

CIGNA EUROPE INSURANCE CO. S.A.-N.V. - SINGAPORE BRANCH
(Incorporated in Belgium)
Branch Registration No. T10FC0145E

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

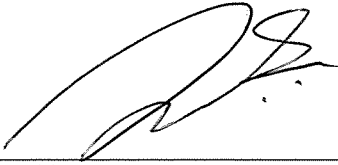
FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

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CIGNA EUROPE INSURANCE CO. S.A.-N.V. - SINGAPORE BRANCH
STATEMENT BY CHIEF EXECUTIVE

Statement by the Chief Executive

I, Raymond Ng, the Chief Executive primarily responsible for the financial management of Cigna Europe Insurance Co. S.A.- N.V. - Singapore Branch, state that, in my opinion, the accompanying statement of financial position arising out of operations in Singapore, statement of profit or loss and other comprehensive income, statement of changes in head office account and statement of cash flows arising out of the Branch's operations in Singapore, together with the notes therein are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards, so as to give a true and fair view of the financial position of the Branch's operations in Singapore as at 31 December 2025, and of the financial performance, changes in head office account and cash flows of the Branch's operations in Singapore for the year ended 31 December 2025.



Raymond Ng
Chief Executive
27 April 2026

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
CIGNA EUROPE INSURANCE CO. S.A.-N.V.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Singapore Operations of Cigna Europe Insurance Co. S.A.-N.V. (the "Branch"), pursuant to section 373 of the Companies Act 1967 (the "Act"). These financial statements comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in head office account and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

The Branch is a segment of Cigna Europe Insurance Company S.A.-N.V. and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded therein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Act and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the assets used in, and liabilities arising out of, the Branch's operations in Singapore as at 31 December 2025, and of the results, changes in head office account and cash flows of the Branch's operations in Singapore 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 Branch in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Singapore. We have also 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

The Branch's management is responsible for the other information. The other information comprises the Statement by the Chief Executive, but does not include the financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
CIGNA EUROPE INSURANCE CO. S.A.-N.V.**

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

The Branch's 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, the Branch's management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Branch's management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Branch's management.
- Conclude on the appropriateness of the Branch's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
CIGNA EUROPE INSURANCE CO. S.A.-N.V.**

Report on the Audit of Financial Statements (Continued)*Auditor's Responsibilities for the Audit of the Financial Statements (Continued)*

- 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 Branch's management 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 examined by us relating to the Branch's operations in Singapore have been properly kept in accordance with the provisions of the Act.



FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
27 April 2026

CIGNA EUROPE INSURANCE CO. S.A.-N.V. - SINGAPORE BRANCH

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
ARISING OUT OF OPERATIONS IN SINGAPORE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Note	2025 \$'000	2024 \$'000
Insurance revenue	13(a)	515,099	445,753
Insurance service expenses	13(a)	(445,665)	(412,673)
Net expenses from reinsurance contracts	13(b)	<u>(8,432)</u>	<u>(9,411)</u>
Insurance service result		<u>61,002</u>	<u>23,669</u>
Investment income		5,251	4,648
Interest on fixed deposits and bank balances		1,815	3,416
Investment expenses		(157)	(137)
Fair value gains		<u>3,856</u>	<u>133</u>
Net investment result		<u>10,765</u>	<u>8,060</u>
Insurance finance expenses for insurance contracts issued	13(a)	-	-
Reinsurance finance expenses for reinsurance contracts held	13(b)	<u>(701)</u>	<u>(1,171)</u>
Net insurance finance result		<u>(701)</u>	<u>(1,171)</u>
Other income	4	2,453	7,901
Other operating expenses	5	<u>(16,932)</u>	<u>(13,993)</u>
Other income and expenses		<u>(14,479)</u>	<u>(6,092)</u>
Profit before tax		56,587	24,466
Income tax expense	6(a)	<u>(9,673)</u>	<u>(5,593)</u>
Profit for the financial year, representing the total comprehensive income for the year		<u><u>46,914</u></u>	<u><u>18,873</u></u>

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

CIGNA EUROPE INSURANCE CO. S.A.-N.V. - SINGAPORE BRANCH

**STATEMENT OF FINANCIAL POSITION
ARISING OUT OF OPERATIONS IN SINGAPORE
AS AT 31 DECEMBER 2025**

	Note	2025 \$'000	2024 \$'000
ASSETS			
Non-current assets			
Property and equipment	7	54	77
Right-of-use assets	12	951	14
Deferred tax assets	6(c)	2,025	1,748
		<u>3,030</u>	<u>1,839</u>
Current assets			
Reinsurance contract assets	13(b)	14,678	10,019
Financial assets, at fair value through profit or loss	8	213,781	150,017
Due from related companies	9	915	978
Other current assets	10	12,802	9,625
Cash and cash equivalents	11	88,462	83,531
		<u>330,638</u>	<u>254,170</u>
Total assets		<u>333,668</u>	<u>256,009</u>
HEAD OFFICE ACCOUNT			
Head office contributions		48,500	48,500
Retained earnings		<u>56,268</u>	<u>34,354</u>
Total head office account		<u>104,768</u>	<u>82,854</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	12	<u>468</u>	<u>-</u>
		<u>468</u>	<u>-</u>
Current liabilities			
Insurance contract liabilities	13(a)	175,371	135,110
Due to related companies	9	14,999	13,786
Current tax liabilities	6(b)	12,077	6,877
Other current liabilities	14	25,518	17,366
Lease liabilities	12	<u>467</u>	<u>16</u>
		<u>228,432</u>	<u>173,155</u>
Total liabilities		<u>228,900</u>	<u>173,155</u>
Total liabilities and equities		<u>333,668</u>	<u>256,009</u>

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

CIGNA EUROPE INSURANCE CO. S.A.-N.V. - SINGAPORE BRANCH

**STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<u>Head office contributions</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
At 1 January 2024	48,500	40,481	88,981
Transfer to Head Office	-	(25,000)	(25,000)
Profit for the financial year, representing total comprehensive profit for the financial year	-	18,873	18,873
At 31 December 2024	48,500	34,354	82,854
Transfer to Head Office	-	(25,000)	(25,000)
Profit for the financial year, representing total comprehensive profit for the financial year	-	46,914	46,914
At 31 December 2025	48,500	56,268	104,768

