term nature on or near the balance sheet date.

After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are recognised, and through the amortisation process.

Other creditors

Liabilities for other creditors are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to holding and related companies are carried at amortised cost.

2. Material accounting policies (cont'd)

2.15 Financial liabilities (cont'd)

Other creditors (cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) where as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Revenue and expense recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Interest income*

Interest income is recognised using the effective interest method.

(b) *Dividend income*

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

2.18 Employee benefits

(a) *Defined contribution plan*

As required by Singapore law, the Company makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

2. Material accounting policies (cont'd)

2.18 Employee benefits (cont'd)

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.19 Income taxes

(a) *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2. Material accounting policies (cont'd)

2.19 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

The Company applies the mandatory exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS 12 issued in May 2023.

In 2024, legislation was enacted in Singapore to introduce with effect from 1 January 2025 the Organisation for Economic Cooperation and Development's ("OECD") Pillar Two global minimum tax rules and qualified domestic minimum tax, both at a rate of 15 per cent. No material impact to the Company's tax charge for the 2025 financial year is expected based on Management's assessment. This assessment considers a number of factors including whether the transitional safe harbour is expected to apply based on the most recent filings of tax returns and the financial statements of the Company.

2.20 Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2. Material accounting policies (cont'd)

2.21 Contingencies

A contingent liability is:

- (a) possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

2.22 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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

(a) *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company. The carrying amounts of the Company's income tax payables and deferred tax assets at the balance sheet date were \$Nil (2023: \$Nil) and \$5,210,899 (2023: \$10,057,359) respectively.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value at the end of the reporting period for deferred tax asset is disclosed in Note 7 to the financial statements.

(b) *Impairment of intangible assets - Bancassurance rights*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

Indicators of impairment of a cash generating unit include any one of the following conditions:

- (i) Continuous losses or negative cash flows from operating activities, where ordinary losses (i.e. losses before tax and extraordinary items) were recorded in the three prior financial years; or consecutively in the two prior financial years and expected to occur in the current financial year.
- (ii) Changes that significantly reduce recoverable amounts have or are expected to occur, for example discontinued operations or significant reduction in business size.

3. Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(b) *Impairment of intangible assets - Bancassurance rights (cont'd)*

- (iii) Business environment has significantly deteriorated or is expected to do so, for example, there is an economic downturn or political unrest.

The Company remains the exclusive Bancassurance partner of CIMB and no indicators of deterioration of the partnership were noted.

(c) *Leases - Estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(d) *Insurance contract liabilities / Reinsurance contract assets*

Please refer to Note 21(d) of the financial statements.

Sompo Insurance Singapore Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 December 2024**

4. Property and equipment

	Computers	Furniture and fittings	Renovations	Office equipment	Work in Progress ("WIP")	Total
	\$	\$	\$	\$	\$	\$
Cost						
As at 1 January 2024	7,210,785	348,751	2,336,819	151,709	791,144	10,839,208
Transfer of WIP	791,144	—	—	—	(791,144)	—
Additions for the year	63,732	—	—	15,880	1,716,558	1,796,170
Disposals for the year	—	(348,751)	(1,093,775)	—	—	(1,442,526)
As at 31 December 2024	8,065,661	-	1,243,044	167,589	1,716,558	11,192,852
Accumulated depreciation						
As at 1 January 2024	6,806,458	348,751	2,336,819	147,147	—	9,639,175
Charge for the year	502,468	—	—	7,208	—	509,676
Disposal for the year	—	(348,751)	(1,093,775)	—	—	(1,442,526)
As at 31 December 2024	7,308,926	—	1,243,044	154,355	—	8,706,325
Net carrying amount as at 31 December 2024	756,735	—	—	13,234	1,716,558	2,486,527

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

4. Property and equipment (cont'd)

	Computers \$	Furniture and fittings \$	Renovations \$	Office equipment \$	Work in Progress ("WIP") \$	Total \$
Cost						
As at 1 January 2023	7,131,069	348,751	2,336,819	151,709	8,000	9,976,348
Transfer of WIP	8,000	—	—	—	(8,000)	—
Additions for the year	90,900	—	—	—	791,144	882,044
Disposals for the year	(19,184)	—	—	—	—	(19,184)
As at 31 December 2023	7,210,785	348,751	2,336,819	151,709	791,144	10,839,208
Accumulated depreciation						
As at 1 January 2023	6,257,900	348,751	1,957,000	133,511	—	8,697,162
Charge for the year	567,742	—	379,819	13,636	—	961,197
Disposal for the year	(19,184)	—	—	—	—	(19,184)
As at 31 December 2023	6,806,458	348,751	2,336,819	147,147	—	9,639,175
Net carrying amount as at 31 December 2023	404,327	—	—	4,562	791,144	1,200,033

Notes to the financial statements
For the financial year ended 31 December 2024

5. Intangible assets

	Club memberships \$	Bancassurance rights \$	Total \$
Cost			
As at 1 January 2023	760,000	5,058,634	5,818,634
Disposal	—	—	—
As at 31 December 2023 and 1 January 2024	760,000	5,058,634	5,818,634
Disposal	—	—	—
At 31 December 2024	760,000	5,058,634	5,818,634
Accumulated amortisation and impairment			
As at 1 January 2023	260,000	1,577,709	1,837,709
Amortisation and impairment loss (Note 19)	—	2,239,829	2,239,829
As at 31 December 2023 and 1 January 2024	260,000	3,817,538	4,077,538
Amortisation and impairment loss (Note 19)	—	254,702	254,702
As at 31 December 2024	260,000	4,072,240	4,332,240
Net carrying amount			
As at 31 December 2023	500,000	1,241,096	1,741,096
As at 31 December 2024	500,000	986,394	1,486,394

The bancassurance rights will be amortised until 2035.

The fair value of the club memberships amounted to \$715,000 (2023: \$500,000) which is based on published market rates.

Notes to the financial statements
For the financial year ended 31 December 2024

6. Dividend

	2024	2023
	\$	\$
Dividend paid to equity holders	8,756,636	—

On 6 June 2024, the Board of Directors approved dividend of 5.5307 cents per share based on the Company's audited profit after tax for the year ended 31 December 2023.

7. Taxation

(a) ***Tax credit***

	2024	2023
	\$	\$
Deferred tax expense	4,846,460	493,674

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December was as follows:

	2024	2023
	\$	\$
Profit before tax	7,664,059	10,865,010
Tax expense on profit before tax at 17%	1,302,890	1,847,052
<u>Adjustments:</u>		
Expenses not deductible for tax purposes	395,350	516,040
Tax effect of income brought to tax at 10%	(212,152)	(310,748)
Utilisation of previously unrecognised tax losses	(1,604,249)	(2,052,344)
Difference in basis of preparation of tax computation	(125,119)	—
Deferred tax asset movement	4,846,460	493,674
Others	243,280	—
Income tax expense	4,846,460	493,674

Profit from qualifying income from carrying on insurance businesses from Singapore is taxed at a concessionary rate of 10% in accordance with the Income Tax Regulations. The statutory tax rate is 17% in 2024 (2023: 17%).

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

7. Taxation (cont'd)

(b) Deferred taxation

	2024	2023
	\$	\$
Balance at 1 January	(10,057,359)	(10,551,033)
<u>Charged to:</u>		
- Profit or loss account	4,846,460	493,674
- Fair value adjustment reserve (Note 16)	—	—
Balance at 31 December	(5,210,899)	(10,057,359)
 Deferred income tax assets		
Unabsorbed tax losses	(3,977,193)	(7,248,927)
 <i>Deferred tax assets</i>		
Fixed assets	(1,980,508)	(2,056,738)
General provisions	(38,246)	(42,038)
Implication of the FRS116	2,471	(27,453)
Net insurance contract liabilities	782,577	(682,203)
Net deferred tax assets	(5,210,899)	(10,057,359)

At the end of the reporting period, the Company has tax losses of approximately \$39,771,927 (2023: \$72,489,272) that are available for offset against future taxable profits of the Company in which the losses arose, and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The use of these tax losses is subject to the agreement of the tax authorities and compliance with Singapore Income Tax regulations.

8. Amounts owing from/to holding and related companies (non-trade)

The amounts owing from holding and related companies (non-trade) are interest-free and repayable on demand. These amounts are unsecured and are expected to be settled in cash.

