Audited Financial Statements

For the Financial Year ended 31 December 2021

Tokio Marine Life Insurance Singapore Ltd.
(Incorporated in Singapore. Registration Number: 194800055D)
And Its Subsidiary

TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
(Incorporated in Singapore)
AND ITS SUBSIDIARY

ANNUAL REPORT
For the financial year ended 31 December 2021

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2021.

In the opinion of the directors,

(a) the financial statements of the Company and the consolidated financial statements of the Group set out on pages 6 to 122 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and of the financial performance, changes in equity of the Company and of the Group, and cash flows of the Group for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Tan Cheng Han
Ooi Chee Kar
Rolf Gerber
Tang Loo Chuan
Biren Kundalia (appointed on 7 July 2021)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Share options

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

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ooi Chee Kar
Director

Tang Loo Chuan
Director

13 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
For the financial year ended 31 December 2021

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Tokio Marine Life Insurance Singapore Ltd. (the "Company") and its subsidiary (the "Group") and the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and the financial performance and changes in equity of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company and of the Group comprise:

- the consolidated balance sheet of the Group as at 31 December 2021;
- the balance sheet of the Company as at 31 December 2021;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statement of comprehensive income of the Company for the financial year then ended:
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the Group'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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
For the financial year ended 31 December 2021 (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 13 April 2022

TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARY

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2021

	Notes	The Group 2021 $'000	The Group 2020 $'000	The Company 2021 $'000	The Company 2020 $'000
INCOME					
Gross premiums		**1,310,685**	1,226,344	**803,941**	784,730
Less: Reinsurance premiums		**(138,221)**	(149,584)	**(123,030)**	(134,635)
Net premiums		**1,172,464**	1,076,760	**680,911**	650,095
Fee and commission income	6(a)	**32,859**	36,527	**32,121**	34,502
Investment and other income	6(b)	**387,063**	383,771	**269,765**	269,776
Other (losses)/gains - net	6(c)	**(15,823)**	167,532	**(26,350)**	102,870
Rental income		**3,455**	3,399	**681**	302
TOTAL INCOME		**1,580,018**	1,667,989	**957,128**	1,057,545
OUTGO					
Claims under policies, paid and outstanding, net of reinsurance recoveries:	6(g)				
- Death		**(65,787)**	(52,401)	**(37,452)**	(32,549)
- Maturities		**(373,306)**	(329,370)	**(220,178)**	(164,655)
- Others		**(82,001)**	(76,703)	**(13,938)**	(3,793)
- Surrenders including bonus		**(173,024)**	(159,727)	**(60,211)**	(47,040)
- Annuities		**(6,231)**	(6,302)	**(6,231)**	(6,302)
Change in insurance contract liabilities	28	**(500,709)**	(768,336)	**(451,055)**	(663,137)
Change in reinsurance assets arising from insurance contract liabilities	9(b)	**(7,776)**	17,075	**(7,776)**	17,075
TOTAL OUTGO		**(1,208,834)**	(1,375,764)	**(796,841)**	(900,401)
OPERATING EXPENSES AND COMMISSION					
Commission and agency expenses		**(120,416)**	(109,700)	**(62,574)**	(55,481)
Employee compensation	6(d)	**(57,382)**	(56,124)	**(31,810)**	(31,861)
Depreciation	6(e)	**(4,530)**	(4,712)	**(2,608)**	(2,714)
Amortisation	20	**(8,468)**	(8,982)	**(1,459)**	(1,704)
Other operating expenses	6(f)	**(58,519)**	(56,140)	**(41,480)**	(37,285)
TOTAL EXPENSES		**(1,458,149)**	(1,611,422)	**(936,772)**	(1,029,446)
PROFIT BEFORE INCOME TAX		**121,869**	56,567	**20,356**	28,099
Income tax (expense)/credit	5	**(7,357)**	(34,247)	**20,919**	(16,254)
NET PROFIT FOR THE FINANCIAL YEAR		**114,512**	22,320	**41,275**	11,845
OTHER COMPREHENSIVE INCOME:					
Items that may be reclassified subsequently to profit or loss:					
Financial assets, available-for-sale					
- fair value (losses)/gains		**(807,911)**	770,067	**(761,866)**	630,516
- reclassification upon disposal	6(c)	**(164,060)**	(135,980)	**(128,096)**	(59,522)
- deferred tax	24	**126,266**	(80,697)	**114,079**	(72,034)
- shadow accounting		**575,014**	(395,144)	**528,060**	(355,127)
Currency translation differences arising from consolidation		**(3,763)**	(161)	**-**	-
Other comprehensive (loss)/income, net of tax		**(274,454)**	158,085	**(247,823)**	143,833
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(159,942)**	180,405	**(206,548)**	155,678

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

TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARY

BALANCE SHEET
As at 31 December 2021

	Notes	The Group 2021 $'000	The Group 2020 $'000	The Company 2021 $'000	The Company 2020 $'000
ASSETS					
Cash and cash equivalents	7	**377,449**	458,732	**224,867**	355,882
Trade receivables		**6,918**	5,653	**6,306**	4,888
Outstanding premium and agents' balances	8	**21,479**	36,066	**15,089**	29,066
Reinsurance assets	9	**222,687**	203,599	**215,473**	197,325
Financial assets, available-for-sale	10	**12,736,754**	11,633,097	**10,827,717**	9,676,988
Financial assets at fair value through profit or loss	11	**814,638**	621,247	**212,073**	112,930
Financial assets, held-to-maturity	12	**299,176**	309,505	**-**	-
Derivative financial instruments	13	**23,702**	137,562	**22,330**	137,562
Other assets	14	**99,443**	101,377	**76,914**	72,610
Loans	15	**188,640**	200,050	**63,810**	62,986
Investment properties	16	**15,672**	16,150	**7,385**	7,673
Investment in a subsidiary	17	**-**	-	**87,636**	87,636
Property, plant and equipment	18	**61,980**	64,086	**33,843**	34,750
Intangible assets	20	**27,647**	34,716	**6,212**	7,664
Tax recoverable		**3,342**	3,380	**-**	-
TOTAL ASSETS		**14,899,527**	13,825,220	**11,799,655**	10,787,960
LIABILITIES					
Claims admitted or intimated		**432,645**	381,682	**180,005**	158,056
Trade payables		**231,438**	201,488	**173,869**	153,297
Other payables	21	**61,158**	94,628	**36,752**	72,583
Deferred income	22	**48,750**	9,371	**48,750**	9,371
Borrowings	23	**198,453**	198,703	**198,018**	198,552
Current tax liabilities		**11,626**	4,575	**10,765**	3,244
Deferred tax liabilities	24	**459,319**	608,154	**381,549**	529,422
Staff retirement benefits	25	**65**	66	**-**	1
Agents' retirement benefits	26	**12,148**	11,400	**215**	220
Derivative financial instruments	13	**109,762**	12,419	**109,762**	12,419
Obligations under repurchase agreement	27	**2,245,623**	952,895	**2,245,623**	952,895
Insurance contract liabilities	28	**10,252,417**	10,353,774	**7,868,227**	7,945,232
TOTAL LIABILITIES		**14,063,404**	12,829,155	**11,253,535**	10,035,292
EQUITY					
Share capital and reserves					
Share capital		**36,000**	36,000	**36,000**	36,000
Capital reserve		**4,800**	4,800	**-**	-
Fair value reserve		**460,105**	1,305,810	**326,845**	1,102,728
Shadow accounting		**(497,273)**	(1,072,287)	**(377,598)**	(905,658)
Foreign currency translation reserve		**(29,981)**	(26,218)	**-**	-
Retained earnings		**862,472**	747,960	**560,873**	519,598
TOTAL EQUITY		**836,123**	996,065	**546,120**	752,668
TOTAL LIABILITIES AND EQUITY		**14,899,527**	13,825,220	**11,799,655**	10,787,960

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

**TOKIO MARINE LIFE INSURANCE SINGAPORE LTD.
AND ITS SUBSIDIARY**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2021

	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Shadow accounting $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2021	36,000	4,800	1,305,810	(26,218)	(1,072,287)	747,960	**996,065**
Profit after tax	-	-	-	-	-	114,512	**114,512**
Fair value losses on available-for-sale financial assets	-	-	(807,911)	-	-	-	**(807,911)**
Fair value gains on available-for-sale financial assets transferred to profit or loss on disposal	-	-	(164,060)	-	-	-	**(164,060)**
Deferred tax on fair value changes	-	-	126,266	-	-	-	**126,266**
Currency translation difference	-	-	-	(3,763)	-	-	**(3,763)**
Shadow accounting	-	-	-	-	575,014	-	**575,014**
Total comprehensive (loss)/income	-	-	(845,705)	(3,763)	575,014	114,512	**(159,942)**
Balance at 31 December 2021	**36,000**	**4,800**	**460,105**	**(29,981)**	**(497,273)**	**862,472**	**836,123**
Balance at 1 January 2020	36,000	4,800	752,420	(26,057)	(677,143)	725,640	815,660
Profit after tax	-	-	-	-	-	22,320	**22,320**
Fair value gains on available-for-sale financial assets	-	-	770,067	-	-	-	**770,067**
Fair value gains on available-for-sale financial assets transferred to profit or loss on disposal	-	-	(135,980)	-	-	-	**(135,980)**
Deferred tax on fair value changes	-	-	(80,697)	-	-	-	**(80,697)**
Currency translation difference	-	-	-	(161)	-	-	**(161)**
Shadow accounting	-	-	-	-	(395,144)	-	**(395,144)**
Total comprehensive income/(loss)	-	-	553,390	(161)	(395,144)	22,320	**180,405**
Balance at 31 December 2020	**36,000**	**4,800**	**1,305,810**	**(26,218)**	**(1,072,287)**	**747,960**	**996,065**

The foreign currency translation reserve, fair value reserve and shadow accounting reserve are not distributable.

STATEMENT OF CHANGES IN EQUITY - COMPANY

For the financial year ended 31 December 2021

	Share capital $'000	Fair value reserve $'000	Shadow accounting $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2021	36,000	1,102,728	(905,658)	519,598	**752,668**
Profit after tax	-	-	-	41,275	**41,275**
Fair value losses on available-for-sale financial assets	-	(761,866)	-	-	**(761,866)**
Fair value gains on available-for-sale financial assets transferred to profit or loss on disposal	-	(128,096)	-	-	**(128,096)**
Deferred tax on fair value changes	-	114,079	-	-	**114,079**
Shadow accounting	-	-	528,060	-	**528,060**
Total comprehensive (loss)/income	-	(775,883)	528,060	41,275	**(206,548)**
Balance at 31 December 2021	**36,000**	**326,845**	**(377,598)**	**560,873**	**546,120**
Balance at 1 January 2020	36,000	603,768	(550,531)	507,753	596,990
Profit after tax	-	-	-	11,845	**11,845**
Fair value gains on available-for-sale financial assets	-	630,516	-	-	**630,516**
Fair value gains on available-for-sale financial assets transferred to profit or loss on disposal	-	(59,522)	-	-	**(59,522)**
Deferred tax on fair value changes	-	(72,034)	-	-	**(72,034)**
Shadow accounting	-	-	(355,127)	-	**(355,127)**
Total comprehensive income/(loss)	-	498,960	(355,127)	11,845	**155,678**
Balance at 31 December 2020	**36,000**	**1,102,728**	**(905,658)**	**519,598**	**752,668**

The fair value reserve and shadow accounting reserve are not distributable.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Profit before income tax	**121,869**	56,567
Adjustments for:		
Depreciation of property, plant and equipment	**4,155**	4,336
Depreciation of investment properties	**375**	376
Amortisation of intangible asset	**8,468**	8,982
Loss on disposal of property, plant and equipment	**79**	69
Property, plant and equipment written off	**2**	3
(Gain)/loss on disposal of:		
- Financial assets, available-for-sale	**(164,060)**	(135,980)
- Financial assets, held-to-maturity	**5**	6
Impairment loss		
- Financial assets, available-for-sale	**40,060**	79,967
Fair value losses/(gains):		
- Financial assets at fair value through profit or loss	**3,567**	(70,584)
- Derivative financial instruments	**199,203**	(90,190)
- Currency exchange on foreign currency denominated debt securities	**(55,273)**	47,383
Dividend income	**(94,031)**	(79,962)
Interest income	**(323,427)**	(335,517)
Interest expense	**33,722**	39,636
Rental Income	**(3,455)**	(3,399)
(Decrease)/increase in allowance for impairment of outstanding premiums and agents' balances	**(1,517)**	651
Increase in provision for staff retirement benefits	**12**	14
Impairment of doubtful debts	**6,265**	-
Provision for agents' retirement benefits	**1,980**	1,941
Unrealised currency translation gain	**115**	125
Change in insurance contract liabilities	**500,709**	768,336
Change in reinsurance assets arising from policy liabilities	**7,776**	(17,075)
	164,730	219,118
Changes in working capital:		
Receivables and other current assets	**14,324**	(4,508)
Reinsurance assets	**(33,200)**	(40,414)
Claims admitted or intimated	**53,480**	62,178
Trade and other payables	**34,997**	104,676
	69,601	121,932
Income tax paid	**(20,282)**	(23,352)
Payment of staff retirement benefits	**(12)**	(34)
Payment of agents' retirement benefits	**(1,106)**	(1,141)
	(21,400)	(24,527)
Net cash provided by operating activities	**334,800**	373,090

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,455)**	(3,401)
Purchase of intangible assets		**(1,715)**	(31,704)
Proceeds from disposal of property, plant and equipment		**2**	-
Purchase of:			
- Financial assets, available-for-sale		**(4,180,097)**	(4,079,179)
- Financial assets at fair value through profit or loss		**(304,952)**	(244,259)
- Derivative financial instruments		**(15,503)**	(14,776)
Proceeds from disposal of:			
- Financial assets, available-for-sale		**2,245,597**	2,932,812
- Financial assets, held-to-maturity		**6,825**	3,616
- Financial assets at fair value through profit or loss		**102,257**	119,597
- Derivative financial instruments		**27,508**	-
Proceeds from repayment of loans		**9,867**	11,720
Rental received		**1,663**	1,260
Dividend received		**94,234**	79,788
Net interest received		**319,368**	283,355
Net cash used in investing activities		**(1,697,401)**	(941,171)
Cash flows from financing activities			
Net proceeds from repurchase agreements		**1,290,849**	697,974
Collateral received		**1,057**	1,540
Principal repayment of lease liabilities		**(1,438)**	(1,740)
Interest paid to intermediate holding company		**(1,524)**	(2,531)
Interest paid to immediate holding company		**(1,494)**	(1,498)
Interest paid on repurchase agreement		**(4,974)**	(5,076)
Net cash provided by financing activities		**1,282,476**	688,669
Net (decrease)/increase in cash and cash equivalents held		**(80,125)**	120,588
Cash and cash equivalents at beginning of financial year		**458,732**	338,215
Effects of currency translation on cash and cash equivalents		**(1,158)**	(71)
Cash and cash equivalents at end of financial year	7	**377,449**	458,732

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

1. General Information

Tokio Marine Life Insurance Singapore Ltd. (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is 20 McCallum Street, Tokio Marine Centre, #07-01, Singapore 069046.

The principal activity of the Company and its subsidiary is providing life assurance.

2. Significant accounting policies

2.1 <u>Basis of preparation</u>

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes 3 and 4.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021 (continued)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial years, except for the required disclosures for Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial instruments: Disclosures (Interest Rate Benchmark Reform – Phase 2) as set out in Note 32(C)(a).

(a) Temporary exemption on adoption of FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 addresses the classification, measurement and recognition of financial assets and financial liabilities. FRS 109 requires financial assets to be classified into separate measurement categories: those measured as at fair value with changes either recognised in profit or loss or in other comprehensive income and those measured at amortised cost. The determination is made at initial recognition depending on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, a revised expected credit loss model will replace the incurred loss impairment model in FRS 39.

For financial liabilities, the standard retains most of the FRS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. In addition, the new standard revises the hedge accounting model to more closely align with the entity's risk management strategies. The Accounting Standards Council Singapore ("ASC") made further changes to two areas of FRS 109. Financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if the cash flow represents solely payments of principal and interest. Non-substantial modifications or exchange of financial liabilities that do not result in derecognition will be required to be recognised in profit or loss.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021 (continued)

(a) Temporary exemption on adoption of FRS 109 Financial Instruments (continued)

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

(b) Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (Amendments to FRS 104)

As stated in Note 2.1 (a), these amendments provide a temporary option for companies whose activities are predominantly connected with insurance to defer the effective date of FRS 109 until the earlier of the effective date of FRS 117 and financial reporting periods beginning on or after 1 January 2023, as well as an approach that allows an entity to remove from profit or loss the effects of certain accounting mismatches that may occur before FRS 117 is applied. Based on the amendments to FRS 104, the Group is eligible for and will elect to apply the temporary option to defer the effective date of FRS 109 in order to implement the changes in parallel with FRS 117.

Additional disclosures required by FRS 109 is made in Note 32(C)(i).

(c) Deferral for FRS 117 Insurance Contracts

ASC adopted International Financial Reporting Standards (“IFRS”) 17 Insurance Contracts and IFRS 9 Financial Instruments without modification into FRS 117 and FRS 109. FRS 117 Insurance Contracts will replace the current FRS 104 insurance contract standard. FRS 117 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, FRS 117 requires more granular information and a new presentation format for the statement of comprehensive income as well as extensive disclosures.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021 (continued)

(c) Deferral for FRS 117 Insurance Contracts (continued)

On 25 June 2020, the IASB issued the amendments to IFRS 4 and IFRS 17, the effective date of IFRS 17 will be deferred to annual reporting periods beginning on or after 1 January 2023, and that the exemption currently in place for some insurers regarding the application of IFRS 9 will be extended to enable the implementation of both IFRS 9 and IFRS 17 at the same time. ASC has announced on 2 October 2020 that they are aligning with IASB's proposed deferral for FRS 117.

2.2 Insurance contracts

The Group issues contracts that transfer mainly insurance risk.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 1% more than the benefits payable if the insured event did not occur at some point during the contract.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Currently, the Group does not issue investment contracts.

(a) Discretionary participation feature

A number of insurance contracts contain a Discretionary Participation Feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the entity; and
- that are contractually based on:

  (i) the performance of a specified pool of contracts or a specified type of contract;

  (ii) realised and/or unrealised investment returns on a specified pool of assets held by the entity; or

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(a) Discretionary participation feature (continued)

(iii) the profit or loss of the entity's participating fund which issues the contract.

Local statutory regulations in Singapore and Malaysia and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Group may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the eligible distributions must be attributed to the contract holders as a group, while the amount and timing of the distribution to individual contract holders are at the discretion of the Group, approved by the Board of Directors based on the advice of the Appointed Actuary.

(b) Recognition and measurement

- Participating insurance contracts

  These contracts insure events associated with human life (for example death or survival) over a long duration. The contract holders participate in profits of the participating life fund by sharing a significant portion of insurance risk. Profits are distributed to the contract holders by way of a regular cash dividend, reversionary bonus, or terminal dividend or bonus.

  Liabilities from these contracts are determined using the prospective discounted cashflow method. Insurance contract liabilities are determined based on a series of relevant assumptions by the Company's and the subsidiary's Appointed Actuaries for all territories that the Company and the subsidiary operate in. Details of the methods used to determine the liabilities are provided in Note 3.

- Non-participating insurance contracts

  Non-participating insurance contracts, which pay guaranteed benefits on the occurrence of specified insurance events, can be classified into two main categories: individual and group insurance contracts.

  The non-participating individual insurance contracts insure human life events (for example death, Dread Diseases ("DD") or survival) over the duration of the contract.

  Details of the methods used to determine the liabilities are provided in Note 3.

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(b) Recognition and measurement (continued)

Non-participating group insurance contracts are short-duration life insurance contracts mainly issued to employers to insure their commitment to their employees in terms of the employees' benefit plans. The guaranteed benefits paid on occurrence of the specified insurance event (for example death or disability) are either fixed or linked to the extent of the economic loss suffered by the assured. There are no maturity or surrender benefits.