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

CIGNA EUROPE INSURANCE CO. S.A.-N.V. - SINGAPORE BRANCH

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<u>Note</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Cash flows from operating activities			
Profit before tax		56,587	24,466
Adjustments for:			
Depreciation of property and equipment	7	23	23
Depreciation of right-of-use assets	12	463	377
Interest expense on lease liabilities	12	55	2
Investment expenses		157	137
Fair value gains on financial assets		(3,856)	(133)
Interest income		(7,066)	(8,064)
Operating profit before working capital changes		46,363	16,808
Changes in working capital:			
Due from related companies		63	(42)
Due to related companies		1,213	406
Other current assets		(3,310)	(270)
Other current liabilities		8,135	(6,193)
Insurance contract liabilities		40,261	(13,149)
Reinsurance contract assets		(4,659)	11,474
Cash generated from operations		88,066	9,034
Interest received		6,646	8,005
Investment expenses paid		(140)	(137)
Tax paid		(4,750)	(6,038)
Net cash flows generated from operating activities		<u>89,822</u>	<u>10,864</u>
Cash flows from investing activities			
Purchase of financial assets, at fair value through profit or loss	8	(101,188)	(43,630)
Disposal of financial assets, at fair value through profit or loss	8	41,833	54,435
Net cash flows (used in)/generated from investing activities		(59,355)	10,805
Cash flows from financing activity			
Principal and interest repayments of lease liabilities	12	(536)	(378)
Transfer to Head Office	15	(25,000)	(25,000)
Cash flows used in financing activity		(25,536)	(25,378)
Net increase/(decrease) in cash and cash equivalents		4,931	(3,709)
Cash and cash equivalents at beginning of year		83,531	87,240
Cash and cash equivalents at end of year		<u>88,462</u>	<u>83,531</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

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

1. General

Cigna Europe Insurance Co. S.A.-N.V. - Singapore Branch (the "Branch") (Registration Number: T10FC0145E) is registered and domiciled in Singapore with its registered office at 152 Beach Road, #33-05, The Gateway East, Singapore 189721.

The principal activities of the Branch are to undertake the business of healthcare insurance.

The immediate holding companies of Cigna Europe Insurance Company S.A.-N.V. are Cigna Myrtle Holdings Ltd and Cigna Elmwood Holdings N.V., respectively incorporated in Malta and Belgium. The ultimate holding company is The Cigna Group, incorporated in Delaware, USA.

The Singapore branch is a segment of Cigna Europe Insurance Co. S.A.-N.V. (the Head Office), incorporated in Belgium, and is not a separately incorporated legal entity. The financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

The financial statements of the Branch for the financial year ended 31 December 2025 were authorised for issue by the Branch's management on the date of Chief Executive's statement.

2. Summary of material accounting policies

2.1 Basis of preparation

The financial statements for the full year ended 31 December 2025 have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS").

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with all the new or revised FRS and INT FRSs, except for the adoption of new and amended standards as set out in Note 2.1 (i).

The financial statements are presented in Singapore dollar which is the Branch's functional currency.

(i) New and amended standards adopted by the Branch

In the current year, the Branch has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2025. The adoption of these new or revised FRSs and INT FRSs did not result in changes to the Branch's accounting policies and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

2. Summary of material accounting policies (Continued)

2.2 Property and equipment

Measurement

All property and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (see Note 2.3).

The cost of property and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation on property and equipment is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

		<u>Useful lives</u>
Computers	-	3 years
Office renovation	-	3 years
Office equipment	-	3 years

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

Subsequent expenditure

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

Disposal

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

2.3 Impairment of non-financial assets

Property and equipment are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other current assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.3 Impairment of non-financial assets (Continued)

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

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

2.4 Classification and Measurement of Financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Branch changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI").

(ii) Financial asset is measured at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

Financial asset is measured at FVOCI are initially recognised at fair value plus attributable transaction costs. The difference between the initial recognition amount and par value is amortised. Interest income from FVOCI investments is recognised in investment income in the Statement of profit or loss and other comprehensive income using the effective interest method. FVOCI investments are subsequently measured at fair value. Changes in the fair value, except for relevant foreign exchange gains and losses and impairment losses, are recognised in other comprehensive income ("OCI") and accumulated in a separate fair value reserve within equity. Foreign currency translation differences on these investments are calculated as if they were carried at amortised cost and are recognised in the OCI as investment experience. Impairment losses are recognised in the OCI.

(iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Branch may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.4 Classification and Measurement of Financial instruments (Continued)

(iii) Financial assets at fair value through profit or loss (Continued)

The Branch has classified and measured its investments as financial assets at FVTPL as the assets are managed with the objective of realising cash flows through sale and that the portfolio of assets are managed and whose performance is evaluated on a fair value basis.

Interest income is recognised on an accrued basis. For all financial assets at fair value through profit or loss, changes in fair value are recognised in net fair value gains/(losses). Transaction costs in respect of financial assets and liabilities at fair value through profit or loss are expensed as they are incurred.

(iv) Business model assessment

The Branch assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Branch's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Branch's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Branch's continuing recognition of the assets.

For a majority of its investments, the objective of the Branch's business model is to fund insurance contract liabilities. The Branch undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from the financial assets are sufficient to settle insurance contract liabilities. The Branch determines that both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the business model's objective.

2. Summary of material accounting policies (Continued)

2.4 Classification and Measurement of Financial instruments (Continued)

(v) Assessment of whether contractual cash flows are SPPI

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal. Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Branch considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Branch considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Branch's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

(vi) Financial liabilities

The Branch classifies its financial liabilities as financial liabilities at amortised costs.

(vii) Derecognition and offset

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Branch has transferred substantially all risks and rewards of ownership. If the Branch neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Branch continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Branch is exposed to changes in the fair value of the asset.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled. If the terms of a financial instrument are modified, then the Branch evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, in which case, a new financial instrument based on the modified terms is recognised at fair value. If a financial instrument measured at amortised cost is modified but not substantially, then it is not derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.4 Classification and Measurement of Financial instruments (Continued)

(vii) Derecognition and offset (Continued)

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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 realise the asset and settle the liability simultaneously.

(viii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities at acquisition of three months or less, which are held for cash management purposes. Cash and cash equivalents are measured at amortised cost using the effective interest method.

2.5 Fair values of non-derivative financial instruments

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Branch has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss) are based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Branch is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. Financial instruments carried at fair value are measured using a fair value hierarchy described in Note 18.

2.6 Impairment of financial assets

(i) General

The Branch recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost and investments measured at FVOCI.

The Branch measures loss allowances at an amount equal to 12-month ECL, except for Stage 2 and Stage 3 assets where a lifetime ECL is recognised.

ECL is assessed in three stages:

Stage 1: if the financial asset is not credit-impaired upon origination and the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is measured at an amount up to 12-month ECL;

Stage 2: if the financial asset is not credit-impaired upon origination but the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime ECL. Lifetime ECL results from all possible default events over the expected life of the financial instrument; and

Stage 3: if the financial asset is credit-impaired, with one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, the loss allowance is also measured at an amount equal to the lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.6 Impairment of financial assets (Continued)

(i) General (Continued)

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

(ii) Measurement of ECL

ECL is calculated as a probability-weighted forward-looking estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Branch in accordance with the contract and the cash flows that the Branch expects to receive).