9. Other debtors

	2024	2023
	\$	\$
Interest receivables	2,220,334	2,548,492
Sundry deposits and debtors	1,141,186	1,013,013
Total	3,361,520	3,561,505

Notes to the financial statements
For the financial year ended 31 December 2024

10. Debt and equity instruments

a) Equity instruments at fair value through profit or loss

	2024 \$	2023 \$
Quoted equity shares	15,254,470	12,238,111
Unquoted equity shares	192	192
Total equity instruments at FVTPL	15,254,662	12,238,303

The carrying values are determined as follows:

	2024 \$	2023 \$
Balance at beginning of the year	12,238,303	10,569,353
Additions	499,107	1,994,008
Redemptions and disposals	—	—
Unrealised fair value gain/(loss) (Note 18)	2,517,252	(325,058)
Balance at end of the year	15,254,662	12,238,303

b) Debt instruments at fair value through other comprehensive income

	2024 \$	2023 \$
Corporate and statutory board bonds	159,892,105	151,582,480
Government bonds	9,128,326	—
Total debt instruments at FVOCI	169,020,431	151,582,480

The carrying values are determined as follows:

	2024 \$	2023 \$
Balance at beginning of the year	151,582,480	154,111,446
Additions	88,512,264	13,847,751
Redemptions and disposals	(77,178,785)	(21,531,418)
Amortisation of discount/(premium) on bonds (Note 18)	1,199,727	(244,390)
Unrealised fair value gain	4,904,745	5,399,091
Balance at end of the year	169,020,431	151,582,480

Notes to the financial statements
For the financial year ended 31 December 2024

10. Debt and equity instruments (cont'd)

The fair values of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices, at the close of business on the reporting date, without any deduction for transaction costs.

For units in unit trusts, money market funds and shares in open ended investment companies, fair value is determined by reference to published bid values.

Investments in corporate, statutory board and government bonds bear interest ranging from 1.3% to 4.5% (2023: 1.4% to 4.5%) per annum. The maturity of these investments is disclosed in Note 21 (b) (ii).

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Total \$
31 December 2024				
Financial assets:				
Equity instruments at FVTPL	15,254,470	—	192	15,254,662
Debt instruments at FVOCI	169,020,431	—	—	169,020,431
31 December 2023				
Financial assets:				
Equity instruments at FVTPL	12,238,111	—	192	12,238,303
Debt instruments at FVOCI	151,582,480	—	—	151,582,480

Sompo Insurance Singapore Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 December 2024****11. Cash, bank balances and deposits**

Cash, bank balances and deposits comprise the following amounts:

	2024 \$	2023 \$
Fixed deposits	64,589,586	109,349,511
Cash, bank balances and deposits	63,308,272	18,011,104
Cash, bank balances and deposits included in balance sheet	127,897,858	127,360,615
Fixed deposits held in trust for policyholders	(11,002,979)	(7,690,521)
Cash, bank balances and deposits held in trust for policyholders	(42,776)	(37,161)
Cash and cash equivalents included in cash flow statement	116,852,103	119,632,933

Fixed deposits are made for varying periods less than 1 year depending on the immediate cash requirements of the Company, and earn interest at the respective fixed deposit rates ranging from 2.4% to 4.7% (2023: 2.9% to 4.2%) per annum.

12. Other creditors

	31 December 2024 \$	31 December 2023 \$
Accrual for audit fees	893,051	1,038,400
Net output tax payable	560,907	1,292,773
Other creditors	1,613,942	2,054,334
Other accruals	11,780,262	7,913,490
	14,848,162	12,298,997

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

Notes to the financial statements
For the financial year ended 31 December 2024

13. Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	Assets	Liabilities	Net
	\$	\$	\$
2024			
Insurance contracts issued			
Motor	—	52,765,616	(52,765,616)
Other Specialty	—	26,784,339	(26,784,339)
Property	—	7,684,794	(7,684,794)
Health (Group & Individual)	—	17,601,267	(17,601,267)
Professional Lines	—	6,389,035	(6,389,035)
Marine	—	16,338,015	(16,338,015)
Casualty	—	7,415,987	(7,415,987)
Credit & Surety	—	3,301,528	(3,301,528)
Others	—	22,042,585	(22,042,585)
Total insurance contracts issued	—	160,323,166	(160,323,166)
	Assets	Liabilities	Net
	\$	\$	\$
2023			
Insurance contracts issued			
Motor	—	50,919,879	(50,919,879)
Other Specialty	—	34,915,831	(34,915,831)
Property	—	1,572,464	(1,572,464)
Health (Group & Individual)	—	9,055,607	(9,055,607)
Professional Lines	—	9,453,295	(9,453,295)
Marine	—	9,854,075	(9,854,075)
Casualty	—	5,477,540	(5,477,540)
Credit & Surety	—	2,887,613	(2,887,613)
Others	—	23,001,584	(23,001,584)
Total insurance contracts issued	—	147,137,888	(147,137,888)

Notes to the financial statements
For the financial year ended 31 December 2024

13. Insurance and reinsurance contracts (cont'd)

	Assets \$	Liabilities \$	Net \$
2024			
Reinsurance contracts held			
Motor	—	3,091,558	(3,091,558)
Other Specialty	6,966,357	—	6,966,357
Property	2,984,783	—	2,984,783
Health (Group & Individual)	1,694,215	—	1,694,215
Professional Lines	3,104,590	—	3,104,590
Marine	9,328,191	—	9,328,191
Casualty	1,697,599	—	1,697,599
Credit & Surety	—	826,540	(826,540)
Others	9,854,492	—	9,854,492
Total reinsurance contracts held	35,630,227	3,918,098	31,712,129
	Assets \$	Liabilities \$	Net \$
2023			
Reinsurance contracts held			
Motor	7,754,591	—	7,754,591
Other Specialty	—	5,231,214	(5,231,214)
Property	—	2,662,464	(2,662,464)
Health (Group & Individual)	—	3,639,015	(3,639,015)
Professional Lines	9,289,869	—	9,289,869
Marine	4,336,801	—	4,336,801
Casualty	1,029,916	—	1,029,916
Credit & Surety	1,819,958	—	1,819,958
Others	19,925,172	—	19,925,172
Total reinsurance contracts held	44,156,307	11,532,693	32,623,614

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

13. Insurance and reinsurance contracts (cont'd)

The roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims is set out in the tables below for the years ended 31 December 2024 and 2023.

In \$'000	2024		2024		Total
			Liabilities for Remaining Coverage	Liabilities for Incurred claims	
	Excluding Loss Component	Loss Component	Present Value of Expected Cash Flows	Risk Adjustm ent for Non-financial	
Insurance contract assets as at 01/01	–	–	–	–	–
Insurance contract liabilities as at 01/01	46,135	4,751	89,255	6,997	147,138
Net insurance contract (assets)/liabilities as at 01/01	46,135	4,751	89,255	6,997	147,138
Insurance Revenue	(163,706)	–	–	–	(163,706)
Insurance Service Expenses					
Incurred claims and other expenses	–	(2,076)	103,148	4,633	105,705
Amortization of insurance acquisition cash flows	48,104	–	–	–	48,104
Changes that relate to past service (changes in fulfilment cash flows)	–	–	(6,848)	(3,751)	(10,599)
Losses and onerous contracts and reversal of those losses	–	1,067	–	–	1,067
Total Insurance Service Expenses	48,104	(1,009)	96,300	882	144,277
Investment Components	–	–	–	–	–
Total Insurance Service Result	(115,602)	(1,009)	96,300	882	(19,429)
Insurance Finance Income or Expenses					
The effect of and changes in time value of money and financial risk	–	535	5,067	346	5,948
Effect of movements in exchange rates	–	–	211	20	231
Total changes in the Statement of profit or loss	(115,602)	(474)	101,578	1,248	(13,250)
Cash flows					
Premiums received	164,728	–	–	–	164,728
Claims and other insurance service expenses paid	–	–	(84,903)	–	(84,903)
Insurance acquisition cash flows	(53,390)	–	–	–	(53,390)
Total Cash Flows	111,338	–	(84,903)	–	26,435
Net insurance contract	41,871	4,277	105,930	8,245	160,323
Insurance contract assets as at 31/12	–	–	–	–	–
Insurance contract liabilities as at 31/12	41,871	4,277	105,930	8,245	160,323
Net insurance contract (assets)/liabilities as at 31/12	41,871	4,277	105,930	8,245	160,323

