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KPMG

Singapore Life Holdings Pte. Ltd.

(formerly known as Aviva Singlife Holdings Pte. Ltd.)
and its subsidiaries
Registration Number: 202020546N

Annual Report
Year ended 31 December 2021

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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Directors' statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages FS1 to FS80 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International); 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Phau Yee Meng Pearlyn – Chief Executive Officer	(Appointed on 19 July 2021)
Walter Mark De Oude	
Raymond John Ferguson	
Shirish Moreshwar Apte	
Kenji Yoneda	
Dominic John Picone	
Nirmala Menon Y B Menon	
Teh Kok Peng	
Maya Hari	
David Gelber	
Randy Lianggara	(Appointed on 25 August 2021)
Yap Chee Keong	(Appointed on 25 August 2021)
Mel Gerard Carvill	(Appointed on 21 February 2022)

Arrangements to enable directors to acquire shares and debentures

Certain directors are entitled to participate in bonus plans operated by Aviva plc, one of the shareholders of the ultimate holding company. Under these arrangements, participants may be awarded shares and/or options to acquire shares of Aviva plc.

Other than the above, 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, other than as disclosed below.

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Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children	
	At beginning of the year/date of appointment	**At end of the year**
Deemed interest in Ordinary Shares of Singapore Life Holdings Pte. Ltd. (formerly known as Aviva Singlife Holdings Pte. Ltd.)		
Raymond John Ferguson	1,306,958	1,063,971
Walter Mark De Oude	10,743,381	10,742,913
Direct interest in Ordinary Shares of Singapore Life Holdings Pte. Ltd. (formerly known as Aviva Singlife Holdings Pte. Ltd.)		
Phua Yee Meng Pearlyn	–	132,538

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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

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Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Auditors

At an Annual General Meeting held on 27 August 2021, KPMG LLP were appointed as the auditors of the Company.

The auditors, KPMG LLP, have indicated their willingness to accept the appointment.

On behalf of the Board of Directors

DocuSigned by:
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Raymond John Ferguson
Director

DocuSigned by:
8511AA134C2D405...

Phua Yee Meng Pearlyn
Director

29 April 2022

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Independent auditors' report

Members of the Company
Singapore Life Holdings Pte. Ltd. formerly known as Aviva Singlife Holdings Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Life Holdings Pte. Ltd. formerly known as Aviva Singlife Holdings Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS80.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of life insurance contract liabilities

As at 31 December 2021, the Group has $10.6 billion (2020: $10.1 billion) of life insurance contract liabilities, which represents 77.9% (2020: 75.4%) of the Group's total liabilities. The valuation of life insurance contract liabilities involves significant judgement over uncertain future outcomes, including primarily the timing and occurrence of ultimate full settlement of life insurance contract liabilities. The Company uses valuation models and assumptions to support the calculations of the life insurance contract liabilities.

The complexity of the models may give rise to inaccurate calculations as a result of inappropriate and incomplete data, or assumptions used or inappropriate design or application of the models. Economic assumptions such as investment return and interest rates, and non-economic assumptions such as mortality, morbidity, expenses, policyholders' behaviour and claims experience are some of the key inputs used to estimate these life insurance contract liabilities. Changes in assumptions used may result in material impact to the valuation of these life insurance contract liabilities. In addition to analysing historical experiences, significant management judgement is also involved in setting these assumptions that is relevant to long term contract liabilities. Accordingly, we have identified this as a key audit matter.

We involved our actuarial specialists to assist us in performing the following procedures. Our audit procedures included, amongst others:

- Evaluated the competency, capabilities and objectivity of the Appointed Actuary;
- Discussed with management and the Appointed Actuary on the proposed changes in methodologies and assumptions during the year, if any;
- Assessed the appropriateness of the reconciliation of data and data checks performed by management in relation to the valuation of insurance contract provisions;
- Assessed the reasonableness of the methodology used for adhering to local regulatory requirements;
- Assessed the reasonableness of key assumptions with reference to historical trends and experience, including:
    - Economic assumptions (valuation interest rate, fund earned rate, risk discount rate)
    - Non-economic assumptions (persistency, mortality, morbidity, expenses);

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- Assessed the appropriateness of the liability adequacy test performed by management to ascertain that the level of reserve is sufficient;

- Assessed the appropriateness of the product classification based on the presence of insurance risk to ascertain the appropriateness of such classification;

- Obtained the relevant experience investigations by the actuaries to verify that the assumptions applied are consistent with the Group's experience; and

- Obtained the reasonableness of the movement analysis of policy liability to assess the key drivers of the changes over the year.

We also assessed the adequacy of the disclosures in relation to life insurance contract liabilities based on the SFRS(I) 104 *Insurance Contracts* disclosure requirements. The Group's disclosures related to life insurance liabilities are included in Note 3.10(iii) *Insurance contract liabilities*, Note 22 *Insurance contract liabilities*, Note 23 *Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities* and Note 29 *Insurance risk.*

Based on the work performed and the evidence obtained, we found the methodologies and assumptions used by management to be appropriate. Our audit procedures on the disclosures showed that they were in accordance with the relevant SFRS(I) disclosure requirements.

<u>Business combinations and goodwill</u>

In November 2020, the Group acquired several subsidiaries for a total purchase consideration of $2.7 billion. Under SFRS(I) 3 *Business Combinations*, the Group is required to assess and determine the fair values of the assets acquired and liabilities assumed under the business combination, including any potential intangible assets. Any excess of the purchase consideration over the fair value of net assets acquired is recognised as goodwill. Significant management judgement is involved in the valuation of these assets and liabilities. Management previously recorded a provisional goodwill arising from acquisitions (Note 9) at the prior financial year ended 31 December 2020. After completion of the valuation of the assets acquired and liabilities assumed (including any intangible assets), with the involvement of independent valuation consultant and actuaries, management has adjusted the valuation of net assets acquired, including an additional $2.2 billion of intangible assets and arrived at a residual goodwill of $131 million.

We have assessed management's identification and fair value measurement of the identifiable assets and liabilities and the calculation of the goodwill. We have involved valuation and actuarial specialists in assessing the reasonableness of the purchase price allocation and subsequent adjustments to the valuation of assets, liabilities and residual goodwill. This includes assessing the appropriateness of the methodologies and assumptions used for measuring fair values. We also assessed the adequacy of the related disclosures in Notes 4 and 9 to the financial statements.

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Based on the work performed and the evidence obtained, we found the methodologies and assumptions used by management to be appropriate. Our audit procedures on the disclosures showed that they were in accordance with the relevant SFRS(I) disclosure requirements.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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 SFRS(I)s, 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.

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Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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 auditors' 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 auditors' 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.

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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 controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

The financial statements for the year ended 31 December 2020 were audited by another firm of Chartered Accountants, whose report dated 30 April 2021 expressed an unqualified opinion on those financial statements.

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.

The engagement partner on the audit resulting in this independent auditors' report is Goh Kim Chuah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 April 2022

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Consolidated statement of comprehensive income
Year ended 31 December 2021

	Note	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000
Gross premiums written		3,774,144	403,535
Outward reinsurance premiums		(427,756)	(22,249)
Net premiums written		3,346,388	381,286
Gross change in unearned premiums and unexpired insurance risks		2,337	6,124
Reinsurers' share of change in unearned premiums and unexpired insurance risks		4,084	(3,238)
Net premiums earned		3,352,809	384,172
Net investment and other income	6	203,129	37,264
Share of profit of associates		963	313
Net realised gain/(loss) on sale of investments at fair value through profit or loss		135,588	(8,301)
Net fair value (loss)/gain on investments at fair value through profit or loss		(75,165)	41,788
Loss on disposal of available-for-sale financial assets		(5,805)	–
Net realised gain on derivatives		19,040	200
Net fair value (loss)/gain on derivatives		(156,895)	57,876
Total income		3,473,664	513,312
Gross insurance contract benefits and claims paid		(2,533,237)	(170,724)
Reinsurers' share of insurance contract benefits and claims paid		139,196	6,768
Gross change in insurance contract liabilities		(113,741)	(280,197)
Reinsurers' share of change in insurance contract liabilities		(252,236)	8,848
Net insurance contract benefits and claims incurred		(2,760,018)	(435,305)
Commission expense		(398,690)	(39,165)
Commission income		81,802	10,576
Reinsurance commission income		54,009	5,159
Net commission expense		(262,879)	(23,430)

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

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Consolidated statement of comprehensive income (continued)
Year ended 31 December 2021

	Note	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000
Staff costs:			
- Salaries bonuses and other employee benefits		(151,037)	(11,771)
- Central Provident Fund contributions		(12,064)	(895)
- Share-based payments expenses	26	(13,490)	(714)
Depreciation of property, plant and equipment and amortisation of intangible assets	11,12	(176,888)	(4,477)
Merger and acquisition expenses		–	(26,957)
Financing costs	21	(28,269)	(4,685)
Interest expense on lease liabilities	12	(1,107)	(113)
Other operating expenses	7	(164,472)	(28,363)
Other expenses		(547,327)	(77,975)
Total expenses		(3,570,224)	(536,710)
Loss before tax		(96,560)	(23,398)
Tax attributable to policyholders' returns		(21,284)	5,387
Loss before tax attributable to shareholders		(117,844)	(18,011)
Tax (expense)/credit	8(a)	(20,295)	6,871
Less: Tax attributable to policyholders' returns		21,284	(5,387)
Tax credit attributable to shareholders' profits		989	1,484
Net loss for the financial year/period		(116,855)	(16,527)
Attributable to:			
- Shareholders		(112,818)	(18,209)
- Non-controlling interests		(4,037)	1,682
Net loss for the financial year/period		(116,855)	(16,527)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net loss on fair value changes of available-for-sale financial assets		(11,283)	(1,159)
Exchange differences on translation of foreign operations		7	(1,918)
Remeasurement loss on retirement benefit		–	(22)
		(11,276)	(3,099)
Total comprehensive income for the financial year/period		(128,131)	(19,626)
Attributable to:			
- Shareholders		(123,648)	(21,395)
- Non-controlling interests		(4,483)	1,769
		(128,131)	(19,626)

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

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Statements of financial position
As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000 (restated)	Company 2021 $'000	Company 2020 $'000
Assets					
Investments in subsidiaries	9	–	–	3,208,761	3,166,406
Goodwill	9	131,973	131,973	–	–
Investments in associate	10	–	69,105	–	–
Property, plant and equipment	11	48,606	24,733	–	–
Intangible assets	12	2,161,042	2,310,505	–	–
Cash and cash equivalents	13	498,492	716,246	57,190	35,399
Investments	14	11,368,041	10,948,339	–	–
Derivative financial assets	15	50,995	192,856	–	–
Available-for-sale financial assets	16	259,053	303,600	–	–
Insurance receivables	17	143,907	129,969	–	–
Policy loans	18	60,699	60,079	–	–
Other receivables	18	120,566	107,169	11,600	–
Reinsurers' share of insurance contract liabilities	22	565,432	814,164	–	–
Prepayments		23,160	37,055	–	–
Deferred tax assets		3,000	23	–	–
Deferred acquisition cost	24	1,804	17,737	–	–
Total assets		15,436,770	15,863,553	3,277,551	3,201,805
Liabilities					
Insurance payables	19	462,817	436,279	–	–
Derivative financial liabilities	15	42,234	26,156	–	–
Other payables	20	157,884	612,954	9,723	23,843
Insurance contract liabilities	22	11,145,049	11,038,950	–	–
Current tax payable		37,954	41,214	–	–
Debts issued	21	542,207	540,997	542,207	540,997
Bank loan	21	334,601	330,670	334,601	330,670
Deferred tax liabilities	8(c)	808,666	821,421	–	–
Lease liabilities		38,127	16,252	–	–
Total liabilities		13,569,539	13,864,893	886,531	895,510
Net assets		1,867,231	1,998,660	2,391,020	2,306,295

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

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Statements of financial position (continued)
As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000 (restated)	Company 2021 $'000	Company 2020 $'000
Equity					
Share capital and other capital	25	2,338,424	2,337,824	2,338,424	2,337,824
Fair value reserve		(11,163)	(1,159)	–	–
Translation reserve		2,010	(1,994)	–	–
Retirement benefit reserve		(33)	(33)	–	–
Share based compensation reserve		21,406	714	11,518	–
Merger reserve	9(a)	(320,252)	(320,252)	–	–
Accumulated (losses)/profits		(164,295)	(18,209)	41,078	(31,529)
Shareholders' equity		1,866,097	1,996,891	2,391,020	2,306,295
Non-controlling interests		1,134	1,769	–	–
Total equity		1,867,231	1,998,660	2,391,020	2,306,295