(iii) Credit-impaired financial assets

At each reporting date, the Branch assesses whether financial assets measured at amortised cost and lease receivables are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Branch considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Branch in full, without recourse by the Branch to mitigating actions. The criteria of "default" are consistent with those of "credit-impaired".

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Branch on terms that the Branch would not otherwise consider;
- the debtor entering bankruptcy or other financial reorganisation becoming probable; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

(iv) Presentation of ECL in the statement of financial position and income statement

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets

ECL is recognised as "Net impairment loss on financial assets" in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.6 Impairment of financial assets (Continued)

(v) Write-off

The gross carrying amount of a financial asset is written off when the Branch has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Branch determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Branch expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities and company activities, that may result in recovery of written off amounts.

2.7 Leases

The Branch as the lessee

At the inception of the contract, the Branch assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

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

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

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Branch is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Branch is reasonably certain to terminate early and lease payments for an optional renewal period if the Branch is reasonably certain to exercise an extension option.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.7 Leases (Continued)

Lease liabilities (Continued)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

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

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

Short-term and low-value leases

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

2.8 Insurance contracts

(i) Insurance and reinsurance contracts classification

Contracts under which the Branch accepts significant insurance risk are classified as insurance contracts. Contracts held by the Branch under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Branch, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Branch, unless otherwise stated.

(ii) Separating components from insurance and reinsurance contracts

At inception, the Branch separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- (a) derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- (b) distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(ii) Separating components from insurance and reinsurance contracts (Continued)

After separating any financial instrument components, the Branch separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Branch provides a significant service of integrating the good or service with the insurance component.

Some reinsurance contracts issued contain profit commission, overriding commission or overriding profit commission arrangements. Under these arrangements, there is no minimum guaranteed amount that the policyholder will always receive as these are calculated considering the results of prior underwriting cohorts. Hence, the Branch has assessed that there are no investment components.

(iii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance 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:

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

The Branch manages insurance contracts issued by business lines, where each business line includes contracts that are subject to similar risks. Each business line also groups insurance contracts for the purposes of profitability and management reporting. All insurance contracts within a line of business represent a portfolio of contracts.

For each portfolio of contracts, the Branch determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Branch uses judgement to determine at what level of granularity the Branch has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Branch's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business.

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(iii) Aggregation and recognition of insurance and reinsurance contracts (Continued)

An insurance contract issued by the Branch is recognised from the earliest of:

- (a) the beginning of its coverage period (i.e. the period during which the Branch provides services in respect of any premiums within the boundary of the contract);
- (b) when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance Contracts

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Branch concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Branch's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

Reinsurance treaties providing proportionate and non-proportionate coverage are managed individually at a treaty contract level. Each treaty forms a reinsurance contract portfolio.

A group of reinsurance contracts is recognised on the following date.

- (a) Reinsurance contracts initiated by the Branch that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Branch's quota share reinsurance contracts.
- (b) Other reinsurance contracts initiated by the Branch: The beginning of the coverage period of the group of reinsurance contracts. However, if the Branch recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Branch's excess of loss and stop loss reinsurance contracts.
- (c) Reinsurance contracts acquired: The date of acquisition.

(iv) Onerous groups of contracts

The Branch issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Branch has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Branch looks at facts and circumstances to identify if a group of contracts are onerous based on:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(iv) Onerous groups of contracts (Continued)

- pricing information; and
- results of similar contracts it has recognised.

If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Branch establishes a loss component at 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.

(v) Contract boundary

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Branch can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- a) the Branch has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- b) the Branch has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Branch, which may include both insurance and financial risks, but exclude lapse and expense risks.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

(vi) Insurance acquisition cash flows

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than FRS 117. Such an expense is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The Branch has chosen to expense the insurance acquisition cash flows when they are incurred.

At each reporting date, the Branch revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(vii) Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Branch could recognise assets or liabilities for cash flows related to a group of insurance contracts, either because of the occurrence of the cash flows or because of the requirements of another FRS standard. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

(viii) Measurement

Insurance contracts – Initial measurement

The Branch applies the premium allocation approach ("PAA") to all the insurance contracts that it issues and reinsurance contracts that it holds, 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.
- For contracts longer than one year, the Branch 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. In assessing materiality, the Branch has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Branch does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- the extent of future cash flows related to any derivatives embedded in the contracts; or
- the length of the coverage period of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the Branch measures the liability for remaining coverage as:

- the premiums, if any, received at initial recognition; and
- plus or minus any other asset or liability previously recognised for cash flows related to the group of contracts that the Branch pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Branch performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Branch recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Branch for the liability for remaining coverage for such onerous group depicting the losses recognised.

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(viii) Measurement (Continued)

Insurance contracts – Subsequent measurement

The Branch measures the carrying amount of the liability for 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;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the services provided in the period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Branch measures the carrying amount of the liability for 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;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the services provided in the period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Branch 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 Branch, and include an explicit adjustment for non-financial risk (the risk adjustment). The Branch does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Branch recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Branch for the liability for remaining coverage for such onerous group depicting the losses recognised. Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

Reinsurance contracts held – Initial measurement

The Branch 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.

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(viii) Measurement (Continued)

Reinsurance contracts held – Initial measurement (Continued)

Where the Branch 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 Branch establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Branch 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 Branch expects to recover from the group of reinsurance contracts held. The Branch 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.

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 Branch has established a loss-recovery component, the Branch 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.

(ix) Derecognition and contract modification

The Branch derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

If a contract modification does not result in derecognition, then the Branch treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

The Branch also derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a) if the modified terms had been included at contract inception and the Branch would have concluded that the modified contract:
 - is not within the scope of FRS 117;
 - results in different separable components;
 - results in a different contract boundary; or
 - belongs to a different group of contracts.

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(ix) Derecognition and contract modification (Continued)

When a new contract is required to be recognised as a result of modification and it is within the scope of FRS 117, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the component separation requirements and contract aggregation requirements.

(x) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

The Branch disaggregates amounts recognised in the statement of profit or loss and other comprehensive income into:

- (a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Branch does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components.

Insurance revenue

The Branch recognises the insurance revenue for each period as the amount of expected premium receipts for providing services in the period. The Branch allocates the expected premium receipts for each period by the passage of time.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items:

- incurred claims and other insurance service expenses;
- insurance acquisition cash flows expensed when they are incurred;
- losses on onerous contracts and reversals of such losses; and
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.8 Insurance contracts (Continued)

(x) Presentation (Continued)

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Branch recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Branch establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group underlying contracts that the Branch expects to recover from the reinsurance contracts.

Insurance finance income and expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- (a) the effect of the time value of money and changes in the time value of money; and
- (b) the effect of financial risk and changes in financial risk.

The Branch does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

The Branch presents insurance finance income or expenses in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Branch's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

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

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Branch expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Branch intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of 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 sales tax included.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.10 Employee compensation

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Branch pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Branch has no further payment obligations once the contributions have been paid. The Branch's contributions to defined contribution plans are recognised as employee compensation expense in profit or loss when they are due.