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

13. Insurance and reinsurance contracts (cont'd)

In \$'000	Liabilities for Remaining Coverage		2023 Liabilities for Incurred claims		Total
	Excluding Loss Component	Loss Component	Present Value of Expected Cash Flows	Risk Adjustm ent for Non-financial	
Insurance contract assets as at 01/01	—	—	—	—	—
Insurance contract liabilities as at 01/01	45,841	—	85,636	6,412	137,889
Net insurance contract (assets)/liabilities as at 01/01	45,841	—	85,636	6,412	137,889
Insurance Revenue	(140,003)	—	—	—	(140,003)
Insurance Service Expenses					
Incurred claims and other expenses	—	—	69,184	2,905	72,089
Amortization of insurance acquisition cash flows	37,728	—	—	—	37,728
Changes that relate to past service (changes in fulfilment cash flows)	—	—	(5,651)	(2,624)	(8,275)
Losses and onerous contracts and reversal of those losses	—	4,930	—	—	4,930
Total Insurance Service Expenses	37,728	4,930	63,533	281	106,472
Investment Components	—	—	—	—	—
Total Insurance Service Result	(102,275)	4,930	63,533	281	(33,531)
Insurance Finance Income or Expenses					
The effect of and changes in time value of money and financial risk	—	(179)	4,948	319	5,088
Effect of movements in exchange rates	—	—	(144)	(15)	(159)
Total changes in the Statement of profit or loss	(102,275)	4,751	68,337	585	(28,602)
Cash flows					
Premiums received	140,898	—	—	—	140,898
Claims and other insurance service expenses paid	—	—	(64,718)	—	(64,718)
Insurance acquisition cash flows	(38,329)	—	—	—	(38,329)
Total Cash Flows	102,569	—	(64,718)	—	37,851
Net insurance contract	46,135	4,751	89,255	6,997	147,138
Insurance contract assets as at 31/12	—	—	—	—	—
Insurance contract liabilities as at 31/12	46,135	4,751	89,255	6,997	147,138
Net insurance contract (assets)/liabilities as at 31/12	46,135	4,751	89,255	6,997	147,138

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

13. Insurance and reinsurance contracts (cont'd)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims is set out in the tables below for the years ended 31 December 2024 and 2023.

In \$'000	Assets for Remaining Coverage		2024 Amounts Recoverable on Incurred Claims		Total
	Excluding Loss Recovery Component	Loss Recovery Component	Present Value of Expected Cash Flows	Risk Adjustm ent for Non-financial	
Reinsurance contract assets as at 01/01	17,321	2,007	22,861	1,968	44,157
Reinsurance contract liabilities as at 01/01	(16,644)	—	4,728	383	(11,533)
Net reinsurance contract assets/(liabilities) as at 01/01	677	2,007	27,589	2,351	32,624
Allocation of premiums paid	(72,991)	—	—	—	(72,991)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	—	(1,029)	49,371	2,887	51,229
Changes related to past service (changes related to incurred claims component)	—	—	482	(1,282)	(800)
Changes that relate to future service	—	701	—	—	701
Total Amounts Recovered from Reinsurance	—	(328)	49,853	1,605	51,130
Investment Components	—	—	—	—	—
Effect of changes in non-performance risk of reinsurances	—	—	—	—	—
Total Net Expenses from Reinsurance	(72,991)	(328)	49,853	1,605	(21,861)
Insurance Finance Income or Expenses					
The effect of and changes in time value of money and financial risk	—	221	2,331	168	2,720
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	—	—	122	11	133
Total changes in the Statement of profit or loss	(72,991)	(107)	52,306	1,784	(19,008)
Cash flows					
Premiums paid	48,053	—	—	—	48,053
Amounts recovered	—	—	(29,957)	—	(29,957)
Total Cash Flows	48,053	—	(29,957)	—	18,096
Net reinsurance contract assets/(liabilities) as at 31/12	(24,261)	1,900	49,938	4,135	31,712
Reinsurance contract assets as at 31/12	(18,010)	1,900	47,774	3,966	35,630
Reinsurance contract liabilities as at 31/12	(6,251)	—	2,164	169	(3,918)
Net reinsurance contract assets/(liabilities) as at 31/12	(24,261)	1,900	49,938	4,135	31,712

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Notes to the financial statements
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13. Insurance and reinsurance contracts (cont'd)

In \$'000	Assets for Remaining Coverage		2023 Amounts Recoverable on Incurred Claims		Total
	Excluding Loss Recovery Component	Loss Recovery Component	Present Value of Expected Cash Flows	Risk Adjustm ent for Non-financial	
Reinsurance contract assets as at 01/01	14,332	—	26,024	2,560	42,916
Reinsurance contract liabilities as at 01/01	(11,791)	—	1,478	128	(10,185)
Net reinsurance contract assets/(liabilities) as at 01/01	2,541	—	27,502	2,688	32,731
Allocation of premiums paid	(50,140)	—	—	—	(50,140)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	—	—	15,256	616	15,872
Changes related to past service (changes related to incurred claims component)	—	—	6,287	(1,030)	5,257
Changes that relate to future service	—	2,094	—	—	2,094
Total Amounts Recovered from Reinsurance	—	2,094	21,543	(414)	23,223
Investment Components	—	—	—	—	—
Effect of changes in non-performance risk of reinsurances	—	—	57	—	57
Total Net Expenses from Reinsurance	(50,140)	2,094	21,600	(414)	(26,860)
Insurance Finance Income or Expenses					
The effect of and changes in time value of money and financial risk	—	(87)	1,167	87	1,167
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	—	—	(102)	(10)	(112)
Total changes in the Statement of profit or loss	(50,140)	2,007	22,665	(337)	(25,805)
Cash flows					
Premiums paid	48,276	—	—	—	48,276
Amounts recovered	—	—	(22,578)	—	(22,578)
Total Cash Flows	48,276	—	(22,578)	—	22,291
Net reinsurance contract assets/(liabilities) as at 31/12	677	2,007	27,589	2,351	32,624
Reinsurance contract assets as at 31/12	17,321	2,007	22,861	1,968	44,157
Reinsurance contract liabilities as at 31/12	(16,644)	—	4,728	383	(11,533)
Net reinsurance contract assets/(liabilities) as at 31/12	677	2,007	27,589	2,351	32,624

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

14. Insurance service expenses

The breakdown of insurance service expenses by major product lines is presented below:

	2024									
	Motor \$	Other specialty \$	Property \$	Health (Group and individual) \$	Professional lines \$	Marine \$	Casualty \$	Credit and surety \$	Others \$	Total \$
Incurring claims and other directly attributable expenses	23,282,083	12,247,026	8,648,341	23,520,928	3,665,962	14,357,126	4,679,540	1,822,659	13,481,766	105,705,431
Changes that relate to past service - adjustments to the LIC	(4,568,228)	(4,141,506)	(109,493)	(1,153,380)	(3,666,419)	446,388	(25,023)	4,741,700	(2,122,308)	(10,598,269)
Losses and onerous contracts and reversal of those losses	—	—	951,567	—	100,586	—	—	—	15,067	1,067,220
Insurance acquisition cash flows amortization	9,381,960	5,723,113	2,711,395	11,431,424	1,370,982	5,150,802	2,072,315	2,241,694	8,020,160	48,103,845
Total insurance service expenses	28,095,815	13,828,633	12,201,810	33,798,972	1,471,111	19,954,316	6,726,832	8,806,053	19,394,685	144,278,227

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

14. Insurance service expenses (cont'd)

	2023									
	Motor \$	Other specialty \$	Property \$	Health (Group and individual) \$	Professional lines \$	Marine \$	Casualty \$	Credit and surety \$	Others \$	Total \$
Incurred claims and other directly attributable expenses	26,766,682	8,999,765	1,976,240	19,998,792	269,453	5,947,181	917,727	1,561,813	5,651,652	72,089,305
Changes that relate to past service - adjustments to the LIC	(3,876,334)	13,996,590	(55,880,352)	(1,134,939)	(6,125,541)	(49,299)	(3,061,138)	(5,887,582)	53,742,984	(8,275,611)
Losses and onerous contracts and reversal of those losses	—	—	684,620	—	478,764	348,660	—	—	3,418,051	4,930,095
Insurance acquisition cash flows amortization	9,703,271	4,483,326	1,144,416	9,475,405	388,649	4,392,037	1,131,934	2,305,761	4,703,374	37,728,173
Total insurance service expenses	32,593,619	27,479,681	(52,075,076)	28,339,258	(4,988,675)	10,638,579	(1,011,477)	(2,020,008)	67,516,061	106,471,962

Notes to the financial statements
For the financial year ended 31 December 2024

15. Share capital

	2024		2023	
	No. of shares	\$	No of shares	\$
Issued and fully paid:				
Balance at beginning of the year	158,327,805	158,327,805	158,327,805	158,327,805
Capital reduction	—	—	—	—
Balance at end of the year	158,327,805	158,327,805	158,327,805	158,327,805

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

16. Fair value adjustment reserves

Fair value adjustment reserves represent the cumulative fair value changes, net of tax, of debt instruments at fair value through other comprehensive income (FVOCI) until they are disposed of or impaired.