- Investment-linked contracts

These contracts insure human life events (for example death or survival) over a long duration. Liabilities for investment-linked contracts consist of unit and non-unit reserves.

Unit reserves, comprising mainly the contract holders' account balances, are determined by multiplying the number of units with the unit prices. The reserves represents the Company's liabilities in terms of units under the investment-linked contracts.

Non-unit reserves are held for claims, expenses or other net cash outflows, as well as to serve as additional margin for adverse deviations. Non-unit reserves are determined by projecting future cashflows of non-unit income (such as bid offer spread, policy fee, mortality charge and other annual charges) and outgo (including operating, distribution, claims and other expenses). Details of the methods used to determine the liabilities are provided in Note 3.

(c) Premiums

Premiums from participating, non-participating and investment-linked Insurance Contracts are recognised on their respective due dates and within a grace period of one month for premiums due before the financial year end. These premiums are recognised as gross premiums in profit or loss with the corresponding outstanding premiums reported in the balance sheet.

Outstanding premiums are carried at amortised cost, which approximate fair value.

Premiums due after, but received before the financial year end are recorded as advance premiums, and this item is included in trade payables in the balance sheet.

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(c) Premiums (continued)

Premiums from insurance contracts which remain outstanding beyond the contractual date would automatically trigger premium loans which are collateralised against the cash value of the policy. Where the cash value is insufficient to activate a premium loan, the policy lapses and the contract between the Group and the contract holder is deemed cancelled without further liabilities accruing from either party.

(d) Claims

A provision is made for the estimated cost of all life assurance claims notified but not settled at the balance sheet date using best estimates available at that time. Provision is made for claims incurred but not reported at the balance sheet date using best estimates available at that time.

(e) Commission

Commission and indemnity commission expenses are incurred or accrued for premiums paid or due within a grace period of one month before the financial year end. Commission expenses arising from advance premiums are not accrued in the financial statements until the premiums are due and recognised as gross premiums in profit or loss.

(f) Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities.

In performing these tests for the Group and the Company, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities are used. The results of liability adequacy tests for the Group and the Company are shown in the tables below:

Group

	Participating	Non-participating	Investment-linked
	$'000	$'000	$'000
Reported insurance contract liabilities net of reinsurance assets	8,884,474	644,265	672,850
Add: Deferred tax on non-guaranteed benefits	391,115	-	-
Adjusted reported insurance contract liabilities net of reinsurance (1)	9,275,589	644,265	672,850
Gross premium reserve (2)	8,692,876	481,690	393,981
Excess of reported insurance contract liabilities (1-2)	582,713	162,575	278,869

2. Significant accounting policies (continued)

2.2 Insurance contracts (continued)

(f) Liability adequacy test (continued)

Company

	Participating	Non-participating	Investment-linked
	$'000	$'000	$'000
Reported insurance contract liabilities net of reinsurance assets	7,328,678	293,623	195,098
Add: Deferred tax on non-guaranteed benefits	391,115	-	-
Adjusted reported insurance contract liabilities net of reinsurance (1)	7,719,793	293,623	195,098
Gross premium reserve (2)	7,329,328	171,797	148,652
Excess of reported insurance contract liabilities (1-2)	390,465	121,826	46,446

(g) Reinsurance contracts held

Reinsurance contracts held relate to contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group, and that meet the classification requirements for insurance contracts as stated above.

The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers as well as long term receivables that are dependent on expected claims and benefits arising under the related reinsured insurance contract. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each insurance contract. Reinsurance liabilities are primarily premium payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment at each balance sheet date. An allowance for impairment loss is established using the same method for loans and receivables. This is described in Note 2.11(e).

(h) Shadow accounting

Investment experience (realised and unrealised investment gains and losses) has a direct effect on the measurement of insurance contract liabilities. Shadow accounting permits adjustments to insurance contract liabilities and the related assets to be reflected in other comprehensive income to match the extent to which unrealised investment gains and losses are recognised in other comprehensive income.

2. Significant accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised as follows:

(a) Premiums

The policy in respect of recognition of premiums is disclosed in Note 2.2(c).

(b) Fee and commission income

Fee and commission income comprise mainly commission, management fee rebate earned from underlying investment linked sub-funds, marketing allowance and service fee income, which includes income earned from the provision of administration services. This fee income is recognised as revenue over the period in which the services are rendered. If the fees are for services to be provided in future periods, they are deferred and recognised over those periods.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

Included within rental income are COVID-19 related rent concessions provided to tenants.

2. Significant accounting policies (continued)

2.4 Group accounting

Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency of policies adopted by the Group.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in a subsidiary" for the accounting policy on investment in a subsidiary (Note 2.8) in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.10).

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses (Note 2.10).

(iii) Components of cost

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(a) Measurement (continued)

(iii) Components of cost (continued)

The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land and buildings	Shorter of 50 years or the lease term
Motor vehicles	5 years
Furniture and equipment	3 - 10 years

Right-of-use assets in relation to other leased property, plant and equipment are carried at cost less accumulated depreciation. The right-of-use asset in relation to a lease is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within other gains/(losses) - net in Note 6(c).

2. Significant accounting policies (continued)

2.6 Intangible assets

(a) Bancassurance rights

The bancassurance agreement provides an exclusive right to the use of the bancassurance network. The agreement fee is amortised over its useful life of 5 years using the straight-line method. It is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Please refer to Note 2.10 for the accounting policy on impairment of non-financial assets.

(b) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of four to ten years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Investment properties

Investment properties include those portions of land and buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.7 Investment properties (continued)

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred. On disposal of an investment property, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.8 Investment in a subsidiary

Investment in a subsidiary is stated at cost less accumulated impairment losses (Note 2.10) in the Company's balance sheet. On disposal, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.9 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support, and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Group assesses all of its collective investment schemes in accordance with FRS 110 – Consolidated Financial Statements. The considerations on which the Group assesses control over its investments in collective investment schemes (covering both wholesale or retail funds) include:

- whether the Group, being the unit holder, has the practical ability to summon a unitholders' meeting or any other alternative mechanism to remove the Trustee or the Manager of the collective investment schemes;
- whether the Group has the ability to change the investment objectives / mandates of the collective investment schemes to affect the collective investment schemes' investment strategies and returns;
- any rights arising from other contractual arrangements; and
- whether the Group is exposed to, or has rights to variable returns from its investments in collective investment schemes.

2. Significant accounting policies (continued)

2.9 Structured entities (continued)

The Group's assessment and conclusion on whether the Group has control over collective investment schemes are included in Note 37 to the financial statements.

The Group invests in funds whose objectives range from achieving medium to long term capital growth. The funds are managed by related and unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The funds finance their operations by issuing redeemable shares/units which entitles the holder to a proportional stake in the respective fund's net assets. The Group holds redeemable shares/units in each of these funds.
The change in fair value of the funds classified as fair value through profit or loss is included in the Consolidated Statement of Comprehensive Income in "other gains/(losses) - net".

The change in fair value of the funds classified as financial assets, available-for-sale is included in the Consolidated Statement of Comprehensive Income in "Other Comprehensive Income".

2.10 Impairment of non-financial assets

Property, plant and equipment
Intangible assets
Investment in a subsidiary
Investment properties
Prepayments (included in Other assets)

Property, plant and equipment, intangible assets, investment in a subsidiary, investment properties and prepayments are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, 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 (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

2. Significant accounting policies (continued)

2.10 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 any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in profit or loss.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date. The designation of financial assets at fair value through profit or loss is irrevocable.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance are evaluated on a fair value basis, in accordance with the Group's investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as "Cash and cash equivalents", "Trade receivables", "Outstanding premium and agents' balances", "Reinsurance assets", "Loans" and "Other assets (excluding prepayments)" on the balance sheet.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(a) Classification (continued)

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as Financial assets, available-for-sale.

(iv) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the sale proceeds and the carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(d) Subsequent measurement (continued)

Changes in the fair value of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

Changes in fair value of financial assets held by the Company's participating fund affect not only the value of financial assets, but are also reflected in corresponding movement in insurance contract liabilities. This is due to insurance contract liabilities being valued in proportion to the net assets of the participating fund in accordance with local regulatory requirements. With the application of shadow accounting, adjustments to insurance contract liabilities and the related assets will be reflected in other comprehensive income to match the extent to which unrealised investment gains and losses are recognised in other comprehensive income.

(e) Impairment

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

(i) Loans and receivables/ Financial assets, held-to-maturity

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

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables/ Financial assets, held-to-maturity (continued)

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

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

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as objective evidence that the financial asset is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.12 Offsetting of financial instruments

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

2. Significant accounting policies (continued)

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.14 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes for derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss in the financial year when the changes arise. Transaction costs incurred in buying and selling derivative instruments are recognised in profit or loss when incurred.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

(a) Forward exchange contracts

Forward exchange contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date.

(b) Cross currency swaps

Cross currency swaps are contractual agreements that involve the exchange of both periodic and final amounts in two different currencies. Exposure to gain and loss on the foreign exchange contracts will increase or decrease over their respective lives as a function of maturity dates, interest and foreign exchange rates, implied volatilities of the underlying indices, and the timing of payments.

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

2.15 Derivative financial instruments (continued)

(c) Interest rate swaps

Interest rate swaps are contractual agreements between two parties to exchange periodic payments in the same currency, each of which is computed on a different interest rate basis, on a specified notional amount. Most interest rate swaps involve the net exchange of payments calculated as the difference between the fixed and floating rate interest payments.

2.16 Securities lending including repurchase agreements

The Group has been a party to various repurchase agreements which securities are loans to third parties on short-term basis. The loaned securities are not derecognised and so, they continue to be recognised and remain within the appropriate investment classification.

Assets sold under repurchase agreements continue to be recognised and a liability is established for the consideration received. The Group may be required to provide additional collateral based on the fair value of the underlying assets, and such collateral assets remain on the balance sheet.

2.17 Fair value estimation of financial assets and liabilities

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

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair values of currency forwards, cross currency swaps and interest rate swaps are determined using actively quoted forward exchange and swap rates respectively. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2. Significant accounting policies (continued)

2.18 Operating leases

(a) *When the Group is the lessee:*

The Group leases certain assets from third parties.

At the inception of the contract, the Group 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 (“ROU”) assets

  The Group 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 incentives 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.

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within “Property, plant and equipment”.

- Lease liabilities

  The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, If the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:
  - Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
  - The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
  - Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. Significant accounting policies (continued)

2.18 Operating leases (continued)

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

(b) When the Group is the lessor:

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2. Significant accounting policies (continued)

2.18 Operating leases (continued)

(c) Rent concessions

As a result of COVID-19, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.

As a lessee

Property tax rebates and cash grants received from the Singapore Government to help businesses deal with the impact from COVID-19 of $nil (2020: $27,355) are netted within investment management expenses and other expenses in Note 6(f).

2.19 Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to, or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management established provisions where appropriate, on the basis of amount expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of transaction.

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

Deferred income tax is measured:

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

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

2. Significant accounting policies (continued)

2.19 Income tax (continued)

Current and deferred income tax are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from the fair value gains and losses on Financial assets, available-for-sale are charged or credited directly to the fair value reserve in the same period the temporary differences arise.

2.20 Provisions

Provisions for agents' retirement benefits are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Agents' retirement benefits are provided for the Group's tied agents and are calculated in accordance with the terms and conditions of the agency agreements.

2.21 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Employees Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expenses when they are due. No legal or constructive obligation exists to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(b) Employee leave entitlement

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

2. Significant accounting policies (continued)

2.21 Employee compensation (continued)

(c) Staff retirement benefits

Retirement benefits are provided for executive staff. The benefit accrued is computed based on the length of service of the employees and his last drawn salary less the employer's contribution to the employee's Central Provident Fund or Employees Provident Fund.

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses for each income statement are translated at the average exchange rate (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2. Significant accounting policies (continued)

2.22 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign entity.

2.23 Cash and cash equivalents

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

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Government grants

Grants from government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

3. Insurance contracts

Insurance contract liabilities are determined based on a series of relevant assumptions made by the actuary of the respective companies in all the territories that the Group operates in.

(a) Methodology

A prospective cashflow method, known as gross premium valuation method, is used to compute insurance contract liabilities.

Under the gross premium valuation approach, broadly speaking, the insurance contract liabilities are determined by first projecting future cash flows using realistic assumptions and then discounting these cash flow streams at appropriate interest rates.

3. Insurance contracts (continued)

(a) Methodology (continued)

For this liability valuation method, assumptions are needed for:

- Mortality and morbidity
- Persistency
- Discount rate
- Renewal expenses and inflation
- Expected future bonus (for participating policies)

For participating policies, the insurance contract liabilities include provision for future payments arising for both guaranteed and non-guaranteed benefits. In addition, the insurance contract liabilities are derived not only by aggregating the insurance contract liability of all policies in the fund, but are also dependent on the value of assets backing the liabilities and the extent to which benefits are guaranteed.

The insurance contract liabilities of the non-participating or investment-linked fund are calculated by aggregating the insurance contract liability of all policies in the fund.

The life business insurance contract liabilities are generally calculated in accordance with the local regulations:

- For Singapore and Brunei, the Insurance (Valuation and Capital) Regulations 2004 and also Monetary Authority of Singapore ("MAS") Notice 133 (Notice on Valuation and Capital Framework for Insurers), including any subsequent revisions to the notice and regulations.
- For Malaysia, the Risk-Based Capital Framework for Insurers, including any subsequent revisions to the policy document.

Additional provision is made in the liability valuation assumptions to allow for any adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the insurance liabilities. The methodology used to calculate provision for adverse deviation is consistent with generally accepted actuarial practice.

(b) Process to determine assumptions

All assumptions are reviewed and updated, if necessary, each year in order to value insurance contract liabilities that reflect the Company's experience. The assumptions are required to be on best estimate basis.

3. Insurance contracts (continued)

(b) Process to determine assumptions (continued)

- *Mortality and morbidity*

  Assumptions for death and Total and Permanent Disability ("TPD") used in each territory are based on annual investigation into their respective mortality and morbidity experiences over the recent years, and are generally expressed as a percentage of a standard table or reinsurer's risk premium rates.

  For all territories, morbidity assumptions for DD benefits are based on a percentage of the reinsurer's risk premium rates.

  For Singapore and Brunei, the mortality assumptions have been revised to reflect past experience. The Company did not make provision specific to COVID-19. For Malaysia, the mortality assumption for certain product groups have been revised to reflect recent experience. Because current mortality assumption of Malaysia entity has not reflected the expected higher COVID-19 claim in 2022, the Malaysia entity has set up claim provision for COVID-19 similar to other companies in Malaysia.

  Morbidity assumptions for Singapore and Brunei remain unchanged. While for Malaysia, certain product groups' morbidity have been revised to reflect past morbidity experience.

- *Persistency*

  For each territory, an investigation into the Group's experience over recent years was performed. This investigation is conducted with respect to product classes, policy duration and premium payment mode (regular or single premium) as persistency rates are expected to vary by these factors. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates.

  For Singapore, Brunei and Malaysia, persistency remains broadly stable. The persistency assumptions for certain product groups have been revised to reflect recent experience.

- *Discount rate*

  Participating business

  The discount rates used to value insurance contract liabilities for each territory is determined based on the best estimate net investment return.

3. Insurance contracts (continued)

(b) Process to determine assumptions (continued)

- *Discount rate* (continued)

To determine the best estimate investment return, the Group has broken down the assets in the fund as at the reporting date into various asset classes and has applied long term expected returns to each class. A weighted average rate of investment return is then derived by combining different proportions of the various asset classes. A weighted average return is computed based on Strategic Asset Allocation ("SAA") and the long term expected return of each asset class. The assumed investment expense is subtracted from the results to arrive at the best estimate investment return. This is done separately for suitable subgroups of assets within the fund (single and regular premium products).

For Singapore, the discount rate assumptions for participating business have been revised downwards due to the change in SAA and long term expected return of some asset classes. For Brunei and Malaysia, the change in asset return also resulted in a change in the discount rate assumptions for participating business, with Brunei reflecting an increase but Malaysia reflecting a fall.

<u>Minimum Condition Liability ("MCL") of non-participating business and participating business not in the Matching Adjustment ("MA") portfolio</u>
The contract liabilities for non-participating business and MCL of the participating business are computed by discounting policy cash flows using risk-free interest rates.

For Singapore, a three-segment approach is used to determine the risk-free discount rate. For SGD denominated risk;

1. In the first segment, the discount rate is based on market information on government bonds up to the last liquid point ("LLP"), that is 20 years for SGD and 30 years for USD denominated liabilities.
2. In the second segment, the discount rate is extrapolated from the risk-free forward rates between the first and third segment based on the Smith Wilson method.
3. In the third segment, the discount rate is based on the Ultimate Forward Rate ("UFR") prescribed by the MAS.

For other currency denominated risk, the last liquid point and ultimate forward rate are prescribed by the MAS.

3. Insurance contracts (continued)

(b) Process to determine assumptions (continued)

- *Discount rate* (continued)

  MCL of non-participating business and participating business not in the MA portfolio (continued)

  Furthermore, Whole Life, Endowment and Annuity policies in the non-MA portfolio are eligible to apply illiquidity premium (“IP”). IP provides an additional uplift to the risk-free yield curve and is determined by applying the Strategic Asset Allocation (“SAA”) to the IP spread of 55 basis points stipulated in MAS Notice 133. The IP is applied in full up to the LLP, as a parallel upward adjustment to the spot risk-free discount rate. The IP will fall to 10bps from year 10 onwards after the LLP. Within the 10 years immediately after the LLP, the difference between the IP and 10bps must be amortised in accordance with the factors prescribed by the MAS.

  For Malaysia, the Risk-Free Rates (“RFR”) used are derived from the gross yields to redemption of benchmark government securities as at the date of valuation in line with regulatory requirements.

  MCL of participating business in the MA portfolio

  MA, in accordance with MAS Notice 133, is applicable to participating and non-participating insurance products, excluding investment-linked policies. These products are denominated in SGD or USD and MA is not applicable to other currencies. The Company currently adopts MA on most of its participating products that are denominated in USD and SGD. There is a small portfolio of participating products that are still pending approval from MAS to be added to the MA portfolio. These products will be valued based on the non-MA portfolio as described above.

  MA works in a manner similar to IP in that it is applied to the RFR as a parallel upward adjustment to the spot risk-free discount rates. The RFR is derived in the same manner as the three-segment approach described in the section above. As there are stringent conditions to be met and MA is subject to the approval of MAS, the resultant MA uplift is floored at the IP determined based on the asset allocation of the MA portfolio. In addition, MA can be applied beyond the LLP if it can satisfy the cashflow matching requirements prescribed.

- *Renewal expenses and inflation*

  For each territory, expense analyses are carried out regularly to determine the long-term unit cost assumptions.

3. Insurance contracts (continued)

(b) Process to determine assumptions (continued)

- *Renewal expenses and inflation* (continued)

  The analysis is done by dividing the current level of expense with the business volumes. Adjustments are made to reflect expected changes in expense levels or business volumes in the future, if any, to arrive at the long term best estimate unit cost assumptions.

  In addition, in late 2020, MAS made changes to MAS Notice 320 (the "Notice") by enhancing the governance and controls relating to the allocation of charges and expenses into the participating fund. The Notice requires the expenses to be charged to the participating fund to be fair and reasonable. The changes came into effect on 1 January 2021.

  The Notice does not change the general methodology of the expense study. However it requires the Company to enhance its governance process in terms of charging expenses to the participating fund. It also requires the Company to identify expenses that cannot be charged to the participating fund. These expenses will then be assigned suitable drivers to ensure there is no charging to the participating fund.

  Different expense inflation is used for each territory, reflecting their respective interest rate and general economic environment. The inflation assumption for Singapore and Brunei remains at 2% per annum. For Malaysia, this remains at 3% per annum.

