KPMG

Singapore Life Holdings Pte. Ltd.
and its subsidiaries
Registration Number: 202020546N

Annual Report
Year ended 31 December 2022

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 2022.

In our opinion:

(a) the financial statements set out on pages FS1 to FS90 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 2022 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 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:

Raymond John Ferguson	
Phau Yee Meng Pearlyn – Chief Executive Officer	
Shirish Moreshwar Apte	
Kenji Yoneda	
Dominic John Picone	
Nirmala Menon Y B Menon	
Teh Kok Peng	
Maya Hari	
Randy Lianggara	
Yap Chee Keong	
Mel Gerard Carvill	
Michael Alan Spencer	Appointed on 1 July 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.

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
Direct and deemed interest in ordinary shares of Singapore Life Holdings Pte. Ltd.		
Raymond John Ferguson	1,063,971	988,843
Phau Yee Meng Pearlyn	132,538	132,538
Michael Alan Spencer	38,951,942	38,951,942
Mel Gerard Carvill	–	66,270
Teh Kok Peng	–	110,448
Maya Hari	–	29,820
Shirish Moreshwar Apte	–	165,672
Walter Mark De Oude	10,742,913	–
Direct interest in share options of Singapore Life Holdings Pte. Ltd.		
Raymond John Ferguson	1,104,484	1,104,484
Phau Yee Meng Pearlyn	3,666,888	3,666,888
Mel Gerard Carvill	–	33,135
Teh Kok Peng	–	55,224
Maya Hari	–	14,910
Shirish Moreshwar Apte	–	82,836
Walter Mark De Oude	927,767	927,767

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.

Except as disclosed under the 'Share options' section of this statement, 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.

Share options

During the financial year, there were:

(i) ordinary share options granted by the holding company. These share options will vest over five years and gives option holders the opportunity to purchase the shares of the holding company at a pre-determined exercise price. The share options will lapse ten years after grant date.

(ii) no shares issued by virtue of options exercised to take up unissued shares of the Company or its subsidiaries.

At the end of the financial year, details of the options granted under the share option scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share $	Options outstanding at 1 January 2022	Options granted	Option outstanding at 31 December 2022	Number of option holders at 31 December 2022	Exercise period
1 March 2021	4.527	927,767	–	927,767	1	Until 28 Feb 2031
22 Apr 2021	4.527	1,104,484	–	1,104,484	1	Until 21 April 2031
19 July 2021	4.527	3,666,888	–	3,666,888	1	Until 18 July 2031
4 April 2022	4.527	–	186,105	186,105	4	Until 3 April 2032

Auditors

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

On behalf of the Board of Directors

DocuSigned by:
EFF6C1DCC8A8488...

Raymond John Ferguson
Director

DocuSigned by:
Pearlyn Phau
BE7E8203E551450...

Phau Yee Meng Pearlyn
Director
28 April 2023

KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Members of the Company
Singapore Life Holdings Pte. Ltd. and its subsidiaries

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Life 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 2022, the consolidated statements of comprehensive income, changes in equity and cash flows of the Group and the statement of changes in equity of the Company 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 FS90.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity 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 2022 and of the consolidated financial performance, changes in equity and 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.

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 2022, the Group has $10.0 billion (2021: $10.6 billion) of life insurance contract liabilities, which represents 81.6% (2021: 77.9%) 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 independent and in-house actuarial experts to develop 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);

- 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 21 *Insurance contract liabilities*, Note 22(a) *Insurance contract liabilities and reinsurance assets - Assumptions and sensitivities* and Note 28 *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>Impairment of goodwill and intangible assets</u>

Arising from its business acquisitions of subsidiaries in 2020, the Group has recognised goodwill and intangible assets of $132 million and $2.2 billion respectively based on the purchase price allocation completed involving independent valuation consultants and actuaries. As at 31 December 2022, the carrying amount of goodwill and intangible assets on the Group's balance sheet amounted to $132 million and $1.7 billion respectively. Intangible assets comprises mainly of the acquired value of in-force business.

In performing the impairment assessment of the carrying amount of goodwill, significant judgement is made by management in estimating the recoverable amounts of the relevant cash generating units ("CGUs"). The Group applies a market approach to estimate the fair value less costs of disposal by considering the market prices of comparable businesses in the industry.