	31 December 2024	31 December 2023
	\$	\$
Balance at beginning of the year	(6,156,711)	(10,905,685)
Fair value gain	4,765,986	4,704,226
Transferred to profit or loss:		
Loss on sale of debt instruments at FVOCI (Note 18)	138,759	44,748
Income tax relating to fair value adjustment reserve (Note 7(b))	—	—
Balance at end of the year	(1,251,966)	(6,156,711)

Notes to the financial statements
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17. Leases

Company as a lessee

The Company has lease contracts for various items of property, motor vehicles and office equipment used in its operations. Leases of property generally have lease terms of 5 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. In 2020, the Company terminated one of the property leases. There are no changes to the terms and rates of the remaining property lease.

The Company also has certain leases of office equipment with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property \$	Motor vehicles \$	Office equipment \$	Total \$
As at 1 January 2023	2,555,001	31,626	183,826	2,770,453
Additions	4,685,989	128,466	248,581	5,063,036
Reclassification	—	106,533	(106,533)	—
Disposal	—	(82,149)	—	(82,149)
Depreciation expense	(1,533,780)	(30,620)	(100,805)	(1,665,205)
As at 31 December 2023	5,707,210	153,856	225,069	6,086,135
Additions	1,213,056	337,666	—	1,550,722
Reclassification	—	—	—	—
Disposal	—	—	—	—
Depreciation expense	(1,543,185)	(118,959)	(48,901)	(1,711,044)
As at 31 December 2024	5,377,081	372,563	176,168	5,925,812

Set out below are the carrying amounts of lease liabilities recognised and the movements during the period:

	2024 \$	2023 \$
As at 1 January	6,360,669	3,520,717
Additions	1,550,722	5,063,036
Accretion of interest	171,179	73,901
Payments	(2,144,409)	(2,296,985)
As at 31 December	5,938,161	6,360,669
Current	1,645,798	1,934,568
Non-current	4,292,363	4,426,101

The maturity analysis of lease liabilities is disclosed in Note 21(b)(ii).

Notes to the financial statements
For the financial year ended 31 December 2024

17. Leases (cont'd)

Company as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	2024 \$	2023 \$
Depreciation expense of right-of-use assets	1,711,044	1,665,205
Interest expense on lease liabilities	171,179	73,901
Expense relating to short-term leases (included in other operating expenses)	—	—
Total amount recognised in profit or loss	1,882,223	1,739,106

The Company had total cash outflows for leases of \$2,144,409 in 2024 (2023: \$2,296,984). The Company also had non-cash additions to right-of-use assets of \$1,550,722 in 2024 (2023: \$5,063,036), lease liabilities of \$1,550,722 in 2024 (2023: \$5,063,036) and no non-cash disposal to right-of-use assets in 2024 (2023: \$82,149).

Company as a lessor - Sublease

The Company's sublease of its right-of-use of the office space is classified as finance lease because the sublease is for the entire remaining lease term of the head lease.

ROU assets relating to the head leases with subleases classified as finance lease is derecognised. The net receivable relating to the sublease is recognised under "Lease receivables" in the balance sheet. Finance income on the lease receivables during the financial year is \$9,946 (2023: \$15,163).

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	2024 \$	2023 \$
Within one year	—	311,147
After one year but not more than five years	—	—
More than five years	—	—
Total undiscounted lease payments	—	311,147
Unearned finance income	—	(9,946)
Net investment in finance lease	—	301,201
Current	—	301,201
Non-current	—	—
Total	—	301,201

Notes to the financial statements
For the financial year ended 31 December 2024

17. Leases (cont'd)

Company as a lessor - Sublease (cont'd)

Set out below are the carrying amounts of lease receivable recognised and the movements during the period:

	2024	2023
	\$	\$
As at 1 January	301,201	740,983
Derecognition of lease	(7,851)	—
Accretion of interest	9,946	15,163
Receipts	(303,296)	(454,945)
As at 31 December	—	301,201

18. Net investment income

	2024	2023
	\$	\$
Interest on corporate and statutory board debt securities	3,132,563	4,582,891
Interest from government debt securities	121,982	—
<i>Interest income from FVOCI financial assets</i>	<i>3,254,545</i>	<i>4,582,891</i>
Interest from current accounts	129,424	191,944
Interest from fixed deposits	3,846,753	3,352,888
<i>Interest income from cash, bank balances and deposits</i>	<i>3,976,177</i>	<i>3,544,832</i>
Exchange loss on foreign currencies, net	(169,049)	(61,995)
	3,807,128	3,482,837
Dividend income	618,456	446,772
Amortisation of discount/(premium) on bonds (Note 10)	1,199,727	(244,390)
Net fair value gains on financial assets at fair value through profit or loss	2,517,252	325,058
Loss on sale of debt instruments at FVOCI (Note 16)	(138,759)	(44,748)
Investment expenses and others	(3,006,216)	(222,050)
	8,252,133	8,326,370

Sompo Insurance Singapore Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 December 2024**

19. Other income and expenses

	2024	2023
	\$	\$
Other income		
Head Office service fees	3,731,587	4,599,672
Interest income from lease receivable (Note 17)	9,946	15,163
Miscellaneous income	2,069,853	3,512,009
Total Other income	5,811,386	8,126,844
	2024	2023
	\$	\$
Other expense		
Amortisation and impairment of CIMB Milestone payment (Note 5)	254,702	2,239,829
Corporate expenses	615,962	5,376,143
Financing costs	161,233	58,739
Total Other expense	1,031,897	7,674,711
Total other income and expenses	4,779,489	452,133

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2024

20. Significant related party transactions

- (a) The Company has significant transactions with the holding company and related companies on terms agreed between the parties as follows:

	2024	2023
	\$	\$
Insurance revenue and insurance service expense		
- Holding company	—	(42,709,598)
- Related companies	(3,399,710)	(25,510,439)
Allocation of reinsurance premiums, amounts recoverable from reinsurers for incurred claims		
- Holding company	(23,147,723)	16,494,715
- Related companies	(106,909,219)	6,825,669
Interest income from		
- Holding company	9,946	15,163
- Related companies	—	—
Head office service fee income from		
- Holding company	1,393,786	4,010,155
- Related companies	2,292,407	—
Miscellaneous fees and rental income from		
- Holding company	1,894,325	1,231,529
- Related companies	2,141,724	4,163,908
Risk survey and service agreement fees to		
- Holding company	—	(70,958)
- Related companies	—	—

- (b) Compensation of key management personnel

	2024	2023
	\$	\$
Short-term employee benefits	931,875	885,579
Central Provident fund contributions	17,069	17,341
Director's fees	93,500	133,000
Allowances and other benefits	29,560	21,074
	1,072,004	1,056,994

Comprise amounts paid to:

- Directors of the Company	1,072,004	1,056,994
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Key management personnel include non-independent directors.

21. Management of insurance risk and financial risk

The Company has a Risk Management Committee that has established a risk manual and an enterprise risk management framework that allows the Company to be prepared for risks.

This framework specifies the practices and processes that need to be in place to manage the Company's financial and non-financial risks on an on-going basis.

The main risks arising from the Company's insurance contracts and financial instruments are summarised below:

(a) Insurance risk

The Company principally writes a regional book of general insurances comprising Motor, Other Specialty, Property, Health (Group & Individual), Professional Lines, Marine, Casualty, Credit & Surety and Others.