Employee leave entitlement

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

2.11 Currency translation

Transactions in a currency other than the Singapore Dollar ("foreign currency") are translated into Singapore Dollars at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2. Summary of material accounting policies (Continued)

2.12 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 Branch if that person:
 - (i) has control or joint control over the Branch;
 - (ii) has significant influence over the Branch; or
 - (iii) is a member of the key management personnel of the Branch or of a head office of the Branch.
- (b) An entity is related to the Branch if any of the following conditions applies:
 - (i) the entity and the Branch are members of the same Company (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 Company 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 Branch or an entity related to the Branch. If the Company is itself such a plan, the sponsoring employers are also related to the Branch.
 - (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).
 - (viii) the entity, or any member of a Branch of which it is a part, provides key management personnel services to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly, including any director (whether executive or otherwise) of that company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3. Critical accounting judgements and key sources of estimation uncertainty

The Branch made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Branch's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Branch's accounting policies

Determination of functional currency

The Branch translates foreign currency items into the functional currency of the Branch. In determining the functional currency of the Branch, judgement is used by the Branch to determine the currency of the primary economic environment in which the entity operates. Consideration factors include the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Impairment of financial assets

The Branch recognises loss allowances for ECL on financial assets measured at amortised cost. The measurement of ECL uses probability weighted forward-looking models with significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk since initial recognition;
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing the methodology for incorporating forward-looking information into the measurement of ECL.

When determining whether the credit risk (i.e. risk of default) on a financial asset has increased significantly since initial recognition, the Branch considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Branch's experience, credit assessment performed by internal and external experts and forward-looking information. The Branch determines a significant increase in credit risk based on various criteria for different categories of assets, including rating notch downgrade, days past due, expert judgement and other qualitative factors.

The Branch has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Branch considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment-grade", with credit rating equivalent to be Baa3 or above. As a backstop, the Branch considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due, unless there are other indications that there is no significant increase in credit risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Branch 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 auditors 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 Branch.

Liabilities for incurred claims

The estimation of the liabilities for incurred claims is the Branch's most source of estimation uncertainty. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Branch will ultimately pay for such claims. Estimation of the ultimate liability arising from claims is done using actuarial techniques.

The liabilities for incurred claims are split into IBNER (for claims incurred but not yet reported or not enough reserve), OSLR (for reported but not yet settled claims) and a claim handling expense/loss adjustment expenses reserve. The IBNER uses the Bornhuetter-Ferguson (BHF) approach based on claims triangles and specific loss ratio picks and the outstanding loss reserves use counts of claims forms and data management reports on pending claim forms. The claim handling reserve is a proportion of the IBNER and OSLR amounts.

In 2025, the loss ratio assumption used were 74.9% and 86.6% for global and local group business respectively (2024: 72.4% and 79.9%) with 3.5% (2024: 3.25%) loading for claim payment expenses. For individual business, the loss ratio assumption used were 66%, 60% and 78% for EUR, USD and GBP respectively (2024: 70%, 64% and 81% for EUR, USD and GBP) with 3.25% (2024: 4%) loading for claim payment expenses. A provision for adverse deviation at minimum 75% (2024: 75%) sufficiency is then added to the Best Estimate Claim Liabilities.

4. Other income

	<u>2025</u> \$'000	<u>2024</u> \$'000
Foreign exchange gains – net	-	5,572
Service fee income	2,447	2,262
Others	6	67
	<u>2,453</u>	<u>7,901</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

5. Expenses

	<u>Note</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Incurred claims		353,269	323,968
Commission expenses		51,243	52,022
		<u>404,512</u>	<u>375,990</u>
Employee compensation:			
Wages, salaries and staff benefits		22,013	21,901
Employer's contribution to defined contribution plans (including Central Provident Fund)		1,653	1,526
		<u>23,666</u>	<u>23,427</u>
Other operating expenses:			
Allocated head office expenses		19,416	16,430
Accounting and legal fees		4,624	932
Audit fee		185	265
Bank charges		786	1,179
Advertising		680	1,000
Depreciation of property and equipment	7	23	23
Depreciation of rights-of-use assets	12	463	377
(Write-back)/Impairment loss on receivables		(633)	562
Interest on lease liabilities		55	2
Foreign exchange loss – net		961	-
Other expenses		7,859	6,479
		<u>34,419</u>	<u>27,249</u>
		<u>462,597</u>	<u>426,666</u>
Represented by:			
Incurred claims and other insurance service expenses		383,957	353,384
Insurance acquisition expenses	13(a)	61,708	59,289
Other operating expenses		16,932	13,993
		<u>462,597</u>	<u>426,666</u>

6. Income tax

(a) Income tax expense

	<u>2025</u> \$'000	<u>2024</u> \$'000
Current tax expense		
Current financial year	10,358	5,142
(Over)/Under-provision in prior years	(408)	1,094
Deferred tax expense		
Origination and reversal of temporary differences	(277)	(643)
	<u>9,673</u>	<u>5,593</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6. Income tax**(b) Income tax expense (Continued)**

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

	<u>2025</u> \$'000	<u>2024</u> \$'000
Profit before income tax	56,587	24,466
Tax calculated at tax rate of 17% (2024: 17%)	9,620	4,159
Effects of:		
Income subject to concessionary tax rate	(309)	(347)
Singapore statutory stepped income exemption	(17)	(17)
Expenses not deductible for tax purposes	169	884
Change in unrecognised temporary differences	(277)	(643)
(Over)/Under provision in prior years	(408)	1,094
Others	895	463
	<u>9,673</u>	<u>5,593</u>

(c) Movement in current income tax liabilities

	<u>2025</u> \$'000	<u>2024</u> \$'000
Beginning of financial year	6,877	6,679
Income tax paid	(4,750)	(6,038)
Tax expense	10,358	5,142
Under-provision in prior financial years	(408)	1,094
End of financial year	<u>12,077</u>	<u>6,877</u>

(d) Deferred taxes

The movement in deferred tax assets / (liabilities) during the financial year is as follows:

	<u>Tax depreciation</u> \$'000	<u>Insurance and reinsurance contracts</u> \$'000	<u>Accrued operating expenses</u> \$'000	<u>Impairment allowance of insurance receivables</u> \$'000	<u>Total</u> \$'000
<u>2025</u>					
Beginning of financial year	(21)	1,212	567	(10)	1,748
Credited to profit or loss	-	184	93	-	277
End of financial year	<u>(21)</u>	<u>1,396</u>	<u>660</u>	<u>(10)</u>	<u>2,025</u>
<u>2024</u>					
Beginning of financial year	37	661	417	(10)	1,105
Credited to profit or loss	(58)	551	150	-	643
End of financial year	<u>(21)</u>	<u>1,212</u>	<u>567</u>	<u>(10)</u>	<u>1,748</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7. Property and equipment