  For Singapore, the expense assumptions assumed are determined to ensure that the Company becomes expense neutral by the end of three years. An additional expense provision is also set up to ensure that any shortfall within the next two years are taken into consideration.

- *Additional assumptions for investment-linked contracts*

  For investment-linked insurance policies, additional estimates are made for unit fund growth rate, fund management charge and investment and administration expenses. These assumptions are used for calculating the liabilities and are updated at each reporting date to reflect the best estimates.

  - *Unit growth rate*: For Singapore, the unit growth rate is set to the risk-free discount rate. For Malaysia, it is determined by taking into consideration the average actual unit price growth rate weighted by unit fund values. There is no investment-linked business in Brunei. For both Singapore and Malaysia, the unit growth rates have been revised to reflect recent experience.

3. Insurance contracts (continued)

(b) Process to determine assumptions (continued)

- *Additional assumptions for investment-linked contracts* (continued)
  - *Fund management charge*: Actual rates of fund management charge the Company levies are used in the valuation for Malaysia. In the case of Singapore, the fund management charge have been revised to reflect recent experience.
  - *Investment expenses:* A portfolio average of investment and other related expenses, as determined based on an internal expense analysis, for investment-linked funds are used. No changes for Singapore and Malaysia.
  - *Take-up rate for premium holiday option:* For Singapore, the take-up rate for the option to cease premium payment while the policy remains in-force is set based on industry experience.

The following table summarises the changes in assumptions of Singapore and Brunei from 2020 to 2021.

	2021	2020
Discount rate of MCL of participating business	Non-MA portfolio: IP is applied to the risk-free discount curve to the policies in the non-MA portfolio. MA portfolio: MA is applied instead of IP to the risk-free discount curve to the policies in the MA portfolio. MA is also applied beyond LLP of 20 years for SGD denominated policy liabilities.	A three-segment approach is used to determine the risk-free discount rate: **1.** In the first segment, the discount rate is based on market information on government bonds up to the last liquid point. **2.** In the second segment, the discount rate is extrapolated from the risk-free forward rates between the first and third segment. **3.** In the third segment, the discount rate is based on the UFR prescribed by MAS. Furthermore, Whole Life, Endowment and Annuity products are eligible to apply IP which provides an additional uplift to the risk-free yield curve. IP is determined by applying the Strategic Asset Allocation to the IP spread of 55 basis points stipulated in MAS Notice 133.
Expenses	In late 2020, MAS made changes to MAS Notice 320 by enhancing the governance and controls relating to the allocation of charges and expenses into participating fund. The Notice requires the expenses to be charged to the participating fund to be fair and reasonable.The changes came into effect on 1 January 2021.	The study derives the per policy and per premium expenses by considering the budgeted expenses and projected business volumes as stated in the business plan.

3. **Insurance contracts** (continued)

(b) Process to determine assumptions (continued)

	2021	2020
Expenses (continued)	The Notice does not change the general methodology of the expense study. However it requires the Company to enhance its governance process in terms of charging to participating fund. It also requires the Company to identify expenses that cannot be charged to the participating fund. These expenses will then be assigned suitable drivers to ensure there is no charging to the participating fund.	The expense assumptions assumed are determined to ensure that the company becomes expenses netural by the end of three years. An additional expense provision is also set up to ensure that any shortfall within the next two years are taken into consideration

(c) Assumptions used

	Singapore and Brunei	Malaysia
Mortality and morbidity	Death, TPD and DD: Between 58% and 148% of reinsurance rates, depending on product type, age and gender.	Death, TPD and DD: Between 40% to 200% of standard mortality table depending on product type.
Discount rate (best estimate)	Par Fund: between 3.25% and 5.04%.	Par Fund: 4.32% to 5.24% (after tax on investment return).
Risk-free discount rate *(for MCL)*	Derivation based on MAS Notice 133. IP is added to risk-free rate to discount eligible products in the non-participating fund and participating non-MA portfolio. For participating fund MA portfolio, MA will be applied to the RFR.	Malaysian Government Security (MGS) rate as at 31/12/2021 (Obtained from Bond Pricing Agency Malaysia - bond rating agency prescribed by Bank Negara Malaysia (BNM)).
Persistency	Based on Company's experience.	Based on subsidiary's experience.
Management expenses	Based on past actual expenses with adjustment for future trend, expressed as unit costs per in-force policy and percentage of premiums.	Based on subsidiary's assumptions (expressed as unit costs per in-force policy and percentage of premiums).
Distribution expenses	Based on actual payments, expressed as percentage of commissions.	Maximum limit based on BNM's "Guidelines on Operating Cost Control" ("OCC").
Expense inflation rate	2% p.a.	3% p.a.

(d) Insurance contract liabilities

Figures in S$'000	Singapore and Brunei		Malaysia	
	2021	2020	**2021**	2020
Participating business	7,345,857	7,507,904	1,555,796	1,681,640
Non-participating business	327,520	329,437	350,642	346,120
Investment-linked business	194,850	107,891	477,752	380,782

3. Insurance contracts (continued)

(d) Insurance contract liabilities (continued)

The insurance contract liabilities are gross of reinsurance assets and exclude the deferred tax liabilities related to the Participating Business.

(e) Sensitivity analysis

The Group conducted sensitivity analyses of the value of insurance liabilities disclosed to movements in the assumptions used in the estimation of insurance liabilities.

The analyses are based on a change in an assumption while holding all other assumptions constant.

In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated, for example:

- change in interest rate and change in market values; and
- change in lapses and future mortality.

For liabilities under Participating contracts (where total insurance contract liabilities take the value of the policy assets of the Participating fund), changes in these assumptions will not cause a change to the reported insurance contract liability unless the guaranteed liabilities under the stressed assumptions exceeds the value of assets backing the liabilities, e.g under lowering of nominal discount rate risk scenario. The sensitivities are based on liabilities net of reinsurance assets.

- *Singapore and Brunei - Participating and non-participating business*

		Change in liability			
	Change in	**2021**		2020	
Variable	variable	**Value**	**Percentage**	Value	Percentage
		$'000	**(%)**	$'000	(%)
Worsening of annuitant mortality	+25%	-4,846	-0.06%	-2,679	-0.03%
Improvement in annuitant mortality	-25%	5,173	0.06%	3,792	0.05%
Worsening of assurance mortality and morbidity	+25%	45,543	0.56%	33,448	0.43%
Improvement in assurance mortality and morbidity	-25%	-26,458	-0.33%	-24,915	-0.32%
Worsening of lapse rate	+25%	-10,928	-0.13%	-9,911	-0.13%
Improvement in lapse rate	-25%	12,836	0.16%	12,286	0.16%
Increase in nominal discount rate	+100bps	-43,564	-0.54%	-42,870	-0.55%
Lowering of nominal discount rate	-100bps	1,853,117	22.87%	977,931	12.57%
Worsening of expense	+25%	10,712	0.13%	10,141	0.13%
Improvement in expense	-25%	-10,512	-0.13%	-9,690	-0.12%

Liabilities of non-linked insurance contracts are most sensitive to changes in discount rates.

3. Insurance contracts (continued)

(e) Sensitivity analysis (continued)

- *Singapore - Investment-linked insurance contracts*

		Change in liability			
	Change in	**2021**		2020	
Variable	variable	**Value**	**Percentage**	Value	Percentage
		$'000	**(%)**	$'000	(%)
Worsening of assurance mortality and morbidity	+25%	148	0.08%	198	0.18%
Improvement in assurance mortality and morbidity	-25%	-113	-0.06%	-168	-0.16%
Worsening of lapse rate	+25%	-981	-0.50%	-917	-0.85%
Improvement in lapse rate	-25%	1,235	0.63%	1,401	1.30%
Increase in nominal discount rate	+100bps	-3,550	-1.82%	-1,445	-1.34%
Lowering of nominal discount rate	-100bps	4,629	2.37%	1,745	1.61%
Worsening of expense	+25%	11,787	6.04%	4,613	4.27%
Improvement in expense	-25%	-9,318	-4.78%	-4,061	-3.76%

Liabilities of investment-linked insurance contracts are most sensitive to changes in management expense.

- *Malaysia - Participating & non-participating business*

		Change in liability					
			2021			2020	
Variable	Change in variable	**Value in RM'000**	**$'000**	**(%)**	Value in RM'000	$'000	(%)
Worsening of assurance mortality and morbidity	+25%	120,403	39,131	2.05%	122,594	40,297	1.99%
Improvement in assurance mortality and morbidity	-25%	-120,823	-39,267	-2.06%	-122,331	-40,210	-1.98%
Worsening of lapse rate	+25%	401	130	0.01%	-5,297	-1,741	-0.09%
Improvement in lapse rate	-25%	1,440	468	0.02%	8,227	2,704	0.13%
Increase in nominal discount rate	+100bps	-82,288	-26,744	-1.40%	-85,416	-28,076	-1.38%
Lowering of nominal discount rate	-100bps	98,237	31,927	1.67%	101,404	33,331	1.64%
Worsening of expense	+25%	21,128	6,867	0.36%	22,656	7,447	0.37%
Improvement in expense	-25%	-20,931	-6,803	-0.36%	-22,459	-7,382	-0.36%

Liabilities of non-linked insurance contracts are affected most by changes in mortality rates.

3. Insurance contracts (continued)

(e) Sensitivity analysis (continued)

- *Malaysia - Investment-linked insurance contracts*

		Change in liability					
			2021			2020	
Variable	Change in variable	**Value in RM'000**	**$'000**	**(%)**	Value in RM'000	$'000	(%)
Worsening of assurance mortality	+25%	16,040	5,213	1.09%	13,010	4,276	1.12%
Improvement in assurance mortality	-25%	-7,555	-2,455	-0.51%	-5,760	-1,893	-0.50%
Worsening of lapse rate	+25%	-15,857	-5,154	-1.08%	-16,010	-5,263	-1.38%
Improvement in lapse rate	-25%	17,528	5,697	1.19%	17,848	5,867	1.54%
Increase in nominal discount rate	+100bps	-51,575	-16,762	-3.51%	-46,360	-15,238	-4.00%
Lowering of nominal discount rate	-100bps	59,853	19,452	4.07%	54,286	17,844	4.69%
Worsening of expense	+25%	25,192	8,187	1.71%	23,844	7,838	2.06%
Improvement in expense	-25%	-23,218	-7,546	-1.58%	-21,411	-7,038	-1.85%

The liabilities of investment-linked insurance contracts are most sensitive to changes in discount rates.

There are no annuity policies for the Malaysia business.

4. Critical accounting estimates and judgements

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

(a) Liabilities of insurance business

The estimation of the ultimate liability arising from claims made under life insurance contracts is the Group's most critical accounting estimate. The process for estimating the liabilities of insurance business is described in Note 3.

4. Critical accounting estimates and judgements (continued)

(b) Impairment of financial assets, available-for-sale

The Group reviews its financial assets for objective evidence of impairment on a quarterly basis during the investment committee meeting. Equity securities are considered to be impaired if there has been a significant or prolonged period of decline in fair value below its cost or if there is objective evidence of impairment. Debt securities are considered to be impaired if there has been default in cash flows and a significant decline in credit rating below investment grade. The consideration of this requires management's judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. If actual experience differs negatively from the assumptions and other considerations used in the consolidated financial statements, unrealised losses currently in equity may be recognised in profit or loss in future periods.

(c) Determining the fair value of unquoted investments

The Group holds financial assets which are not quoted in active markets, particularly its fixed income portfolio. The majority of the unquoted fixed income investments is debt securities issued by government and public authorities and by private sector corporations. The fair values of these financial assets are based on quotations from independent third parties, such as brokers. The quotations from these third parties may change drastically due to market and economic conditions. The Group uses recent arm's length transactions or reference to instruments that are substantially the same or at cost if these are not available to value its unlisted equities. The assumption for valuation at cost will be affected by change in credit risk and interest rates and may have a negative impact on the financial statements.

(d) Uncertain tax positions

The Group is subject to income taxes in a number of jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances and the taxability/deductibility of certain income/expenses ("uncertain tax positions") at each tax jurisdiction.

The Group has several open tax assessments with a tax authority at the balance sheet date that requires a certain degree of judgement and estimates. The Group has recognised the tax liability on these uncertain tax positions.

4. Critical accounting estimates and judgements (continued)

(e) Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore, Brunei and Malaysia, all of which have been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2021:

i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

In 2020, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. The COVID-19 pandemic has persisted in 2021. Despite the operational inconvenience caused by the Covid-19 restrictions, there is no significant financial impact on the Group's financial performance.

ii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2021. Based on the assessment, management believe there is no need to set up any specific provisions for any unreported Covid claims as at 31 December 2021 for the Company. The Malaysia entity has set up claim provision for COVID-19 similar to other companies in Malaysia.

As the COVID-19 pandemic continues to evolve, the Group operations may be impacted by government restrictions. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

5. Income taxes

(a) Income tax expense

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
On the results for the financial year:				
Singapore income tax	**10,579**	3,171	**10,579**	3,171
Foreign income tax	**15,813**	9,928	**-**	-
Withholding tax	**1,710**	1,349	**1,710**	1,349
Deferred tax (Note 24)	**(21,683)**	21,881	**(33,794)**	13,722
	6,419	36,329	**(21,505)**	18,242
Under/(over) provision in preceding financial years:				
Singapore income tax	**586**	(1,988)	**586**	(1,988)
Foreign income tax	**352**	(94)	**-**	-
	7,357	34,247	**(20,919)**	16,254

(b) The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Profit before tax	**121,869**	56,567	**20,356**	28,099
Tax calculated at Singapore statutory tax rate of 17% (2020: 17%)	**20,718**	9,616	**3,461**	4,777
Tax calculated at concessionary tax rate (including the participating fund)	**(5,858)**	(5,938)	**(5,858)**	(5,938)
Effect of different tax rates in other countries	**4,599**	1,263	**-**	-
Income not subject to tax	**(14,293)**	(14,704)	**(11,814)**	(11,443)
Expenses not deductible for tax purpose	**3,241**	3,368	**1,476**	1,737
Tax effect of overseas branch	**346**	119	**346**	119
Deferred tax on participating fund non-guaranteed benefits	**(12,356)**	28,289	**(10,652)**	27,840
Tax effect of investment income from policyholders' and unitholders' funds	**8,217**	12,889	**-**	-
Withholding tax	**1,710**	1,349	**1,710**	1,349
Others	**95**	78	**(174)**	(199)
Under/(over) provision of tax in preceding financial years	**938**	(2,082)	**586**	(1,988)
	7,357	34,247	**(20,919)**	16,254

6(a). Fee and commission income

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Management fee rebate and other fee income	**3,178**	4,012	**3,178**	4,012
Management fee income from a fellow subsidiary	**608**	576	**608**	576
Reinsurance commission income	**20,710**	27,661	**19,972**	25,636
Investment-linked fund fees and charges	**8,363**	4,278	**8,363**	4,278
	32,859	36,527	**32,121**	34,502

6(b). Investment and other income

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Investment income				
Dividend income				
- Financial assets, available-for-sale	**85,534**	75,558	**66,805**	60,225
- Financial assets at fair value through profit or loss	**8,497**	4,404	**2,063**	356
- Subsidiary	**-**	-	**1,582**	1,621
	94,031	79,962	**70,450**	62,202
Interest income				
- Loans	**13,014**	14,819	**3,882**	3,853
- Fixed deposits	**2,340**	6,352	**481**	3,047
- Collaterals	**1**	1	**1**	1
- Derivatives	**20,506**	25,636	**20,506**	25,636
- Financial assets, available-for-sale	**264,970**	267,161	**204,840**	206,745
- Financial assets at fair value through profit or loss	**8,043**	6,519	**-**	-
- Financial assets, held-to-maturity	**14,553**	15,029	**-**	-
	323,427	335,517	**229,710**	239,282
Interest expense from				
- Derivatives	**(23,771)**	(30,504)	**(23,771)**	(30,504)
- Obligations from repurchase agreements	**(6,860)**	(5,150)	**(6,860)**	(5,150)
	(30,631)	(35,654)	**(30,631)**	(35,654)
Government grant	**236**	3,946	**236**	3,946
	387,063	383,771	**269,765**	269,776

Interest income from collaterals relates to interest received on collaterals pledged to counterparties in the form of cash in respect to derivative transactions.

6(b). Investment and other income (continued)

Grant income of $93,000 (2020: $3,877,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help employers retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

Grant income of $143,000 (2020: $nil) was recognised during the financial year under the Jobs Growth Incentive (the "JGI"). The JGI supports employers to expand local hiring from September 2020 to September 2022 (inclusive). The duration of the JGI support will depend on when the local was hired and the characteristics of the local hire.

6(c). Other (losses)/gains - net

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Fair value (losses)/gains				
- Financial assets at fair value through profit or loss	**(3,567)**	70,584	**9,147**	13,648
- Derivatives (realised and unrealised (losses)/gains)	**(199,203)**	90,190	**(202,938)**	90,190
	(202,770)	160,774	**(193,791)**	103,838
Financial assets, available-for-sale				
- Transfer from equity on disposal	**164,060**	135,980	**128,096**	59,522
- Currency exchange gains/(losses) on debt securities (Note 10)	**55,273**	(47,383)	**55,273**	(47,383)
- Impairment loss (Note 10)	**(40,060)**	(79,967)	**(23,609)**	(11,244)
	179,273	8,630	**159,760**	895
Financial assets, held-to-maturity				
- Net loss on early redemption	**(5)**	(6)	**-**	-
Loss on disposal of property, plant and equipment	**(79)**	(69)	**(79)**	(69)
Property, plant and equipment written-off	**(2)**	(3)	**-**	-
Currency exchange losses - net	**(274)**	(3,605)	**(274)**	(3,605)
Others	**8,034**	1,811	**8,034**	1,811
	(15,823)	167,532	**(26,350)**	102,870

6(d). Employee compensation

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Employee compensation				
Wages and salaries	**51,109**	50,058	**28,891**	28,908
Employer's contribution to defined contribution plans, including the Central Provident Fund and Employees' Provident Fund	**6,261**	6,052	**2,920**	2,953
Staff retirement benefits (Note 25)	**12**	14	**(1)**	-
	57,382	56,124	**31,810**	31,861

6(e). Depreciation

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Depreciation of property, plant and equipment:				
- Leasehold land and buildings	**2,491**	2,817	**1,441**	1,720
- Motor vehicles	**84**	92	**61**	61
- Furniture and equipment	**1,580**	1,427	**818**	645
Total depreciation (Note 18)	**4,155**	4,336	**2,320**	2,426
Depreciation of investment properties:				
- Buildings (Note 16)	**375**	376	**288**	288
	4,530	4,712	**2,608**	2,714

6(f). Other operating expenses

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Investment management expenses	**13,494**	14,000	**11,858**	11,005
Maintenance of property, plant, equipment and office systems	**5,638**	6,065	**5,128**	5,530
Professional fees	**6,150**	5,548	**6,066**	4,865
Management fee to a fellow subsidiary	**2,772**	2,563	**1,736**	2,129
Advertising	**780**	882	**553**	726
Computer services and expenses	**2,196**	2,086	**7**	38
Medical fees	**529**	467	**134**	156
Printing and stationery	**411**	623	**254**	228
Utilities	**572**	881	**21**	36
Interest expense on borrowings	**3,041**	3,923	**3,041**	3,923
Interest expense on lease liabilities	**50**	59	**30**	46
Policy Owners' Protection Scheme expenses	**1,848**	1,334	**1,848**	1,334
Allowance for impairment	**4,825**	663	**4,825**	663
Other expenses	**16,213**	17,046	**5,979**	6,606
	58,519	56,140	**41,480**	37,285

6(g). Net claims under policies, paid and outstanding

Details of the net insurance benefits and claims incurred on insurance contracts based on the types of claims for the financial years ended are as follows:

The Group

	Death	Maturities	Surrenders including bonus	Annuities	Others
	$'000	$'000	$'000	$'000	$'000
2021					
Gross claims	86,844	373,306	173,024	6,231	164,035
Reinsurance recoveries	(21,057)	-	-	-	(82,034)
Net claims	**65,787**	**373,306**	**173,024**	**6,231**	**82,001**
2020					
Gross claims	76,551	329,370	159,727	6,302	160,364
Reinsurance recoveries	(24,150)	-	-	-	(83,661)
Net claims	52,401	329,370	159,727	6,302	76,703

The Company

	Death	Maturities	Surrenders including bonus	Annuities	Others
	$'000	$'000	$'000	$'000	$'000
2021					
Gross claims	49,461	220,178	60,211	6,231	95,035
Reinsurance recoveries	(12,009)	-	-	-	(81,097)
Net claims	37,452	220,178	60,211	**6,231**	**13,938**
2020					
Gross claims	44,947	164,655	47,040	6,302	86,004
Reinsurance recoveries	(12,398)	-	-	-	(82,211)
Net claims	32,549	164,655	47,040	6,302	3,793

7. Cash and cash equivalents

(a)

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**229,181**	258,671	**212,784**	243,789
Fixed deposits with financial institutions	**148,268**	200,061	**12,083**	112,093
	377,449	458,732	**224,867**	355,882

7. Cash and cash equivalents (continued)

(b) The fixed deposits with financial institutions at the balance sheet date has an average maturity of 1 - 2 months (2020: 2 months) from the end of the financial year with the following weighted average effective interest rates per annum:

	The Group		The Company	
	2021	2020	**2021**	2020
Singapore Dollar	**0.39%**	0.25%	**0.39%**	0.25%
Malaysian Ringgit	**1.80%**	1.85%	**-**	-

(c) The fixed deposits with financial institutions are analysed as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
Fixed deposits maturing within 12 months	**148,268**	200,061	**12,083**	112,093

A banker's guarantee amounting to $1 million (2020: $1 million) is placed as a statutory deposit as required by the Brunei Darussalam Central Bank.