Regional territories are made up mainly of Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

The Company manages its insurance risk through a comprehensive risk management policy where key performance and risk indicators are clearly defined and monitored. Underwriting guidelines sets out the Company's underwriting strategy, direction and risk appetite by product lines.

The most significant exposure is expected to arise from risks involving properties with high values. To manage this, the Company closely monitors the policy developments and ensures that proper reinsurance protection is in place to protect its net profitability and solvency.

The Company purchases reinsurance coverage on both treaty and facultative basis. The Company's net retention varies according to product lines and loss experience.

The Company relies on its reinsurance arrangements to protect its liquidity and solvency when large losses arise. Its reinsurance placements are diversified and spread amongst selected reinsurers to avoid over-reliance on any single reinsurer.

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(a) *Insurance risk (cont'd)*

To mitigate the risk of reinsurance failure, the Company adopts a strict reinsurance management policy that is governed by two key criteria, namely reinsurance usage selection and reinsurance usage concentration. The Company monitors these indicators actively and takes corrective action whenever the need arises.

The table below sets out the concentration of net insurance and reinsurance held contract liabilities by product line:

	Insurance \$'000	Reinsurance held \$'000	Net \$'000
As at 31 December 2024			
Motor	52,766	3,092	55,858
Other Specialty	26,784	(6,966)	19,818
Property	7,685	(2,985)	4,700
Health (Group & Individual)	17,601	(1,694)	15,907
Professional Lines	6,389	(3,105)	3,284
Marine	16,338	(9,328)	7,010
Casualty	7,416	(1,698)	5,718
Credit & Surety	3,302	827	4,129
Others	22,042	(9,855)	12,187
Total net insurance contracts	160,323	(31,712)	128,611
As at 31 December 2023			
Motor	50,920	(7,755)	43,165
Other Specialty	34,916	5,231	40,147
Property	1,572	2,662	4,234
Health (Group & Individual)	9,056	3,639	12,695
Professional Lines	9,453	(9,290)	163
Marine	9,854	(4,337)	5,517
Casualty	5,478	(1,030)	4,448
Credit & Surety	2,888	(1,820)	1,068
Others	23,002	(19,924)	3,078
Total net insurance contracts	147,139	(32,624)	114,515

21. Management of insurance risk and financial risk (cont'd)

(a) *Insurance risk (cont'd)*

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

Changes in variables	Impact on profit before tax \$'000		Impact on equity* \$'000	
	gross of reinsurance	net of reinsurance	gross of reinsurance	net of reinsurance
2024				
+ 50 basis points	348	192	289	159
- 50 basis points	(348)	(192)	(289)	(159)
2023				
+ 50 basis points	294	229	244	190
- 50 basis points	(294)	(229)	(244)	(190)

* Impact on equity is after tax.

The geographical concentration of the Company's net insurance and reinsurance contract liabilities at 31 December 2024 are as follows. The disclosure is based on the countries where the insurance business is written.

	Insurance \$'000	Reinsurance held \$'000	Net \$'000
As at 31 December 2024			
Singapore	27,872	(6,644)	21,228
Others	132,451	(25,068)	107,383
Total	160,323	(31,712)	128,611
As at 31 December 2023			
Singapore	55,976	(14,819)	41,157
Others	91,163	(17,805)	73,358
Total	147,139	(32,624)	114,515

21. Management of insurance risk and financial risk (cont'd)

(b) Financial risk

The Company is exposed to financial risk arising from its operations and the use of financial instruments. In particular, the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance contracts. The key financial risks include credit risk, liquidity risk, currency risk and interest rate risk.

(i) Credit risk

Credit risk is risk of loss that arises when an obligor fails to perform its obligations under a contract or when its ability to perform such obligations is impaired.

Asset concentration risk reflects the additional risk of a high concentration of investments in a single company, group of companies, instrument, industry, geographical area, currency, etc. It is well recognised that diversification of investment portfolio reduces risk.

The following is an overview of how the Company manages its significant credit risk exposure:

Reinsurance

Reinsurance is placed with highly rated reinsurers and concentration of risk is monitored periodically. The Company reviews the creditworthiness of reinsurers before renewing the reinsurance arrangements annually, in accordance to the prevailing reinsurance strategy and guidelines.

Investment securities

The Company limits its exposure by setting maximum limits of portfolio securities with a single or group of issuers. The Company also makes use of institutions with high creditworthiness.

Derivatives

The Company does not enter into derivative contracts.

The following table provides information regarding the credit risk exposure of the Company at 31 December 2024 by classifying assets according to credit ratings of the counterparties.

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(i) *Credit risk (cont'd)*

Classification of Credit Rating Agencies

Class	Standard & Poor's	Fitch Inc.	A.M. Best	Moody's
A	AAA to AA-	AAA to AA-	A++ to A+	Aaa to Aa3
B	A+ to A-	A+ to A-	A to A-	A1 to A3
C	BBB+ to BBB-	BBB+ to BBB-	B++ to B+	Baa1 to Baa3
D	BB+ or worse Not Rated	BB+ or worse Not Rated	B or worse Not Rated	Ba1 or worse Not Rated
			2024 \$'000	2023 \$'000
Equity instruments at fair value through profit or loss			15,255	12,238
Debt instruments at fair value through other comprehensive income			169,020	151,582
Amount owing from holding companies (non-trade)			—	—
Amount owing from related companies (non-trade)			5	1,694
Lease receivables			—	301
Other debtors			3,362	3,562
Cash, bank balances and deposits			127,898	127,361
Total financial assets			315,540	296,738
			2024 \$'000	2023 \$'000
Class				
A			116,397	63,059
B			87,092	147,169
C			17,552	881
D *			94,499	85,629
Total financial assets			315,540	296,738

* Non-rated debt securities included holdings of debt securities issued by Singapore Statutory Boards amounting to \$4.43 million (2023: \$2.51 million)

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(ii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values or counterparty failing on repayment of a contractual obligation or insurance liability falling due for payment earlier than expected or inability to generate cash inflows as anticipated.

The Company is exposed to daily cash calls on its available cash resources mainly from claims arising from short term insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board sets limits on the minimum proportion of maturing funds available to meet such calls that should be in place to cover these claims.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on undiscounted contractual obligations from the reporting date to the contractual maturity or expected repayment date. For insurance contract liabilities and reinsurance contract assets, their maturity profiles are determined based on the estimated timing of net cash outflows on an undiscounted basis.

2024	Carrying value \$'000	No maturity date \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial and insurance-related assets						
a) Financial related assets						
Equity instruments at fair value through profit or loss	15,255	15,255	—	—	—	15,255
Debt instruments at fair value through other comprehensive income	169,020	—	35,424	106,266	45,957	187,647
Cash, bank balances and deposits	127,898	63,308	77,424	—	—	140,732
Amount owing from related companies (non-trade)	5	—	5	—	—	5
Other debtors	3,362	—	3,362	—	—	3,362
Lease receivables	—	—	—	—	—	—
Total financial related assets	315,540	78,563	116,215	106,266	45,957	347,001

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(ii) *Liquidity risk (cont'd)*

2024	Carrying value \$'000	No maturity date \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial and insurance- related assets (cont'd)						
b) Insurance related assets						
Reinsurance contract assets	35,630	—	28,803	7,954	—	36,757
Total insurance related assets	35,630	—	28,803	7,954	—	36,757
Total financial and insurance – related assets	351,170	78,563	145,018	114,220	45,957	383,758
2024	Carrying value \$'000	No maturity date \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial and insurance- related liabilities						
a) Financial related liabilities						
Amount owing to holding companies (non-trade)	588	—	588	—	—	588
Other creditors*)	14,287	—	14,287	—	—	14,287
Lease liabilities	5,938	—	1,693	4,416	—	6,109
Total financial related liabilities	20,813	—	16,568	4,416	—	20,984
b) Insurance related liabilities						
Insurance contract liabilities	160,323	—	125,794	37,320	—	163,114
Reinsurance contract liabilities	3,918	—	3,167	875	—	4,042
Total insurance related liabilities	164,241	—	128,961	38,195	—	167,156
Total financial and insurance – related liabilities	185,054	—	145,529	42,611	—	188,140

* excluding net output tax payable

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) **Financial risk (cont'd)**

(ii) **Liquidity risk (cont'd)**

The Company considers amount owing to holding companies (non-trade) amounting to \$588,223 (2023: \$939,335), no amount owing to related companies (non-trade) (2023: Nil), other creditors amounting to \$13,617,255 (2023: \$11,006,224) and lease liabilities amounting to \$5,938,161 (2023: \$6,360,669) to be financial liabilities valued at amortised cost totalling to \$20,813,639 (2023: \$18,306,228).