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

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Consolidated statement of changes in equity
Year ended 31 December 2021

		Attributable to equity holders of the Company									
	Note	Share capital and other capital $'000	Fair value reserve $'000	Translation reserve $'000	Retirement benefit reserve $'000	Share based compensation reserve $'000	Merger reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group											
At 17 July 2020 (date of incorporation)		–	–	–	–	–	–	–	–	–	–
Net loss for the financial period		–	–	–	–	–	–	(18,209)	(18,209)	1,682	(16,527)
Other comprehensive loss for the financial period		–	(1,159)	(1,994)	(33)	–	–	–	(3,186)	87	(3,099)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of shares	25	2,077,824	–	–	–	–	–	–	2,077,824	–	2,077,824
Employee share plan											
- Value of employee services		–	–	–	–	714	–	–	714	–	714
Issue of perpetual capital securities	25	260,000	–	–	–	–	–	–	260,000	–	260,000
Acquisition of subsidiary accounted for under the pooling-of-interest method	9	–	–	–	–	–	(320,252)	–	(320,252)	–	(320,252)
		2,337,824	–	–	–	714	(320,252)	–	2,018,286	–	2,018,286
At 31 December 2020		2,337,824	(1,159)	(1,994)	(33)	714	(320,252)	(18,209)	1,996,891	1,769	1,998,660

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

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Consolidated statement of changes in equity (continued)
Year ended 31 December 2021

		Attributable to equity holders of the Company									
	Note	**Share capital and other capital $'000**	**Fair value reserve $'000**	**Translation reserve $'000**	**Retirement benefit reserve $'000**	**Share based compensation reserve $'000**	**Merger reserve $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Group											
At 1 January 2021, as previously reported		2,337,824	(1,159)	(1,994)	(33)	714	(320,252)	(18,209)	1,996,891	1,769	1,998,660
Impact of change in functional currency of subsidiary	2.3	–	1,279	3,551	–	–	–	(18,895)	(14,065)	3,848	(10,217)
At 1 January 2021, restated		2,337,824	120	1,557	(33)	714	(320,252)	(37,104)	1,982,826	5,617	1,988,443
Net loss for the financial year		–	–	–	–	–	–	(112,818)	(112,818)	(4,037)	(116,855)
Other comprehensive loss for the financial year		–	(11,283)	453	–	–	–	–	(10,830)	(446)	(11,276)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of shares	25	600	–	–	–	–	–	–	600	–	600
Employee share plan			–	–	–						
- Value of employee services		–				20,692	–	–	20,692	–	20,692
Distributions to perpetual securities holders	25	–	–	–	–	–	–	(14,373)	(14,373)	–	(14,373)
		600	–	–	–	20,692	–	(14,373)	6,919	–	6,919
At 31 December 2021		2,338,424	(11,163)	2,010	(33)	21,406	(320,252)	(164,295)	1,866,097	1,134	1,867,231

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

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Statement of changes in equity
Year ended 31 December 2021

	Note	Share capital and other capital $'000	Share based compensation reserve $'000	Accumulated (losses)/profits $'000	Total equity $'000
Company					
At 17 July 2020 (date of incorporation)		–	–	–	–
Net loss for the financial period		–	–	(31,529)	(31,529)
Transactions with shareholders of the Company, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	25	2,077,824	–	–	2,077,824
Issue of perpetual capital securities	25	260,000	–	–	260,000
		2,337,824	–	–	2,337,824
At 31 December 2020		2,337,824	–	(31,529)	2,306,295
At 1 January 2021		2,337,824	–	(31,529)	2,306,295
Net loss for the financial year		–	–	86,980	86,980
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	25	600	–	–	600
Distributions to perpetual securities holders		–	–	(14,373)	(14,373)
Employee share plan		–	11,518	–	11,518
		600	11,518	(14,373)	(2,255)
At 31 December 2021		2,338,424	11,518	41,078	2,391,020

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

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Consolidated statement of cash flows
Year ended 31 December 2021

	Note	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000
Cash flows from operating activities			
Loss after tax		(116,855)	(16,527)
Adjustments for:			
Income tax expense/(credit)		20,295	(6,871)
Allowance for impairment of insurance and other receivables	17	298	16
Loss on disposal of available-for-sale financial assets		5,805	–
Net change in unearned premiums and unexpired insurance risk	22(b)	(6,421)	(2,886)
Net insurance contract benefits and claims		361,252	271,349
Depreciation of property, plant and equipment and amortisation of intangible assets	11,12	176,888	4,477
Loss on disposal of property, plant and equipment and intangible assets		5,565	–
Loss on lease modifications		859	–
Share of profits of associates	10	(963)	(313)
Net realised (gain)/loss on sale of derivatives and investments at fair value through profit or loss		(154,629)	8,101
Net fair value loss/(gain) on derivatives and investments at fair value through profit or loss		233,883	(99,664)
Share-based payments expense	26	13,490	714
Interest income	6	(149,107)	(13,128)
Interest expense		29,376	4,798
Dividend income	6	(48,371)	(4,030)
Operating cash flows before changes in operating assets/liabilities		371,365	146,036
Changes in operating assets/liabilities:			
Policy loans		(620)	(217)
Insurance receivables and deferred acquisition cost		1,995	(73)
Other receivables and prepayments		(4,629)	30,966
Insurance payables		26,538	(4,728)
Other payables		(466,774)	(72,096)
Cash (used in)/generated from operating activities		(72,125)	99,888
Income tax paid		(39,288)	(8,772)
Interest paid		(29,376)	(4,798)
Net cash (used in)/generated from operating activities		(140,789)	86,318

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

Consolidated statement of cash flows (continued)
Year ended 31 December 2021

	Note	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	9	–	(453,805)
Interest received		149,107	13,128
Dividends received		48,371	4,030
Purchases of property, plant and equipment	11	(4,011)	(5,904)
Purchases of intangible assets	12	(5,250)	–
Net proceeds from purchases and sales of investments		(241,668)	(574,198)
Net cash flows used in investing activities		(53,451)	(1,016,749)
Cash flows from financing activities			
Issue of ordinary shares		600	776,175
Distributions paid		(14,373)	–
Proceeds from issue of debts		1,210	540,997
Proceeds from bank loan		3,931	330,670
Principal payment of lease liabilities		(14,882)	(1,165)
Net cash (used in)/generated from financing activities		(23,514)	1,646,677
Net (decrease)/increase in cash and cash equivalents		(217,754)	716,246
Cash and cash equivalents at the year/date of incorporation		716,246	–
Cash and cash equivalents at the end of the year/period	13	498,492	716,246

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

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Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 April 2022.

1 Domicile and activities

Singapore Life Holdings Pte. Ltd. formerly known as Aviva Singlife Holdings Pte. Ltd. (the "Company") is a company incorporated in the Republic of Singapore and has its registered office at 4 Shenton Way, #01-01, SGX Centre II, Singapore 018961.

On 30 November 2020, the Company acquired 100% shareholdings in Singlife Financial Pte. Ltd. formerly known as Singapore Life Pte. Ltd. ("SL"), Singapore Life Ltd. formerly known as Aviva Ltd ("AL") and its subsidiaries and AAPL Divestment Pte. Ltd. formerly known as Aviva Asia Pte. Ltd. ("AAPL") and became the ultimate holding company of these companies.

The principal activity of the Company is to hold investment in insurance companies and financial advisory firms. The Group is primarily involved in the transacting of general and life insurance businesses.

The consolidated financial statements of the Group relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its associates and jointly controlled entity.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"). The changes to significant accounting policies are described in Note 2.5.

The assets and liabilities of the Group which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act 1966 (the Insurance Act). Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 of the Insurance Act and the Group continues to be able to meet the solvency requirement of Section 18 of the Insurance Act.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

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2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Group's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

On 1 January 2021, due to a change in business strategy of a subsidiary Singlife Financial Pte. Ltd. formerly known as Singapore Life Pte. Ltd. ("SL"), the main currency influencing the sales price for services for services of SL changed from United States dollars to Singapore dollars. Accordingly, SL's functional currency was also changed from United States dollars to Singapore dollars. This change was applied prospectively from 1 January 2021.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, in any future periods affected.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *Covid-19-Related Rent Concessions* (Amendments to SFRS(I) 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

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3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instruments is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve.

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(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investments in associates and jointly controlled entity

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity. A jointly controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and jointly controlled entity are accounted for using the equity method (equity-accounted investees). They are recognised initially at cost, which included transaction costs. Subsequent to initial recognition, the consolidated financial statements include Group's share of the profit or loss and other comprehensive income of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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(vi) Subsidiaries, associates and jointly controlled entity in the separate financial statement

Investments in subsidiaries, associates and jointly controlled entity are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

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3.3 Interests in unconsolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective. Interest in these entities are consequently accounted for in accordance with Note 3.4. Details of the Group's interests in these entities are disclosed in Note 31.

3.4 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held for trading comprise equity securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

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Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, other receivables and policy loans.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments (see note 16), are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise unquoted equity investments.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as other financial liabilities measured at amortised cost.

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A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise other payables, debts issued and bank loan.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

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Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

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Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.6 Fair value measurement of financial assets and liabilities

The Group determines the fair values of its financial instruments based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on valuation models provided by fund managers. Certain financial instruments, including derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of financial assets and liabilities carried at amortised cost that are classified as current, approximate their carrying amounts.

The determination of the fair value of financial instruments is described in Note 28.

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3.7 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost that are directly attributable to the acquisition of a qualifying property, plant and equipment, and the estimated cost of dismantling and removing the items and restoring the site on which they are located when the Group has an obligation to remove the asset or restore the site. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Subsequent to initial recognition, office equipment and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in profit or loss in the year the asset is derecognised.

Depreciation is provided on a straight line method over the shorter of the lease term and their useful lives. Depreciation is recognised from the date that the property, plant and equipment are installed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Office equipment — 3 to 5 years
- Furniture and fittings — 3 to 5 years
- Right-of-use assets — 3 to 5 years

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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3.9 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 9.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate and joint ventures.

Computer software licenses

Computer software licences comprise acquired computer software licences and internally developed computer software.

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure 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 expensed off 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 3 to 5 years.

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

Internally developed computer software

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

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Acquired value in-force business

Acquired value in-force business represents the present value of acquired in-force policies for insurance contracts as classified under SFRS(I) 4 *Insurance Contracts*. Acquired value in-force business is initially measured at fair value at acquisition and subsequently measured at cost less amortisation and any accumulated impairment losses. The present value of in-force business, which represents the profits that are expected to emerge from the acquired insurance business, is calculated using best estimate actuarial assumptions for interest, mortality, persistency and expenses and is amortised over the anticipated lives of the related contracts in the portfolio. The net carrying amount of insurance liabilities acquired less the value of in-force business, represents the carrying value of the insurance liabilities acquired.

Amortisation calculated is charged to profit or loss in line with the unwinding of the future cash flows over 20 years, which is the estimated useful life of the acquired contracts. The residual values and useful lives are reviewed at each reporting date.

Distribution rights

Distribution rights relate to the cost of the Distribution Agreement entered into with the Group's partners. The cost is capitalised and amortised over the duration of the agreement and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation methods, useful lives and residual values of all intangible assets are reviewed at the end of each reporting period and adjusted if appropriate.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3.10 Insurance contracts

(i) Product classification

The Group issues insurance contracts that transfer insurance risk. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

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(ii) Recognition and measurement

Premiums on long-term insurance contracts

Long-term insurance contracts include individual life insurance contracts (classified into life insurance non-participating contracts, life insurance participating contracts and investment-linked contracts) and guaranteed renewable health contracts.

Premiums on individual new business are recognised as income upon contract issuance.

Premiums received but not recognised as income are recorded as advance premiums and are shown as a liability on the statement of financial position.

Premiums on renewal business are recognised as income when due from the policyholders. Premium income is recorded net of experience refunds, which is a rebate on the gross premium due.

Premiums on short-term insurance contracts

Short-term insurance contracts include Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance business.

Premiums are recognised uniformly over the whole period of cover provided by the contract entered into during the accounting period and are recognised on the date on which the policy commences.

Premiums on group business are recognised as income upon contract issuance regardless of payment and billing mode.

Benefits and claims

Life and health insurance claims reflect the cost of all claims incurred during the year, including handling costs. Death claims and surrenders are recorded on the basis of notification received. Maturities and annuity payments are recorded when due. Policy benefits, outstanding claims and incurred but not reported claims are recorded as insurance liabilities.

General insurance claims include claims actually paid, the change in the claims reserve and related claims handling expenses. Claims reserve is the value of expected future payments in relation to claims incurred prior to the valuation date, whether or not they have been reported to the Group, including expenses to be incurred in settling those claims.