	<u>Computers</u> \$'000	<u>Office renovation</u> \$'000	<u>Office equipment</u> \$'000	<u>Total</u> \$'000
Cost				
Balance at 1 January 2024	276	419	18	713
Additions	-	-	-	-
Balance at 31 December 2024	276	419	18	713
Additions	-	-	-	-
At 31 December 2025	276	419	18	713
Accumulated depreciation				
Balance at 1 January 2024	274	332	7	613
Depreciation charge	-	18	5	23
At 31 December 2024	274	350	12	636
Depreciation charge	-	18	5	23
At 31 December 2025	274	368	17	659
Carrying amount				
At 31 December 2024	2	69	6	77
At 31 December 2025	2	51	1	54

8. Financial assets, at fair value through profit or loss

Financial assets, at fair value through profit or loss, include the following:

	<u>2025</u> \$'000	<u>2024</u> \$'000
At fair value		
Fixed income securities, quoted	198,323	150,017
Collective investment scheme (money market funds)	15,458	-
	<u>213,781</u>	<u>150,017</u>

(i) The carrying value for fixed income securities is determined as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance at beginning of the year	150,017	160,617
Additions	82,111	43,630
Redemptions and disposals	(38,167)	(54,435)
Amortisation and accretion of debt securities	553	72
Fair value gains from debt securities	3,809	133
Balance at the end of the year	<u>198,323</u>	<u>150,017</u>
Interest income from debt securities	<u>4,196</u>	<u>4,575</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

8. Financial assets, at fair value through profit or loss

(ii) The carrying value for collective investment scheme ("CIS") is determined as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance at beginning of the year	-	-
Additions	19,077	-
Redemptions and disposals	(3,666)	-
Fair value gains from CIS	47	-
	<u>15,458</u>	<u>-</u>
Balance at the end of the year	15,458	-
Income from CIS distribution	502	-

9. Due from / (to) related companies

	<u>2025</u> \$'000	<u>2024</u> \$'000
Due from related companies (non-trade)	915	978
Due to related companies (non-trade)	(14,999)	(13,786)

The carrying amount due from / (to) related companies are unsecured, interest free, repayable on demand and approximate their fair values.

10. Other current assets

	<u>2025</u> \$'000	<u>2024</u> \$'000
Other receivables	10,077	7,446
Prepayments	2,522	1,976
Deposits	203	203
	<u>12,802</u>	<u>9,625</u>

The carrying amounts of other current assets (except for prepaid operating expenses) approximate their fair values.

11. Cash and cash equivalents

	<u>2025</u> \$'000	<u>2024</u> \$'000
Cash at bank and on hand	88,462	83,531

The carrying amounts of cash and cash equivalents approximate their fair values.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

12. Lease liabilitiesThe Branch as a lessee

Leasehold property

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

Office equipment

The Branch leases office equipment (i.e. photocopier machines) for business purposes.

(a) Carrying amounts – Right-of-use assets

	<u>Leasehold property</u> \$'000	<u>Office equipment</u> \$'000	<u>Right-of-use assets</u> \$'000
At 1 January 2024	391	-	391
Depreciation	<u>(377)</u>	<u>-</u>	<u>(377)</u>
At 31 December 2024	14	-	14
Addition	1,400	-	1,400
Depreciation	<u>(463)</u>	<u>-</u>	<u>(463)</u>
At 31 December 2025	<u><u>951</u></u>	<u><u>-</u></u>	<u><u>951</u></u>

(b) Carrying amounts – Lease liabilities

	<u>2025</u> \$'000	<u>2024</u> \$'000
Lease liabilities – current	467	16
Lease liabilities – non-current	<u>468</u>	<u>-</u>
Total	<u><u>935</u></u>	<u><u>16</u></u>
Balance at beginning of the year	16	392
Addition	1,400	-
Interest accretion	55	2
Principal and interest repayments	<u>(536)</u>	<u>(378)</u>
Balance at end of the year	<u><u>935</u></u>	<u><u>16</u></u>

Total cash outflow for all leases in 2025 was \$536,000 (2024: \$378,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. Insurance and reinsurance contract balances

(a) Movement of insurance contract balances

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of Present Value of Future Cash Flows	Risk Adjustment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening assets	-	-	-	-	-
Opening liabilities	64,827	297	66,644	3,342	135,110
As at 1 January 2025	64,827	297	66,644	3,342	135,110
Insurance contract revenue	(515,099)	-	-	-	(515,099)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	-	396,095	284	396,379
Insurance acquisition Expenses	61,708	-	-	-	61,708
Losses on onerous contract	-	412	-	-	412
Adjustments to liabilities for incurred claims	-	-	(12,834)	-	(12,834)
	61,708	412	383,261	284	445,665
Insurance service results	(453,391)	412	383,261	284	(69,434)
Net insurance finance Expenses	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	(453,391)	412	383,261	284	(69,434)
Cash flows					
Premiums received	551,594	-	-	-	551,594
Claims and other insurance service expenses paid	-	-	(382,928)	-	(382,928)
Insurance acquisition cash flows	(58,971)	-	-	-	(58,971)
Total cash flows	492,623	-	(382,928)	-	109,695
As at 31 December 2025	104,059	709	66,977	3,626	175,371
Represented by:					
Closing assets	-	-	-	-	-
Closing liabilities	104,059	709	66,977	3,626	175,371
As at 31 December 2025	104,059	709	66,977	3,626	175,371

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. Insurance and reinsurance contract balances (Continued)

(a) Movement of insurance contract balances (Continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total \$'000
	Excluding loss component \$'000	Loss component \$'000	Estimates of Present Value of Future Cash Flows \$'000	Risk Adjustment \$'000	
Opening assets	-	-	-	-	-
Opening liabilities	70,714	240	71,496	5,809	148,259
As at 1 January 2024	70,714	240	71,496	5,809	148,259
Insurance contract revenue	(445,753)	-	-	-	(445,753)
Insurance service expenses:					
Incurred claims and other insurance service expenses	-	-	367,763	(2,467)	365,296
Insurance acquisition expenses	59,289	-	-	-	59,289
Losses on onerous contract	-	57	-	-	57
Adjustments to liabilities for incurred claims	-	-	(11,969)	-	(11,969)
	59,289	57	355,794	(2,467)	412,673
Insurance service results	(386,464)	57	355,794	(2,467)	(33,080)
Net insurance finance expenses	-	-	-	-	-
Total changes in the statement of profit or loss and other comprehensive income	(386,464)	57	355,794	(2,467)	(33,080)
Cash flows					
Premiums received	435,502	-	-	-	435,502
Claims and other insurance service expenses paid	-	-	(360,646)	-	(360,646)
Insurance acquisition cash flows	(54,925)	-	-	-	(54,925)
Total cash flows	380,577	-	(360,646)	-	19,931
As at 31 December 2024	64,827	297	66,644	3,342	135,110
Represented by:					
Closing assets	-	-	-	-	-
Closing liabilities	64,827	297	66,644	3,342	135,110
As at 31 December 2024	64,827	297	66,644	3,342	135,110