8. Outstanding premium and agents' balances

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Outstanding premium and agents' balances	**15,285**	18,303	**9,369**	12,108
Amounts due from brokers	**7,407**	20,494	**6,889**	19,588
	22,692	38,797	**16,258**	31,696
Less: Provision for impairment				
Beginning of financial year	**(2,731)**	(2,080)	**(2,630)**	(2,017)
Decrease/(increase) in allowance for impairment	**1,517**	(651)	**1,461**	(613)
Currency translation difference	**1**	-	**-**	-
End of financial year	**(1,213)**	(2,731)	**(1,169)**	(2,630)
Due within 12 months	**21,479**	36,066	**15,089**	29,066

9. Reinsurance assets

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Reinsurers' share of claims admitted or intimated	**171,859**	144,995	**164,645**	138,721
Reinsurance assets arising from insurance contract liabilities	**50,828**	58,604	**50,828**	58,604
	222,687	203,599	**215,473**	197,325

(a) Reinsurers' share of claims admitted or intimated

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Reinsurers' share of claims admitted or intimated	**171,859**	144,995	**164,645**	138,721
Beginning of financial year	**144,995**	104,583	**138,721**	100,841
Currency translation differences	**(71)**	(2)	**-**	-
Amount received for claims settled during the financial year	**(63,605)**	(81,215)	**(61,436)**	(72,070)
Claims notified during the financial year	**96,805**	121,629	**93,625**	109,950
End of financial year	**178,124**	144,995	**170,910**	138,721
Reinsurers' share of claims admitted or intimated	**178,124**	144,995	**170,910**	138,721
Less: Provision for impairment				
Beginning of financial year	**-**	-	**-**	-
Increase in allowance for impairment	**(6,265)**	-	**(6,265)**	-
End of financial year	**(6,265)**	-	**(6,265)**	-
End of financial year	**171,859**	144,995	**164,645**	138,721

9. Reinsurance assets (continued)

(b) Reinsurance assets arising from insurance contract liabilities

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Reinsurance assets arising from insurance contract liabilities	**50,828**	58,604	**50,828**	58,604
Beginning of financial year	**58,604**	41,529	**58,604**	41,529
Due to change in regulatory solvency regime	**-**	6,377	**-**	6,377
Due to assumption changes	**1,089**	(1,226)	**1,089**	(1,226)
Due to risk-free rate changes	**(8,500)**	2,447	**(8,500)**	2,447
Due to movement during the year	**(365)**	9,477	**(365)**	9,477
Change in reinsurance assets arising from insurance contract liabilities	**(7,776)**	17,075	**(7,776)**	17,075
End of financial year	**50,828**	58,604	**50,828**	58,604
Due within 12 months	**35,789**	39,428	35,789	39,428
Due after 12 months	**15,039**	19,176	15,039	19,176

10. Financial assets, available-for-sale

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**11,633,097**	9,831,182	**9,676,988**	7,950,247
Currency translation differences	**(22,097)**	(1,014)	**-**	-
Additions	**4,180,097**	4,079,179	**3,805,440**	3,476,513
Carrying value of disposals	**(2,245,597)**	(2,932,812)	**(1,907,453)**	(2,334,159)
Amortisation of effective interest	**(16,048)**	13,845	**(17,056)**	12,498
Currency exchange gains/(losses) on debt securities (Note 6(c))	**55,273**	(47,383)	**55,273**	(47,383)
Impairment loss (Note 6(c))	**(40,060)**	(79,967)	**(23,609)**	(11,244)
Fair value (losses)/gains transferred to equity	**(807,911)**	770,067	**(761,866)**	630,516
End of financial year	**12,736,754**	11,633,097	**10,827,717**	9,676,988
Due within 12 months	**3,266,865**	2,411,959	**2,585,922**	2,360,496
Due after 12 months	**9,469,889**	9,221,138	**8,241,795**	7,316,492

10. Financial assets, available-for-sale (continued)

Financial assets, available-for-sale are analysed as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Quoted securities:				
- Equity securities - Singapore	**900,632**	783,417	**900,632**	783,417
- Equity securities - Malaysia (*)	**501,924**	494,619	**1,667**	2,076
- Equity securities - Hong Kong	**535,303**	505,270	**535,303**	505,270
- Equity securities - India	**101,738**	89,760	**101,738**	89,760
- Equity securities - Taiwan	**116,265**	104,747	**116,265**	104,747
- Equity securities - Others	**362,554**	313,950	**362,554**	313,950
- Debt securities - Singapore	**5,878,875**	5,145,634	**5,878,875**	5,145,634
- Debt securities - Malaysia (*)	**1,429,241**	1,514,242	**75,129**	106,035
- Debt securities - Indonesia	**623,386**	672,068	**623,386**	672,068
- Debt securities - Cayman Islands	**484,114**	353,917	**484,114**	353,917
- Debt securities - Hong Kong	**390,145**	274,055	**390,145**	274,055
- Debt securities - Others	**863,139**	852,565	**863,139**	852,565
- Investment in funds	**543,459**	523,627	**494,770**	473,494
	12,730,775	11,627,871	**10,827,717**	9,676,988
Unquoted securities				
- Equity securities - Malaysia	**5,979**	5,226	**-**	-
	12,736,754	11,633,097	**10,827,717**	9,676,988

(*) There was a reclassification of $53.4 million of perpetual bonds from Debt securities to Equity securities in the Financial assets, available-for-sale as at 31 December 2021 following a classification assessment performed by management. There was no change in the classification of perpetual bonds as at 31 December 2020.

11. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are analysed as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Quoted securities:				
Debt securities (*)	**170,152**	162,067	**-**	-
Equity securities (*)	**210,656**	147,258	**-**	-
Investments in funds	**433,830**	311,922	**212,073**	112,930
	814,638	621,247	**212,073**	112,930
Due within 12 months	**659,267**	462,520	**212,073**	112,930
Due after 12 months	**155,371**	158,727	**-**	-

11. Financial assets at fair value through profit or loss (continued)

(*) There was a reclassification of $15.1 million of perpetual bonds from Debt securities to Equity securities in the Financial assets at fair value through profit or loss as at 31 December 2021 following a classification assessment performed by management. There was no change in the classification of perpetual bonds as at 31 December 2020.

12. Financial assets, held-to-maturity

	The Group	
	2021	2020
	$'000	$'000
Government and public authority securities	**253,620**	256,830
Debt securities in corporations	**45,556**	52,675
	299,176	309,505
Due within 12 months	**-**	6,596
Due after 12 months	**299,176**	302,909

The fair values of the financial assets, held-to-maturity at the balance sheet date are analysed as follows:

	The Group	
	2021	2020
	$'000	$'000
Government and public authority securities	**271,552**	294,011
Debt securities in corporations	**48,536**	58,836
	320,088	352,847

13. Derivative financial instruments

(a) Derivative financial instruments

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Derivative financial assets:				
Warrants	**1,372**	-	**-**	-
Foreign exchange contracts	**12,429**	85,114	**12,429**	85,114
Cross currency swaps	**9,901**	52,448	**9,901**	52,448
	23,702	137,562	**22,330**	137,562
Derivative financial liabilities:				
Foreign exchange contracts	**(2,149)**	(1,516)	**(2,149)**	(1,516)
Interest rate swaps	**(37,911)**	(5,056)	**(37,911)**	(5,056)
Cross currency swaps	**(69,702)**	(5,847)	**(69,702)**	(5,847)
	(109,762)	(12,419)	**(109,762)**	(12,419)

13. Derivative financial instruments (continued)

(b) Warrants

	The Group	
	2021	2020
	$'000	$'000
Warrants due after 12 months	**1,372**	-

(c) Foreign exchange contracts

At 31 December, the contractual amounts and the fair value of the Group and the Company's outstanding foreign exchange contracts are as follows:

	The Group and the Company			
	Contract notional amount		Net fair value	
Description	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
United States Dollar	**2,584,311**	3,173,107	**10,280**	83,598

	2021	2020
	$'000	$'000
Beginning of financial year	**83,598**	39,880
Fair value (losses)/gains recognised in profit or loss	**(73,318)**	43,718
End of financial year	**10,280**	83,598

(d) Cross currency swaps

At 31 December, the contractual amounts and the fair value of the Group and the Company's outstanding cross currency swaps are as follows:

	The Group and the Company			
	Contract notional amount		Net fair value	
Description	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
United States Dollar	**528,823**	482,205	**(59,801)**	46,601

13. Derivative financial instruments (continued)

(d) Cross currency swaps

The Group and the Company

	2021	2020
	$'000	$'000
Beginning of financial year	**46,601**	(19,702)
Fair value (losses)/gains recognised in profit or loss	**(106,402)**	66,303
End of financial year	**(59,801)**	46,601

(e) Interest rate swaps

At 31 December, the contractual amounts and the fair value of the Group and the Company's outstanding interest rate swaps are as follows:

	The Group and the Company			
Description	Contract notional amount		Net fair value	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
United States Dollar	**240,000**	340,000	**(37,911)**	(5,056)

	2021	2020
	$'000	$'000
Beginning of financial year	**(5,056)**	-
Fair value losses recognised in profit or loss	**(32,855)**	(5,056)
End of financial year	**(37,911)**	(5,056)

As at 31 December 2021, the Company pledged debt securities with carrying value of $103 million (2020: $2 million) for liabilities, and held cash collaterals of $nil million (2020: $33 million) for assets in respect of derivative transactions.

As at 31 December 2021, deferred income from cross currency swaps amounting to $48,750,000 (2020: $9,371,000) is disclosed in Note 22.

14. Other assets

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Accrued investment income	**89,419**	78,044	**69,397**	56,835
Club memberships	**13**	13	**13**	13
Due from a fellow subsidiary - non-trade	**259**	256	**251**	240
Receivable from sale of investments	**3,106**	12,317	**3,105**	11,106
Prepayments	**2,966**	3,038	**2,609**	2,669
Fixed deposits with financial institutions	**-**	3,333	**-**	-
Amounts due from brokers	**208**	-	**-**	-
Other receivables	**3,472**	4,376	**1,539**	1,747
	99,443	101,377	**76,914**	72,610

Other assets are due within 12 months. Amounts due from a fellow subsidiary is unsecured, non-interest bearing and repayable on demand.

15. Loans

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Loans secured on properties	**236**	303	**-**	-
Cash and non-forfeiture loans on policies within the surrender value	**188,208**	199,617	**63,679**	62,986
Unsecured loans	**196**	130	**131**	-
	188,640	200,050	**63,810**	62,986

Cash and non-forfeiture loans on policies within the surrender value are repayable on demand and are collateralised against the surrender value of policyholders' insurance contracts.

16. Investment properties

(a) The Group

	Freehold land $'000	Buildings $'000	Total $'000
2021			
Cost			
At 1 January 2021	2,981	20,982	23,963
Currency translation differences	(33)	(74)	**(107)**
Transfer from/(to) Property, plant & equipment	1	(10)	**(9)**
At 31 December 2021	**2,949**	**20,898**	**23,847**
Accumulated depreciation			
At 1 January 2021	-	7,813	7,813
Currency translation differences	-	(12)	**(12)**
Transfer to Property, plant & equipment	-	(1)	**(1)**
Depreciation charge (Note 6(e))	-	375	**375**
At 31 December 2021	-	**8,175**	**8,175**
Net book value at 31 December 2021	**2,949**	**12,723**	**15,672**
2020			
Cost			
At 1 January 2020	2,986	20,985	23,971
Currency translation differences	(5)	(3)	(8)
At 31 December 2020	2,981	20,982	23,963
Accumulated depreciation			
At 1 January 2020	-	7,438	7,438
Currency translation differences	-	(1)	(1)
Depreciation charge (Note 6(e))	-	376	376
At 31 December 2020	-	7,813	7,813
Net book value at 31 December 2020	2,981	13,169	16,150

The following amounts are recognised in profit or loss:

	The Group	
	2021 $'000	2020 $'000
Rental income	**3,455**	3,399
Direct operating expenses arising from:		
- Investment properties that generate rental income	**(1,375)**	(1,638)
- Investment properties that do not generate rental income	**(550)**	(523)
Rental income	**1,530**	1,238

16. Investment properties (continued)

(b) The Company

	Freehold land $'000	Buildings $'000	Total $'000
2021			
Cost			
At 1 January 2021 and 31 December 2021	59	14,433	14,492
Accumulated depreciation			
At 1 January 2021	-	6,819	6,819
Depreciation charge (Note 6(e))	-	288	288
At 31 December 2021	-	7,107	7,107
Net book value at 31 December 2021	**59**	**7,326**	**7,385**
2020			
Cost			
At 1 January 2020 and 31 December 2020	59	14,433	14,492
Accumulated depreciation			
At 1 January 2020	-	6,531	6,531
Depreciation charge (Note 6(e))	-	288	288
At 31 December 2020	-	6,819	6,819
Net book value at 31 December 2020	**59**	**7,614**	**7,673**

The following amounts are recognised in profit or loss:

	The Company	
	2021 $'000	2020 $'000
Rental income	**681**	302
Direct operating expenses arising from:		
- Investment properties that generate rental income	**(290)**	(230)
- Investment properties that do not generate rental income	**-**	(98)
Rental income/(loss)	**391**	(26)

The fair values of the investment properties for the Group and the Company as at 31 December 2021 were approximately $141,564,000 (2020: $127,503,000) and $87,500,000 (2020: $72,000,000) respectively. The investment properties of the Group were valued by independent professional valuers based on the properties' highest-and-best use using the sales comparison approach at the balance sheet date. These are registered as Level 3 of the fair value measurement hierarchy. Under the sales comparison approach, the recent sale prices of properties in close proximity are adjusted for differences in key attributes such as tenure, location and condition of the properties. The most significant input into this valuation approach is selling price per square foot.

17. Investment in a subsidiary

	The Company 2021 $'000	The Company 2020 $'000
(a) Unquoted equity shares, at cost	**87,636**	87,636

(b) The subsidiary of the Company is as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Cost of investment 2021 $'000	Cost of investment 2020 $'000	% of paid up capital held by the Company 2021 %	% of paid up capital held by the Company 2020 %
Tokio Marine Life Insurance Malaysia Bhd.*	Life assurance	Malaysia	**87,636**	87,636	**100**	100

* Audited by PricewaterhouseCoopers PLT.

18. Property, plant and equipment

(a) The Group

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Motor vehicles $'000	Furniture and equipment $'000	Total $'000
2021						
Cost						
At 1 January 2021	25,939	1,951	50,902	724	12,900	**92,416**
Currency translation differences	(58)	(22)	(404)	(3)	(73)	**(560)**
Reclass (to)/from Investment properties (Note 16)	(1)	-	10	-	-	**9**
Additions	-	-	686	-	1,769	**2,455**
Disposals	-	-	-	-	(779)	**(779)**
Write-offs	-	-	(1,357)	-	(242)	**(1,599)**
At 31 December 2021	**25,880**	**1,929**	**49,837**	**721**	**13,575**	**91,942**
Accumulated depreciation						
At 1 January 2021	-	172	19,336	498	8,324	**28,330**
Currency translation differences	-	(2)	(176)	(3)	(46)	**(227)**
Reclass from Investment properties (Note 16)	-	-	1	-	-	**1**
Depreciation charge (Note 6(e))	-	19	2,472	84	1,580	**4,155**
Disposals	-	-	-	-	(700)	**(700)**
Write-offs	-	-	(1,357)	-	(240)	**(1,597)**
At 31 December 2021	**-**	**189**	**20,276**	**579**	**8,918**	**29,962**
Net book value at 31 December 2021	**25,880**	**1,740**	**29,561**	**142**	**4,657**	**61,980**

18. Property, plant and equipment (continued)

(a) The Group (continued)

	Freehold land $'000	Leasehold land $'000	Buildings $'000	Motor vehicles $'000	Furniture and equipment $'000	Total $'000
2020						
Cost						
At 1 January 2020	25,941	1,951	52,108	724	11,579	**92,303**
Currency translation differences	(2)	-	(22)	-	(3)	**(27)**
Additions	-	-	1,062	-	2,339	**3,401**
Disposals	-	-	(173)	-	(975)	**(1,148)**
Write-offs	-	-	(2,073)	-	(40)	**(2,113)**
At 31 December 2020	**25,939**	**1,951**	**50,902**	**724**	**12,900**	**92,416**
Accumulated depreciation						
At 1 January 2020	-	152	18,793	406	7,841	**27,192**
Currency translation differences	-	-	(8)	-	(1)	**(9)**
Depreciation charge (Note 6(e))	-	20	2,797	92	1,427	**4,336**
Disposals	-	-	(173)	-	(906)	**(1,079)**
Write-offs	-	-	(2,073)	-	(37)	**(2,110)**
At 31 December 2020	**-**	**172**	**19,336**	**498**	**8,324**	**28,330**
Net book value at 31 December 2020	**25,939**	**1,779**	**31,566**	**226**	**4,576**	**64,086**

(b) The Company

	Freehold land $'000	Buildings $'000	Motor vehicles $'000	Furniture and equipment $'000	Total $'000
2021					
Cost					
At 1 January 2021	20,766	15,006	423	6,407	**42,602**
Additions	-	339	-	1,153	**1,492**
Disposals	-	-	-	(779)	**(779)**
Write offs	-	(1,357)	-	-	**(1,357)**
At 31 December 2021	20,766	13,988	423	6,781	**41,958**
Accumulated depreciation					
At 1 January 2021	-	3,482	241	4,129	**7,852**
Depreciation charge (Note 6(e))	-	1,441	61	818	**2,320**
Disposals	-	-	-	(700)	**(700)**
Write offs	-	(1,357)	-	-	**(1,357)**
At 31 December 2021	-	3,566	302	4,247	**8,115**
Net book value at 31 December 2021	**20,766**	**10,422**	**121**	**2,534**	**33,843**

18. Property, plant and equipment (continued)

(b) The Company (continued)

	Freehold land $'000	Buildings $'000	Motor vehicles $'000	Furniture and equipment $'000	Total $'000
2020					
Cost					
At 1 January 2020	20,766	16,127	423	5,882	**43,198**
Additions	-	952	-	1,400	**2,352**
Disposals	-	-	-	(875)	**(875)**
Write offs	-	(2,073)	-	-	**(2,073)**
At 31 December 2020	20,766	15,006	423	6,407	**42,602**
Accumulated depreciation					
At 1 January 2020	-	3,835	180	4,290	**8,305**
Depreciation charge (Note 6(e))	-	1,720	61	645	**2,426**
Disposals	-	-	-	(806)	**(806)**
Write offs	-	(2,073)	-	-	**(2,073)**
At 31 December 2020	-	3,482	241	4,129	**7,852**
Net book value at 31 December 2020	**20,766**	**11,524**	**182**	**2,278**	**34,750**

(c) Right-of-use ("ROU") assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such assets are disclosed in Note 19.