Commission

Commission expenses are fees paid to intermediaries and independent financial advisors upon acquiring new or renewed insurance businesses.

For general insurance and Group Accident and Health business, the upfront commission expense paid is deferred and amortised on a pro-rata basis over the period of the contracts.

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For policies with indemnity commission, the direct commission expenses paid to independent financial advisors are capitalised as deferred acquisition costs. If a policy lapses, any related deferred acquisition cost is expensed immediately and a receivable is set up for any commission recoverable. Subsequent to initial recognition, the deferred acquisition cost is amortised to profit or loss using the straight line method over periods ranging from 18 months to 36 months.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period.

Reinsurance commission income

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts.

Insurance receivables and payables

Insurance receivables and payables are recognised when due. These include amounts due to and from insurance and reinsurance contract holders. They are measured on initial recognition at the fair value of the consideration receivable or payable. Subsequent to initial recognition, receivables and payables are measured at amortised cost, using the effective interest rate method.

The carrying amount of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable and recognises that impairment loss in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets. Insurance receivables and payables are derecognised based on the same derecognition criteria as financial assets and liabilities respectively, as described in Note 3.4.

(iii) Insurance contract liabilities

Insurance contracts are contracts under which the Group accepts significant insurance risk from the policyholders by agreeing to compensate them or their beneficiaries in the event of a pre-specified future event affecting them. The Group sets aside funds today to meet these future liabilities and changes in insurance contract liabilities are recognised in profit or loss.

Long-term business liability

Long-term business liability is determined in accordance with local regulations and generally accepted actuarial principles in respect of individual contracts of insurance. The liability for these contracts is calculated as the sum of the present value of expected future payments less expected present value of future receipts arising from the policy. Any negative reserves at policy level are set to zero in accordance with the requirements of MAS Insurance (Valuation and Capital) Regulations.

In the case of Non-Participating contracts (excluding MyPrestigePlan), the liabilities will include expense outgo, commission outgo, benefit outgo, premium income and reinsurance cashflows (where applicable) and discounted at risk-free yields.

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In the case of the Group's Participating business, as per the regulation, the Participating Fund's liability is determined to be the highest of the Policy Assets, Policy Liabilities and Minimum Condition Liability ("MCL"). Policy Assets of participating funds are the total assets required by regulations to be allocated to participating policyholders. The Policy Liabilities will include expense outgo, commission outgo, benefit outgo, premium income, tax and transfers to shareholders associated with future bonuses discounted at the long term best estimate return. MCL is the policy liability as defined above, excluding future bonuses but allowing for declared bonuses and is discounted at risk-free yields.

In the case of MyPrestigePlan, the liability is determined to be the highest of the Policy Liability and MCL. Policy Liability will include expense outgo, commission outgo, benefit outgo projected at the general crediting rate, premium income, and reinsurance cashflows and discounted at the long term best estimate return. MCL is the Policy Liability as defined above, except that the benefit outgo is projected at the minimum crediting rate and discounted at risk-free yields.

In the case of the guaranteed renewable health contracts, the policy liabilities follows that of the short-term business liability as defined below.

Investment-linked liability

Investment-linked liability is determined in accordance with local regulations and generally accepted actuarial principles. The liability for investment-linked policies consists of the unit reserve, which is the value of the underlying assets backing units relating to these policies. Additional reserves are held against future expected payments, other than those relating to the unit reserves, arising from these policies.

Short-term business liability

Provision for premium liabilities

Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency. The provision for unearned premiums ("UPR") represents the relevant proportion of premiums received for risks that have not yet expired.

UPR is calculated based on the 1/365th method or on a pro-rata basis over the premium term on gross written premiums during the year in respect of short-term insurance business.

Additional provision for premium deficiency is made where the future claims costs and expenses and a provision for adverse deviation exceeds the provision for UPR.

Provision for claims liabilities

This provision is made at reporting date for the estimated ultimate cost of all claims not settled at such date, after the deduction of amounts already paid, whether arising from events occurring during the period or earlier periods.

Provision for outstanding claims and its associated claims handling expenses are made for the full estimated cost of all claims notified, but not settled at the reporting date using the best available information at the time. Provision is also made for the estimated cost of claims incurred but not reported until after the year-end. Any difference between the estimated cost and subsequent settlement is adjusted in profit or loss of the year in which settlement takes place.

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Provision for adverse deviation

Additional provision is made in the liability valuation assumptions to allow for adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the insurance liabilities.

Liability adequacy test

At each reporting date, liability adequacy tests are performed to support the adequacy of insurance contract liabilities. In performing these tests for the Group, current best estimate of future cashflows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used and any negative reserves are set to zero for prudence.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Assets, liabilities, income and expense arising from the reinsurance contracts are accounted for on the same basis as the related insurance contract balances and are presented separately from the assets, liabilities, income and expenses from the related insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence that the Group may not recover all amounts due from the reinsurer.

3.11 Other revenue recognition

Investment income

Investment income comprises of dividend and interest income from financial assets and interest income on loans and bank deposits.

Dividend income on securities is recognised when the Group's right to receive payment is established.

Interest income is recognised using the effective interest method.

Fee and other income

Fee and other income comprises reinsurance commission income (including reinsurance profit commission income) and management and other fees.

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

Reinsurance profit commission income is recognised based on the terms of the underlying reinsurance contract, and when the amount of revenue and related cost of the reinsurance transaction can be reliably measured.

The items above relate to services embedded in insurance contracts and represent services rendered or cash flows arising from an insurance contract. The Group does not bifurcate these services from the host insurance contract and therefore such services are accounted for under

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SFRS(I) 4.

Realised gains and losses

Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amounts. Realised gains and losses are recognised in profit or loss when the sale transaction occur.

3.12 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Employee leave entitilement

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

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employee is recognised as an employee benefit expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised as employee benefit expense in profit or loss.

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Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic resources will be required to settle the obligation and the amount of the obligation has been estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.15 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or 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.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of 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.

The Group presents right-of-use assets that do not meet the definition of investment property in 'plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.16 Government grants

Grants from the 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 has been presented as a deduction against the salary and bonuses expenses.

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3.17 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividend expense on preference shares issued classified as financial liabilities;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts (Amendments to SFRS(I) 4)*

The amendments introduce two approaches for entities that apply SFRS(I) 4 to reduce the impact of differing effective dates with SFRS(I) 17 *Insurance Contracts* and SFRS(I) 9 *Financial Instruments*: an overlay approach and a temporary exemption from applying SFRS(I) 9.

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The amended SFRS(I) 4:

- gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when SFRS(I) 9 is applied before the new insurance contracts standard is issued (the "Overlay Approach"); and

- gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying SFRS(I) 9 till the earlier of annual reporting periods beginning before 1 January 2023 or when SFRS(I) 17 becomes effective. The entities that defer the application of SFRS(I) 9 will continue to apply the existing financial instruments standard – SFRS(I) 1-39 until that time.

The Group has decided that it will elect the temporary exemption in the amendments to SFRS(I) 4 from applying SFRS(I) 9 till SFRS(I) 17 is effective. In accordance with SFRS(I) 4 *Insurance Contracts (Amendments to SFRS(I) 4)*, the Group made an assessment based on the financial position as at 17 July 2020 (date of incorporation), concluding that the carrying amount of the Group's liabilities arising from contracts within the scope of SFRS(I) 4 was significant compared to the total carrying amount of all its liabilities. The percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities was also greater than 90 percent. There had been no significant change in the activities of the Group since then that requires reassessment. Therefore, the Group's activities are predominantly connected with insurance, meeting the criteria to apply temporary exemption from SFRS(I) 9.

The table below presents the fair value of the following groups of financial assets under SFRS(I) 9 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 changes for the year ended 31 December 2021 $'000**
Financial assets that are managed and whose performance are evaluated on a fair value basis	11,557,499	(92,767)
Financial assets that met SPPI criteria and not held for trading or managed on a fair value basis	1,242,259	–
Other financial assets	49,725	(141,116)
	12,849,483	(233,883)

SFRS(I) 17 *Insurance Contracts*

SFRS(I) 17 *Insurance Contracts* which is effective for years beginning on 1 January 2023 and is to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace SFRS(I) 4 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements. The Group is currently assessing the impact of SFRS(I) 17 on the consolidated financial statements of the Group.

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The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Group's statement of financial position.

- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

4 Significant accounting judgements and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Please see Note 23 for estimates, assumptions and judgements made over insurance contract liabilities and Note 28 on the valuation of financial instruments. The other significant accounting judgements and estimates used in this report are:

Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax issues based on its understanding of the current tax legislation and estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of investment in associate

Impairment testing for investment in associate requires significant judgments and estimates to be made. If there is an indication of impairment in respect of the Group's investment in associate, the whole carrying value of the investment will be tested for impairment as a single asset under SFRS(I) 1-36 by comparing the recoverable amount with its carrying value using equity method, and any resulting impairment loss will be charged against the carrying value of investment in associate. As at 31 December 2021, there is no objective evidence that the investment in associate is impaired.

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Goodwill

The determination of the fair values of the identifiable assets acquired and liabilities assumed involves significant judgement and estimation. In 2020, the excess of the purchase consideration over the fair value of net assets acquired is recognised as provisional goodwill. The Group has reviewed the fair value of net assets acquired during the measurement period. As a result of new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition, management has identified adjustments to the above amounts, as well as additional provisions that existed at the date of acquisition. The adjustments to the assets and liabilities recognised at the date of acquisition is disclosed in Note 9.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Value of in-force business	*Traditional Embedded Value ("TEV")*: TEV methodology adds the present value of future profits of a firm to the net asset value of the firm's capital and surplus arising from the AL's in-force portfolio of insurance contracts.
Distribution rights	*Multi-period Excess Earnings Method ("MEEM")*: The MEEM considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

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5 Segment information

The companies within the Group is generally divided into 2 reportable segments, as follows:

- Insurance segment, which focus on transacting both general and life insurance businesses
- Non-insurance segment, which comprises mainly of provision of financial advisory services, investment advisory services and investment portfolio administration.

The Group completed the acquisitions of the subsidiaries prior to the end of the last financial period. During the year, the performances of the subsidiaries were still monitored and managed by the respective management teams. Similarly, all financing (including finance costs, finance income and other income) and income taxes are managed separately by the respective management teams. Therefore, there are no assets or liabilities management centrally on a group basis.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below:

	Insurance $'000	Non-insurance $'000	Total segments $'000	Adjustments and eliminations $'000	Consolidated $'000
Group					
2021					
Net earned premiums					
External customers	3,352,809	–	3,352,809	–	3,352,809
Inter-segment	–	–	–	–	–
Net commissions income					
External customers	–	(90,188)	(90,188)	–	(90,188)
Inter-segment	–	122,996	122,996	(122,996)	–
Total	3,352,809	32,808	3,385,617	(122,996)	3,262,621
Income/(expenses)					
Employee benefits expenses	(146,695)	(26,151)	(172,846)	–	(172,846)
Depreciation and amortisation	(15,649)	(8,381)	(24,030)	–	(24,030)
Share of profit of an associate	963	–	963	–	963
Net investment income	100,642	19,535	120,177	–	120,177
Net insurance contract benefits ad claims incurred	(2,760,018)	–	(2,760,018)	–	(2,760,018)
Net commission expenses	(295,687)	–	(295,687)	122,996	(172,691)
Other operating expenses	(115,333)	(37,524)	(152,857)	–	(152,857)
Segment gains/(losses)	121,032	(19,713)	101,319	–	101,319
Total assets	13,047,831	140,952	13,188,783	(108,510)	13,080,273
Total liabilities	12,258,310	95,174	12,353,484	(79,385)	12,274,099

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	Insurance $'000	Non-insurance $'000	Total segments $'000	Adjustments and eliminations $'000	Consolidated $'000
Group					
2020					
Net earned premiums					
External customers	384,172	–	384,172	–	384,172
Inter-segment	–	–	–	–	–
Net commissions income					
External customers	–	(4,939)	(4,939)	–	(4,939)
Inter-segment	–	40,109	40,109	(40,109)	–
Total	384,172	35,170	419,342	(40,109)	379,233
Income/(expenses)					
Employee benefits expenses	(10,655)	(3,116)	(13,771)	–	(13,771)
Depreciation and amortisation	(2,669)	(1,808)	(4,477)	–	(4,477)
Share of profit of an associate	313	–	313	–	313
Net investment income	100,845	1,749	102,594	26,119	128,713
Net insurance contract benefits and claims incurred	(435,304)	–	(435,304)	–	(435,304)
Net commission expenses	(58,601)	–	(58,601)	40,109	(18,492)
Other operating expenses	(23,300)	(5,175)	(28,475)	–	(28,475)
Segment gains/(losses)	(45,199)	26,820	(18,379)	26,119	7,740
Total assets	13,355,529	174,736	13,530,265	(109,384)	13,420,881
Total liabilities	12,552,092	108,695	12,660,787	(75,735)	12,585,052

The segments above only include operating entities, as the Group is solely a Financial Holding Group with no other business operations, its performance have not been included above. As there are no revenue or expense items managed centrally or allocated out to the companies of the Group, no reconciliation was performed.