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. Insurance and reinsurance contract balances (Continued)

(b) Movement of reinsurance contract balances

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component \$'000	Loss recovery component \$'000	Estimates of Present Value of Future Cash Flows \$'000	Risk Adjustment \$'000	Total \$'000
Opening assets	(25,217)	149	33,600	1,487	10,019
Opening liabilities	-	-	-	-	-
As at 1 January 2025	(25,217)	149	33,600	1,487	10,019
Allocation of reinsurance premiums paid	(196,968)	-	-	-	(196,968)
Amounts recoverable from reinsurers:					
Recoveries of incurred claims	-	-	191,803	330	192,133
Recoveries of losses on onerous underlying contracts	-	205	-	-	205
Adjustments to assets for incurred claims	-	-	(3,802)	-	(3,802)
	-	205	188,001	330	188,536
Net expense from reinsurance contract held	(196,968)	205	188,001	330	(8,432)
Net finance income from reinsurance contracts	(701)	-	-	-	(701)
Total changes in the statement of profit or loss and other comprehensive income	(197,669)	205	188,001	330	(9,133)
Cash flows					
Reinsurance premiums paid - net	205,426	-	-	-	205,426
Reinsurance amounts received	-	-	(191,634)	-	(191,634)
Total cash flows	205,426	-	(191,634)	-	13,792
As at 31 December 2025	(17,460)	354	29,967	1,817	14,678
Represented by:					
Closing assets	(17,460)	354	29,967	1,817	14,678
Closing liabilities	-	-	-	-	-
As at 31 December 2025	(17,460)	354	29,967	1,817	14,678

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. Insurance and reinsurance contract balances (Continued)

(b) Movement of reinsurance contract balances (Continued)

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component \$'000	Loss recovery component \$'000	Estimates of Present Value of Future Cash Flows \$'000	Risk Adjustment \$'000	Total \$'000
Opening assets	(17,441)	144	35,829	2,961	21,493
Opening liabilities	-	-	-	-	-
As at 1 January 2024	(17,441)	144	35,829	2,961	21,493
Allocation of reinsurance premiums paid	(173,525)	-	-	-	(173,525)
Amounts recoverable from reinsurers:					
Recoveries of incurred claims	-	-	170,619	(1,474)	169,145
Recoveries of losses on onerous underlying contracts	-	5	-	-	5
Adjustments to assets for incurred claims	-	-	(5,036)	-	(5,036)
	-	5	165,583	(1,474)	164,114
Net expense from reinsurance contract held	(173,525)	5	165,583	(1,474)	(9,411)
Net finance income from reinsurance contracts	(1,171)	-	-	-	(1,171)
Total changes in the statement of profit or loss and other comprehensive income	(174,696)	5	165,583	(1,474)	(10,582)
Cash flows					
Reinsurance premiums paid - net	166,920	-	-	-	166,920
Reinsurance amounts received	-	-	(167,812)	-	(167,812)
Total cash flows	166,920	-	(167,812)	-	(892)
As at 31 December 2024	(25,217)	149	33,600	1,487	10,019
Represented by:					
Closing assets	(25,217)	149	33,600	1,487	10,019
Closing liabilities	-	-	-	-	-
As at 31 December 2024	(25,217)	149	33,600	1,487	10,019

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. Insurance and reinsurance contract balances (Continued)

(c) Claims development

The table below shows the development of claims over a period of time on a gross and net of reinsurance basis. It shows the cumulative incurred claims, including both notified and IBNR claims, for each successive accident year at each balance sheet date, together with cumulative claims as at the current balance sheet date.

Claim development is shown for the last five accident years, with the liability held as at current balance sheet date for accident year 2020 and before being shown as a separate item.

Gross claims development as of 31 December 2025

<u>Accident Year</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>	<u>2025</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
End of accident year	206,017	254,017	343,460	348,517	372,062	1,524,073
1 year later	192,044	249,019	324,258	331,858		1,097,179
2 years later	192,743	249,962	322,663			765,368
3 years later	192,556	250,296				442,852
4 years later	192,631					192,631
Cumulative claims incurred	192,631	250,296	322,663	331,858	372,062	1,469,510
Cumulative payments to date	192,631	250,296	322,301	328,284	308,800	1,402,312
Liability recognised in the balance sheet	-	-	362	3,574	63,262	67,198
Outstanding claims payable						67,198
Provision for experience refund						(3,521)
Claims payable						6,926
						<u>70,603</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Insurance and reinsurance contract balances (Continued)

(c) Claims development (Continued)

Net claims development as of 31 December 2025

<u>Accident Year</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2023</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>	<u>2025</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
End of accident year	102,017	121,969	165,664	172,235	180,818	742,703
1 year later	95,236	119,371	156,635	163,181		534,423
2 years later	95,586	119,863	155,779			371,228
3 years later	95,497	120,018				215,515
4 years later	95,533					95,533
Cumulative claims incurred	95,533	120,018	155,779	163,181	180,818	715,329
Cumulative payments to date	95,533	120,018	155,597	161,379	149,148	681,675
Liability recognised in the balance sheet	-	-	182	1,802	31,670	33,654
Outstanding claims payable						33,654
Provision for experience refund						(1,761)
Claims Payable						6,926
						<u>38,819</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

13. Insurance and reinsurance contract balances (Continued)

(d) Sensitivity analysis

The table below presents the sensitivity of the value of gross and net outstanding claims reserves to movement in the assumptions used in the estimation of the gross and net outstanding claims reserves.

	<u>Change in assumptions</u> %	<u>Impact on profit before tax gross of reinsurance</u> \$'000	<u>Impact on profit before tax net of reinsurance</u> \$'000	<u>Impact on equity gross of reinsurance</u> \$'000	<u>Impact on equity net of reinsurance</u> \$'000
<u>2025</u>					
- Projected ultimate loss ratio	+5.0	2,919	1,462	2,423	1,213
- Claims handling experience	+2.5	1,622	812	1,346	674
- Projected ultimate loss ratio	-5.0	(2,919)	(1,462)	(2,423)	(1,213)
- Claims handling experience	-2.5	(1,622)	(812)	(1,346)	(674)
<u>2024</u>					
- Projected ultimate loss ratio	+5.0	2,813	1,412	2,334	1,172
- Claims handling experience	+2.5	1,599	803	1,328	667
- Projected ultimate loss ratio	-5.0	(2,813)	(1,412)	(2,334)	(1,172)
- Claims handling experience	-2.5	(1,599)	(803)	(1,328)	(667)

14. Other current liabilities

	<u>2025</u> \$'000	<u>2024</u> \$'000
Accrued operating expenses	10,057	7,751
GST payable	11,168	4,605
Other payable	4,293	5,010
	<u>25,518</u>	<u>17,366</u>

Other current liabilities approximate their fair values.