19. Leases

(A) Leases – The Group and Company as a lessee

Nature of the Group's and Company's leasing activities

Buildings

The Group and Company leases office space and residential space for the purpose of back-office operations and staff accommodation for certain foreign expatriate employees.

Furniture and equipment

The Group and Company leases copiers for the purpose of back office operations.

There are no externally imposed covenants on these lease arrangements.

19. Leases (continued)

(A) Leases – The Group and Company as a lessee (continued)

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Buildings	**742**	1,421	**484**	1,331
Furniture and equipment	**469**	59	**296**	-
	1,211	1,480	**780**	1,331

(b) Depreciation charge during the year

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Buildings	**1,317**	1,606	**1,185**	1,465
Furniture and equipment	**64**	44	**15**	-
	1,381	1,650	**1,200**	1,465

(c) Interest expense

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Interest expense on lease liabilities	**50**	59	**30**	46

(d) Lease expense not capitalised in lease liabilities

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Short term lease expense	**94**	75	**-**	-
Low value lease expense	**100**	135	**87**	64
	194	210	**87**	64

(e) Total cash outflow for all leases (including short term and low value leases) in 2021 was $1,603,000 and $1,324,000 (2020: $1,950,000 and $1,595,000) for the Group and the Company respectively.

19. Leases (continued)

(A) Leases – The Group and Company as a lessee (continued)

(f) Addition of ROU assets during the financial year 2021 was $1,115,000 and $650,000 (2020: $1,120,000 and $952,000) for the Group and the Company respectively.

(B) Leases – The Group and Company as a lessor

The Group leases out their investment properties to third parties for monthly lease payments.

Rental income from investment properties are disclosed in Note 16.

The future aggregate minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables are as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Not later than one year	**3,061**	3,202	**660**	599
Between one and five years	**1,526**	3,229	**449**	787
	4,587	6,431	**1,109**	1,386

20. Intangible assets

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Composition:				
Bancassurance rights (Note (a))	**16,381**	22,089	**-**	-
Computer software licences (Note (b))	**11,266**	12,627	**6,212**	7,664
	27,647	34,716	**6,212**	7,664

20. Intangible assets (continued)

(a) Bancassurance rights

	The Group	
	2021	2020
	$'000	$'000
Cost		
At 1 January	**88,960**	61,386
Currency translation differences	**(1,001)**	(37)
Additions	**-**	27,611
At 31 December	**87,959**	88,960
Accumulated amortisation		
At 1 January	**66,871**	61,386
Currency translation differences	**(746)**	(27)
Amortisation charge	**5,453**	5,512
At 31 December	**71,578**	66,871
Net book value at 31 December	**16,381**	22,089

The Subsidiary entered into an exclusive bancassurance agreement for a period of 10 years with a Malaysian bank commencing on 1 January 2015. Under this agreement, the Malaysian bank will only sell, distribute, market and promote life insurance products for the Subsidiary. The first payment of RM126 million, being 60% of the facilitation fee was paid in January 2015. The subsidiary capitalised the first facilitation fee as an intangible asset and amortised it over 5 years from 1 January 2015. The second payment of RM84 million, being the balance of 40% of the facilitation fee was paid and capitalised in January 2020.

(b) Computer software licences

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cost				
At 1 January	**30,635**	26,566	**14,388**	13,145
Currency translation differences	**(183)**	(9)	**-**	-
Additions	**1,715**	4,093	**7**	1,258
Write-offs	**-**	(15)	**-**	(15)
At 31 December	**32,167**	30,635	**14,395**	14,388
Accumulated amortisation				
At 1 January	**18,008**	14,555	**6,724**	5,035
Currency translation differences	**(122)**	(2)	**-**	-
Amortisation charge	**3,015**	3,470	**1,459**	1,704
Write-offs	**-**	(15)	**-**	(15)
At 31 December	**20,901**	18,008	**8,183**	6,724
Net book value at 31 December	**11,266**	12,627	**6,212**	7,664

20. Intangible assets (continued)

(b) Computer software licences (continued)

Recognised within computer software licenses for the Group and the Company are assets under construction amounting to $3,115,000 and $2,831,000 (2020: $4,673,000 and $2,537,000). Assets under construction are not amortised until they are put in use.

21. Other payables

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Investment creditors	**9,683**	12,939	**9,286**	12,008
Cash collateral	**1,057**	33,110	**1,057**	33,110
Due to fellow subsidiaries - non-trade	**1,394**	1,378	**1,150**	1,017
Due to intermediate holding company - non-trade	**149**	-	**149**	-
Unclaimed dividend	**637**	640	**637**	640
Accrued management expenses	**28,327**	26,718	**9,431**	9,764
Rental deposits and advances	**1,153**	1,136	**224**	198
GST payable	**739**	1,093	**739**	1,093
Other financial liability (Note 37)	**304**	-	**-**	-
Other non-trade payables	**17,715**	17,614	**14,079**	14,753
	61,158	94,628	**36,752**	72,583
Due within 12 months	**61,158**	94,628	**36,752**	72,583

Amounts due to fellow subsidiaries and intermediate holding company are unsecured, non-interest bearing and repayable on demand.

22. Deferred income

	The Group and the Company	
	2021	2020
	$'000	$'000
Deferred income – cross currency swaps	**48,750**	**9,371**

Deferred income from cross currency swaps, relates to upfront fees received from counterparties of cross currency swaps. The deferred income is amortised on a straight-line basis up to the maturity date of the cross currency swaps.

Details of the cross currency swaps are disclosed in Note 13(d).

23. Borrowings

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Loan from				
- immediate holding company	**47,129**	47,129	**47,129**	47,129
- intermediate holding company	**150,096**	150,073	**150,096**	150,073
Lease liabilities due to				
- fellow subsidiary	**274**	557	**274**	557
- others	**954**	944	**519**	793
	198,453	198,703	**198,018**	198,552
Due within 12 months	**1,049**	1,677	**1,049**	1,591
Due after 12 months	**197,404**	197,026	**196,969**	196,961

The loan from immediate holding company is unsecured and repayable in full on 13 September 2026. Interest is fixed at 3.2% per annum. The loan from intermediate holding company is unsecured and repayable in full on 12 December 2028. The interest rate is calculated by applying an applicable margin of 0.81% on the SWAP rate.

With the cessation of the SWAP rate over the next few years, the Group is in the process of reviewing its contracts that are referenced to the SWAP rate. The Group believes that it will not result in a material impact to the financial statements even though there is uncertainty around the alternative interest rate benchmark.

Reconciliation of liabilities arising from financing activities

The Group

	1 January 2021 $'000	Principal and interest payments $'000	Interest expense $'000	Addition - new leases $'000	**31 December 2021 $'000**
Loan from immediate holding company (Note 23)	47,129	(1,494)	1,494	-	**47,129**
Loan from intermediate holding company (Note 23)	150,073	(1,524)	1,547	-	**150,096**
Lease Liabilities	1,501	(1,438)	50	1,115	**1,228**

	1 January 2020 $'000	Principal and interest payments $'000	Interest expense $'000	Addition - new leases $'000	31 December 2020 $'000
Loan from immediate holding company (Note 23)	47,129	(1,498)	1,498	-	47,129
Loan from intermediate holding company (Note 23)	150,179	(2,531)	2,425	-	150,073
Lease Liabilities	2,052	(1,740)	59	1,130	1,501

24. Deferred income taxes

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 the deferred income taxes relate to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	The Group		The Company	
	31 Dec 2021 $'000	31 Dec 2020 $'000	**31 Dec 2021 $'000**	31 Dec 2020 $'000
Deferred				
- Settled after 12 months	**459,319**	608,154	**381,549**	529,422

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

The Group

Deferred tax liabilities

	Accelerated tax depreciation $'000	Fair value reserve $'000	Other temporary differences $'000	Total $'000
2021				
At 1 January 2021	1,317	178,377	428,460	608,154
Currency translation differences	-	(346)	(540)	(886)
Tax credit to profit or loss (Note 5(a))	(317)	(460)	(20,906)	(21,683)
Tax credit to equity	-	(126,266)	-	(126,266)
At 31 December 2021	**1,000**	**51,305**	**407,014**	**459,319**
2020				
At 1 January 2020	1,343	96,053	408,186	505,582
Currency translation differences	-	7	(13)	(6)
Tax (credit)/charge to profit or loss (Note 5(a))	(26)	1,620	20,287	21,881
Tax charge to equity	-	80,697	-	80,697
At 31 December 2020	1,317	178,377	428,460	608,154

24. Deferred income taxes (continued)

The Company

Deferred tax liabilities

	Accelerated tax depreciation	Fair value reserve	Other temporary differences	Total
	$'000	$'000	$'000	$'000
2021				
At 1 January 2021	1,317	149,059	379,046	529,422
Tax credit to profit or loss (Note 5(a))	(317)	-	(33,477)	(33,794)
Tax credit to equity	-	(114,079)	-	(114,079)
At 31 December 2021	**1,000**	**34,980**	**345,569**	**381,549**
2020				
At 1 January 2020	1,343	77,025	365,298	443,666
Tax (credit)/charge to profit or loss (Note 5(a))	(26)	-	13,748	13,722
Tax charge to equity	-	72,034	-	72,034
At 31 December 2020	1,317	149,059	379,046	529,422

The other temporary differences mainly relate to deferred tax liabilities recognised for the non-guaranteed benefits due to policyholders and shareholders.

25. Staff retirement benefits

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**66**	86	**1**	24
Currency translation differences	**(1)**	-	**-**	-
Amount paid during the financial year	**(12)**	(34)	**-**	(23)
Increase/(decrease) in provision for the financial year	**12**	14	**(1)**	-
At 31 December	**65**	66	**-**	1
Due after 12 months	**65**	66	**-**	1

26. Agents' retirement benefits

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At 1 January	**11,400**	10,608	**220**	287
Currency translation differences	**(126)**	(8)	**-**	-
Amount paid during the financial year	**(1,106)**	(1,141)	**(14)**	(31)
Increase/(decrease) in provision for the financial year	**1,980**	1,941	**9**	(36)
At 31 December	**12,148**	11,400	**215**	220
Due within 12 months	**4,355**	4,632	-	-
Due after 12 months	**7,793**	6,768	**215**	220

27. Obligations under repurchase agreements

The Group and the Company entered into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date.

The securities related to these agreements are not de-recognised from the Group's and the Company's balance sheet, but are retained within the appropriate financial asset classification. During the term of the repurchase agreements, the Group and the Company is restricted from selling or pledging the transferred debt securities. The following table specifies the amounts included within financial investments subject to repurchase agreements which do not qualify for de-recognition at each period end:

	The Group and the Company	
	2021	2020
	$'000	$'000
Debt securities - Financial assets, available-for-sale	**2,190,854**	955,620

Collateral

As at 31 December 2021, the Company had $40.7 million pledged debt securities (2020: $nil). Cash collateral of $1.0 million (2020: $3.6 million) was received based on the market value of securities transferred.

As at 31 December 2021, the obligations under repurchase agreements were $2,246 million (2020: $949 million).

Reconciliation of liabilities arising from financing activities

The Group and the Company

					Non-cash changes	
	1 January 2021 $'000	Proceeds from borrowings $'000	Collateral Received $'000	Principal and interest payments $'000	Interest expense $'000	**31 December 2021 $'000**
Obligations under repurchase agreements	952,895	4,175,898	-	(2,890,023)	6,853	**2,245,623**

					Non-cash changes	
	1 January 2020 $'000	Proceeds from borrowings $'000	Collateral Received $'000	Principal and interest payments $'000	Interest expense $'000	31 December 2020 $'000
Obligations under repurchase agreements	253,307	2,537,629	1,540	(1,844,731)	5,150	952,895

28. Insurance contract liabilities

(a) The Group

	31 Dec 2021 $'000	31 Dec 2020 $'000
At 1 January	**10,353,774**	9,191,408
Currency translation difference	**(27,052)**	(1,114)
Adjustments due to change in regulatory solvency regime	**-**	37,783
Adjustments due to changes in assumptions	**50,766**	(320)
Adjustments due to risk-free rate changes	**(83,939)**	47,766
Adjustments due to movement during the year	**533,882**	683,107
Fair value adjustment from participating fund assets	**(575,014)**	395,144
At 31 December	**10,252,417**	10,353,774

(b) The Company

	31 Dec 2021 $'000	31 Dec 2020 $'000
At 1 January	**7,945,232**	6,926,968
Adjustments due to change in regulatory solvency regime	**-**	37,783
Adjustments due to changes in assumptions	**51,079**	(1,496)
Adjustments due to risk-free rate changes	**(55,654)**	25,480
Adjustments due to movement during the year	**455,630**	601,370
Fair value adjustment from participating fund assets	**(528,060)**	355,127
At 31 December	**7,868,227**	7,945,232

29. Related party transactions

The related parties of, and their relationship with the Group, are as follows:

	Country of incorporation	Relationship
Asia General Holdings Ltd	Singapore	Immediate holding company
Tokio Marine Insurance Singapore Ltd	Singapore	Fellow subsidiary
Tokio Marine Asia Pte Ltd	Singapore	Fellow subsidiary
Tokio Marine Nichido Fire Insurance Co. Ltd	Japan	Intermediate holding company
Tokio Marine & Nichido Life Insurance Co., Ltd	Japan	Fellow subsidiary
Tokio Marine Insurance (Malaysia) Berhad	Malaysia	Fellow subsidiary
TM Claims Service Asia Pte Ltd	Singapore	Fellow subsidiary

29. Related party transactions (continued)

(a) Other than disclosed elsewhere in the financial statements, the following significant transactions took place between the Group, the Company and related parties during the financial year on terms agreed between the parties concerned:

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Office rent paid to fellow subsidiary	**152**	152	**152**	152
Office rent received from fellow subsidiary	**155**	173	**-**	-
Dividend received from subsidiary	**-**	-	**1,582**	1,621
Insurance premium received from fellow subsidiary	**230**	202	**118**	123
Insurance premium paid to fellow subsidiary	**270**	280	**93**	109
Investment management fee received from fellow subsidiary	**584**	575	**584**	575
General Service fee paid to fellow subsidiary	**944**	966	**709**	696
Management fee received from fellow subsidiary	**237**	209	**203**	192
Reinsurance arrangement paid to fellow subsidiary	**-**	44	**-**	-
Loan interest paid to immediate holding company	**1,494**	1,498	**1,494**	1,498
Loan interest paid to intermediate holding company	**1,547**	2,425	**1,547**	2,425
Guarantee fee paid to intermediate holding company	**180**	121	**180**	121

(b) Key management personnel compensation

Key management personnel includes the directors, Chief Executive Officer ("CEO") and senior management who report directly to the respective CEO of the Group and the Company.

Key management personnel compensation is analysed as follows:

	The Group		The Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Salaries and other short-term employment benefits	**9,078**	8,010	**3,879**	3,638
Post-employment benefits including contributions to CPF	**120**	762	**120**	145
Directors' fees	**536**	530	**360**	360

30. Immediate holding company and ultimate holding corporation

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

31. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	The Group	
	2021	2020
	$'000	$'000
Capital commitments	**591**	2,178

Investment commitments

The Company has entered into obligations under repurchase agreements (Note 27) and the securities under repurchase agreements are treated as pledged assets. As at year-end, borrowings amounting to $2,246 million (2020: $949 million) were backed by securities sold under repurchase agreements as disclosed in Note 10.

32. Insurance and financial risk management

(A) Insurance risk

The risk under any one life insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits will vary from year to year from the estimate. A more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

Each life insurance company in Singapore is also required to conduct stress testing on the financial condition on an annual basis to assess its ability to withstand adverse deviations in various assumptions. For Malaysia, a dynamic solvency testing is performed annually to monitor its solvency position.

32. Insurance and financial risk management (continued)

(A) **Insurance risk** (continued)

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk covered.

(a) Long-term insurance contracts (all insurance contracts other than group insurance contracts)

(i) Frequency and severity of claims

For contracts where death or DD is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as Acquired ImmunoDeficiency Syndrome (“AIDS”) or Severe Acute Respiratory Syndrome (“SARS”)) or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For non-participating contracts where the benefits are fully guaranteed and future premiums are fixed, there are no mitigating terms and conditions that reduce the insurance risk accepted. For participating contracts, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the policyholders. In addition, for Singapore contracts offering DD and stand-alone medical benefits, the Group generally has the right to vary the non-guaranteed future premium rates if claim experience deteriorates in the future.

For investment-linked contracts, the Group charges for mortality and morbidity risks on a monthly basis. It has the right to alter these charges based on its mortality and morbidity experience and hence minimise its exposure to these risks. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect.

The Group manages these risks through its underwriting strategy and reinsurance arrangements.

The Group has developed its underwriting strategy for accepting insurance risks, including selection and approval of risks to be insured, use of limits, appropriate risk classification and premium level.

32. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(a) Long-term insurance contracts (all insurance contracts other than group insurance contracts) (continued)

(i) Frequency and severity of claims (continued)

For Singapore and Brunei, the Group has a retention limit of up to $1,300,000 on any single life insured who purchased individual life products, with a lower limit of $300,000 applicable to lives for the mass market (as opposed to High Net Worth) products. RGA International Reinsurance Company dac Singapore Branch is the main incumbent reinsurer.

For Malaysia, the Group also manages the insurance risk by ceding insurance amounts above retention of RM200,000 (approximately $65,000) per life to reinsurers through traditional reinsurance arrangements.

The tables below presents the concentration of insured benefits across three bands of insured benefits per individual life assured, separately for non-linked and investment-linked business. These tables do not include annuity contracts.

<u>Singapore</u>

Benefits assured ($'000) per life assured at the end of 2021

	Total benefits insured ($'000) for non-linked business (Singapore)			
	Before reinsurance		After reinsurance (estimated)	
0 - 500	13,875,380	67.32%	10,299,233	83.04%
500 - 1,000	3,294,484	15.98%	1,301,298	10.49%
More than 1,000	3,442,599	16.70%	802,097	6.47%
Total	20,612,463	100.00%	12,402,628	100.00%

Benefits assured (in terms of Sum at Risk, $'000) per life assured at the end of 2021

	Total benefits insured (in terms of sum at risk, $'000) for linked business (Singapore)			
	Before reinsurance		After reinsurance (estimated)	
0 - 100	128,017	67.00%	95,161	81.25%
100 - 200	41,462	21.70%	17,069	14.57%
More than 200	21,605	11.30%	4,901	4.18%
Total	191,084	100.00%	117,131	100.00%

32. Insurance and financial risk management (continued)

***(A)* Insurance risk** (continued)

(a) Long-term insurance contracts (all insurance contracts other than group insurance contracts) (continued)

(i) *Frequency and severity of claims* (continued)

Malaysia

Benefits assured (RM'000) per life assured at the end of 2021

Total benefits insured (RM'000) for non-linked business (Malaysia)

	Before reinsurance			After reinsurance (estimated)		
	RM$'000	Equivalent S$'000	%	RM$'000	Equivalent S$'000	%
0 - 500	53,571,196	17,410,638	80.49%	29,569,917	9,610,223	80.49%
500 - 1,000	10,512,516	3,416,568	15.79%	5,802,637	1,885,857	15.79%
More than 1,000	2,477,769	805,275	3.72%	1,367,664	444,491	3.72%
Total	66,561,481	**21,632,481**	100.00%	36,740,218	**11,940,571**	100.00%

Benefits assured (RM'000) per life assured at the end of 2021

Total benefits insured (RM'000) for linked business (Malaysia)

	Before reinsurance			After reinsurance (estimated)		
	RM$'000	Equivalent S$'000	%	RM$'000	Equivalent S$'000	%
0 - 100	7,620,874	2,476,784	38.96%	5,960,685	1,937,223	38.96%
100 - 200	2,178,935	708,154	11.14%	1,704,259	553,884	11.14%
More than 200	9,759,645	3,171,885	49.90%	7,633,530	2,480,897	49.90%
Total	**19,559,454**	**6,356,823**	100.00%	**15,298,474**	**4,972,004**	100.00%

The following table for annuity insurance contracts illustrates the concentration of risk based on three bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment at the year end. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Singapore

Annuity payable ($'000) per annum per life assured at the end of 2021

0 - 10	6,932	84.41%
10 - 20	1,106	13.47%
More than 20	174	2.12%
Total	8,212	100.00%

Malaysia

There is no annuity business in force as at 31 December 2021.

32. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(a) Long-term insurance contracts (all insurance contracts other than group insurance contracts) (continued)

(ii) *Sources of uncertainty in the estimation of future benefit payments and premium receipts*

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality, morbidity and the variability in contract holder behaviour.

The Group performs regular experience analyses, including mortality, morbidity, investment return, management expenses, and policy persistency. The objective is to compare the current best estimate assumptions with actual experiences, to identify any unexpected changes that would materially impact the Company's financial position. The Group reviews and updates the assumptions (where the basis are not prescribed) used in the estimation of its insurance contract liabilities regularly to ensure its relevance and appropriateness.

In addition, on a yearly basis, the Group also carries out a bonus investigation to ascertain the sustainability of current bonus scales. There was a revision of the bonus rates for several products in Singapore participating fund in 2021. This had been done to ensure long term sustainability of the participating fund and to ensure that the projected benefits of the participating contracts remain supportable.

(b) Short-term life insurance contracts (group insurance contracts)

(i) *Frequency and severity of claims*

These contracts are mainly issued to employers as part of their employee benefit plans. The risk of death and disability may be affected by the nature of the industry in which the employer operates, in addition to other factors stated above. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk.

32. Insurance and financial risk management (continued)

(A) Insurance risk (continued)

(b) Short-term life insurance contracts (group insurance contracts) (continued)

(i) Frequency and severity of claims (continued)

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual polices, it can impose deductibles and it has the right to reject the payment of a fraudulent claim.

In addition, an authority table and underwriting guidelines are established to ensure that business underwriting is conducted with appropriate authorisation in accordance to level of seniority in the respective Company.

For Singapore and Brunei, the main reinsurance arrangements are quota share reinsurance for group medical benefits and surplus reinsurance with a retention limit of $100,000 per life for group term life, personal accident and DD benefits. The group disability income benefit is reinsured on a quota share arrangement. These are supplemented by catastrophe excess of loss reinsurance cover.

Group insurance business in Malaysia is insignificant.

(ii) Sources of uncertainty in the estimation of future claim payments

Uncertainty in the estimation of future claims payments for short-term life insurance contracts arises from the unpredictability of mortality and morbidity experience for unexpired coverage as at valuation date, and uncertainty over the timing and amount of late reporting of claims that have incurred as at valuation date.

The Group analyses each year the loss ratios in recent past in order to refresh the assumption about claims experience of various product lines.

(B) Group Risk Management Policies

The Company has in place an Enterprise Risk Management ("ERM") Framework which is a structured and disciplined approach for aligning strategy, processes, people and systems to evaluate and manage the uncertainties the enterprise faces as it creates value. Key industry frameworks and guidelines, relevant regulatory requirements and Tokio Marine Group practices are considered in the ERM Framework.

32. Insurance and financial risk management (continued)

(B) Group Risk Management Policies (continued)

In alignment with Tokio Marine Holdings, the Company does not seek to eliminate all risks, but to identify, understand and manage the risks effectively. The Company is selective in its approach to risk taking, striking a balance between risk accepted and the reward it can derive from accepting that risk. The key ideas behind the Company's Risk Management Philosophy include:

- Protecting the interest of policyholders by ensuring that future obligations can be met;
- Maintaining financial resilience to fund existing business and future growth in most market environments;
- Ensuring financial sufficiency to meet liquidity and capital management needs;
- Seeking earnings consistency in order to maximise long term shareholder value;
- Building of a strong risk culture through appropriate tone from the top and ownership of risks.

The Board of Directors is ultimately responsible for the governance of risk and plays a pivotal role in ensuring a sound risk management culture and environment. It is entrusted to be the custodian of good corporate governance, the prerequisite for sound risk management. The Board is collectively accountable to stakeholders, including shareholders, for the long-term success and financial soundness of the institution.

The Board has established a Board Risk Management Committee ("RMC") which is a committee dedicated to assist the Board in the governance of risk within the Company. The Board and RMC are supported by the Chief Risk Officer and Risk Management Department. They are responsible for the development, review and implementation of the ERM Framework.

To ensure that appropriate risk are taken, business risk strategies follow the risk appetite of the Company and are monitored on a regular basis to ensure that they are within the tolerance and limits set. These levels are reviewed on an annual basis to ensure its relevancy and sufficiency in relation to the overall Company's business objective. As such, quantitative and qualitative approaches are taken to set individual risk appetite statements that are relevant to the Company.

32. Insurance and financial risk management (continued)

(B) Group Risk Management Policies (continued)

In addition to the ERM Framework, the Company recognises that establishing a strong risk culture is necessary for the long-term success of the Company. Having a good risk culture helps in creating risk awareness among all staff of the Company. As everyone is responsible for managing the risks within their area of influence, having a higher state of risk awareness enables one to recognise risks before they appear. This enhances the Company's performance by decreasing issues and impediments. The Company uses a repertoire of tools consisting of setting the appropriate tone from the top, risk culture surveys, implementing accountability and governance policies and staff education and training to ensure continual improvement to the risk culture.

(C) Investment Committee

The Company's Investment Committee (also known as "Asset Liability Management & Investment Committee") is responsible for managing the Company's investment activities. The Subsidiary's Investment Committee is responsible for managing the subsidiary's investment activities and these are managed through an in-house investment team headed by the Chief Investment Officer. The respective Investment Committees are responsible for the formulation of the Company's and Subsidiary's investment strategy, principles, policies and procedures for the investment function. The Investment Committees set the investment limits and procedures to manage the market and credit risks faced by the Company and the Subsidiary.

The Company and the Subsidiary establishes suitable investment allocations and limits - Strategic Asset Allocation ("SAA") for each asset class that are in line with the Company's and Subsidiary's broad investment strategy, subject to an overall risk tolerance and requirements from shareholders, regulators and policyholders.

For the insurance funds, the setting of SAA pays due regard to asset-liability management, which puts priority on ensuring the ability to pay all contractual policyholder benefits and expense obligations. The primary aim is to generate relatively stable investment returns for the portfolio over the long-term.

The SAA are reviewed on an annual basis, recognising among other things, changes in business in-force and the economic environment, so as to ensure that they remain appropriate and are consistent with the asset-liability management strategies required to support any new products.

32. Insurance and financial risk management (continued)

(C) **Investment Committee** (continued)

The monitoring of market risks includes the quantification of the Group's exposure to interest rate, currency, equity price and credit risks.

The Group is exposed to market risk arising from its investment in debt securities, equities and properties. Changes in interest rates, foreign exchange rates, equity prices and credit ratings will impact the financial positions of the Group as they affect the present and future earnings of the Group for the life insurance operations and shareholders' equity.

The Investment Committees are responsible and have oversight over the investment teams to manage market risk actively through the setting of investment policies and strategic asset allocations. Investment limits are set and monitored at various levels to ensure that all investment activities are within the guidelines set by the Investment Committees.

The following is a brief description of the Group's various exposures to market risk.

The liabilities assumptions used for Asset Liability Management ("ALM") purpose are the same as those disclosed in Note 3(c) in Assumptions used for insurance contracts. Capital held as a consequence of a mismatch between assets and liabilities are in accordance with the Insurance (Valuation & Capital) Regulations 2004 and also MAS Notice 133 (Notice on Valuation and Capital Framework for Insurers), including any subsequent revisions to the notice and regulations.

(a) Interest rate risk

The Group is exposed to interest rate risk primarily through investments in debt instruments.

The Group manages the interest rate risk after taking into consideration the underwriting and investment risks. The Company produces a quarterly Investment and ALM report for the Investment Committee to monitor the duration, convexity of its fixed income portfolio and projected policy cash-flow. The Investment Committee of the respective Company and Subsidiary would receive quarterly updates on their exposure to interest rate as part of the fixed income review.

The Group reduces interest rate risk through the close matching of assets and guaranteed liabilities of insurance funds. In this respect, the Group is able to use repurchase agreements of fixed income securities, derivative instruments – such as interest rate and cross currency swaps, to manage interest rate risk with the aim of facilitating efficient portfolio management.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

The tables below illustrate the interest rate exposure of the Group's financial assets and liabilities:

The Group **In Singapore Dollar**	Fixed rate $'000	Floating rate $'000	Non-interest bearing $'000	Total $'000
As at 31 December 2021				
FINANCIAL ASSETS				
Financial assets, held-to-maturity	299,176	-	-	**299,176**
Financial assets, available-for-sale	9,157,317	511,583	3,067,854	**12,736,754**
Financial assets at fair value through profit or loss	170,152	-	644,486	**814,638**
Derivative financial instruments (exclude interest rate swaps)	9,901	-	13,801	**23,702**
Secured loans	236	-	-	**236**
Unsecured loans	131	-	65	**196**
Policy loans	188,208	-	-	**188,208**
Reinsurance assets	-	-	222,687	**222,687**
Outstanding premium and agents' balances	-	-	21,479	**21,479**
Trade receivables	-	-	6,918	**6,918**
Other assets (exclude club membership and prepayments)	-	-	96,464	**96,464**
Cash and cash equivalents	12,083	-	365,366	**377,449**
	9,837,204	**511,583**	**4,439,120**	**14,787,907**
FINANCIAL LIABILITIES				
Claims admitted or intimated	-	-	432,645	**432,645**
Trade payables	-	-	231,438	**231,438**
Other payables	-	-	61,158	**61,158**
Deferred income	-	-	48,750	**48,750**
Borrowings	48,357	150,096	-	**198,453**
Derivative financial instruments (exclude interest rate swaps)	69,702	-	2,149	**71,851**
Obligations under repurchase agreement	2,245,623	-	-	**2,245,623**
	2,363,682	**150,096**	**776,140**	**3,289,918**

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

The tables below illustrate the interest rate exposure of the Group's financial assets and liabilities: (continued)

The Group **In Singapore Dollar**	Fixed rate $'000	Floating rate $'000	Non-interest bearing $'000	Total $'000
As at 31 December 2020				
FINANCIAL ASSETS				
Financial assets, held-to-maturity	309,505	-	-	309,505
Financial assets, available-for-sale	8,374,035	438,445	2,820,617	11,633,097
Financial assets at fair value through profit or loss	162,067	-	459,180	621,247
Derivative financial instruments (exclude interest rate swaps)	52,448	-	85,114	137,562
Secured loans	303	-	-	303
Unsecured loans	-	-	130	130
Policy loans	199,617	-	-	199,617
Reinsurance assets	-	-	203,599	203,599
Outstanding premium and agents' balances	-	-	36,066	36,066
Trade receivables	-	-	5,653	5,653
Other assets (exclude club membership and prepayments)	-	-	98,326	98,326
Cash and cash equivalents	112,093	-	346,639	458,732
	9,210,068	438,445	4,055,324	13,703,837
FINANCIAL LIABILITIES				
Claims admitted or intimated	-	-	381,682	381,682
Trade payables	-	-	201,488	201,488
Other payables	-	-	94,628	94,628
Deferred income	-	-	9,371	9,371
Borrowings	48,630	150,073	-	198,703
Derivative financial instruments (exclude interest rate swaps)	5,847	-	1,516	7,363
Obligations under repurchase agreement	952,895	-	-	952,895
	1,007,372	150,073	688,685	1,846,130

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

The tables below illustrate the interest rate exposure of the Company's financial assets and liabilities:

The Company **In Singapore Dollar**	Fixed rate $'000	Floating rate $'000	Non-interest bearing $'000	Total $'000
As at 31 December 2021				
FINANCIAL ASSETS				
Financial assets, available-for-sale	7,803,205	511,583	2,512,929	**10,827,717**
Financial assets at fair value through profit or loss	-	-	212,073	**212,073**
Derivative financial instruments (exclude interest rate swaps)	9,901	-	12,429	**22,330**
Unsecured loans	131	-	-	**131**
Policy loans	63,679	-	-	**63,679**
Reinsurance assets	-	-	215,473	**215,473**
Outstanding premium and agents' balances	-	-	15,089	**15,089**
Trade receivables	-	-	6,306	**6,306**
Other assets (exclude club membership and prepayments)	-	-	74,292	**74,292**
Cash and cash equivalents	12,083	-	212,784	**224,867**
	7,888,999	**511,583**	**3,261,375**	**11,661,957**
FINANCIAL LIABILITIES				
Claims admitted or intimated	-	-	180,005	**180,005**
Trade payables	-	-	173,869	**173,869**
Other payables	-	-	36,752	**36,752**
Deferred income	-	-	48,750	**48,750**
Borrowings	47,922	150,096	-	**198,018**
Derivative financial instruments (exclude interest rate swaps)	69,702	-	2,149	**71,851**
Obligations under repurchase agreement	2,245,623	-	-	**2,245,623**
	2,363,247	**150,096**	**441,525**	**2,954,868**

32. Insurance and financial risk management (continued)

(C) Investment Committees (continued)

(a) Interest rate risk (continued)

The tables below illustrate the interest rate exposure of the Company's financial assets and liabilities: (continued)

The Company **In Singapore Dollar**	Fixed rate $'000	Floating rate $'000	Non-interest bearing $'000	Total $'000
As at 31 December 2020				
FINANCIAL ASSETS				
Financial assets, available-for-sale	6,965,828	438,445	2,272,715	9,676,988
Financial assets at fair value through profit or loss	-	-	112,930	112,930
Derivative financial instruments (exclude interest rate swaps)	52,448	-	85,114	137,562
Policy loans	62,986	-	-	62,986
Reinsurance assets	-	-	197,325	197,325
Outstanding premium and agents' balances	-	-	29,066	29,066
Trade receivables	-	-	4,888	4,888
Other assets (exclude club membership and prepayments)	-	-	69,928	69,928
Cash and cash equivalents	112,093	-	243,789	355,882
	7,193,355	438,445	3,015,755	10,647,555
FINANCIAL LIABILITIES				
Claims admitted or intimated	-	-	158,056	158,056
Trade payables	-	-	153,297	153,297
Other payables	-	-	72,583	72,583
Deferred income	-	-	9,371	9,371
Borrowings	48,479	150,073	-	198,552
Derivative financial instruments (exclude interest rate swaps)	5,847	-	1,516	7,363
Obligations under repurchase agreement	952,895	-	-	952,895
	1,007,221	150,073	394,823	1,552,117

32. Insurance and financial risk management (continued)

(C) Investment Committees (continued)

(a) Interest rate risk (continued)

As the Group also invests in bonds, a study of movement in risk-free rate is undertaken for all the bonds held on the balance sheet date. For investment-linked funds, the risk exposure for the Group is limited only to the underwriting aspect as investment risks are generally borne by the policyholders.

A study of a 1%-yield movement and 0.6%-yield movement across relevant curves has been undertaken on the fair value of fixed income securities for Singapore operations and Malaysia operations respectively, and this is considered to be a reasonable basis for interest rate sensitivity analysis. The table below summarises the impact on profit after tax and equity based on a 1% parallel shift in the yield curves for Singapore and 0.6% parallel shift in the yield curves for Malaysia:

Singapore operations

	Impact on profit after tax		Impact on equity	
In Singapore Dollar Change in variables	**31 Dec 2021 $'000**	31 Dec 2020 $'000	**31 Dec 2021 $'000**	31 Dec 2020 $'000
Interest rate				
+100bps (2020: +100bps)	-	-	(9,739)	(8,921)
-100bps (2020: -100bps)	-	-	11,558	10,495

Malaysia operations

	Impact on profit after tax		Impact on equity	
In Singapore Dollar Change in variables	**31 Dec 2021 $'000**	31 Dec 2020 $'000	**31 Dec 2021 $'000**	31 Dec 2020 $'000
Interest rate				
+60bps (2020: +60bps)	**(1,613)**	(1,484)	**(23,095)**	(20,842)
-60bps (2020: -60bps)	**1,716**	1,587	**24,992**	22,571

Note: Fixed income securities in this sensitivity analysis includes preference shares.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(a) Interest rate risk (continued)

Effect of IBOR reform

IBOR reform refers to the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates ("IBOR") with alternative benchmark rates. The Company's interest rate exposure that is directly affected by the IBOR reform predominantly comprises of variable rate debt securities that are linked to the USD LIBOR and Singapore SWAP Offer Rate. The table below summarises exposure of instruments that are affected by the IBOR reform.

The Group and the Company

	Carrying amount	**Of which: not yet transited to an alternative benchmark rate**
	$'000	$'000
Non-derivative financial assets	448,518	448,518
Loan from intermediate company	150,096	150,096
Derivative financial instruments	37,911	-

(b) Foreign currency risk

The Group is exposed to foreign exchange risk primarily from transactions denominated in foreign currencies pertaining to investment activities. The Investment Committees manage foreign currency risk by setting limits and monitoring the exposure to foreign currency on a regular basis.