Geographic information

	2021 $'000	2020 $'000
Gross written premiums from external customers		
Singapore	3,771,441	403,400
Philippines	2,703	135
Total	3,774,144	403,535

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6 Net investment and other income

	At FVTPL $'000	Loans and receivables $'000	Others $'000	Total $'000
Group				
Year ended 31/12/2021				
Dividend income	48,371	–	–	48,371
Interest income from:				
- Bonds and loan stocks	92,240	146	–	92,386
- Government and public authority securities	52,390	–	–	52,390
- Policy loans and bank deposits	181	4,025	5	4,211
- Loan to a subsidiary	–	120	–	120
Exchange gain – net	106	1	8,822	8,929
Other income	–	–	24,393	24,393
Gross investment and other income	193,288	4,292	33,220	230,800
Less/add: Investment expenses and other (charges)/income	(27,785)	–	114	(27,671)
Net investment and other income	165,503	4,292	33,334	203,129
Period from 17/7/2020 (date of incorporation) to 31/12/2020				
Dividend income	4,030	–	–	4,030
Interest income from:		–	–	
- Bonds and loan stocks	8,069	–	–	8,069
- Government and public authority securities	4,736	–	–	4,736
- Policy loans and bank deposits	–	323	–	323
- Loan to a subsidiary	–	10	–	10
Exchange (loss)/gain – net	(356)	149	11,271	11,064
Other income	–	–	10,278	10,278
Gross investment and other income	16,479	482	21,549	38,510
Less: Investment expenses and other charges	(1,228)	–	(18)	(1,246)
Net investment and other income	15,251	482	21,531	37,264

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7 Other operating expenses

Other operating expenses comprise the following:

	Note	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000
Group			
IT expenses		28,783	5,892
Allowance for impairment of insurance receivables	17	298	16
Advertising and promotion expenses		38,051	5,700
Professional and consultancy fees		37,514	2,714
Directors fees		1,777	31
Office and rental expenses		36,185	4,168
Recharges		9,902	5,070
Other expenses		11,962	4,772
Other operating expenses		164,472	28,363

8 Income tax expense

(a) Major components of income tax expense

	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000 (Restated)
Group		
Current income tax		
- Current taxation	6,910	7,173
- Under/(over) provision in respect of prior years	2,159	(488)
Deferred income tax		
- Origination and reversal of temporary differences	11,226	(13,556)
Income tax expense/(credit) recognised in the statement of comprehensive income	20,295	(6,871)

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(b) Relationship between tax expense and accounting profit

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000 (Restated)
Accounting loss before tax	(96,560)	(23,398)
Tax expense on profit before tax at 17% (2020:17%)	(16,415)	(3,978)
Adjustments:		
Under/(over) provision in respect of prior years	2,159	(488)
Non-deductible expenses	13,534	6,953
Income not subject to taxation	(3,318)	(6,842)
Effect of difference in tax basis on participating fund	8,669	11,877
Effect of applying 10% concessionary rate on income from qualifying debt securities	(1,056)	(126)
Deferred tax asset arising from tax losses not recognised	5,819	1,310
Tax credit on undistributed surplus	11,438	(13,548)
Utilisation of previously unrecognised tax losses	(521)	(1,952)
Others	(14)	(77)
Tax expense/(credit)	20,295	(6,871)

(c) Deferred tax

	Statement of financial position		Statement of comprehensive income	
	2021 $'000	2020 $'000 (Restated*)	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000
Group				
Deferred tax liabilities				
- To be settled after one year	808,666	821,421	12,755	66,384
Net deferred tax liabilities	808,666	821,421		
Deferred tax expense			12,755	66,384

* In accordance with SFRS(I) 3 *Business Combinations*, the management has assessed the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Accordingly, provisional goodwill recognised last year has now been adjusted to reflect their fair values.

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Deferred income tax liabilities consist primarily of temporary differences arising from future distributable surplus arising from the Life Participating fund, as well as from intangible assets. The Group has estimated its tax charge, tax provision and tax recoverable relating to the insurance business based on its understanding of the current legislation. These estimates may be different from the ultimate actual tax liability or refund.

The Group has unutilised tax losses, capital allowances, donations of approximately $92,670,973 (2020: $89,348,720) ("tax loss items") arising from one of its subsidiaries, SL. These are available for offset against future taxable profits, subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. SL entered into a Scheme of Transfer with a fellow subsidiary, AL on 5 October 2021, effective 1 January 2022. The Group intends to apply for the revised Tax Framework under Qualifying Amalgamations under Section 34C under the Income Tax Act 1947 that was announced in Budget 2022. Under this Tax Framework, unutilised tax loss items by the SL will be allowed to be utilised in AL. However, further details will only be released by the tax authorities by 31 October 2022. Hence, deferred tax assets have been not recognised on these tax losses, capital allowances and donations.

9 Investments in subsidiaries

	Company	
	2021	**2020**
	$'000	**$'000**
Equity investments at cost		
At the beginning of financial year/ 17 July (date of incorporation)	3,166,406	–
Movement during the financial year/period		
- Acquisitions	42,355	3,166,406
At the end of the financial year/period	3,208,761	3,166,406
Investments in subsidiaries - net	3,208,761	3,166,406

During the financial year, on 30 December 2021, SL transferred its 65% equity interest of Singapore Life (Philippines) Inc to the Company for a total of $27,355,000. There were no changes to the consolidated financial statements of the Group due to the acquisition.

On 29 September 2021 the Company acquired an additional 15,000,000 shares in its wholly owned subsidiary, SL with nominal value of $15,000,000.

In the prior financial period, on 30 November 2020, the Company completed the acquisition of 100% interest in SL, AL and AAPL for a total consideration of $3,166,406,000, satisfied in part by cash and in part by shares of the Company.

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The Group has the following subsidiaries as at 31 December 2021:

Name of companies [i]	Principal activities	Country of business/ incorporation	Percentage of effective equity interest held by the Group 2021 %	2020 %
Singapore Life Ltd. formerly known as Aviva Ltd.("AL")	Underwriting general and life insurance businesses	Singapore	100.00	100.00
Singlife Financial Pte. Ltd. formerly known as Singapore Life Pte. Ltd. ("SL")	Underwriting life insurance business	Singapore	100.00	100.00
AAPL Divestment Pte. Ltd. formerly known as Aviva Asia Pte. Ltd.	Provision of management services to related companies	Singapore	100.00	100.00
Singapore Life (Philippines) Inc. [ii]	Transacting life insurance business	The Philippines	65.00	65.00
Held by AL				
Singlife Financial Advisers Pte Ltd formerly known as Aviva Financial Advisers Pte Ltd ("AFA")	Provision of financial advisory services	Singapore	100.00	100.00
Navigator Investment Services Limited	Investment portfolio administration and provision of investment advisory services	Singapore	100.00	100.00
Professional Advisory Holdings Ltd.	Investment holding	Singapore	92.42	92.42
Held by Professional Advisory Holdings Ltd				
Professional Investment Advisory Services Pte Ltd	Provision of financial advisory services	Singapore	92.42	92.42

i. Financial statements for the year ended 31 December 2021 for all the companies were audited by KPMG LLP or its member firms. Financial statements for the year ended 31 December 2020 were not audited by KPMG LLP or its member firms.

ii. During the year, the Group's controlling stake of 65% in Singapore Life (Philippines) Inc. was transferred from SL to the Company.

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a) Acquisition of Singlife Financial Pte. Ltd. formerly known as Singapore Life Pte. Ltd.

In the prior financial period, on 30 November 2020, pursuant to a sale and purchase agreement, the Company issued 103,207,586 ordinary shares for 100% interest in SL. The fair value of the shares was calculated with reference to the last capital injection into SL, which was at $4.53 per share. The fair value of the consideration given was determined to be $466,406,128. As the transaction took place with common shareholders, the excess of consideration paid over the net assets value of SL was recognised as merger reserve.

Assets acquired and liabilities assumed at the date of acquisition

	$'000
2020	
Total assets	1,405,256
Total liabilities	(1,259,102)
Net assets acquired and liabilities assumed	146,154
Merger reserve arising from combination	320,252

Merger reserve represents the difference between the nominal value of shares issued in exchange for the nominal value of shares and reserves of subsidiary acquired under common control, in accordance with principles of merger accounting.

b) Acquisition of Singapore Life Ltd. formerly known as Aviva Ltd. and AAPL Divestment Pte. Ltd. formerly known as Aviva Asia Pte. Ltd.

On 30 November 2020, pursuant to a sale and purchase agreement, the Company acquired 100% interest in AL. and AAPL for the combined consideration of $2,700,000,000. The consideration was satisfied in part by cash and in part by shares of the Company. The excess of consideration paid over the net assets value of AL and AAPL was recognised as goodwill.

Assets acquired and liabilities assumed at the date of acquisition

In accordance with SFRS(I) 3 *Business Combinations*, the fair value of the identifiable assets and liabilities was determined provisionally for the acquisition of AL and AAPL as of 31 December 2020. Additional information was obtained as part of the process of finalising the purchase price allocation ("PPA") during the 12 months period allowed under SFRS(I) 3 and this resulted in certain aspects of the PPA being revised to reflect the finalisation of the allocation process.

The impact of these revisions on the acquired assets is as follows:

	As previously reported at 31 December 2020 $'000	**Adjustments $'000**	**Revised at 31 December 2020 $'000**
2020			
Intangible assets	33,524	2,276,981	2,310,505
Other assets	11,841,698	–	11,841,698
Deferred tax liabilities	(433,440)	(387,981)	(821,421)
Other liabilities	(10,761,378)	–	(10,761,378)
Net assets acquired and liabilities assumed	680,404	1,889,000	2,569,404
Less: NCI	(617)		(617)
Goodwill arising on acquisition	2,020,973		131,973

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All the above fair value adjustments have been recorded with effect from the date of acquisition by revising the 31 December 2020 reported statement of financial position. There is no impact on the statement of comprehensive income for the period from 17 July 2020 (date of incorporation) to 31 December 2020 due to the above fair value adjustments.

Goodwill arose in the acquisition because the cost of the combination included a control premium.

From the date of acquisition to 31 December 2020, SL, AL and AAPL contributed approximately $403 million of gross written premiums, and approximately $8 million of profit before tax from continuing operations of the Group. If the combination had taken place at 1 January 2020, gross written premiums would have been approximately $3,843 million and profit before tax from continuing operations for the Group would have been approximately $114 million.

Net cash outflow on acquisition of subsidiaries

	2020 **$'000**
Consideration paid in cash	(1,647,432)
Less: Cash and cash equivalent balances acquired	1,193,627
Net cash outflow	(453,805)

10 Investments in associate

For the current financial year, the Group recognised its share of the associate's profit based on unaudited results available up to 4 August 2021, being the date of disposal of the associate. There are no contingent liabilities relating to the Group's interest in the associate.