15. Head office contributions

In 2025, the Branch transferred \$25,000,000 (2024: \$25,000,000) as a distribution of surplus to the Head Office.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**
16. Related party transactions

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

(a) Income and charges for services rendered

	<u>2025</u> \$'000	<u>2024</u> \$'000
<u>Income</u>		
Management income received from Head Office, overseas branches of Head Office and a related corporation	3,241	9,684
Commission received from a related corporation	72,899	60,793
Claims recovered from a related corporation	<u>170,309</u>	<u>158,020</u>
<u>Charges</u>		
Reinsurance premiums paid to a related corporation	264,943	234,902
Commission paid to a related corporation	565	562
Management expenses paid to Head Office, overseas branches of Head Office and a related corporation	<u>24,816</u>	<u>28,274</u>

(b) Key management personnel compensation

The key management personnel compensation incurred by the Branch during the financial year is as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Wages and salaries	1,011	983
Post-employment benefits – contribution to Central Provident Fund	<u>17</u>	<u>17</u>
	<u>1,028</u>	<u>1,000</u>

17. Risk Management***Risk Management Framework***

The Branch's Risk Management Framework has been established for the identification, evaluation and management of the key risks faced by the organisation within its stated Risk Appetite. The framework includes an established risk governance structure with clear oversight and assignment of responsibilities for monitoring and management of financial and non-financial risks. Risk management is carried out under policies approved by the Board of Directors of the Head Office (the "Board") which governs the Branch.

The Branch issues contracts that transfer insurance risks. The insurance risks associated with the Branch's operations and management of this risk are summarised below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Risk Management (Continued)

Insurance risks

The Branch's insurance business is concentrated on health class of business. In addition, the Branch's insurance business is primarily derived from Singapore.

The Branch has developed a robust underwriting and pricing framework to ensure that all risks accepted meet the guidelines and standards. Underwriting limits are in place to enforce appropriate risk selection criteria. In addition, at the expiry of policy, the Branch have the right to reprice, impose limits, co-payment and other terms to improve the profitability of the policies. The Branch can also decide not to renew the policies if the pricing and terms do not meet the guidelines. On a regular basis, the Branch review the profitability of its portfolio of policies as well as monitor and forecast claims development and trend. Such claims trend factors will be factored into the pricing of policies.

The Branch has developed a reinsurance strategy to ensure the Branch has sufficient capacity to meet claims obligations as they fall due. The reinsurance arrangements include quota share as well as excess of loss coverage. The effect of such reinsurance management is that the Branch is protected from significant catastrophic events.

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts considers all the information available for the claims. The estimation of the liability is revised from time to time according to the latest information available and is done using actuarial techniques.

Key assumptions

Generally accepted actuarial methodologies, such as chain-ladder and Bornhuetter-Ferguson methods, are used to project the ultimate claims. The Branch's past experience and claim development patterns are important assumptions for such projections. Other assumptions include claims handling expenses and the provision for adverse deviation at minimum 75% sufficiency.

Financial risks

The Branch has exposures to a range of financial risks, including credit risk, market risk, and liquidity risk. The Branch applies a consistent risk management philosophy that is embedded in management processes and controls such that both existing and emerging risks are considered and addressed.

The following section summarises the Branch's key risk exposures and the primary policies and processes used by the Branch to manage its exposures to these risks.

Credit risk

The Branch has exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. Although the primary source of credit risk is the Branch's investment portfolio, credit risk also arises in reinsurance, settlement and treasury activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Risk Management (Continued)

Credit risk (Continued)

The level of credit risk the Branch accepts is managed and monitored by the Asset and Liability Management Committee, through establishment of an exposure limit for each counterparty or group of counterparties, reporting of credit risk exposures, monitoring compliance with exposure limits, and a regular review of limits due to changes in the macro-economic environment.

The Branch actively manages its investments to ensure that there is no significant concentration of credit risk. The Branch primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the internal rating as at the reporting date with the internal rating as at the date of initial recognition of the exposure. Where external credit ratings are available, internal ratings are assigned consistent with such ratings in accordance with the Branch's credit risk assessment framework. Where external credit ratings are not readily available, an internal rating methodology has been adopted. The Branch monitors changes in credit risk by tracking the change in internal rating of the exposure.

Expected Credit Loss ("ECL") Methodology

The measurement of ECL is the product of the financial instrument's probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") discounted at the effective interest rate to the reporting date.

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Branch adopts three economic scenarios in the ECL measurement to meet the requirements of FRS 109. The "Baseline" scenario represents a most likely outcome and the other two scenarios, referred to as "Good" scenario and "Bad" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices will affect the Branch's income or the value of its holdings of financial instruments. The Branch's activities expose it primarily to the financial risks of change in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return on risk.

Foreign currency risk

The Branch foreign currency exposures arise mainly from the exchange rate movements of Swiss Franc ("CHF"), Euro ("EUR"), British Pound ("GBP") and United States dollar ("USD") to the Singapore dollar.

The Branch is exposed to some foreign exchange risk due to the fact that premiums are generally paid in US Dollars however the functional currency of the Branch is Singapore Dollars. The risks arising from operational activities are generally short term in nature, and the Branch's policy is to manage this through matching of cash flows in the relevant currencies. Gains and losses on these activities are fully reflected in the profit and loss statement for the period in which they arise.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Risk Management (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The Branch's exposure to foreign currency risk by major currencies are summarised as follows:

	USD \$'000	GBP \$'000	EUR \$'000	HKD \$'000	CHF \$'000
2025					
<u>Monetary assets</u>					
Reinsurance contract assets/ (liabilities)	36,764	(17)	81	-	-
Due from related companies	(207)	-	9	17	-
Other current assets (excluding prepayments)	517	-	-	-	-
Cash and cash equivalents	13,639	628	1,279	-	70
	<u>50,713</u>	<u>611</u>	<u>1,369</u>	<u>17</u>	<u>70</u>
<u>Monetary liabilities</u>					
Insurance contract liabilities	(39,057)	(623)	(969)	-	-
Due to related companies	(13,543)	(845)	(282)	(192)	(1)
Other current liabilities	(9,028)	(36)	(6)	-	-
	<u>(61,628)</u>	<u>(1,504)</u>	<u>(1,257)</u>	<u>(192)</u>	<u>(1)</u>
Net financial assets currency exposure	<u>(10,915)</u>	<u>(893)</u>	<u>112</u>	<u>(175)</u>	<u>69</u>
	USD \$'000	GBP \$'000	EUR \$'000	HKD \$'000	CHF \$'000
2024					
<u>Monetary assets</u>					
Reinsurance contract assets/ (liabilities)	11,516	(73)	(10)	-	-
Due from related companies	-	-	-	-	-
Other current assets (excluding prepayments)	569	-	-	-	-
Cash and cash equivalents	49,531	710	1,279	-	66
	<u>61,616</u>	<u>637</u>	<u>1,269</u>	<u>-</u>	<u>66</u>
<u>Monetary liabilities</u>					
Insurance contract liabilities	(63,362)	(670)	(884)	-	-
Due to related companies	(12,413)	(659)	(204)	(210)	(1)
Other current liabilities	(5,015)	(7)	20	-	-
	<u>(80,790)</u>	<u>(1,336)</u>	<u>(1,068)</u>	<u>(210)</u>	<u>(1)</u>
Net financial assets currency exposure	<u>(19,174)</u>	<u>(699)</u>	<u>201</u>	<u>(210)</u>	<u>65</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17. Risk Management (Continued)***Market risk (Continued)***Foreign currency risk (Continued)*Foreign currency sensitivity analysis*

The Branch is mainly exposed to USD, GBP, EUR, HKD and CHF.