The Singapore Operations has approximately 10% net foreign currency exposure for all its overseas investment assets. Currency risk arising from fixed income investments in foreign currency instruments is generally managed using foreign currency forward contracts and cross currency swaps, which are relatively certain in their timing and extent.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the Group's financial assets and liabilities by major currencies:

The Group **In Singapore Dollar**	SGD $'000	RM $'000	USD $'000	Others $'000	Total $'000
As at 31 December 2021					
FINANCIAL ASSETS					
Financial assets, held-to-maturity	-	299,176	-	-	**299,176**
Financial assets, available-for-sale	6,712,420	1,910,704	3,276,092	837,538	**12,736,754**
Financial assets at fair value through profit or loss	110,157	396,693	38,178	269,610	**814,638**
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	-	1,372	-	-	**1,372**
Secured loans	-	236	-	-	**236**
Unsecured loans	131	65	-	-	**196**
Policy loans	59,766	124,529	17	3,896	**188,208**
Reinsurance assets	200,986	7,214	14,449	38	**222,687**
Outstanding premium and agents' balances	14,393	6,390	594	102	**21,479**
Trade receivables	4,804	612	1,502	-	**6,918**
Other assets (exclude club membership and prepayments)	73,285	22,172	-	1,007	**96,464**
Cash and cash equivalents	186,671	152,744	30,710	7,324	**377,449**
	7,362,613	**2,921,907**	**3,361,542**	**1,119,515**	**14,765,577**
FINANCIAL LIABILITIES					
Claims admitted or intimated	176,966	252,640	968	2,071	**432,645**
Trade payables	160,461	57,572	13,168	237	**231,438**
Other payables	36,619	24,406	-	133	**61,158**
Deferred income	48,750	-	-	-	**48,750**
Borrowings	198,014	435	-	4	**198,453**
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	37,911	-	-	-	**37,911**
Obligations under repurchase agreement	2,245,623	-	-	-	**2,245,623**
	2,904,344	**335,053**	**14,136**	**2,445**	**3,255,978**
Net financial assets	**4,458,269**	**2,586,854**	**3,347,406**	**1,117,070**	**11,509,599**
Less: Foreign exchange contracts (net)	-	-	2,584,311	-	**2,584,311**
Less: Cross currency swap contracts (net)	-	-	528,823	-	**528,823**
Less: Net financial assets denominated in the respective entities' functional currencies	4,458,269	2,585,023	-	**-**	**7,043,292**
Currency exposure	**-**	**1,831**	**234,272**	**1,117,070**	**1,353,173**

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the Group's financial assets and liabilities by major currencies: (continued)

The Group **In Singapore Dollar**	SGD $'000	RM $'000	USD $'000	Others $'000	Total $'000
As at 31 December 2020					
FINANCIAL ASSETS					
Financial assets, held-to-maturity	-	309,505	-	-	**309,505**
Financial assets, available-for-sale	5,854,875	1,958,185	3,034,162	785,875	**11,633,097**
Financial assets at fair value through profit or loss	79,935	330,464	10,651	200,197	**621,247**
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	-	-	-	-	**-**
Secured loans	-	303	-	-	**303**
Unsecured loans	-	130	-	-	**130**
Policy loans	59,524	136,631	-	3,462	**199,617**
Reinsurance assets	172,249	6,274	25,076	-	**203,599**
Outstanding premium and agents' balances	27,690	7,000	1,271	105	**36,066**
Trade receivables	3,683	765	1,205	-	**5,653**
Other assets (exclude club membership and prepayments)	69,806	28,398	114	8	**98,326**
Cash and cash equivalents	317,032	103,022	25,316	13,362	**458,732**
	6,584,794	**2,880,677**	**3,097,795**	**1,003,009**	**13,566,275**
FINANCIAL LIABILITIES					
Claims admitted or intimated	155,739	223,626	1,092	1,225	**381,682**
Trade payables	127,116	48,195	23,775	2,402	**201,488**
Other payables	72,492	22,045	-	91	**94,628**
Deferred income	9,371	-	-	-	**9,371**
Borrowings	198,552	151	-	-	**198,703**
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	5,056	-	-	-	**5,056**
Obligations under repurchase agreement	952,895	-	-	-	**952,895**
	1,521,221	**294,017**	**24,867**	**3,718**	**1,843,823**
Net financial assets	5,063,573	2,586,660	3,072,928	999,291	**11,722,452**
Less: Foreign exchange contracts (net)	-	-	2,424,133	-	**2,424,133**
Less: Cross currency swap contracts (net)	-	-	482,205	-	**482,205**
Less: Net financial assets denominated in the respective entities' functional currencies	5,063,573	2,584,416	-	-	**7,647,989**
Currency exposure	**-**	**2,244**	**166,590**	**999,291**	**1,168,125**

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the Company's financial assets and liabilities by major currencies:

The Company **In Singapore Dollar**	SGD $'000	RM $'000	USD $'000	Others $'000	Total $'000
As at 31 December 2021					
FINANCIAL ASSETS					
Financial assets, available-for-sale	6,712,420	1,667	3,276,092	837,538	**10,827,717**
Financial assets at fair value through profit or loss	110,157	-	38,178	63,738	**212,073**
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	-	-	-	-	**-**
Unsecured loans	131	-	-	-	**131**
Policy loans	59,766	-	17	3,896	**63,679**
Reinsurance assets	200,986	-	14,449	38	**215,473**
Outstanding premium and agents' balances	14,393	-	594	102	**15,089**
Trade receivables	4,804	-	1,502	-	**6,306**
Other assets (exclude club membership and prepayments)	73,285	-	-	1,007	**74,292**
Cash and cash equivalents	186,671	167	30,710	7,319	**224,867**
	7,362,613	**1,834**	**3,361,542**	**913,638**	**11,639,627**
FINANCIAL LIABILITIES					
Claims admitted or intimated	176,966	-	968	2,071	**180,005**
Trade payables	160,461	3	13,168	237	**173,869**
Other payables	36,619	-	-	133	**36,752**
Deferred income	48,750	-	-	-	**48,750**
Borrowings	198,014	-	-	4	**198,018**
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	37,911	-	-	-	**37,911**
Obligations under repurchase agreement	2,245,623	-	-	-	**2,245,623**
	2,904,344	**3**	**14,136**	**2,445**	**2,920,928**
Net financial assets	4,458,269	1,831	3,347,406	911,193	**8,718,699**
Less: Foreign exchange contracts (net)	-	-	2,584,311	-	**2,584,311**
Less: Cross currency swap contracts (net)	-	-	528,823	-	**528,823**
Less: Net financial assets denominated in the Company's functional currency	4,458,269	-	-	-	**4,458,269**
Currency exposure	**-**	**1,831**	**234,272**	**911,193**	**1,147,296**

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(b) Foreign currency risk (continued)

The tables below show the foreign exchange position of the Company's financial assets and liabilities by major currencies: (continued)

The Company **In Singapore Dollar**	SGD $'000	RM $'000	USD $'000	Others $'000	Total $'000
As at 31 December 2020					
FINANCIAL ASSETS					
Financial assets, available-for-sale	5,854,875	2,076	3,034,162	785,875	9,676,988
Financial assets at fair value through profit or loss	79,935	-	10,651	22,344	112,930
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	-	-	-	-	-
Policy loans	59,524	-	-	3,462	62,986
Reinsurance assets	172,249	-	25,076	-	197,325
Outstanding premium and agents' balances	27,690	-	1,271	105	29,066
Trade receivables	3,683	-	1,205	-	4,888
Other assets (exclude club membership and prepayments)	69,806	-	114	8	69,928
Cash and cash equivalents	317,032	172	25,316	13,362	355,882
	6,584,794	2,248	3,097,795	825,156	10,509,993
FINANCIAL LIABILITIES					
Claims admitted or intimated	155,739	-	1,092	1,225	158,056
Trade payables	127,116	4	23,775	2,402	153,297
Other payables	72,492	-	-	91	72,583
Deferred income	9,371	-	-	-	9,371
Borrowings	198,552	-	-	-	198,552
Derivative financial instruments (exclude foreign exchange contracts and cross currency swaps)	5,056	-	-	-	5,056
Obligations under repurchase agreement	952,895	-	-	-	952,895
	1,521,221	4	24,867	3,718	1,549,810
Net financial assets	5,063,573	2,244	3,072,928	821,438	8,960,183
Less: Foreign exchange contracts (net)	-	-	2,424,133	-	2,424,133
Less: Cross currency swap contracts (net)	-	-	482,205	-	482,205
Less: Net financial assets denominated in the Company's functional currency	5,063,573	-	-	-	5,063,573
Currency exposure	-	2,244	166,590	821,438	990,272

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(c) Equity risk

The Group is exposed to equity price risk primarily through its investments in quoted equity instruments. The Group is directly exposed to equity price risk for investments and bears all or most of the volatility in returns and investment performance. Equity price risk also exists in investment-linked products but these risks are generally borne by the policyholders. The impact to the Group is that the revenues of the insurance operations (management fees) are linked to the value of the underlying investment-linked assets.

The Group has determined the target percentage of equity exposure to the total investment portfolio. These exposure limits approved by the Investment Committees, are defined within SAA and includes the monitoring of limits to various countries and sectors in the equity market.

The table below summarises the Group's and Company's exposure to the equity securities across different markets.

	The Group		The Company	
	2021	2020	**2021**	2020
	%	%	**%**	%
Market				
Singapore Exchange	**26**	26	**36**	36
KLSE	**18**	20	**-**	-
Others including unlisted equities	**56**	54	**64**	64
Total	**100**	100	**100**	100

(i) Sensitivity analysis

The analysis below is performed for reasonable possible movements in key variables with all other variables remaining constant. In practice, the estimated future change may not be accurate particularly in periods of market turmoil. Actual results may differ substantially from these estimates.

The Group invests primarily in the Singapore and Asian stock markets with a small exposure to developed Global stock markets for its Singapore operations and Malaysia and Asian stock markets for its Malaysia operations. In this analysis, the applicable shock is applied to each market exposure. In addition, the Group makes adjustments or assumptions where it determines this to be necessary or appropriate.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(c) Equity risk (continued)

(i) Sensitivity analysis (continued)

The table below summarises the Group's sensitivity analysis based on investment holdings as of 31 December 2021. The parameters used are for illustration purpose only.

Singapore operations

	Impact on profit after tax		Impact on equity	
In Singapore Dollar	**31 Dec 2021**	31 Dec 2020	**31 Dec 2021**	31 Dec 2020
Change in variables	**$'000**	$'000	**$'000**	$'000
Equities				
+10%	-	-	175,272	161,437
-10%	-	-	(175,272)	(161,437)

Malaysia operations

	Impact on profit after tax		Impact on equity	
In Singapore Dollar	**31 Dec 2021**	31 Dec 2020	**31 Dec 2021**	31 Dec 2020
Change in variables	**$'000**	$'000	**$'000**	$'000
Equities				
+10% Change in KLSE Index (2020: +10%)	**916**	1,759	**2,860**	4,852
-10% Change in KLSE Index (2020: -10%)	**(977)**	(1,862)	**(2,860)**	(4,852)

Note: The equity holdings in this sensitivity analysis exclude preference shares.

32. Insurance and financial risk management (continued)

***(C)* Investment Committee** (continued)

(d) Credit risk

The Group is exposed to credit risk through (i) investments in cash, money market and debt instruments (ii) exposure to counterparty's credit in group and reinsurance contracts (iii) lending activities.

For all three types of exposures, financial loss may materialise as a result of a default by the borrower or counterparty. For investments in cash, money market and debt instruments, financial loss may also materialise as a result of a default by the issuer on the coupon payment or the principal amount. Even without a default, losses may materialise due to a widening of credit spread or a downgrade of credit rating. The Group has internal limits by issuer or counterparty and restrict debt instruments to investment grade ratings or equivalents (internal ratings for unrated bonds). These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis by the Investment Committees. For unrated issues, they were not rated as the issuer did not obtain any credit rating from the respective rating agencies during the launch. Such issues although not rated are issued by companies which have sound financial and high credit worthiness. The credit worthiness for such bonds is evaluated and given an internal rating by the investment manager. They are then monitored on an ongoing basis with a review annually at the minimum for any deviation especially for a deterioration.

The creditworthiness of reinsurers is assessed on at least a quarterly basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

The Group manages its lending activities by extending loans against collateral pledged to the Group. Regular monitoring and review of the payments of loans are performed by the Group to identify any non-performing loan. Any non-performing loan identified is communicated to management. Based on the decisions made by management on the possible course of recovery and provision of these loans, appropriate action is taken.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The table also provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties.

The tables below show the credit ratings of financial assets held by the Group:

	Neither past-due nor impaired				Past due or impaired	Total
The Group	Investment grade* (AAA+ to A-) $'000	Investment grade* (BBB+ to BBB-) $'000	Non-investment grade* (BB+ to C) $'000	Not rated $'000	Not rated $'000	$'000
In Singapore Dollar						
As at 31 December 2021						
HTM[1] - Government and public authority securities	-	-	-	253,620	-	**253,620**
HTM - Quoted debentures in corporations	45,556	-	-	-	-	**45,556**
AFS[2] - Quoted government and public authority securities	4,001,173	189,083	-	589,467	-	**4,779,723**
AFS - Quoted debentures	2,162,183	1,552,002	-	1,174,992	-	**4,889,177**
AFS - Equities	48,501	-	-	2,631,206	388,147	**3,067,854**
FVTPL[3] - Quoted debentures	127,921	-	-	42,231	-	**170,152**
FVTPL - Equities	15,142	-	-	629,344	-	**644,486**
Derivative financial instruments	-	-	-	23,702	-	**23,702**
Secured loans	-	-	-	236	-	**236**
Unsecured loans	-	-	-	196	-	**196**
Policy loans	-	-	-	188,208	-	**188,208**
Reinsurance assets	6,893	-	-	108,855	106,939	**222,687**
Trade receivables	-	-	-	612	6,306	**6,918**
Outstanding premium and agents' balances	-	-	-	6,390	15,089	**21,479**
Other assets (exclude club membership and prepayments)	-	-	-	96,464	-	**96,464**
Cash and cash equivalents	370,121	7,301	-	27	-	**377,449**
	6,777,490	**1,748,386**	**-**	**5,745,550**	**516,481**	**14,787,907**

[1] "HTM" refers to financial assets, held-to-maturity

[2] "AFS" refers to financial assets, available-for-sale

[3] "FVTPL" refers to financial assets at fair value through profit or loss

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

The tables below show the credit ratings of financial assets held by the Group: (continued)

	Neither past-due nor impaired				Past due or impaired	Total
The Group	Investment grade* (AAA+ to A-) $'000	Investment grade* (BBB+ to BBB-) $'000	Non-investment grade* (BB+ to C) $'000	Not rated $'000	Not rated $'000	$'000
In Singapore Dollar						
As at 31 December 2020						
HTM[4] - Government and public authority securities	-	-	-	256,830	-	256,830
HTM - Quoted debentures in corporations	52,675	-	-	-	-	52,675
AFS[5] - Quoted government and public authority securities	3,510,999	214,493	-	587,089	-	4,312,581
AFS - Quoted debentures	2,046,884	1,379,582	-	1,073,434	-	4,499,900
AFS - Equities	-	-	-	2,451,074	369,542	2,820,616
FVTPL[6] - Quoted debentures	128,795	-	-	33,272	-	162,067
FVTPL - Equities	-	-	-	459,180	-	459,180
Derivative financial instruments	-	-	-	137,562	-	137,562
Secured loans	-	-	-	303	-	303
Unsecured loans	-	-	-	130	-	130
Policy loans	-	-	-	199,617	-	199,617
Reinsurance assets	-	-	-	117,931	85,668	203,599
Trade receivables	-	-	-	765	4,888	5,653
Outstanding premium and agents' balances	-	-	-	7,000	29,066	36,066
Other assets (exclude club membership and prepayments)	-	-	-	98,326	-	98,326
Cash and cash equivalents	454,484	4,247	-	1	-	458,732
	6,193,837	1,598,322	-	5,422,514	489,164	13,703,837

4 "HTM" refers to financial assets, held-to-maturity

5 "AFS" refers to financial assets, available-for-sale

6 "FVTPL" refers to financial assets at fair value through profit or loss

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

The tables below show the credit ratings of financial assets held by the Company:

The Company	Neither past-due nor impaired: Investment grade* (AAA+ to A-) $'000	Investment grade* (BBB+ to BBB-) $'000	Non-investment grade* (BB+ to C) $'000	Not rated $'000	Past due or impaired: Not rated $'000	Total $'000
In Singapore Dollar						
As at 31 December 2021						
AFS[8] - Quoted government and public authority securities	4,001,173	189,083	-	-	-	**4,190,256**
AFS[8] - Quoted debentures	1,412,248	1,552,002	-	1,160,282	-	**4,124,532**
AFS[8] - Equities	-	-	-	2,304,006	208,923	**2,512,929**
FVTPL[9] - Equities	-	-	-	212,073	-	**212,073**
Derivatives Financial Instruments	-	-	-	22,330	-	**22,330**
Unsecured loans	-	-	-	131	-	**131**
Policy loans	-	-	-	63,679	-	**63,679**
Reinsurance assets	-	-	-	108,534	106,939	**215,473**
Trade receivables	-	-	-	-	6,306	**6,306**
Outstanding premium and agents' balances	-	-	-	-	15,089	**15,089**
Other assets (exclude club membership and prepayments)	-	-	-	74,292	-	**74,292**
Cash and cash equivalents	217,566	7,301	-	-	-	**224,867**
	5,630,987	**1,748,386**	**-**	**3,945,327**	**337,257**	**11,661,957**
As at 31 December 2020						
AFS[8] - Quoted government and public authority securities	3,510,999	214,493	-	-	-	3,725,492
AFS[8] - Quoted debentures	1,237,770	1,379,582	-	1,061,429	-	3,678,781
AFS[8] - Equities	-	-	-	2,091,993	180,722	2,272,715
FVTPL[9] - Equities	-	-	-	112,930	-	112,930
Derivatives Financial Instruments	-	-	-	137,562	-	137,562
Policy loans	-	-	-	62,986	-	62,986
Reinsurance assets	-	-	-	111,657	85,668	197,325
Trade receivables	-	-	-	-	4,888	4,888
Outstanding premium and agents' balances	-	-	-	-	29,066	29,066
Other assets (exclude club membership and prepayments)	-	-	-	69,928	-	69,928
Cash and cash equivalents	351,634	4,247	-	1	-	355,882
	5,100,403	1,598,322	-	3,648,486	300,344	10,647,555

8 "AFS" refers to financial assets, available-for-sale

9 "FVTPL" refers to financial assets at fair value through profit or loss

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(d) Credit risk (continued)

The financial assets, available-for-sale, which are not rated comprise mainly bonds issued by statutory authorities or companies listed on the Singapore Stock Exchange or the Kuala Lumpur Stock Exchange. The issues were not rated as the issuer did not obtain any credit rating from the respective rating agencies during the launch. Such issues although not rated are issued by companies which have sound financial and high credit worthiness. The credit worthiness for such bonds is monitored by the investment manager on a regular basis and reviewed annually at the minimum.

The Group's business portfolio includes mortgage loans as well as other unsecured loans to staff or advisers. Mortgage loans are generally secured by collateral. The amount of loan is based on the valuation of the collateral as well as an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. The fair value of collaterals, held by the Group as lender, for which it is entitled to sell or pledge in the event of default is as follows:

The tables below show the status of loans given by the Group and Company:

The Group and Company	Type of collaterals	Carrying amount of loans $'000	Fair value of collaterals $'000
As at 31 December 2021			
Loan secured by properties	Properties	**236**	**432**
Unsecured loans	NA	**196**	**-**
		432	**432**
As at 31 December 2020			
Loan secured by properties	Properties	303	437
Unsecured loans	NA	130	-
		433	437

Financial assets of the Group (including AFS - unquoted debentures, outstanding premium and agents' balances, loan secured by properties, trade receivables and reinsurance assets) are neither past due nor impaired except for $134,724,000 (2020: $126,622,000) which are past due but not impaired; and $1,213,000 (2020: $2,731,000) which are past due and impaired.

32. Insurance and financial risk management (continued)

(C) **Investment Committee** (continued)

(d) Credit risk (continued)

Financial assets of the Company (including AFS - unquoted debentures, outstanding premium and agents' balances, loan secured by properties, trade receivables and reinsurance assets) are neither past due nor impaired except for $128,334,000 (2020: $119,622,000) which are past due but not impaired; and $1,169,000 (2020: $2,630,000) which are past due and impaired.

In respect of those financial assets which are past due but not impaired, there was no objective evidence that the amount due cannot be collected. The objective evidence includes significant financial difficulties of the counterparty and the probability that the counterparty will enter bankruptcy.

(e) Alternative investment risk

The Group is exposed to alternative investment risk through investments in direct real estate investments in Singapore and Malaysia, but the exposure is minimal.

(f) Fair value measurements

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

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

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
The Group				
As at 31 December 2021				
Financial assets, available-for-sale	6,132,120	6,598,654	5,980	**12,736,754**
Financial assets at fair value though profit or loss	196,914	617,724	-	**814,638**
Derivatives financial instruments	1,372	22,330	-	**23,702**
Total assets	**6,330,406**	**7,238,708**	**5,980**	**13,575,094**
Derivative financial instruments	-	109,762	-	109,762
Total liabilities	**-**	**109,762**	**-**	**109,762**

32. **Insurance and financial risk management** (continued)

(C) **Investment Committee** (continued)

(f) **Fair value measurements** (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
The Group (continued)				
As at 31 December 2020				
Financial assets, available-for-sale	5,611,904	6,015,967	5,226	11,633,097
Financial assets at fair value though profit or loss	148,272	472,975	-	621,247
Derivatives financial instruments	-	137,562	-	137,562
Total assets	5,760,176	6,626,504	5,226	12,391,906
Derivative financial instruments	-	12,419	-	12,419
Total liabilities	-	12,419	-	12,419
The Company				
As at 31 December 2021				
Financial assets, available-for-sale	5,671,748	5,155,969	-	**10,827,717**
Financial assets at fair value though profit or loss	-	212,073	-	**212,073**
Derivative financial instruments	-	22,330	-	**22,330**
Total assets	**5,671,748**	**5,390,372**	**-**	**11,062,120**
Derivative financial instruments	-	109,762	-	109,762
Total liabilities	**-**	**109,762**	**-**	**109,762**
As at 31 December 2020				
Financial assets, available-for-sale	5,105,128	4,571,860	-	9,676,988
Financial assets at fair value though profit or loss	-	112,930	-	112,930
Derivative financial instruments	-	137,562	-	137,562
Total assets	5,105,128	4,822,352	-	9,927,480
Derivative financial instruments	-	12,419	-	12,419
Total liabilities	-	12,419	-	12,419

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the last current bid prices. These instruments are included in Level 1.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(f) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of cross currency swap contracts is determined using discounted cash flows based on USD overnight index swap ("OIS") rates, USD-SGD cross currency basis swap rates, and quoted forward exchange rates as at balance sheet date. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The fair value of Interest Rate Swap contracts is determined using discounted cash flows based on the same currency interest rate swap rates, as at balance sheet date. These investments are included in Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in Level 3.