We assessed the appropriateness of management's identification of the Group's CGUs and methodology used in the estimation of recoverable amounts We also performed an independent assessment on the recoverable amount of the goodwill and intangible assets and compared that with management's assessment.

For the intangible assets, management had assessed and concluded that there were no indicators of impairment.

Based on our work performed and the evidence obtained, we found the methodologies and assumptions used by management to be appropriate. The related disclosures 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.

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.

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.

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
28 April 2023

Consolidated statement of comprehensive income
Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Gross premiums written		3,480,106	3,774,144
Outward reinsurance premiums		(1,622,578)	(427,756)
Net premiums written		1,857,528	3,346,388
Gross change in unearned premiums and unexpired insurance risks		12,334	2,337
Reinsurers' share of change in unearned premiums and unexpired insurance risks		(3,238)	4,084
Net premiums earned		1,866,624	3,352,809
Net investment and other income	6	206,553	203,129
Share of profit of associates		–	963
Net realised (loss)/gain on sale of investments at fair value through profit or loss		(47,125)	135,588
Net realised (loss)/gain on sale of available-for-sale investments		32,771	–
Net fair value loss on investments at fair value through profit or loss		(1,523,194)	(75,165)
Loss on disposal of available-for-sale financial assets		–	(5,805)
Net realised (loss)/gain on derivatives		(118,331)	19,040
Net fair value gain/(loss) on derivatives		49,470	(156,895)
Total income		466,768	3,473,664
Gross insurance contract benefits and claims paid		(2,478,904)	(2,533,237)
Reinsurers' share of insurance contract benefits and claims paid		572,353	139,196
Gross change in insurance contract liabilities		1,099,383	(113,741)
Reinsurers' share of change in insurance contract liabilities		704,073	(252,236)
Net insurance contract benefits and claims incurred		(103,095)	(2,760,018)
Commission expense		(337,451)	(398,690)
Commission income		73,177	81,802
Reinsurance commission income		1,131,674	54,009
Net commission income/(expense)		867,400	(262,879)

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

Consolidated statement of comprehensive income (continued)
Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Staff costs:			
- Salaries bonuses and other employee benefits		(155,880)	(151,037)
- Central Provident Fund contributions		(15,008)	(12,064)
- Share-based payments expenses	25	(5,401)	(13,490)
Depreciation of property, plant and equipment	10	(16,745)	(27,046)
Amortisation of intangible assets	11	(566,429)	(149,842)
Financing costs	20	(41,027)	(35,816)
Interest expense on lease liabilities	10	(1,006)	(1,107)
Other operating expenses	7	(199,178)	(156,925)
Other expenses		(1,000,674)	(547,327)
Total expenses		(236,369)	(3,570,224)
Profit/(loss) before tax		230,399	(96,560)
Tax attributable to policyholders' returns		52,724	(21,284)
Profit/(loss) before tax attributable to shareholders		283,123	(117,844)
Tax expense	8(a)	26,993	(20,295)
Less: Tax attributable to policyholders' returns		(52,724)	21,284
Tax credit attributable to shareholders' profits		(25,731)	989
Net profit/(loss) for the financial year		257,392	(116,855)
Attributable to:			
- Shareholders		262,404	(112,818)
- Non-controlling interests		(5,012)	(4,037)
Net profit/(loss) for the financial year		257,392	(116,855)
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		(196)	(11,283)
Exchange differences on translation of foreign operations		(1,246)	7
Remeasurement loss on retirement benefit		57	–
		(1,385)	(11,276)
Total comprehensive income for the financial year		256,007	(128,131)
Attributable to:			
- Shareholders		261,711	(123,648)
- Non-controlling interests		(5,704)	(4,483)
		256,007	(128,131)