2023	Carrying value \$'000	No maturity date \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial and insurance-related assets						
a) Financial related assets						
Equity instruments at fair value through profit or loss	12,238	12,238	—	—	—	12,238
Debt instruments at fair value through other comprehensive income	151,582	—	33,176	70,551	67,249	170,976
Cash, bank balances and deposits	127,361	18,011	110,960	—	—	128,971
Amount owing from related companies (non-trade)	1,694	—	1,694	—	—	1,694
Other debtors	3,562	—	3,562	—	—	3,562
Lease receivables	301	—	303	—	—	303
Total financial related assets	296,738	30,249	149,695	70,551	67,249	317,744
b) Insurance related assets						
Reinsurance contract assets	44,156	—	38,358	6,218	—	44,576
Total insurance related assets	44,156	—	38,358	6,218	—	44,576
Total financial and insurance – related assets	340,894	30,249	188,053	76,769	67,249	362,320

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(ii) *Liquidity risk (cont'd)*

2023	Carrying value \$'000	No maturity date \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial and insurance- related liabilities						
a) Financial related liabilities						
Amount owing to holding companies (non-trade)	939	—	939	—	—	939
Other creditors ^{*)}	11,006	—	11,006	—	—	11,006
Lease liabilities	6,361	—	1,957	4,478	—	6,435
Total financial related liabilities	18,306	—	13,902	4,478	—	18,380
b) Insurance related liabilities						
Insurance contract liabilities	147,138	—	116,623	33,090	15	149,728
Reinsurance contract liabilities	11,533	—	10,018	1,624	—	11,642
Total insurance related liabilities	158,671	—	126,641	34,714	15	161,370
Total financial and insurance – related liabilities	176,977	—	140,543	39,192	15	179,750

* excluding net output tax payable

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(iii) *Currency risk*

Currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the Singapore dollar and the other currencies in which the Company conducts business may affect its financial condition and results of operations. The Company seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The table below summarises the Company's exposure to currency risk at the end of the year by categorising the net financial assets and liabilities by major currencies.

2024	Singapore Dollars \$'000	United States Dollars \$'000	Thailand Baht \$'000	Others \$'000	Total \$'000
Financial and insurance-related assets					
a) Financial related assets					
Equity instruments at fair value through profit or loss	15,255	—	—	—	15,255
Debt instruments at fair value through other comprehensive income	169,020	—	—	—	169,020
Cash, bank balances and deposits	98,864	27,689	45	1,300	127,898
Amount owing from related companies (non-trade)	(506)	567	(116)	60	5
Other debtors	3,354	8	—	—	3,362
Lease receivables	—	—	—	—	—
Total financial related assets	285,987	28,264	(71)	1,360	315,540
b) Insurance related assets					
Reinsurance contract assets	(3,132)	25,695	492	12,575	35,630
Total insurance related assets	(3,132)	25,695	492	12,575	35,630
Total financial and insurance – related assets	282,855	53,959	421	13,935	351,170

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(iii) *Currency risk (cont'd)*

2024	Singapore Dollars \$'000	United States Dollars \$'000	Thailand Baht \$'000	Others \$'000	Total \$'000
Financial and insurance- related liabilities					
a) Financial related liabilities					
Amount owing to holding companies (non-trade)	32,613	(21,824)	(169)	(10,032)	588
Other creditors*)	12,113	1,913	38	223	14,287
Lease liabilities	5,938	—	—	—	5,938
Total financial related liabilities	50,664	(19,911)	(131)	(9,809)	20,813
b) Insurance related liabilities					
Insurance contract liabilities	3,320	115,986	2,636	38,381	160,323
Reinsurance contract liabilities	(345)	2,826	54	1,383	3,918
Total insurance related liabilities	2,975	118,812	2,690	39,764	164,241
Total financial and insurance – related liabilities	53,639	98,901	2,559	29,955	185,054

* excluding net output tax payable

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(iii) *Currency risk (cont'd)*

2023	Singapore Dollars \$'000	United States Dollars \$'000	Thailand Baht \$'000	Others \$'000	Total \$'000
Financial and insurance- related assets					
a) Financial related assets					
Equity instruments at fair value through profit or loss	12,238	–	–	–	12,238
Debt instruments at fair value through other comprehensive income	151,582	–	–	–	151,582
Cash, bank balances and deposits	120,170	6,702	40	449	127,361
Amount owing from related companies (non-trade)	1,352	398	(71)	15	1,694
Other debtors	3,565	(3)	–	–	3,562
Lease receivables	301	–	–	–	301
Total financial related assets	289,208	7,097	(31)	464	296,738
b) Insurance related assets					
Reinsurance contract assets	39,114	4,488	(1)	555	44,156
Total insurance related assets	39,114	4,488	(1)	555	44,156
Total financial and insurance – related assets	328,322	11,585	(32)	1,019	340,894

Notes to the financial statements
For the financial year ended 31 December 2024

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(iii) *Currency risk (cont'd)*

2023	Singapore Dollars \$'000	United States Dollars \$'000	Thailand Baht \$'000	Others \$'000	Total \$'000
Financial and insurance- related liabilities					
a) Financial related liabilities					
Amount owing to holding companies (non-trade)	27,176	(18,100)	(138)	(7,999)	939
Other creditors ^{*)}	2,478	8,282	38	208	11,006
Lease liabilities	6,361	—	—	—	6,361
Total financial related liabilities	36,015	(9,818)	(100)	(7,791)	18,306
b) Insurance related liabilities					
Insurance contract liabilities	216,155	(250,528)	(1,501)	183,012	147,138
Reinsurance contract liabilities	10,216	1,172	—	145	11,533
Total insurance related liabilities	226,371	(249,356)	(1,501)	183,157	158,671
Total financial and insurance – related liabilities	262,386	(259,174)	(1,601)	175,366	176,977

* excluding net output tax payable

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(iii) *Currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the USD and THB exchange rates against the functional currency of the Company, with all other variables held constant.

2024	Gross of reinsurance \$'000	Net of reinsurance \$'000	Net financial assets/ (liabilities) \$'000
Increase/(decrease) in profit and equity (before tax)			
USD/SGD - Strengthened 5%	5,968	4,656	(2,409)
- Weakened 5%	(5,968)	(4,656)	2,409
THB/SGD - Strengthened 5%	135	110	(3)
- Weakened 5%	(135)	(110)	3
2023			
Increase/(decrease) in profit and equity (before tax)			
USD/SGD - Strengthened 5%	(12,468)	(12,692)	(846)
- Weakened 5%	12,468	12,692	846
THB/SGD - Strengthened 5%	(75)	(75)	(3)
- Weakened 5%	75	75	3

(iv) *Interest rate risk*

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of the changes in interest rate.

The Company's exposure to market risk for changes in interest rates arises from surplus funds that are placed with reputable banks and/or invested in bonds and government securities. The exposure to interest rate risk is closely monitored to maximise the returns on these surplus funds.

21. Management of insurance risk and financial risk (cont'd)

(b) *Financial risk (cont'd)*

(iv) *Interest rate risk (cont'd)*

Sensitivity analysis for interest rate risk

The following table sets out the impact on profit before tax and equity at the reporting date if market interest rates had been 50 (2023: 50) basis points higher/lower with all other variables held constant. The Company believes that the exposure to interest rate changes on its investments in debt securities is limited since the instruments are short to medium term fixed-income debt securities and the intent is to hold to maturity. As such, only the impact of the changes in the interest rates on the Company's fixed deposits are included in the sensitivity analysis table below.

Changes in variables	Impact on profit before tax \$'000		Impact on equity* \$'000	
	gross of reinsurance	net of reinsurance	gross of reinsurance	net of reinsurance
2024				
+ 50 basis points	323	323	268	268
- 50 basis points	(323)	(323)	(268)	(268)
2023				
+ 50 basis points	547	547	454	454
- 50 basis points	(547)	(547)	(454)	(454)

* Impact on equity is after tax.