Details of the associate held by the Group are as follows:

Name of companies	**Country of incorporation**	**Principal activity**	**Percentage of effective equity interest held by the Group**	
			2021 **%**	**2020** **%**
Group				
Lendlease Jem Partners Fund Limited	Bermuda	Investment Holding	–	22.5

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	Year ended 31/12/2021 $'000	Period from 17/7/2020 (date of incorporation) to 31/12/2020 $'000
Equity investment at cost	51,215	51,215
Disposal	(51,215)	–
At the end of the year	–	51,215
Share of profits after tax (cumulative)		
At the beginning of the year/acquisition date	31,812	31,812
Share of loss till disposal date/year	(15,894)	–
Reversal to profit or loss	(15,918)	–
At the end of the year/period	–	31,812
Dividends received (cumulative)		
At the beginning of the year/acquisition date	(13,922)	(13,922)
Receipts	(2,919)	–
Reversal to profit or loss	16,841	–
At the end of the year/period	–	(13,922)
Carrying amount at 31 December	–	69,105

The summarised financial information of the associate (presented in $million) for the financial period ended 31 December 2021, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	2021 $millions	2020 $millions
Current assets	–	2.8
Non-current assets	–	304.6
Total assets	–	307.4
Current liabilities	–	0.3
Non-current liabilities	–	–
Total liabilities	–	0.3
Net assets	–	307.1
Revenue	–	7.4
Loss before tax	–	(12.2)
Income tax expense	–	–
Loss after tax	–	(12.2)
Other comprehensive income	–	–
Total comprehensive income for the year	–	(12.2)

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Reconciliation of the summarised financial information (in $million) presented with the carrying amount of the Group's interest in the associate, is as follows:

	2021 $millions	2020 $millions
Net assets		
At 1 January	307.1	319.3
Profit after tax	–	(12.2)
Dividends declared	(307.1)	–
At 31 December	–	307.1
Carrying value of interest in associate Nil% (2020: 22.5%)	–	69.1

11 Property, plant and equipment

	Office equipment $'000	Furniture and fittings $'000	Right-of-use assets $'000	Total $'000
Group				
Cost				
At 17 July 2020 (date of incorporation)	–	–	–	–
Arising from acquisition of subsidiaries	24,268	12,557	79,724	116,549
Additions	21	808	5,075	5,904
At 31 December 2020	24,289	13,365	84,799	122,453
Additions	167	3,844	48,461	52,472
Disposals	(72)	(1,185)	(859)	(2,116)
Effect of movements in exchange rates	–	(7)	–	(7)
At 31 December 2021	24,384	16,017	132,401	172,802
Accumulated depreciation				
At 17 July 2020 (date of incorporation)	–	–	–	–
Arising from acquisition of subsidiaries	17,859	9,802	66,071	93,732
Depreciation charge	27	124	3,837	3,988
At 31 December 2020	17,886	9,926	69,908	97,720
Depreciation charge	2,344	1,437	23,267	27,048
Disposals	(27)	(544)	–	(571)
Effect of movements in exchange rates	–	(1)	–	(1)
At 31 December 2021	20,203	10,818	93,175	124,196
Carrying amounts				
At 17 July 2020 (date of incorporation)	–	–	–	–
At 31 December 2020	6,403	3,439	14,891	24,733
At 31 December 2021	4,181	5,199	39,226	48,606

The Group leases office space over an average period of 3 to 5 years for the purpose of its insurance operations. There are no externally imposed covenants on these lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as plant and equipment.

	Office premises	
	2021	**2020**
	$'000	**$'000**
At the beginning of the year/period	14,891	–
Additions	48,461	5,075
Lease modifications	(859)	–
Depreciation charge	(23,267)	(3,837)
Acquisition through business combination	–	13,653
At the end of the year/period	39,226	14,891

Amounts recognised in profit or loss

	2021	**Period from 17/7/2020 (date of incorporation) to 31/12/2020**
	$'000	**$'000**
Interest on lease liabilities	1,107	113

Amounts recognised in statement of cash flows

	2021	**Period from 17/7/2020 (date of incorporation) to 31/12/2020**
	$'000	**$'000**
Total cash outflow for leases	14,882	1,278

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12 Intangible assets

	Domain names $'000	Computer software licenses $'000	Distribution rights $'000	Acquired value of in-force business $'000	Total $'000
Group					
Cost					
At 17 July 2020 (date of incorporation)	–	–	–	–	–
Arising from acquisition of subsidiaries	152	61,702	5,100	–	66,954
Fair value adjustments*	–	–	527,000	1,767,000	2,294,000
Balance at 31 December 2020 (restated)	152	61,702	532,100	1,767,000	2,360,954
Additions		5,250	–	–	5,250
Disposals	–	(4,871)	–	–	(4,871)
Balance at 31 December 2021	152	62,081	532,100	1,767,000	2,361,333
Accumulated amortisation					
At 17 July 2020 (date of incorporation)	–	–	–	–	–
Arising from acquisition of subsidiaries	29	28,612	4,300	–	32,941
Amortisation recognised during the period	1	421	67	–	489
Fair value adjustments*	–	–	4,392	12,627	17,019
As at 31 December 2020 (restated)	30	29,033	8,759	12,627	50,449
Amortisation recognised during the year	14	7,995	53,437	88,396	149,842
As at 31 December 2021	44	37,028	62,196	101,023	200,291
Carrying amounts					
At 17 July 2020 (date of incorporation)	–	–	–	–	–
At 31 December 2020 (restated)	122	32,669	523,341	1,754,373	2,310,505
At 31 December 2021	108	25,053	469,904	1,665,977	2,161,042

* In accordance with SFRS(I) 3 *Business Combinations*, the management has assessed the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Accordingly, provisional goodwill recognised last year has now been adjusted to reflect their fair values.

The Group has recognised costs incurred in relation to ongoing projects as Work-in-progress ("WIP") under Computer software licenses. The amount recognised as WIP for 2021 was $2,790,000 (2020: $8,193,900). Amortisation of these costs will only begin once the project goes live.

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Goodwill and acquired value in-force business

Goodwill is tested for impairment by comparing the CGU (AL's in-force business) carrying amount, including any goodwill, with its recoverable amount. Management compares the aggregate of net asset value and goodwill of the acquired business with an approximation of AL's fair value based on market comparables to determine whether there is any impairment.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount as at reporting date.

13 Cash and cash equivalents

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	498,488	714,132	57,190	35,399
Short term deposit	4	2,114	–	–
	498,492	716,246	57,190	35,399

As at 31 December 2021, the Group pledged no cash collaterals (2020: $nil) for liabilities and held cash collaterals of $391,000 (2020: $27,782,820) for assets in respect of derivative transactions. The Group did not repledge collaterals received.

14 Investments at fair value through profit or loss

Investments designated at fair value through profit or loss:

	2021	**2020**
	$'000	**$'000**
Group		
Equity securities		
Quoted	4,565,558	4,134,396
Unquoted	313,705	268,981
	4,879,263	4,403,377
Debt securities		
Quoted	6,456,969	6,512,812
Unquoted	31,809	32,150
	6,488,778	6,544,962
Investments at fair value through profit or loss	11,368,041	10,948,339

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	2021 $'000	2020 $'000
Current		
Equity securities	4,879,263	4,403,377
Debt securities	1,571,248	1,454,432
	6,450,511	5,857,809
Non-current		
Debt securities	4,917,530	5,090,530
Investments at fair value through profit or loss	11,368,041	10,948,339

Singapore government securities of $31,000,000 (2020: $nil) have been pledged to derivatives counterparties in respect of the derivative agreements (Note 15). The pledged securities are managed daily and the derivative counterparties have the right to receive them when there is an increase in credit risk of the Group.

15 Derivative financial instruments

In connection with the derivative agreements with counterparties, the Group posted $31,000,000 of restricted securities (2020: $nil) (Note 14) as collateral to these counterparties at the reporting date.

The Group also held security collateral of $115,550,000 (2020: $115,549,842) in the form of US government securities and Singapore government securities at the reporting date. The Group has the right to receive them when there is an increase in credit risk from counterparties. Therefore, these are not included in the Group's investments.

Deri**vative financial instruments included in the consolidated statement of financial position as at 31 December are as follows:**

	Contract/ notional amount $	Fair value Assets $'000	Fair value Liabilities $'000
Group			
2021			
Currency swaps	54,517	4,056	(1,030)
Interest rate swaps	1,096,515	2,544	(35,599)
Currency forward contracts	6,762,277	44,395	(5,605)
Total held for trading assets/(liabilities)		50,995	(42,234)
2020			
Currency swaps	54,517	7,031	(547)
Interest rate swaps	1,034,179	28,134	(727)
Currency forward contracts	6,353,162	157,691	(24,882)
Total held for trading assets/(liabilities)		192,856	(26,156)

16 Available-for-sale financial assets

	2021 $'000	2020 $'000
Group		
Unquoted equity securities		
At 1 January	5,805	4,007
Movement during the year		
- Capital injection	–	1,798
- Disposals	(17,291)	–
- Transfer of impairment allowance to equity	11,486	–
At 31 December	–	5,805
Debt securities		
At 1 January	297,795	268,702
Movement during the year		
- Capital injection	–	12,953
- Disposals	(27,459)	–
- Transfer of impairment allowance to equity	(11,283)	16,140
At 31 December	259,053	297,795
Total available-for-sale financial assets	259,053	303,600

In the prior year, fair value information has not been disclosed for the Group's investment in unquoted equity securities amounting $5,805,000 that are carried at cost because their fair values cannot be measured reliably using valuation techniques supported by observable market data. These equity securities represent a minority interest in Aviva Vietnam Life Insurance Company Limited by way of a share contribution and are not quoted in any market and do not have any comparable industry peers that are listed. Aviva Vietnam Life Insurance Company Limited is a fully owned subsidiary of Aviva Group since 1 June 2017 and was a jointly controlled entity of the Aviva Group but not at the Group level prior to that date.

On 15 December 2020, Aviva plc has agreed to sell the entire shareholdings in Aviva Vietnam Life Insurance Company, including the shareholdings held by the Group, to an unrelated party. The sale was completed in 2021.

17 Insurance receivables

	2021 $'000	2020 $'000
Group		
Insurance receivables	127,125	120,011
Less: Allowance for impairment	(963)	(743)
	126,162	119,268
Due from reinsurers	17,745	10,701
Total insurance receivables	143,907	129,969

Insurance receivables are non-interest bearing and are generally on 0 to 90 days (2020: 0 to 90 days) credit term. The carrying amounts disclosed above reasonably approximate fair values at period-end.

	Note	2021 $'000	2020 $'000
Group			
Movement in allowance accounts			
At the beginning of the year/period		(743)	–
Impairment loss	7	(298)	(727)
Writeback/(Written-off)		78	(16)
At the end of the year		(963)	(743)

Insurance receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Insurance receivables that are neither past due nor impaired

Insurance receivables that are neither past due nor impaired are mainly due from debtors with a good collection track record with the Group.

Insurance receivables that are past due but not impaired

The Group has trade receivables amounting to $1,640,000 (2020: $1,494,988) that are past due by more than 180 days at the reporting date but not impaired. These receivables are unsecured.

18 Loans and receivables

		Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deposits		4,262	5,385	–	–
Accrued interest receivable		69,973	42,281	–	–
Dividends receivable		3,628	3,352	–	–
Amounts due from related companies (non-trade)		–	173	–	–
Other receivables		42,824	56,099	11,600	–
Less: Allowance for impairment		(121)	(121)	–	–
		120,566	107,169	11,600	–
Cash and cash equivalents	13	498,492	716,246	57,190	35,399
Policy loans		60,699	60,079	–	–
Total loans and receivables		679,757	883,494	68,790	35,399

Amounts due from related companies (non-trade) relates to services provided to related parties of Aviva Ltd within the Aviva Plc group. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at period-end.

Policy loans are secured by the cash value of the life policy and bear interest at a weighted average rate of 6.5% (2020: 6.5%) per annum. Policy loans have no fixed terms of repayment.

19 Insurance payables

	Note	2021 $'000	2020 $'000
Group			
Amounts due to agents, brokers and policyholders		66,778	45,553
Amounts due to reinsurers		57,426	55,285
Premium deposits		293,842	286,865
Advance premiums		44,771	48,576
Total insurance payables		462,817	436,279

Insurance payables are non-interest bearing, except for premium deposits and advance premiums which bear an interest rate of 0.8% (2020: 0.8%) per annum. The carrying amounts disclosed above reasonably approximate fair values at year-end.

20 Other payables

		Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Accrued operating expenses		93,812	103,830	–	–
Amounts due to related companies		–	798	–	–
Sundry creditors		64,072	508,326	9,723	23,843
		157,884	612,954	9,723	23,483
Debt issued	21	542,207	540,997	542,207	540,997
Bank loan	21	334,601	330,670	334,601	330,670
Lease liabilities		38,127	16,252	–	–
		914,935	887,919	876,808	871,667
Total financial liabilities carried at amortised cost		1,072,819	1,500,873	886,531	895,150

Amounts due to related companies relates to services provided to the Group. The amount is unsecured, interest-free and is expected to be settled within the next twelve months. The carrying amounts disclosed above reasonably approximate fair values at period-end.

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21 Financial liabilities

Debts issued

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
3.375% subordinated fixed rate notes	542,207	540,997	542,207	540,997

On 24 November 2020, the Group and Company issued $550 million subordinated fixed rate notes ("Notes") due 2031, callable in 2026. The Notes will initially bear interest at the rate of 3.375% per annum, payable semi-annually on 24 February and 24 August each year up to 2026. If the Notes are not redeemed or purchased and cancelled on 24 February 2026, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing 5-year SGD Swap Offer Rate and 2.869%, payable semi-annually in arrears.