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

Statement of financial position
As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Investments in subsidiaries	9	–	–	3,229,149	3,208,761
Goodwill	11	131,973	131,973	–	–
Property, plant and equipment	10	53,247	48,606	–	–
Intangible assets	11	1,636,112	2,161,042	–	–
Policy loans	17	66,272	60,699	–	–
Investments at fair value through profit or loss	13	4,770,955	4,917,530	–	–
Reinsurers' share of insurance contract liabilities	21	613,632	290,615	–	–
Deferred tax assets		3,037	3,000	–	–
Other receivable	17	1,665	14,066	–	–
		7,276,893	7,627,531	3,229,149	3,208,761
Current assets					
Cash and cash equivalents	12	369,804	498,492	3,669	57,190
Investments at fair value through profit or loss	13	5,527,560	6,450,511	–	–
Available-for-sale financial assets	15	–	259,053	–	–
Derivative financial assets	14	237,733	50,995	–	–
Insurance receivables	16	169,770	143,907	–	–
Other receivables	17	114,069	106,500	17,172	11,600
Reinsurers' share of insurance contract liabilities	21	652,635	274,817	–	–
Prepayments		22,668	23,160	–	–
Deferred acquisition costs	23	1,576	1,804	–	–
		7,095,815	7,809,239	20,841	68,790
Current liabilities					
Insurance payables	18	475,264	462,817	–	–
Derivative financial liabilities	14	34,861	5,637	–	–
Other payables	19	229,546	157,884	10,539	9,723
Insurance contract liabilities	21	1,805,449	2,400,292	–	–
Current tax payable		149,161	37,954	–	–
Lease liabilities		12,046	22,469	–	–
		2,706,327	3,087,053	10,539	9,723
Net current assets/ (liabilities)		4,389,488	4,722,186	10,302	59,067
Non-current liabilities					
Insurance contract liabilities	21	8,229,188	8,744,757	–	–
Deferred tax liabilities	8(c)	654,240	808,666	–	–
Derivative financial liabilities	14	144,641	36,597	–	–
Lease liabilities		23,917	15,658	–	–
Debt issued	20	543,059	542,207	543,059	542,207
Other payable	19	277	–	–	–
Bank loan	20	–	334,601	–	334,601
		9,595,322	10,482,486	543,059	876,808

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

Statement of financial position
As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Net assets		2,071,059	1,867,231	2,696,392	2,391,020
Equity					
Share capital and other capital	24	2,338,424	2,338,424	2,338,424	2,338,424
Fair value reserve		–	(11,163)	–	–
Translation reserve		(1,829)	2,010	–	–
Retirement benefit reserve		13	(33)	–	–
Share based compensation reserve		17,152	21,406	16,393	11,518
Merger reserve		(320,252)	(320,252)	–	–
Accumulated profits/(losses)		40,247	(164,295)	341,575	41,078
Shareholders' equity		2,073,755	1,866,097	2,696,392	2,391,020
Non-controlling interests		(2,696)	1,134	–	–
Total equity		2,071,059	1,867,231	2,696,392	2,391,020

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

Consolidated statement of changes in equity
Year ended 31 December 2022

		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 compensa-tion 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	24	600	–	–	–	–	–	–	600	–	600
Employee share plan											
- Value of employee services		–	–	–	–	20,692	–	–	20,692	–	20,692
Distributions to perpetual securities holders	24	–	–	–	–	–	–	(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.

Consolidated statement of changes in equity (continued)
Year ended 31 December 2022

	Note	Attributable to equity holders of the Company									
		Share capital and other capital $'000	**Fair value reserve $'000**	**Translation reserve $'000**	**Retirement benefit reserve $'000**	**Share based compensa-tion reserve $'000**	**Merger reserve $'000**	**Retained earning/ accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Group											
At 1 January 2022		2,338,424	(11,163)	2,010	(33)	21,406	(320,252)	(164,295)	1,866,097	1,134	1,867,231
Net profit for the financial year		–	–	–	–	–	–	262,404	262,404	(5,012)	257,392
Other comprehensive income for the financial year		–	(128)	(608)	43	–	–	–	(693)	(692)	(1,385)
Net change reserve to accumulated profits/(losses)		–	41,933	(1,734)	–	3,521	–	(43,720)	–	–	–
Realise in current year profits/(losses)		–	(30,642)	–	–	–	–	–	(30,642)	–	(30,642)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of additional shareholding in subsidiary		–	–	–	–	–	–	(383)	(383)	(949)	(1,332)
Transfer of pre-acquisition prepayment adjustment into retained earning/(accumulated losses)		–	–	–	–	–	–	1,682	1,682	–	1,682
Reversal of prior year reserve		–	–	–	3	–	–	312	315	–	315
Dividends declared		–	–	–	–	–	–	(15,753)	(15,753)	–	(15,753)
Additional investment in subsidiary by the Group and NCI		–	–	(1,497)	–	–	–	–	(1,497)	2,823	1,326
Employee share plan											
- Value of employee services		–	–	–	–	5,401	–	–	5,401	–	5,401
- Settlement of share		–	–	–	–	(13,176)	–	–	(13,176)	–	(13,176)
At 31 December 2022		2,338,424	–	(1,829)	13	17,152	(320,252)	40,247	2,073,755	(2,696)	2,071,059