(v) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or foreign currency exchange rates). The Company is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as fair value through other comprehensive income financial assets. The Company does not have exposure to commodity price risk.

The Company's objective is to manage investment returns and equity price risk using investment grade shares with steady dividend yields. The Company's policy is to limit its interest in the equity shares to 5% (2023: 5%) of its entire investment portfolio.

21. Management of insurance risk and financial risk (cont'd)

(b) Financial risk (cont'd)

(v) Market price risk (cont'd)

Sensitivity analysis for equity price risk

At the balance sheet date, if the market prices of the equity investments had been 5% (2023: 5%) higher/lower with all other variables held constant, the Company's fair value adjustment reserve (net of tax) would increase/decrease by \$ 633,061 (2023: \$507,882) arising mainly as a result of a increase/decrease in the fair value of equity securities classified as fair value through profit or loss.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

(vi) Concentration risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Company's exposures are within the concentration limits set by the local regulators.

(c) Fair value of financial instruments

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities at amortized cost consisting of amounts owing to/from holding companies and related companies (non-trade), other debtors, other creditors, lease receivables, lease liabilities and cash, bank balances and deposits are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Unquoted equity shares are valued based on unobservable data (i.e., net tangible assets from financial statements). It is immaterial.

21. Management of insurance risk and financial risk (cont'd)

(d) Insurance contract liabilities - assumptions and sensitivities

Assumptions

One of the principal assumptions underlying the estimated claim liability is that future claims development can be approximated by historical experience. This includes assumptions in respect of claim development factors and initial expected loss ratios for past accident/underwriting years. Direct claims handling costs and future claims inflation are implicitly assumed in the valuation methods. Indirect claims handling expenses are derived based on the Company's management expenses over the past years. Actuarial judgment is used to assess the extent to which large claims, reinsurance recoveries, as well as the Company's internal underwriting and claim handling policies affect the estimates.

Other assumptions include the discount rate and the provision for adverse deviation.

Ultimate claim cost development

- (i) The tables on pages 79 to 80 show the actuary's best estimate of the gross and net of reinsurance ultimate claims cost for each accident/underwriting year at yearly intervals together with actual cumulative claim payments for each accident/underwriting year as at 31 December 2024.
- (ii) Ultimate claim costs are then compared to actual cumulative claim payments for each accident/underwriting year as at 31 December 2024 to arrive at the best estimate of claim liability as at 31 December 2024.
- (iii) With the addition of a provision for adverse deviation ("PAD"), the outstanding claim liabilities are reconciled to the outstanding claim liabilities as per the actuarial valuation of policy liabilities as at 31 December 2024.

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring LRC, the PAA is broadly similar to the Company's previous accounting treatment under FRS 104. However, when measuring LIC, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

- (i) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio. Direct and Direct Shared acquisition expenses are expensed in the period incurred and contract-level acquisition costs (e.g. brokerage costs) are recognized as a reduction of LRC and amortized over duration of contracts.

21. Management of insurance risk and financial risk (cont'd)

(d) ***Insurance contract liabilities - assumptions and sensitivities (cont'd)***

Liability for remaining coverage (cont'd)

(ii) Onerous groups

For groups of contracts that are onerous, the LRC is determined by the fulfillment cash flows. Any loss-recovery component is determined with reference to the loss component recognized on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(iii) Time value of money

The Company does not adjust the carrying amount of the LRC to reflect the time value of money since the financing component is deemed immaterial.

Liability for incurred claims

The Company incorporates a variety of actuarial methods and judgments in its reserving process. Two key inputs in the various actuarial methods employed by the Company are initial expected loss ratios and expected loss reporting patterns. These key inputs impact the potential variability in the estimate underlying the LIC. The Company's LIC consider and reflect, in part, deviations resulting from differences between expected loss and actual loss reporting as well as judgments relating to the weights applied to the LIC levels indicated by the actuarial methods. Expected loss reporting patterns are based upon internal and external historical data and assumptions regarding claims reporting trends over a period of time that extends beyond the Company's own operating history.

The Company establishes the LIC to provide for the estimated costs of paying claims under insurance policies and reinsurance contracts underwritten by the Company. The LIC includes estimates for both claims that have been reported and those that have been incurred but not reported and include estimates of all expenses associated with processing and settling these claims. Estimating the ultimate cost of future claims and claim adjustment expenses is based on management judgment and thus, actual losses incurred may vary significantly from management's estimates.

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by FRS 117, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

Sompo Insurance Singapore Pte. Ltd.

Notes to the financial statements
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21. Management of insurance risk and financial risk (cont'd)

(d) *Insurance contract liabilities - assumptions and sensitivities (cont'd)*

Gross incurred losses development table

Gross of reinsurance basis (\$'000)

Estimate of cumulative incurred claims1 Period2	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of year	1,412,215	50,615	69,173	81,647	72,394	63,765	62,259	68,944	68,723	49,032	54,181	72,330	50,928	87,872	2,264,077
One year later	1,414,896	60,490	70,407	87,895	67,678	62,501	64,923	75,760	74,780	55,424	61,616	82,563	54,734		2,233,667
Two years later	1,257,145	58,234	65,900	84,029	61,839	59,912	63,340	79,064	73,938	55,587	59,021	79,468			1,997,478
Three years later	1,243,228	54,017	61,509	76,413	56,289	55,281	62,563	77,461	77,988	55,266	58,559				1,878,574
Four years later	1,238,744	52,665	55,865	71,224	54,355	54,673	66,405	76,661	74,684	54,647					1,799,924
Five years later	1,237,436	50,667	54,629	70,584	54,206	54,183	61,043	74,219	70,242						1,727,209
Six years later	1,234,675	50,216	54,342	70,209	54,006	53,800	60,501								1,651,986
Seven years later	1,233,655	50,168	54,253	70,110	53,820	53,536	59,932								1,575,475
Eight years later	1,233,398	49,884	54,080	70,111	53,741	53,481									1,514,695
Nine years later	1,233,389	49,863	53,959	69,956	53,564										1,460,731
Ten years later	1,233,389	49,873	53,900	70,126											1,407,288
Eleven years later	1,233,370	49,875	53,892												1,337,137
Twelve years later	1,233,368	49,925													1,283,293
Thirteen years later	1,233,748														1,233,748
Cumulative payments	1,233,198	49,725	53,868	69,867	53,526	53,432	58,333	72,632	67,594	47,053	52,207	68,994	41,561	26,043	1,948,033
Best estimate for claims liability (net of unearned & add CHE)	549	200	24	259	38	49	1,598	1,605	2,649	7,594	6,352	10,475	13,173	61,829	106,395
Reserve for years prior to AY/UY2011															14
Outstanding claim liability															106,409
Ex-Nipponkoa(1) Outstanding claim liability															63
Total Outstanding claim liability in accounts															106,472
Effect of discounting															(2,562)
Effect of the risk adjustment margin from on-financial risk															10,264
Total Liability for Incurred Claims as at December 31, 2024															114,175

(1) The Ex-Nipponkoa Run-off Portfolio is excluded from the claim development triangle as it has zero net impact. All figures in triangle are incurred amounts except for the latest diagonal which reflects ultimate claim amounts including claim handling expense.

(2) Refers to accident year for all classes except OIF Treaty where an underwriting year is used.