Bank loan

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured bank loan	334,601	330,670	334,601	330,670

The unsecured bank loan of the Group and Company is denominated in Singapore Dollars. The bank loan is repayable within five years. Interest on the loan is repriced every 6 months and the interest rate as at 31 December 2021 was 2.62% (2020: 3.03%) per annum.

The Group and Company has interest rate risk exposure from the bank loan which the interest from the bank loan is repriced every 6 months. If the interest rate increase or decreases by 50 basis point, it will decrease the profit or loss and equity by $1,673,000 and increase the profit or loss and equity by $1,673,000 respectively.

Finance costs

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Interest on debts issued and bank loan	18,682	4,248	18,562	4,248
Amortisation of transaction costs in relation to the debts issued and bank loan	9,587	437	9,587	437
Total finance costs	28,269	4,685	28,149	4,685

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22 Insurance contract liabilities

	Notes	Insurance contract liabilities $'000	Reinsurers' share of insurance contract liabilities $'000	Net $'000
Group				
2021				
Policy liabilities	(a)	10,623,829	(418,260)	10,205,569
Provision for unearned premiums and unexpired insurance risks	(b)	202,291	(17,513)	184,778
Provision for claims reported by policyholders	(c)	193,242	(96,146)	97,096
Provision for claims incurred but not reported ("IBNR")	(c)	125,687	(33,513)	92,174
Total insurance contract liabilities - Net		11,145,049	(565,432)	10,579,617
2020				
Policy liabilities	(a)	10,519,254	(696,510)	9,822,744
Provision for unearned premiums and unexpired insurance risks	(b)	204,628	(13,429)	191,199
Provision for claims reported by policyholders	(c)	197,195	(73,356)	123,839
Provision for claims incurred but not reported ("IBNR")	(c)	117,873	(30,869)	87,004
Total insurance contract liabilities - Net		11,038,950	(814,164)	10,224,786

(a) Movement in the net policy liabilities for Life and Group business

	2021 $'000 Life	2020 $'000 Life
Group		
At 1 January/17 July (date of incorporation)	9,822,744	–
Arising from the acquisition of subsidiaries	–	9,568,530
Increase in net policy liabilities	382,825	254,214
At 31 December	10,205,569	9,822,744

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(b) Provision for net unearned premiums and unexpired insurance risks for Group and General Insurance businesses

	2021			2020		
	$'000 Life	$'000 Non-life	$'000 Total	$'000 Life	$'000 Non-life	$'000 Total
Group						
At 1 January/ 17 July (date of incorporation)	175,164	16,035	191,199	–	–	–
Arising from the acquisition of subsidiaries	–	–	–	177,911	16,174	194,085
Decrease in provision for unearned premiums	(9,953)	3,532	(6,421)	(2,747)	(139)	(2,886)
At 31 December	165,211	19,567	184,778	175,164	16,035	191,199

(c) Provision for net claims reported and not reported by policyholders for Group and General Insurance businesses

	2021			2020		
	$'000 Life	$'000 Non-life	$'000 Total	$'000 Life	$'000 Non-life	$'000 Total
Group						
At 1 January/ 17 July (date of incorporation)	192,551	18,292	210,843	–	–	–
Arising from the acquisition of subsidiaries	–	–	–	175,329	18,379	193,708
Change in outstanding claims	88,090	1,216	89,306	162,931	1,025	163,956
Movement in IBNR	3,667	1,504	5,171	5,383	94	5,477
Claims paid during the period	(115,077)	(973)	(116,050)	(151,092)	(1,206)	(152,298)
At 31 December	169,231	20,039	189,270	192,551	18,292	210,843

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23 Insurance contract liabilities and reinsurance assets – Assumptions and sensitivities

AL and SL were operating independently before and after the acquisitions by the Company. Therefore, the two entities manage their insurance contract liabilities differently due to the different portfolios and experience.

23.1 AL

(a) Long term insurance provision

Major classes of business written under this category include individual life and retail Health (guaranteed renewability) business.

For long term insurance contracts, economic assumptions are continually reviewed and updated. Non-economic assumptions are reviewed at least annually. Non-economic assumptions are presented to the AL's Assumptions Committee and are subject to the committee's approval before these assumptions are adopted in the valuation of AL's liabilities. Key assumptions are highlighted below:

Mortality and morbidity rates

Mortality and morbidity assumptions will have regard to AL's and industry's historical experience and rates recommended by reinsurers, where available, and are generally differentiated by sex and policy type.

In general, higher mortality and morbidity assumptions will lead to higher expected claims outgo, which in turn, will lead to an increase in policy liabilities.

Annuity and long term contracts, on the other hand, are sensitive to longevity risks, such that a lower mortality assumption would result in an increase in expected annuity payments, therefore increasing policy liabilities.

Valuation interest rates

The valuation interest rate assumption is the underlying interest rate at which future cash flows are discounted in determining insurance contract liabilities. In calculating the liability for the Minimum Condition Liability of AL's Participating and Non-participating business and non-unit reserves of Investment-Linked funds, future expected cash flows are discounted at risk-free rates as prescribed under MAS Notice 133. In calculating AL's Participating Fund liabilities, future cash flows are discounted using AL's best estimate long-term investment return it expects to earn on its Participating Fund assets.

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Expenses and commission rates

Expense studies are conducted regularly and the expense assumptions will reflect both AL's actual expenses as well as budgeted expenses based on AL's business plan. Any recommendations resulting from these studies will be reflected in the valuation of policy liabilities subject to the approval of AL's Assumption Committee.

Commission rates are assumed to be the same as those contracted with the various channels. Higher expense and commission assumptions will increase policy liabilities.

Surrender rates

Surrender rates assumed in the calculation of policy liabilities will reflect AL's historical experience and are differentiated by duration in-force and policy type.

Higher surrender rates would tend to lead to a decrease in policy liabilities. However, the impact on policy liabilities will depend on the product design, and whether the surrender value is high relative to other benefits available under the policy.

Bonus rates

Future bonus rates are assumed to be the same as those declared in the latest bonus declaration, with suitable adjustments where necessary to ensure that bonus rates continue to be in line with AL's Internal Governance Policy on the management of its Participating Fund under changing investment conditions.

Inflation rates

Inflation rates assumption is set to reflect long-term inflation expectations, allowing for the proportion of staff and non-staff expenses.

In general, higher inflation assumptions will lead to higher expected expenses outgo which in turn, will lead to an increase in policy liabilities.

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Assumptions

Mortality	AL adopted the Limited Fluctuation Method ("LFM"), which is an established credibility based statistical method. The methodology assumptions are thus set by blending AL's own experience (internal table) and external view (prior table) using weights (or credibility factors) derived based on size of insurer's exposure. An allowance is made for expected improvement in mortality.
Morbidity	Morbidity assumptions are set by blending AL's own experience (internal table) and external view (prior table) using weights (or credibility factors) derived based on size of insurer's exposure. Medical inflation was allowed for certain line of business.
Discount rate (best estimate)	Par Others (POOT+PIP): Yield curve, with long term rate of 4.75%. Par Investment Pool 2022: Yield curve, with long term rate of 4.25%. Par (AP): Yield curve, with matching strategy against the fund's liabilities. MyPrestigePlan: Based on the Yield to Maturity of the underlying assets. MyIncomePlus: Based on pricing estimate return assumption.
Risk-free discount rate	Derived based on regulations set out in MAS Notice 133 Appendix 3C - Determination of Risk-free Discount Rate.
Persistency	Based on persistency study of AL's past experience.
Acquisition/Maintenance expenses	Based on past actual experience, expressed as unit costs per in-force policy and percentage of premiums.
Distribution expenses	Based on past actual experience, expressed as unit costs per percentage of premiums.
Expense inflation rate	The allowance of the expected long term expenses inflation is taken into consideration.

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Sensitivities of policy liabilities

	Increase/ (decrease) from base		
	Non-participating fund $'000	**Unit-linked fund $'000**	**Total $'000**
2021			
Mortality and Morbidity – Non-annuities			
+ 5%	(182)	2	180
- 5%	230	(2)	228
Mortality and Morbidity – Annuities			
+ 5%	(1,689)	–	(1,689)
- 5%	1,770	–	1,770
Expenses			
+ 10%	1,162	322	1,484
- 10%	(1,116)	(268)	(1,385)
Surrender rate			
+ 10%	(9,172)	(108)	(9,280)
- 10%	12,592	127	12,719
2021			
Interest rate			
+ 1%	(36,478)	(213)	(36,691)
- 1%	53,636	244	53,880
2020			
Mortality and Morbidity – Non-annuities			
+ 5%	(345)	2	(343)
- 5%	423	(2)	421
Mortality and Morbidity – Annuities			
+ 5%	(1,965)	–	(1,965)
- 5%	2,071	–	2,071
Expenses			
+ 10%	1,370	406	1,776
- 10%	(1,320)	(355)	(1,675)
Surrender rate			
+ 10%	(10,807)	(151)	(10,958)
- 10%	14,951	178	15,129
Interest rate			
+ 1%	(43,653)	(289)	(43,942)
- 1%	63,727	329	64,056

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In accordance with the regulations, AL values the liabilities of the participating fund based on the value of policy assets of the fund. The above changes in the stated variables will have no impact on the participating fund policy liabilities because the change in assumptions would not cause the policy liabilities to be greater than the policy assets of the fund.

(b) Short term insurance provision

The major classes of business written under this category can be classified broadly into Group Life, Group Accident and Health, yearly (non-guaranteed) renewable Retail Health and General Insurance.

Group Life business includes group term life, group living care and group disability income business. Group Accident and Health business includes group personal accident, group in-patient medical plans and group outpatient medical plans. These risks may be written locally or overseas. Retail Health includes yearly (non-guaranteed) renewable individual medical expense insurance. General Insurance includes motor, travel home content, personal accident, commercial property, public liability, employers' liability, health, dog insurance as well as surety and credit (maid insurance).

For these contracts, claims provisions (comprising outstanding claims and claims incurred but not reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred, according to insurance regulations and guidelines.

Outstanding claims provisions are reviewed on a monthly basis and comprise claims reported by policyholders. Claims incurred but not reported provisions are reviewed on a quarterly basis and are updated to reflect the development of claims experience over the quarter, including settlement of claims and new claims reported. Claims provisions are not discounted for future time value of money.

Future claims costs are projected through the use of generally accepted actuarial techniques namely, the Chain Ladder and Bornhuetter Ferguson methods. As prescribed under the local regulations, provisions for adverse deviation is made to provide for claims liabilities at a 75% confidence level. This is determined using Bootstrapping or Mack's method.

Assumptions

The principal assumption underlying the Chain Ladder method is that the development of historical claims pattern will be expected to continue in the future.

The assumptions underlying the Bornhuetter Ferguson method is that the development of historical claims pattern will be expected to continue in the future and the assumed loss ratios are reflective of future claims experience.

No discounting is applied to the claims provisions and hence, no interest assumption is required.

Sensitivities

The claims provision is sensitive to the delays that arise between occurrence of a claim and its subsequent notification and eventual settlement.

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Reinsurance

AL limits its exposure to loss within its insurance operations through the use of reinsurance arrangements. The business ceded is placed on both quota share and surplus basis with retention limits varying by product line and territory. Amounts recoverable from reinsurers are calculated in a manner consistent with the assumptions used for ascertaining policy benefits.

23.2 SL

Material judgement is required in determining the insurance liabilities and in the choice of assumptions. Assumptions in use are based on industry experiences, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions will be further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Discount rate

The discount rates are derived from Singapore Dollar ("SGD") and USD yield curves based on prescribed approaches provided by MAS. Policy liabilities for universal life business are calculated on both guaranteed and non-guaranteed bases, with the actual policy liability held being the higher of the two. The discount rate used for the non-guaranteed basis is set based on the best estimate expected return from the asset portfolio backing these policies.

Mortality and morbidity rates

Mortality and morbidity rates assumptions are based on pricing assumptions as at valuation date.

Lapse and surrender rates

Lapse and surrender rates assumptions are based on pricing assumptions as at valuation date.

Expenses

Expense assumptions represent the expected amount that will be spent on the business. Assumptions on future expenses are at best estimate after taking into consideration long term expense levels and the expected expense inflation.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of insurance liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, and loss before tax.