The following table presents the changes in Level 3 instruments:

	The Group	
	2021	2020
	$'000	$'000
Beginning of financial year	**5,226**	4,666
Currency translation differences	**(59)**	(2)
Fair value gains recognised in:		
- other comprehensive income	**813**	562
End of financial year	**5,980**	5,226

During the financial years ended 31 December 2021 and 2020, there was no transfer of investments between Level 1 and 2 and in and out of Level 3 of the fair value hierarchy.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(f) Fair value measurements (continued)

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices for dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(g) Offsetting financial assets and financial liabilities

The Group and the Company has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	Derivative financial assets	
	2021	2020
	$'000	$'000
The Group		
Gross amount	**23,702**	137,562
Less: Gross amount set off in balance sheet	**-**	-
Net amount presented in balance sheet	**23,702**	137,562
Less: Financial collateral received	**-**	(33,110)
Net amount	**23,702**	104,452

	Derivative financial liabilities	
	2021	2020
	$'000	$'000
The Group		
Gross amount	**109,762**	12,419
Less: Gross amount set off in balance sheet	**-**	-
Net amount presented in balance sheet	**109,762**	12,419
Less: Financial collateral pledged	**(103,228)**	(2,032)
Net amount	**6,534**	10,387

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(g) Offsetting financial assets and financial liabilities (continued)

	Derivative financial assets	
	2021	2020
	$'000	$'000
The Company		
Gross amount	**22,330**	137,562
Less: Gross amount set off in balance sheet	**-**	-
Net amount presented in balance sheet	**22,330**	137,562
Less: Financial collateral received	**-**	(33,110)
Net amount	**22,330**	104,452

	Derivative financial liabilities	
	2021	2020
	$'000	$'000
The Company		
Gross amount	**109,762**	12,419
Less: Gross amount set off in balance sheet	**-**	-
Net amount presented in balance sheet	**109,762**	12,419
Less: Financial collateral pledged	**(103,228)**	(2,032)
Net amount	**6,534**	10,387

(h) Investment in funds

The funds invested in by the Group may utilise a variety of financial instruments in their trading strategies, including equity and debt securities as well as an array of derivative instruments. Several of these financial instruments contain varying degrees of off-balance sheet risk whereby changes in market values of the securities underlying the financial instruments may be in excess of the amounts recorded on each portfolio fund's statement of financial position. However, as the Group has limited interests in these funds, the Group's risk with respect to such transactions is limited to its capital balance in each fund.

The Group's holding in a fund, as a percentage of the fund's total net asset value, may vary from time to time depending on the volume of subscriptions and redemptions at the fund level. It is possible that the Group may, at any point in time, hold a majority of a fund's total units in issue.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(h) Investment in funds (continued)

The Group's maximum exposure to loss from its interests in fund is equal to the total fair value of its investments in the funds. Once the Group has disposed of its shares/units in a portfolio fund, the Group ceases to be exposed to any risk from that fund.

The following table summarise the Group's holdings in funds by risk of concentration with respect to geographic region and investment strategy of the funds:

	% of the investment in funds	Market Value (S$'000)
The Group		
31 December 2021		
Investment strategy		
Long only	**100.0%**	**997,865**
Geography		
Singapore	**7.1%**	**71,110**
Malaysia	**7.0%**	**70,372**
Asia (excluding Singapore and Malaysia)	**32.1%**	**319,930**
Others	**53.8%**	**536,453**
	100.0%	**997,865**
31 December 2020		
Investment strategy		
Long only	100.0%	835,549
Geography		
Singapore	9.8%	82,194
Malaysia	6.7%	55,855
Asia (excluding Singapore and Malaysia)	35.3%	294,537
Others	48.2%	402,963
	100.0%	835,549

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(h) Investment in funds (continued)

The following table summarise the Company's holdings in funds by risk of concentration with respect to geographic region and investment strategy of the funds:

	% of the investment in funds	Market Value (S$'000)
The Company		
31 December 2021		
Investment strategy		
Long only	**100.0%**	**706,843**
Geography		
Singapore	**10.1%**	**71,110**
Asia (excluding Singapore)	**14.8%**	**104,843**
Others	**75.1%**	**530,890**
	100.0%	**706,843**
31 December 2020		
Investment strategy		
Long only	100.0%	586,424
Geography		
Singapore	14.0%	82,194
Asia (excluding Singapore)	18.1%	106,039
Others	67.9%	398,191
	100.0%	586,424

(i) Disclosure on temporary exemption from FRS 109 Financial Instruments

According to FRS 104 Amendments, the Company made the assessment based on the financial position of 31 December 2015, concluding that the carrying amount of the Company's liabilities arising from contracts within the scope of FRS 104 was significant compared to the total carrying amount of all its liabilities. And the percentage of the total carrying amount of all its liabilities is greater than 90 percent. There had been no significant change in the activities of the Company since then that requires reassessment. Therefore, the Company's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from FRS 109.

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(i) Disclosure on temporary exemption from FRS 109 Financial Instruments (continued)

(i) The table below presents the fair value of the following groups of financial assets under FRS 109 as at 31 December 2021 and fair value changes for the year ended 31 December 2021:

	Fair value as at 31 December 2021 $'000	**Fair value gains/(losses) for the year ended 31 December 2021 $'000**
The Group		
Financial assets with contractual terms that give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	**3,287,944**	**(257,551)**
Financial assets under PAR Fund that are managed on a fair value basis	**10,509,387**	**(627,044)**
Other financial assets	**881,039**	**12,295**
	14,678,370	**(872,300)**

	Fair value as at 31 December 2020 $'000	Fair value gains for the year ended 31 December 2020 $'000
The Group		
Financial assets with contractual terms that give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	3,384,202	201,963
Financial assets under PAR Fund that are managed on a fair value basis	9,480,475	615,119
Other financial assets	826,740	30,713
	13,691,417	847,795

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(i) Disclosure on temporary exemption from FRS 109 Financial Instruments (continued)

(i) The table below presents the fair value of the following groups of financial assets under FRS 109 as at 31 December 2021 and fair value changes for the year ended 31 December 2021: (continued)

	Fair value as at 31 December 2021 $'000	**Fair value gains/(losses) for the year ended 31 December 2021 $'000**
The Company		
Financial assets with contractual terms that give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	**2,238,343**	**(289,683)**
Financial assets under PAR Fund that are managed on a fair value basis	**8,937,371**	**(683,494)**
Other financial assets	**376,350**	**4,318**
	11,552,064	**(968,859)**

	Fair value as at 31 December 2020 $'000	Fair value gains /(losses) for the year ended 31 December 2020 $'000
The Company		
Financial assets with contractual terms that give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	2,583,158	185,722
Financial assets under PAR Fund that are managed on a fair value basis	7,794,855	549,104
Other financial assets	257,122	(103)
	10,635,135	734,723

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(i) Disclosure on temporary exemption from FRS 109 Financial Instruments (continued)

(ii) The table below presents the credit risk exposure for debt securities with contractual terms that give rise on SPPI:

	Carrying amount as 31 December 2021	**Fair value as at 31 December 2021**
The Group		
AAA	**1,872,766**	**1,802,564**
AA	**237,488**	**237,526**
A	**74,240**	**75,036**
BBB	**68,187**	**71,660**
Below BBB or not rated	**561,331**	**565,131**
	2,814,012	**2,751,917**

	Carrying amount as 31 December 2020	Fair value as at 31 December 2020
The Group		
AAA	1,634,975	1,854,434
AA	254,665	254,769
A	79,926	81,891
BBB	58,821	64,440
Below BBB or not rated	463,223	471,579
	2,491,610	2,727,113

32. Insurance and financial risk management (continued)

(C) Investment Committee (continued)

(i) Disclosure on temporary exemption from FRS 109 Financial Instruments (continued)

(ii) The table below presents the credit risk exposure for debt securities with contractual terms that give rise on SPPI: (continued)

	Carrying amount as 31 December 2021	**Fair value as at 31 December 2021**
The Company		
AAA	**1,602,365**	**1,532,163**
AA	**751**	**789**
A	**32,291**	**33,087**
BBB	**68,187**	**71,660**
Below BBB or not rated	**60,817**	**64,617**
	1,764,411	**1,702,316**

	Carrying amount as 31 December 2020	Fair value as at 31 December 2020
The Company		
AAA	1,546,056	1,765,515
AA	1,502	1,606
A	28,593	30,558
BBB	58,821	64,440
Below BBB or not rated	55,595	63,952
	1,690,567	1,926,071

For financial assets measured at amortised cost in relation to cash and cash equivalents, other assets, outstanding premium and agents' balances, trade receivables, reinsurance assets, policy loans and secured loans, carrying amount represents amount before adjusting impairment allowance. The credit risk exposure for these financial assets are disclosed in Note 32(C)(d).

33. Capital management

The Group's capital management objective is to hold sufficient capital in order to

- Ensure obligations to policyholders are met with a high degree of certainty.
- Provide capacity to take risk and generate a reasonable return on capital for shareholders.
- Fulfil expectations of regulators about the Company's capital adequacy.

The Group currently uses capital requirements under the respective regulatory regimes it operates in as a proxy for capital adequacy assessment. Each regime prescribes a minimum amount of capital that must be held to fulfil statutory solvency requirements in each country that it operates in and must be met at all times throughout the year. As part of the statutory requirements, the Company and its Malaysian subsidiary report their capital position quarterly. Internally, the Group also sets its own minimum capital position with consideration for the above objectives.

In Singapore, under the Insurance (Valuation and Capital) (Amendment) Regulations 2021 under the Insurance Act and MAS Notice 133, the minimum capital adequacy ratio is 110%. As at 31 December 2021, the capital adequacy ratio is 183% (2020: 149%), which is the ratio of financial resources of $2,191 million (2020: $2,612 million) to the total risk requirement of $1,196 million (2020: $1,755 million).

In Malaysia, under the Risk-based Capital Framework, the minimum requirement for each insurance entity is 130%. As at 31 December 2021, the capital adequacy ratio is 242% (2020: 239%), which is the ratio of available capital of $940 million (2020: $906 million) to the total risk requirement of $388 million (2020: $379 million).

Liquidity Risks

Liquidity risk arises when a company is unable to meet its obligations on a timely basis; especially so when the investment portfolio is largely made up of illiquid assets. Under normal circumstances, the liquidity demands of an insurance company are often determined through ongoing operations, continuous premium income, sale of disposable assets and borrowings. For insurers, the expected liquidity needs are often determined through projection of outflows from the in-force insurance policy contract liabilities; the liabilities include renewal commissions, claims and other benefits (maturity and surrender). While the nature of these outflows is deemed to be largely stable and can be assumed at the outset, the Group remains susceptible to exceptional experiences (surrender or catastrophic events) for its insurance portfolio. Also, companies may be subject to unexpected liquidity tightening due to adverse implications from the wider economic factors (domestic or global) or undue volatilities and unexpected losses experienced within investments.

33. Capital management (continued)

Liquidity Risks (continued)

Liquidity risk is reduced by having insurance contract liabilities that are well diversified by product and policyholder. The Group designs insurance products to encourage policyholders to maintain their policies in-force, thereby generating a diversified and stable flow of recurring premium income.

The Group adopts prudent liquidity risk management by monitoring daily operating liquidity and cash movements to ensure liquidity is available and cash is employed optimally. The Group has cash and cash equivalents of $375 million (2020: $459 million) to meet its liquidity requirements.

The following table shows the contractual maturity profile of the Group's financial liabilities. As all the financial liabilities are current, the carrying value approximates the undiscounted cash flows.

The Group In Singapore Dollar (millions) 2021	<1 Year	1- 5 years	> 5 years
Claims admitted or intimated	**428**	**3**	**2**
Trade payables	**232**	**-**	**-**
Other payables	**61**	**-**	**-**
Deferred income	**-**	**-**	**49**
Borrowings	**1**	**47**	**150**
Obligations under repurchase agreement	**2,246**	**-**	**-**
In Singapore Dollars (millions) 2020			
Claims admitted or intimated	376	3	3
Trade payables	201	-	-
Other payables	95	-	-
Deferred income	-	-	9
Borrowings	2	-	197
Obligations under repurchase agreement	953	-	-

The Company In Singapore Dollar (millions) 2021	<1 Year	1- 5 years	> 5 years
Claims admitted or intimated	**175**	**3**	**2**
Trade payables	**174**	**-**	**-**
Other payables	**37**	**-**	**-**
Deferred income	**-**	**-**	**49**
Borrowings	**1**	**47**	**150**
Obligations under repurchase agreement	**2,246**	**-**	**-**

33. **Capital management** (continued)

Liquidity Risks (continued)

The Company In Singapore Dollars (millions) 2020	<1 Year	1- 5 years	> 5 years
Claims admitted or intimated	152	3	3
Trade payables	153	-	-
Other payables	73	-	-
Deferred income	-	-	9
Borrowings	2	-	197
Obligations under repurchase agreement	953	-	-

The following table shows the expected contractual maturity profile of the Group's insurance contract liabilities. All insurance contract liabilities values are approximates of the undiscounted cash flows and are net of reinsurance assets.

In Singapore Dollars (millions) 2021	<1 Year	1- 5 years	> 5 years
Insurance contract liabilities	**(49)**	**(1,062)**	**(27,171)**

In Singapore Dollars (millions) 2020	<1 Year	1- 5 years	> 5 years
Insurance contract liabilities	16	(860)	(27,804)

Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders. Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although it has been quite stable at a company level over the past several years. Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

34. Net fair values of financial assets and liabilities

The financial assets and the financial liabilities of the Group and the Company comprise current assets (except tax recoverable and prepayments), loans, financial assets at fair value through profit or loss, financial assets available-for-sale, financial assets held-to-maturity, derivative financial instruments, current liabilities (except current tax liabilities), staff retirement benefits and agents' retirement benefits. The fair values of these financial assets and liabilities (except held-to-maturity financial assets) at 31 December 2021 approximate their carrying amounts as shown in the balance sheet. The fair values of held-to-maturity financial assets are disclosed in Note 12.

35. Dividends

	The Group and the Company	
	2021	2020
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of $0.00 (2020: $0.00) per share	**-**	-

At the Board Meeting held on 13 April 2022, the Board concurred with Management's recommendation that no dividend is declared for the financial year ended 31 December 2021.

36. New or revised accounting standards and interpretations

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to:	
- FRS 103 Business Combinations (Reference to the Conceptual Framework)	*1 January 2022*
- FRS 116 Property, Plant and Equipment (Proceeds before Intended Use)	
- FRS 37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	
Annual improvements to FRSs 2018-2020	*1 January 2022*

36. New or revised accounting standards and interpretations (continued)

The Group has not adopted the following standards and interpretations that have been issued but not yet effective: (continued)

Description	*Effective for annual periods beginning on or after*
Amendments to: - *FRS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)* - *FRS 1 Presentation of Financial Statements and FRS Practice Statement 2 (Disclosure of Accounting Policies)* - *FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)* - *FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction* - *FRS 117 Insurance Contracts*	*1 January 2023*
FRS 117 Insurance Contracts	*1 January 2023*
Amendments to: *FRS 110 Consolidated Financial Statements and FRS 28 Investment in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*	*To be determined*

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions except for FRS 117 as disclosed in Note 2.1 (c) and FRS 109 as disclosed in Note 2.1 (a).

37. Controlled structured entities

The Group has determined that its investment in a wholesale unit trust fund and a retail fund amounting to $15.5 million (2020: $17.5 million) and $5.6 million (2020: $4.7 million) respectively as investments in structured entities ("investee funds"). The Group invests in the investee funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by RHB Asset Management Sdn Bhd and apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the respective investee fund's net assets.

The Group holds 100% of RHB Income Plus Fund 8 and 95% of RHB Leisure, Lifestyle and Luxury Fund respectively (2020: 100% of RHB Income Plus Fund 8 and 91% of RHB Leisure, Lifestyle and Luxury Fund). All funds were established in Malaysia and the Group has control over these investee funds. The Group is exposed to, or has rights to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

37. Controlled structured entities (continued)

As the Group has control over these investee funds which are considered controlled structured entities, these structured entities are consolidated as at 31 December 2021.

The Group did not restate the comparatives as the effect of the consolidation of the two investee funds are not material for the Group Balance Sheet and Statement of Comprehensive Income as at 31 December 2020. Had the comparatives been adjusted, the impact is as follows:

Consolidated statement of comprehensive income with controlled structured entities for the financial year ended 31 December 2020 – The Group.

	Notes	Before adjustment $'000	Adjustment $'000	After adjustment $'000
INCOME				
Investment and other income	6(b)	383,771	(270)	383,501
Other gains - net	6(c)	167,532	336	167,868
TOTAL INCOME		1,667,989	66	1668,055
OUTGO				
Change in insurance contract liabilities	27	(768,336)	121	(768,215)
TOTAL OUTGO		(1,375,764)	121	(1,375,643)
OPERATING EXPENSES AND COMMISSION				
Employee compensation	6(d)	(56,124)	(136)	(56,260)
Other operating expenses	6(f)	(56,140)	(75)	(56,215)
TOTAL EXPENSES		(1,611,422)	(90)	(1,611,512)
PROFIT BEFORE INCOME TAX		56,567	(24)	56,543
NET PROFIT FOR THE FINANCIAL YEAR		22,320	(24)	22,296
OTHER COMPREHENSIVE INCOME:				
Items that may be reclassified subsequently to profit or loss:				
Financial assets, available-for-sale				
- fair value gains		770,067	143	770,210
- reclassification upon disposal	6(c)	(135,980)	(119)	(136,099)
Other comprehensive income, net of tax		158,085	24	158,109
TOTAL COMPREHENSIVE INCOME		180,405	-	180,405

37. Controlled structured entities (continued)

Consolidated balance sheet with controlled structured entities as at 31 December 2020 – The Group.

	Notes	Before adjustment $'000	Adjustment $'000	After adjustment $'000
ASSETS				
Cash and cash equivalent	7	458,732	933	459,665
Trade receivables		5,653	59	5,712
Financial assets, available-for-sale	10	11,633,097	(722)	11,632,375
Financial assets at fair value through profit or loss	11	621,247	57	621,304
TOTAL ASSETS		13,825,220	327	13,825,547
LIABILITIES				
Other payables	21	94,628	488	95,116
Insurance contract liabilities	28	10,353,774	(161)	10,353,613
TOTAL LIABILITIES		12,829,155	327	12,829,482
EQUITY				
Share capital and reserves				
Fair value reserve		1,305,810	138	1,305,948
Retained earnings		747,960	(138)	747,822
TOTAL EQUITY		996,065	-	996,065
TOTAL LIABILITIES AND EQUITY		13,825,220	327	13,825,547

For RHB Leisure, the cumulative impact to the non-controlling interest (“NCI”) of the subsidiary as at 31 December 2021 and 31 December 2020 are $304,000 and $392,000 respectively. This was presented in the financial statements for the financial year ended 2021 as other financial liability within other payables (Note 21), however the Group did not restate the comparatives as the amount is not material.

All investee funds are audited by PricewaterhouseCoopers PLT.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Tokio Marine Life Insurance Singapore Ltd. on 13 April 2022.

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