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

Statement of changes in equity
Year ended 31 December 2022

	Note	Share capital and other capital $'000	Share based compensation reserve $'000	Accumulated (losses)/ profits $'000	Total equity $'000
Company					
At 1 January 2021		2,337,824	–	(31,529)	2,306,295
Net loss for the financial year		–	–	86,980	86,980
Transactions with shareholders of the Company, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	24	600	–	–	600
Distributions to perpetual securities holders		–	–	(14,373)	(14,373)
Employee share plan	24	–	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
At 1 January 2022		2,338,424	11,518	41,078	2,391,020
Net profit for the financial year		–	–	316,250	316,250
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Distributions to perpetual securities holders		–	–	(15,753)	(15,753)
Employee share plan		–	4,875	–	4,875
		–	4,875	(15,753)	(10,878)
At 31 December 2022		2,338,424	16,393	341,575	2,696,392

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

Consolidated statement of cash flows
Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit/(loss) after tax		257,392	(116,855)
Adjustments for:			
Income tax expense		(26,993)	20,295
Allowance for impairment of insurance and other receivables	16	206	298
Loss on disposal of available-for-sale financial assets		–	5,805
Net change in unearned premiums and unexpired insurance risk	21(b)	(9,096)	(6,421)
Net insurance contract benefits and claims		(1,802,152)	361,252
Depreciation of property, plant and equipment and amortisation of intangible assets	10,11	583,174	176,888
Loss on disposal of property, plant and equipment and intangible assets		38	5,565
Loss on lease modifications		414	859
Share of profits of associates		–	(963)
Net realised loss/(gain) on sale of derivatives and investments at fair value through profit or loss		132,685	(154,629)
Net fair value loss on derivatives and investments at fair value through profit or loss		1,473,724	233,883
Share-based payments expense	25	5,401	13,490
Interest income	6	(155,617)	(149,107)
Interest expense		42,033	36,923
Dividend income	6	(53,840)	(48,371)
Operating cash flows before changes in operating assets/liabilities		447,369	378,912
Changes in operating assets/liabilities:			
Policy loans		(5,573)	(620)
Insurance receivables and deferred acquisition cost		(25,634)	1,995
Other receivables and prepayments		(4,500)	(4,629)
Insurance payables		12,447	26,538
Other payables		23,057	(474,321)
Cash generated from/(used in) operating activities		447,166	(72,125)
Income tax paid		(16,263)	(39,288)
Interest paid		(23,457)	(29,376)
Net cash generated from/(used in) operating activities		407,446	(140,789)

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

Consolidated statement of cash flows (continued)
Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from investing activities			
Interest received		155,617	149,107
Dividends received		53,840	48,371
Purchase of property, plant and equipment	10	(13,689)	(4,011)
Purchase of intangible assets	11	(41,502)	(5,250)
Purchases of investments		(468,150)	(370,563)
Proceeds from sale of investments		140,720	128,895
Net cash flows used in investing activities		(173,164)	(53,451)
Cash flows from financing activities			
Issue of ordinary shares		–	600
Distributions paid		(15,753)	(14,373)
Proceeds from issue of debts		–	1,210
Proceeds from bank loan		–	3,931
Repayment of bank loan		(334,601)	–
Principal payment of lease liabilities		(12,616)	(14,882)
Net cash used in financing activities		(362,970)	(23,514)
Net decrease in cash and cash equivalents		(128,688)	(217,754)
Cash and cash equivalents at the beginning of the year		498,492	716,246
Cash and cash equivalents at the end of the year	12	369,804	498,492

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

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 .

1 Domicile and activities

Singapore Life 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.

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 life and general 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 16 of the Insurance Act and the Group continues to be able to meet the solvency requirement of Section 17 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.

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.

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 2022:

- *Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021*
- *Amendments to SFRS(I) 3: Reference to the Conceptual Framework*
- *Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to SFRS(I) 2018-2020*

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

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.

(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) Acquisitions from entities under common control

The assets and liabilities acquired through business combinations with entities that are under the control of the shareholder that controls the Group are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

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 30.

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.

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 15), 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.

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.

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.

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 of disposal. 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.

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.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

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.

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 11.

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.

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.

(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.

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.

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 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.

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.

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 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.

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.

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.

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.