Sompo Insurance Singapore Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 December 2024**

21. Management of insurance risk and financial risk (cont'd)

(d) Insurance contract liabilities - assumptions and sensitivities (cont'd)

Net incurred losses development table

Net of reinsurance basis (\$'000)

Estimate of cumulative incurred claims ¹ Period ²	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of year	312,839	31,933	36,744	49,404	46,288	44,463	49,359	54,827	51,978	36,002	35,526	39,559	38,071	35,652	862,643
One year later	317,443	36,716	36,444	54,847	41,648	41,961	48,596	56,142	53,324	38,132	37,305	40,149	36,498		839,206
Two years later	265,542	34,821	33,588	51,353	38,014	39,827	47,555	53,836	51,958	37,284	35,286	37,484			726,547
Three years later	262,307	31,550	30,950	44,869	35,919	37,588	46,671	52,949	51,341	36,781	34,342				665,268
Four years later	260,741	30,185	29,027	43,146	34,761	37,116	46,173	52,098	49,398	36,051					618,696
Five years later	259,799	29,361	28,373	43,644	34,611	36,811	45,243	50,410	48,556						576,807
Six years later	259,130	29,011	28,093	43,348	34,407	36,564	44,787	50,269							525,609
Seven years later	258,222	28,998	28,010	43,075	34,232	36,474	44,286								473,297
Eight years later	257,979	29,144	28,010	43,005	34,007	36,248									428,393
Nine years later	257,971	28,980	27,914	42,849	33,943										391,657
Ten years later	257,972	28,911	27,857	43,147											357,886
Eleven years later	257,954	28,916	27,849												314,719
Twelve years later	257,953	28,945													286,898
Thirteen years later	257,976														257,976
Cumulative payments	257,771	28,809	27,825	42,991	33,937	36,230	43,765	49,255	46,651	32,419	29,981	30,118	25,550	11,375	696,677
Best estimate for claims liability (net of unearned & add CHE)	204	136	24	156	6	18	521	1,014	1,905	3,632	4,361	7,367	10,948	24,277	54,570
Reserve for years prior to AY/UY2011															(6)
Outstanding claim liability in accounts															54,564
Effect of discounting															(505)
Effect of the risk adjustment margin from on-financial risk															6,043
Total net liability for incurred claims as at December 31, 2024															60,102

(1) The Ex-Nipponkoa Run-off Portfolio is excluded from the claim development triangle as it has zero net impact. All figures in triangle are incurred amounts except for the latest diagonal which reflects ultimate claim amounts including claim handling expense.

(2) Refers to accident year for all classes except OIF Treaty where an underwriting year is used.

21. Management of insurance risk and financial risk (cont'd)

(d) Insurance contract liabilities - assumptions and sensitivities (cont'd)

Liability for incurred claims (cont'd)

The Company adopted a bottom-up approach to derive the discount rates applied to its insurance contracts based on the risk-free rates for major currencies with an illiquidity adjustment to adjust the risk-free curves to reflect the illiquid nature of the insurance contracts. Risk-free rates are obtained from Bloomberg, whereas liquidity premiums are obtained from the Bermuda Monetary Authority ("BMA"). The requirement to measure the LIC using current discount rates is a significant change from the previous Company's practice of not discounting claim liabilities under the FRS 104 regime.

(i) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future.

The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfills insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer. The Company estimates the risk adjustment for non-financial risk separately from all other estimates.

The risk adjustment is calculated at the entity level and then allocated down to each group of insurance contracts in accordance with their risk profiles. Although there is no prescriptive approach under FRS 117, the Company adopted a percentile approach in its calculation using Value at Risk (VaR) with the risk adjustment based on the 75th percentile across the group. The VaR estimates the loss over a given time period at a specified percentile. For the risk adjustment, we consider the ultimate losses at the percentile set by management. The VaR approach is based on the reserve risk distribution derived from economic capital model simulations at the 75th percentile.

21. Management of insurance risk and financial risk (cont'd)

(d) **Insurance contract liabilities - assumptions and sensitivities (cont'd)**

Liability for incurred claims (cont'd)

(i) Risk adjustment for non-financial risk (cont'd)

The total risk adjustment is taken as the difference between the specified percentile and the mean of the distribution.

Sensitivity analysis

- (i) The purpose of the sensitivity analysis is to assess the relative importance of key assumptions used in the net of reinsurance actuarial valuation of outstanding claim and premium liabilities as at 31 December 2024. In this context, the outstanding claim and premium liabilities are defined as the total claim and premium liabilities for the Singapore Insurance Fund business and Offshore Insurance Fund business combined respectively, including provision for adverse deviation (these are referred to as "the base scenario" in the sensitivity analysis summary).
- (ii) The key assumptions considered in the sensitivity analysis of the claim liabilities include a 5 percentage point increase or decrease in:
- the assumed ultimate loss ratio for each class of business in the 2024 accident/underwriting year;
 - the assumed level of indirect claim handling expenses; and
 - the assumed PAD factor for each class of business.
- (iii) The key assumptions considered in the sensitivity analysis of the premium liabilities include a 5 percentage point increase or decrease in:
- the assumed expected loss ratio for each class of business in the 2024 accident/underwriting year;
 - the assumed level of policy administration expenses for each class of business; and
 - the assumed PAD factor for each class of business.
- (iv) The sensitivity analysis is based on the assumptions set out in the actuarial report and is subject to the same reliance and limitations contained in the report.
- (v) 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.
- (vi) The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

21. Management of insurance risk and financial risk (cont'd)

(d) *Insurance contract liabilities - assumptions and sensitivities (cont'd)*

2024

Percentage change in liability for incurred claims sensitivity analysis

Assumption	Gross of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for incurred claims (\$'000)	114,175	
Ultimate loss ratio ²	4.0%	-4.0%
Indirect claim handling expenses	0.3%	-0.3%
Risk adjustments	0.7%	-0.7%

Percentage change in liability for remaining coverage sensitivity analysis

Assumption	Gross of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for remaining coverage (\$'000)	46,148	
Expected loss ratio ²	2.0%	-2.0%
Policy administration cost	0.4%	-0.4%
Risk adjustments	0.6%	-0.6%

Percentage change in liability for incurred claims sensitivity analysis

Assumption	Net of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for incurred claims (\$'000)	60,102	
Ultimate loss ratio ²	3.3%	-3.3%
Indirect claim handling expenses	0.5%	-0.5%
Risk adjustments	0.5%	-0.5%

Percentage change in liability for remaining coverage sensitivity analysis

Assumption	Net of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for remaining coverage (\$'000)	68,509	
Expected loss ratio ²	0.00%	-0.00%
Policy administration cost	0.00%	-0.00%
Risk adjustments	0.00%	-0.00%

- (1) Sensitivity analysis assesses impact of a +/- 5% change in assumption.
(2) Loss ratio sensitivity analysis applies to 2024 accident/underwriting year.
(3) The assumed change is on a relative basis, rather than on an absolute or additive basis.

21. Management of insurance risk and financial risk (cont'd)

(d) *Insurance contract liabilities - assumptions and sensitivities (cont'd)*

2023

Percentage change in liability for incurred claims sensitivity analysis

Assumption	Gross of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for incurred claims (\$'000)	96,252	
Ultimate loss ratio ²	3.2%	-3.2%
Indirect claim handling expenses	0.3%	-0.3%
Risk adjustments	0.6%	-0.6%

Percentage change in liability for remaining coverage sensitivity analysis

Assumption	Gross of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for remaining coverage (\$'000)	50,886	
Expected loss ratio ²	0.5%	0.5%
Policy administration cost	0.1%	-0.1%
Risk adjustments	0.1%	-0.1%

Percentage change in liability for incurred claims sensitivity analysis

Assumption	Net of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for incurred claims (\$'000)	66,312	
Ultimate loss ratio ²	3.4%	-3.3%
Indirect claim handling expenses	0.4%	-0.4%
Risk adjustments	0.5%	-0.5%

Percentage change in liability for remaining coverage sensitivity analysis

Assumption	Net of reinsurance	
	+5% ¹	-5% ¹
Reported total actuarial liability for remaining coverage (\$'000)	48,202	
Expected loss ratio ²	0.00%	-0.00%
Policy administration cost	0.00%	-0.00%
Risk adjustments	0.00%	-0.00%

- (1) Sensitivity analysis assesses impact of a +/- 5% change in assumption.
(2) Loss ratio sensitivity analysis applies to 2023 accident/underwriting year.
(3) The assumed change is on a relative basis, rather than on an absolute or additive basis.

22. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating in order to:

- safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- retain financial flexibility by maintaining strong liquidity; and
- maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

Capital includes equity attributable to the owners of the Company less the fair value adjustment and amalgamation reserves. The Company has no borrowings, contingent liabilities and loan capital as at 31 December 2024. There was no change in the Company's capital management objectives, policies and processes during the years ended 31 December 2024 and 31 December 2023.

The operations of the Company are subject to regulatory requirements in Singapore. Such regulations impose restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance company to meet unforeseen liabilities as these arise.

The Company is required to satisfy the Fund Solvency and Capital Adequacy Requirements prescribed under the Singapore Insurance Act (Chapter 142). The Company monitors its capital level on a regular basis to assess whether such requirements have been met, and reports to MAS its fund solvency and capital adequacy positions at each quarter and as well as annually. The Company complied with the above mentioned solvency and capital adequacy requirements during the years ended 31 December 2024 and 2023.