The correlation of assumptions will have a significant effect in determining the analysed claims liabilities. To demonstrate the impact, changes in specific assumptions are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

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	Change in assumptions	Impact on gross insurance contract liabilities $	Impact on net insurance contract liabilities $	Impact on loss before tax $
2021				
Discount rate*	- 0.5%	32,968,322	32,695,435	32,695,435
Mortality and morbidity rates	+/- 10%	12,222,648	999,618	999,618
Lapse and surrender rates	+/- 10% **	4,969,876	4,802,009	4,802,009
Expenses	+ 10%	1,241,230	1,233,843	1,233,843
2020				
Discount rate*	- 0.5%	28,451,179	28,126,485	28,126,485
Mortality and morbidity rates	+/- 10%	13,532,155	1,259,775	1,259,775
Lapse and surrender rates	+/- 10% **	6,585,406	6,341,277	6,341,277
Expenses	+ 10%	1,711,889	1,666,037	1,666,037

* It is expected that the total impact on the loss before tax will be lower than the observed impact on net insurance contract liabilities given a reduction in discount rates is likely to lead to an increase in the market value of fixed income assets that are held to back the different products.

** More onerous of an increase or decrease in lapses and surrenders, depending on the products.

24 Deferred acquisition costs

	2021 $'000	2020 $'000
Group		
At 1 January/17 July (date of incorporation)	17,737	–
Arising from the acquisition of subsidiaries	–	17,664
Change in deferred acquisition costs	(15,933)	73
At 31 December	1,804	17,737

The Group has conducted an impairment assessment on the deferred acquisition costs and is of the view that these amounts can be utilised against the profits of the underlying insurance contracts as at 31 December 2021.

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25 Share capital and other capital

	Group and Company			
	2021	**2020**	**2021**	**2020**
	No. of shares ‘000	**No. of shares ‘000**	**$’000**	**$’000**
Share Capital				
Ordinary shares				
- Beginning of the year/ 17 July (date of incorporation)	457,912	–	2,077,824	–
- Shares issued	132	457,912	600	2,077,824
- End of financial year/period	458,044	457,912	2,078,424	2,077,824
Other Capital				
Beginning of the year/17 July (date of incorporation)	–	–	260,000	–
6.059% non-cumulative non-convertible perpetual capital securities issued on 30 November 2020	–	–	–	260,000
End of financial year	–	–	260,000	260,000
Share capital and other capital	458,044	457,912	2,338,424	2,337,824

The 6.059% non-cumulative non-convertible perpetual capital securities were issued by the Company on 30 November 2020. The capital securities are perpetual securities but may be redeemed at the option of the Company upon the occurrence of a tax event or certain redemption events.

The capital securities bear a fixed distribution rate of 6.059% per annum, subject to a reset on 30 November 2027 (and every seven years thereafter) to a rate equal to the prevailing seven-year Singapore Dollar SOR plus a margin of 5.369%.

Distributions are payable semi-annually on 30 May and 30 November of each year, unless cancelled by the Company at its sole discretion or unless the Company has no obligation to pay the distributions. The capital securities constitute direct, unsecured and subordinated obligations of the Company and rank *pari passu* without preference among themselves.

26 Share-based payment arrangements

Employees of certain Group entities are entitled to share-based payments under the four (4) schemes described below. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted. The cost of equity-settled transaction is recognised, together with a corresponding increase in share based compensation reserve within equity, over the period in which the performance conditions (if any) are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

Share-based compensation plans (equity settled)

(a) Management Equity Incentive Plan ("MEIP")

The MEIP is a targeted long-term incentive plan for critical executive level management launched during the year.

Eligible participants receive two equity grants split equally between a grant of time based options with a 5 year ratable vest; and a grant of performance based options with a 5 years vest, linked to embedded value targets and a Capital Adequacy Ratio ("CAR") threshold.

These options expire 10 years from the date of grant and can only be exercised following a liquidity event.

(b) Long-Term Incentive Plans ("LTIP")

The LTIP awards are Aviva plc share awards.

Of each grant, 50% of shares awarded are subject to a non-market based performance condition, with the rest being subject to a market based performance condition. The non-market based performance is measured in relation to the Return on Capital Employed ("ROCE").

The market-based performance is a Total Shareholder Return ("TSR") performance condition. The TSR growth over a three-year performance period is ranked against a comparator group of 14 companies. For grants prior to 2012, 15% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between. For grants made subsequent to 2012, 10% of shares subject to the TSR performance condition vest at median performance, 50% of these shares vest at the upper quintile and there is straight line vesting in between.

(c) Restricted Share Units

This discretionary award is directed towards senior management group and high performing / high potential individuals amongst the level F (Head of Departments) population. The award vests after 3 years, not subject to any performance conditions, provided employees remain in the Group entities' employment (and are not under notice of termination) throughout that period up to the point of vesting.

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(d) Annual Bonus Plan

Part of the bonus award for the Senior Management team will be made in deferred Aviva plc shares. These shares will vest in 3 equal tranches over 3 years and are not subject to any performance conditions. There were no new grants under these share-based remunerations plans and awards.

Except for the MEIP, all share-based remuneration plans were established before the Sale. Subsequent to the Sale, these share-based remuneration plans and awards are closed to new grants. The awarded plans and awards will continue to be vested as per the original arrangement with Aviva plc.

Except for the MEIP, Aviva plc charges the Group entities for the equity they provide to the Group's employees. There is a clear linkage between the amount recharged by Aviva plc and the share based payment amount, the Group entities offsets the recharge against the share based compensation reserve in the Statement of Changes in Equity within the financial statements.

Share-based remuneration

The total share-based remuneration expenses charged to profit or loss was $13,490,386 (2020: $2,691,306).

The average fair value of each share granted at grant date was SGD 1.81 (2020: $nil) for MEIP granted by Singlife Holdings Pte Ltd.

The average fair value of each share granted at grant date was nil (2020: GBP 2.77) for Aviva plc plans.

27 Related party transactions

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

Sales and purchases of services

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Payment of expenses on behalf by AL	–	–	307	390
Interest paid/payable for perpetual capital securities	14,000	–	–	–

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Key management personnel compensation

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Employee benefits	12,809	318	–	–

28 Fair value of financial instruments

Fair value of financial instruments that are carried at fair value

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

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2021				
Financial assets				
FVTPL				
Equity securities	4,565,558	–	313,705	4,879,263
Debt securities	–	6,488,778	–	6,488,778
Derivatives				
Currency swaps	–	4,056	–	4,056
Currency forward contracts	–	44,395	–	44,395
Interest rate swaps	–	2,544	–	2,544
Available-for-sale				
Debt securities	–	259,053	–	259,053
At 31 December 2021	4,565,558	6,798,826	313,705	11,678,089
Financial liabilities				
Derivatives				
Currency swaps	–	(1,030)	–	(1,030)
Currency forward contracts	–	(5,605)	–	(5,605)
Interest rate swaps	–	(35,599)	–	(35,599)
At 31 December 2021	–	(42,234)	–	(42,234)

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	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2020				
Financial assets				
FVTPL				
Equity securities	4,132,066	–	271,311	4,403,377
Debt securities	497,157	6,047,805	–	6,544,962
Derivatives				
Currency swaps	–	7,031	–	7,031
Currency forward contracts	–	157,691	–	157,691
Interest rate swaps	–	28,134	–	28,134
Available-for-sale				
Equity securities	–	–	5,805	5,805
Debt securities	42,811	254,985	–	297,795
At 31 December 2020	4,672,034	6,495,646	277,116	11,444,796
Financial liabilities				
Derivatives				
Currency swaps	–	(547)	–	(547)
Currency forward contracts	–	(24,882)	–	(24,882)
Interest rate swaps	–	(727)	–	(727)
At 31 December 2020	–	(26,156)	–	(26,156)

During the year, there was no transfer from Level 2 to Level 3.

Movements in level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Equities $'000	Available-for-sale $'000	Total $'000
Group			
Financial assets			
At 17 July 2020 (date of incorporation)	–	–	–
Arising from the acquisition of subsidiaries	270,709	5,805	276,514
Total gain for the period:			
- change in fair value	602	–	602
At 31 December 2020	271,311	5,805	277,116
At 1 January 2021	271,311	5,805	277,116
Purchases and sales for the year			
Purchases	42,394	–	42,394
Sales	–	(5,805)	(5,805)
At 31 December 2021	313,705	–	313,705

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Fair value hierarchy

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

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

The investment accounting team regularly reviews the fair values of the investments held. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the investment accounting team documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimates should be classified.
If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Determination of fair value

Fair value of financial instruments that are carried at fair value

Quoted equity and debt securities (Note 14)	Fair value is determined directly by reference to their published closing prices from established pricing sources at the reporting date.
Unquoted equity and debt securities (Note 14)	Fair value is determined directly by reference to latest Net Asset Value provided by fund administrator and third party broker quotes.
Derivatives (Note 15)	Derivative financial instruments are valued at market prices provided by counterparties, determined by reference to market values for similar instruments.

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

Loans and receivables (Note 18), and financial liabilities carried at amortised cost (Note 20)	The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short-term nature. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

29 Risk management policies

Financial risk management objectives and policies

Investment objective

The Group's investment objective is to optimise investment returns whilst ensuring that sufficient assets are held to meet future liabilities and regulatory requirements. The aim is to match the investments held to support a line of business to the nature of the underlying liabilities, whilst at the same time considering local regulatory requirements, the level of risk inherent within different investments, and the desire to generate superior investment returns, where compatible with this stated strategy and risk appetite.

Assets must be managed in a sound and prudent manner taking into account the profile of the liabilities of each fund and the impact on its solvency position. Investments are made in compliance with the prevailing regulatory requirements with due consideration given to the exposures arising from the various financial risks.

An important part of the Group's business activities involves investing policyholders' and shareholder's funds in permitted financial instruments, including equities and permitted debt instruments.

Equity exposures are managed within the approved Strategic Asset Allocation that are set with reference to the overall appetite for market risk. The credit quality of the underlying debt securities within investment vehicles is managed by the safeguards built into the investment mandates for these funds which determine the funds' risk profiles.

The Group uses derivative financial instruments to mitigate the impact of adverse market movement and facilitate efficient portfolio management. The Group does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are classified as held for trading and accounted for at fair value through profit or loss.

Policies and process

The Group's investment activities are managed in accordance to the Group entities' Board of Directors (the "Board") approved Investment Policy, which provides guidelines for decision-making regarding the investment of funds in a manner to ensure safety of investments, while managing liquidity to meet the business requirements and policyholder obligations and providing adequate investment return using authorised instruments.

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The Board delegates the authority to make all investment decisions to the Asset and Liability Committee/Investment Committee ("ALCO/IC"). The ALCO/IC meet on a regular basis, at least quarterly, and report to the Board all material investment decisions.

The role of the ALCO/IC is to review and approve the asset allocation of non-linked funds, ensure that the investment policy is consistent with the asset-liability management strategies, ensure investment limits are complied with, decide on whether any investments are inappropriate and ensure that adequate resources are dedicated to the investment functions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

As the impact of the above-mentioned financial risks on the unit-linked fund (unitised portion) is borne by the policyholders and that the impact on the assets of the participating fund will be offset by a corresponding change in the policy liabilities, the net impact to the Group is assessed to be insignificant. Therefore, the analysis in the following sections will not include these funds.

Interest rate risk

The Group's core insurance and investment activities are inherently exposed to interest rate risk, which arises principally from differences in maturities or re-pricing of invested assets and long-term policyholders' liabilities. In dealing with this risk, the Group adopts an approach of focusing on an appropriate asset-liability management strategy to achieve a desired overall interest rate profile, which may change over time, based on the profile of the policyholders' liabilities, taking into consideration the longer-term view of interest rates and economic conditions.

Sensitivities

	50 basis points higher		50 basis points lower	
	Impact on profit or loss $'000	Impact on equity $'000	Impact on profit or loss $'000	Impact on equity $'000
Group				
2021				
Financial liabilities				
Insurance contract liabilities	18,600	18,285	(18,600)	(18,285)
Bank loan	(1,673)	(1,673)	1,673	1,673
2020				
Financial liabilities				
Insurance contract liabilities	52,895	43,903	(55,379)	45,965
Bank loan	(1,750)	(1,453)	1,750	1,453

The interest rate on the debts issued is fixed until 24 February 2026 and therefore, is not included in this interest rate risk analysis.

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Foreign currency risk

Foreign currency exposures arising from foreign currency denominated assets such as bonds, equities and money market instruments are managed and usually hedged through the use of financial derivatives such as currency swaps and forwards.