The following table details the Branch's sensitivity to a 5% (2024: 5%) change in various foreign currencies against Singapore dollar ("SGD"). The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant.

	Increase / (Decrease) in profit before tax	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Strengthens / weakens against SGD		
USD	(546) / 546	(959) / 959
GBP	(45) / 45	(35) / 35
EUR	6 / (6)	10 / (10)
HKD	(9) / 9	(11) / 11
CHF	<u>3 / (3)</u>	<u>3 / (3)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**
17. Risk Management (Continued)***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Branch manages its liquidity risk by maintaining sufficient cash and bank balances. The Branch also ensures that its assets are invested in varying maturities, which enables it to ensure appropriate matching with insurance liabilities.

The table below summarises the estimated maturity profile of the Branch's financial liabilities in respect of short-term insurance and reinsurance contracts based on expected undiscounted cash flows.

		Within 12 months	
	<u>Note</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Financial assets and reinsurance assets			
Reinsurance contract assets	13(b)	14,678	10,019
Due from related companies	9	915	978
Other current assets (excluding prepayments)	10	10,280	7,649
		<u>25,873</u>	<u>18,646</u>
Financial liabilities and insurance contract liabilities			
Insurance contract liabilities	13(a)	175,371	135,110
Due to related companies	9	14,999	13,786
Other current liabilities (excluding GST payable)	14	14,350	12,761
Lease liabilities	12	467	16
		<u>205,187</u>	<u>161,673</u>
More than 12 months			
	<u>Note</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Financial liabilities and insurance contract liabilities			
Lease liabilities	12	499	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

17. Risk Management (Continued)

Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Branch manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The income and operating cash flows are substantially independent of the changes in market interest rates as the Branch's investments are mainly in fixed income securities.

An increase/decrease of 50 basis points (2024: 50 basis points) in the interest yield of investments classified as fair value through profit or loss, with all other variables including tax rate being held constant, would decrease/increase the market value of the investment and profit after tax by \$2,913,000 (2024: \$2,424,000).

Financial instruments by category

	<u>Note</u>	<u>2025</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>
<i>Financial assets, at fair value through profit or loss</i>	8	<u>213,781</u>	<u>150,017</u>
<i>Financial assets, at amortised cost</i>			
Due from related companies	9	915	978
Other current assets (excluding prepayments)	10	10,280	7,649
Cash and cash equivalents	11	<u>88,462</u>	<u>83,531</u>
Total financial assets		<u><u>313,438</u></u>	<u><u>242,175</u></u>
<i>Financial liabilities at amortised cost</i>			
Due to related the companies	9	14,999	13,786
Other current liabilities (excluding GST payable)	14	14,350	12,761
Lease liabilities	12	<u>935</u>	<u>16</u>
Total financial liabilities		<u><u>30,284</u></u>	<u><u>26,563</u></u>

18. Fair value of assets and liabilities

The Branch discloses its fair value measurements by level under the following fair value measurement hierarchy:

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

The fair value of financial instruments traded in active markets (financial assets held at fair value through profit or loss) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Branch is the current bid price.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18. Fair value of assets and liabilities (Continued)

The following table presents assets and liabilities measured at fair value and classified by level 1:

	<u>2025</u> <u>\$'000</u>	<u>2024</u> <u>\$'000</u>
Financial assets, at fair value through profit or loss	<u>213,781</u>	<u>150,017</u>

19. Capital management policies and objectives

The Branch's objectives while managing capital are as follows:

- to comply with the capital requirements under the Insurance Act, Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133 (Notice on Valuation and Capital Framework for Insurers);
- to safeguard the Branch's ability to continue as a going concern so that it can continue to provide returns to its shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

An insurer carrying on general insurance business in Singapore is required to maintain the fund solvency margin and capital adequacy ratio as stipulated in the Insurance (Valuation and Capital) Regulations 2004 and MAS Notice 133. For each Insurance Fund, the insurer is required to maintain the financial resources at all times not less than the total risk requirement of the fund. The capital adequacy requirement of a licensed insurer shall at all times be such that the financial resources of the insurer are not less than:

(i) The higher of:

- the amount of the total risk requirement of the licensed insurer at the higher solvency intervention level; and
- a minimum amount of \$5 million.

(ii) The higher of:

- the amount of the total risk requirement of the licensed insurer at the lower solvency intervention level; and
- a minimum amount of \$5 million.

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

The Branch is in compliance with all externally imposed capital requirements for the financial year ended 31 December 2025 and 2024.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

20. New standards and interpretations issued but not yet effective

At the date of authorisation of these statements, the following FRSs that are relevant to the Branch were issued but not yet effective:

FRS	Title	Effective date (annual periods beginning on or after)
FRS 109, FRS 107	Amendments to FRS 109 and FRS 107: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Various	Annual Improvements to FRSs - Volume 11	1 January 2026
FRS 109, FRS 107	Amendments to FRS 109 and FRS 107: <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
FRS 118	Presentation and Disclosure in Financial Statements	1 January 2027
FRS 119	Subsidiaries without public accountability: Disclosures	1 January 2027
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28	To be determined

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Branch does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards, with the exception of FRS 118 Presentation and Disclosure in Financial Statements, will not have a material impact on the financial statements of the Company and the Branch in the period of their initial adoption.

FRS 118, effective for annual periods beginning on or after 1 January 2027, replaces FRS 1 Presentation of Financial Statements and introduces new requirements for presentation and disclosure in financial statements. FRS 118 mandates a new structure for the statement of profit or loss and also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. As a consequential result of FRS 118 requirements, all entities are required to use the operating profit subtotal, instead of profit or loss, as the starting point for presenting operating cash flows under the indirect method. The classification of cash flows from dividends and interests in either operating, investing and financing cash flows is also fixed.

FRS 118 will apply retrospectively. The Branch is still in the process of assessing the corresponding impact on the primary financial statements and notes to the financial statements.