Sensitivities

	SGD $'000	USD $'000	AUD $'000	HKD $'000	JPY $'000	Others $'000	Par $'000	Unit Linked $'000	Total $'000
Group									
2021									
Financial assets									
Investments	1,375,341	791,911	–	–	–	–	8,723,158	477,631	11,368,041
Reinsurers' share of insurance contract liabilities	524,173	–	–	–	–	–	41,259	–	565,432
Insurance receivables	126,293	3,233	–	–	–	128	14,046	207	143,907
Other receivables	73,599	2,366	–	–	–	–	42,224	2,377	120,566
Policy loans	1,368	–	–	–	–	–	53,219	6,112	60,699
Cash and cash equivalents	443,249	2,396	–	–	–	–	38,620	14,227	498,492
	2,544,023	799,906	–	–	–	128	8,912,526	500,554	12,757,137
Financial liabilities									
Insurance contract liabilities	2,216,658	308,901	–	1	–	1,052	8,155,736	462,701	11,145,049
Insurance payables	138,841	2,126	–	–	–	24	309,274	12,552	462,817
Other payables	171,622	–	–	–	–	1,296	14,990	887	188,795
	2,527,121	311,07	–	1	–	2,372	8,480,000	476,140	11,796,661

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	SGD $'000	USD $'000	AUD $'000	HKD $'000	JPY $'000	Others $'000	Par $'000	Unit Linked $'000	Total $'000
Group									
2020									
Financial assets									
Investments	1,336,487	539,501	–	4,269	–	5,805	7,882,992	537,311	10,306,365
Reinsurers' share of insurance contract liabilities	763,122	–	–	–	–	–	49,225	–	812,347
Insurance receivables	111,690	2,862	–	–	–	67	13,165	434	128,218
Other receivables	56,902	2,804	–	59	–	–	37,122	3,869	100,756
Policy loans	2,003	–	–	–	–	–	51,218	6,858	60,079
Cash and cash equivalents	113,101	8,209	–	–	–	–	41,578	17,606	180,494
	2,383,305	553,376	–	4,328	–	5,872	8,075,300	566,078	11,588,259
Financial liabilities									
Insurance contract liabilities	1,655,800	61,465	188	1	–	363	7,534,709	529,745	9,782,271
Insurance payables	138,342	1,096	–	–	–	11	320,492	11,633	471,574
Other payables	492,603	–	–	–	–	–	28,221	4,382	525,206
	2,286,745	62,561	188	1	–	374	7,883,422	545,760	10,799,051

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	If foreign currency strengthens by 10% against SGD				If foreign currency weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD $'000	GBP $'000	AUD $'000	EUR $'000	USD $'000	GBP $'000	AUD $'000	EUR $'000
Group								
2021								
Financial assets								
Investments (net of foreign exchange hedges)	79,191	–	–	–	(79,191)	–	–	–
Reinsurers' share of insurance contract liabilities	–	–	–	–	–	–	–	–
Insurance receivables	323	–	–	–	(323)	–	–	–
Other receivables	237	–	–	–	(237)	–	–	–
Cash and cash equivalents	240	–	–	–	(240)	–	–	–
	79,991	–	–	–	(79,991)	–	–	–
Financial liabilities								
Insurance contract liabilities	(30,890)	–	–	–	30,890	–	–	–
Insurance payables	(213)	–	–	–	213	–	–	–
	(31,103)	–	–	–	31,103	–	–	–

	If foreign currency strengthens by 10% against SGD				If foreign currency weakens by 10% against SGD			
	Impact on profit or loss				Impact on profit or loss			
	USD $'000	**GBP $'000**	**AUD $'000**	**EUR $'000**	**USD $'000**	**GBP $'000**	**AUD $'000**	**EUR $'000**
Group								
2020								
Financial assets								
Investments (net of foreign exchange hedges)	–	–	–	–	–	–	–	–
Reinsurers' share of insurance contract liabilities	–	–	–	–	–	–	–	–
Insurance receivables	286	–	–	–	(286)	–	–	–
Other receivables	280	–	–	–	(280)	–	–	–
Cash and cash equivalents	821	–	–	–	(821)	–	–	–
	1,387	–	–	–	(1,387)	–	–	–
Financial liabilities								
Insurance contract liabilities	(5,102)	(27)	(16)	(3)	5,102	27	16	3
Insurance payables	(110)	–	–	–	110	–	–	–
	(5,212)	(27)	(16)	(3)	5,212	27	16	3

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Equity price risk

Investments in equities are subject to considerations of risk adjusted returns, taking into account the risk requirements as prescribed by MAS Notice 133. The Group relies on external fund managers to monitor equity price risk.

					10% increase in the underlying equity price		10% decrease in the underlying equity price	
	Par $'000	Unit linked $'000	Others $'000	Total $'000	Impact on profit or loss $'000	Impact on equity $'000	Impact on profit or loss $'000	Impact on equity $'000
Group								
2021								
Financial assets								
Investments at fair value through profit or loss	4,291,913	459,003	128,271	4,879,187	12,827	–	(12,827)	–
2020								
Financial assets								
Investments at fair value through profit or loss	3,708,805	527,653	166,919	4,403,377	16,692	–	(16,692)	–

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Credit risk

Credit risk is the risk of loss as a result of the default of an issuer of debt securities or a counterparty failing to perform its contractual obligations. Exposure to credit risk arises primarily from investing activities and, to a lesser extent, derivative activities. Counterparty limits are imposed and monitored at fund level. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	Investment grade (BBB- and above) $'000	Not rated $'000	Not subject to credit risk $'000	Total $'000
Group				
2021				
Debt securities	5,839,220	668,770	286,645	6,794,635
Derivative financial assets	50,988	–	7	50,995
Reinsurers' share of insurance contract liabilities	565,432	–	–	565,432
Insurance receivables	–	–	143,907	143,907
Other receivables	36,376	4,227	79,963	120,566
Cash and cash equivalents	484,548	–	13,944	498,492
2020				
Debt securities	5,983,458	849,642	9,658	6,842,758
Derivative financial assets	192,747	–	109	192,856
Reinsurers' share of insurance contract liabilities	814,164	–	–	814,164
Insurance receivables	–	127,784	2,185	129,969
Other receivables	40,681	66,488	–	107,169
Cash and cash equivalents	699,089	–	17,157	716,246

The maximum exposure to derivative financial assets is mitigated by the security collaterals held from counterparties as disclosed in Note 15. Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

Liquidity risk

Liquidity risk is the risk where a Group is unable to meet its obligations at reasonable cost or at any time. The Group manages this risk by monitoring daily and monthly projected and actual cash inflows and outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times.

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The table below analyses the cash flows in relation to the financial liabilities of the Group into their relevant maturity based on the remaining period at the reporting date to their contractual maturity or expected repayment dates.

	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Group				
2021				
Financial liabilities				
Insurance contract liabilities	2,400,292	1,915,158	6,829,599	11,145,049
Insurance payables	462,817	–	–	462,817
Derivative financial liabilities	5,637	645	35,952	42,234
Lease liabilities	22,469	15,658	–	38,127
Other payables	157,884	–	–	157,884
Bank loan	–	334,601	–	334,601
Debt issued	–	–	542,207	542,207
2020				
Financial liabilities				
Insurance contract liabilities	3,038,324	2,178,778	5,821,848	11,038,950
Insurance payables	436,279	–	–	436,279
Derivative financial liabilities	24,487	889	780	26,156
Lease liabilities	3,567	12,685	–	16,252
Other payables	616,604	–	–	616,604
Bank loan	–	330,670	–	330,670
Debt issued	–	–	540,997	540,997

Insurance risks

The insurance risks that the Group faces are a result of the uncertainty surrounding the amounts and timing of future policyholder claims.

To the extent that the sums assured by the Group exceed the reserves set aside to meet future claims, there is a risk that claim payments will exceed the reserves held, potentially having a negative impact on the Group's financial statements.

To manage this risk, the Group includes margins of prudence in determining the amounts set aside to meet future claims to ensure that this will be sufficient to meet the Group's liabilities to its policyholders under a range of circumstances in accordance with MAS regulations. In addition, the Group continues to hold capital in excess of the minimum regulatory requirements.

The Group also manages its insurance risks through the use of underwriting and reinsurance. Underwriting is used to ensure that the premiums charged by the Group are commensurate with the insurance risk it is taking on, while reinsurance can be used to manage the amount and volatility of claims.

The Group has an established underwriting process and proper internal controls to assess the quality of incoming businesses. All sums assured above the treaty limits will be referred to the respective reinsurers for their opinion and final decision. In addition, each underwriter is assigned with an underwriting authority (both in terms of sums assured and additional mortality risk) according to his or her experience and job level.

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The Group's insurance risks, based on geographical locations of life insurance premiums, are significantly limited to Singapore.

The Group has an active reinsurance strategy and work with reinsurers with excellent credit rating in managing its insurance risks. In the event of a failure of recovery of claims ceded to a reinsurer, the Group will still be liable for claims made by the Group's policyholders.

The Group is exposed to concentrations of risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group operates a policy to manage its reinsurance counterparty exposures by limiting the reinsurers that may be used. Reinsurance exposures are aggregated with other exposures to ensure that the overall risk is within appetite. For the period ended 31 December 2020, 99% of the net reinsurance balances are with 4 major reinsurers with credit ratings above A-.

30 Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to ensure efficient management of capital that will optimise returns to shareholders in the context of the Group's risk appetite. The Group's risk appetite includes consideration of the interests of the Group's policyholders as well as management of the regulatory requirements of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the expected new business strain. The Group manages its capital position to maintain a balance between investment return, business growth and security for solvency. The Group actively involves the shareholders in this process.

In managing the Group's capital resources, a range of key capital metrics are managed and monitored regularly in accordance with the Group's risk appetite and statutory requirements. These include the Capital Adequacy Ratio ("CAR") of the Group and the Fund Solvency Ratios ("FSR") of the respective insurance subsidiaries and insurance funds operated by the Group. Regular reporting and assessment of the liquidity and solvency positions are carried out and tracked, as part of the Monthly Information ("MI") report. To ensure continued solvency, the Group monitors the solvency position at least monthly and ensures the level of surplus is kept at an adequate level.

Solvency position is also monitored as part of the Group's internal forecasting process and annual stress test required by the regulator. The level of surplus is kept at an adequate level to support the expected new business growth and to withstand a range of possible adverse market scenarios. For instance, with the current global pandemic in 2020 that has brought about an economic shock to global markets, the Group is closely monitoring its asset and liability position as well as its solvency position, and coming up with measures to maintain the capital adequacy of the insurance funds, particularly that of the participating fund.

Capital resources the Group manages include the Group's net assets, excluding intangibles, deferred tax assets and any financial resource adjustments as prescribed by the MAS. In the case of the Participating Fund operated by the Group, capital resources include an allowance for future non-guaranteed benefits it expects to pay to its participating policyholders.

There were no changes in the Group's approach to capital management during the year. The Group is in compliance with all externally imposed capital requirements during the year.

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31 Interests in unconsolidated structured entities

Unconsolidated structured entities refer to structured entities that are not controlled by the Group. The Group has determined that all of its investments in other funds ("Investee Funds") are investments in unconsolidated structured entities.

The Group's transactions in these structured entities are for investment opportunities as well as to facilitate client transactions, whose objectives range from achieving medium to long term capital growth. The Investee Funds are managed by related asset managers and apply various investment strategies to accomplish their respective investment objectives.

The Group holds redeemable shares/units in each of its Investee Funds. There is a dedicated team in the Group to perform due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager before making investment decisions and introducing to policyholders, in the case of the investment-linked fund. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Group's investment in each of the Investee Funds.

The Group's maximum exposure to loss from its interests in Investee funds is equal to the total fair value of its investments in investee funds, less policy liabilities, in the case of the investment-linked fund.

The Group does not provide financial or other support to any Investee Funds.

The following table summarises the carrying value of the assets recognised in the Group's consolidated financial statements relating to the interest in unconsolidated structured entities in the various insurance funds:

	2021 $'000	2020 $'000
Group		
Investments at fair value through profit or loss		
Participating fund	2,909,087	2,644,023
Non-participating fund	530,833	160,768
Unit-linked	5,711	498,455
	3,445,631	3,303,246

32 Contingent liabilities

As at 31 December 2021, the Group had obligations to banks for bankers' guarantees issued by the banks to third parties as collateral for the lease of office premises of $681,920 (2020: $848,163), $250,000 (2020: $250,000) to the Ministry of Health for the Eldershield Scheme, $580,083 (2020: $580,083) to the Ministry of Defence and Ministry of Home Affairs for the MINDEF and MHA Group Insurance Scheme and $2,030,000 (2020: $992,000) for commercial insurance scheme.

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33 Amount due to MOH

In 2018, one of the Group entities entered into an Agreement To Transfer with the Ministry of Health ("MOH") to transfer the ElderShield portfolio (both liabilities and the corresponding assets backing these liabilities) to the MOH at a later date. The transaction has been accounted for as a 100% quota share reinsurance arrangement from 1 January 2018.

34 Comparative information

The consolidated financial statements for the financial period from 17 July 2020 (date of incorporation) to 31 December 2020 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements on 30 April 2021.