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 are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. However, the Group has not early adopted the new standards in preparing these consolidated financial statements.

Adoption of SFRS(I) 17 and IFRS 9

The Group will apply and IFRS 9 for the first time on 1 January 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

Although the SFRS(I) 17 implementation project has made significant progress, the Group has assessed that it is not practicable to provide reliable estimates of the quantitative impact on the Group's results and financial position for the 2022 Annual Report. Further:

- the Group is continuing to refine the new accounting processes and internal controls required for applying SFRS(I) 17;
- the Group has not finalised the testing and assessment of controls over its new IT systems and changes to its governance framework; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Group finalises its first financial statements that include the date of initial application.

SFRS(I) 17 Insurance Contracts

SFRS(I) 17 replaces SFRS(I) 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

(i) Identifying contracts in the scope of SFRS(I) 117

SFRS(I) 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with DPF (discretionary participation features).

When identifying contracts in the scope of SFRS(I) 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Group does not expect significant changes arising from the application of these requirements.

The Group has not identified any investment contracts with DPF.

(ii) Level of aggregation

Under SFRS(I) 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;

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

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established in a similar manner as underlying insurance contracts.

The level of aggregation requirements of SFRS(I) 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin (CSM), against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under SFRS(I) 4 (i.e. portfolio of contracts level), the level of aggregation under SFRS(I) 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

(iii) Contract boundaries

Under SFRS(I) 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Group expects that for certain contracts, the SFRS(I) 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the ‘coverage period’, which is relevant when applying a number of requirements in SFRS(I) 17.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

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

Some term life and critical illness contracts issued by the Group have annual terms that are guaranteed to be renewable each year. Currently, the Group includes the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts to be within the contract boundary. Under SFRS(I) 17, the cash flows related to future renewals of these contracts will be outside the contract boundary, as the Group has the practical ability to reassess the risks of the policyholders either at individual contract or portfolio level.

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group has a substantive obligation to pay premiums to the reinsurer and has a substantive right to receive services from the reinsurer.

A substantive obligation to pay premiums to the reinsurer ends when the Group has a substantive right to terminate the coverage:

- without requirement of repayment of any recapture fee; and
- not upon any conditions due to action performed by the reinsurer or other conditions out of the Group's control.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Some of the Group's quota share reinsurance contracts cover underlying contracts issued within the annual term on a risk-attaching basis and provide unilateral rights to both the Group and the reinsurer to terminate the attachment of new underlying contracts at any time by giving three months' notice to the other party. Currently, the measurement of these reinsurance contracts generally aligns with that of the underlying contracts and considers only underlying contracts already ceded at the measurement date. However, under SFRS(I) 17 cash flows arising from underlying contracts expected to be issued and ceded after the measurement date, in addition to those arising from underlying contracts already ceded, may be within the boundaries of the reinsurance contracts and may have to be considered and estimated in their measurement.

(iv) Measurement – Overview

SFRS(I) 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts that are substantially investment-related service contracts under which the Group promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All insurance contracts in the Participating segment are expected to be classified as direct participating contracts.

All other insurance contracts and all reinsurance contracts are expected to be classified as contracts without direct participation features.

Premium allocation approach (PAA)

The PAA is an optional simplified measurement model in SFRS(I) 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. The Group does not expect to apply the PAA to any insurance or reinsurance contracts.

(v) Measurement

Insurance contracts

On initial recognition, the Group will measure a group of contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of contracts do not reflect the Group's non-performance risk.

- The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario will be discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group will use stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for variables such as interest rates and equity returns.

- All cash flows will be discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts. Cash flows that vary based on the returns on any underlying items will be adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling, the cash flows will be discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

- The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that the Group would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

- The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, the group is not onerous if the total of the following is a net inflow:

  a) the fulfilment cash flows;
  b) any cash flows arising at that date; and
  c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows; see below).

In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. If the total is a net outflow, then the group is onerous and the net outflow is generally recognised as a loss in profit or loss; a loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

- The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

- The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future service.

Reinsurance contracts

The Group will apply the same accounting policies to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in the reinsurance finance income and expense in profit or loss.

The risk adjustment for non-financial risk will represent the amount of risk being transferred by the Group to the reinsurer.

The CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured such that no income or expense arises on initial recognition, except that the Group will:

- recognise any net cost on purchasing reinsurance coverage immediately in profit or loss as an expense if it relates to insured events that occurred before the purchase of the group; and
- recognise income when it recognises a loss on initial recognition of onerous underlying contracts if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. A loss-recovery component is created, which determines the amounts that are subsequently disclosed as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

The CSM is adjusted subsequently only for specified amounts and is recognised in profit or loss as services are received.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Under SFRS(I) 17, for Life contracts, insurance acquisition cash flows are allocated to groups of contracts using systematic and rational methods.

Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract) are allocated only to that group and to the groups that will include renewals of those contracts. The allocation to renewals will only apply to certain health contracts that have a one-year coverage period. The Group expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals will be based on the manner in which the Group expects to recover those cash flows.

Under SFRS(I) 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts. The Group expects that a majority of assets for insurance acquisition cash flows will relate to the renewals of health contracts, as described above. These assets will be presented in the same line item as the related portfolio of contracts and derecognised once the related group of contracts has been recognised. This differs from the Group’s current accounting practice for deferred acquisition cost as described in note 3.10.

SFRS(I) 17 will require the Group to assess at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired. If it is impaired, then the Group will:

a) recognise an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
b) if the asset relates to future renewals, recognise an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Group will reverse any impairment losses in profit or loss and increase the carrying amount of the asset to the extent that the impairment conditions have improved.

(vi) Measurement – Significant judgements and estimates

Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group will take into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics. The Group will generally allocate insurance acquisition cash flows to groups of contracts based on premiums and number of new business contracts for each group, claims handling costs based on the claims amount incurred for each group, and maintenance and administration costs based on premiums and number of in-force contracts in each group.

Discount rates

The Group will generally determine risk-free discount rates using the observed government bond yields. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes to long-term expectations. To reflect the liquidity characteristics of the contracts, the risk-free yield curves will be adjusted by an illiquidity premium. Illiquidity premiums will generally be determined by comparing the spreads on corporate bonds with the costs of credit default swaps with matching critical terms for the same issuer.
The requirement to measure liabilities for insurance contracts using current discount rates will be a significant change from the Group's current practice. For Life contracts, the illiquidity premium applied under SFRS(I) 17 is different from SFRS(I) 4. For Non-life contracts, the Group does not currently discount future cash flows.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk will be determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. They will be determined separately for the Life and Non-life contracts by contract level. They reflect the effects of the diversification benefits between different line of business, which will be determined using a correlation matrix technique.

The risk adjustments for non-financial risk will be determined using a confidence level technique.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group will apply the same approach used for the underlying contracts on the cash flows attributable to reinsurance.

Applying a confidence level technique, the Group will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level will be 75 percent for Non-life, Group business, Accident and Health contracts and 80 percent for Life contracts.

CSM

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

In general, the Group will determine the quantity of the benefits provided under each contract as follows.

Product	**Basis for determining quantity of benefits provided**
• Term life • Non-participating whole-life	• Sum assured payable on death
• Additional critical illness and other coverage	• Maximum amount payable (including any premiums waived) upon the insured event
• Annuity	• Maximum amount (death benefit or annuity payment) payable in the period ** For deferred annuity, the quantity during accumulation phase shall be death benefit.*
• Universal life • Traditional participating • Unit-linked and other investment-linked	• Insurance coverage: net amount at risk (i.e. guaranteed minimum benefits less account value), if any • Investment services: account value ** For traditional participating, the amount is inclusive of bonus payable.*
• Non-life	• Passage of time (i.e. akin to the premium earned pattern)

Product	Basis for determining quantity of benefits provided
• Group business • Accident and Health	
• Quota share reinsurance	• The same basis as the underlying contracts, including expected new underlying contracts within the reinsurance contract boundary
• Excess of loss and stop loss reinsurance	• Expected amount of underlying claims recoverable from reinsurance in each period

For insurance contracts that provide both insurance coverage and investment services, the quantity of benefits used to reflect the services provided shall be the aggregation of those different benefits, with the relative weighting of the benefits provided over the coverage period.

(vii) Presentation and disclosure

SFRS(I) 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Group's consolidated financial statements.

Under SFRS(I) 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under SFRS(I) 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

Insurance service result

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. The requirements in SFRS(I) 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Group's current practice of recognising revenue when the related premiums are written.

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Investment components will not be included in insurance revenue and insurance service expenses under SFRS(I) 17. As a result, the Group expects a significant reduction in the total amounts of revenue and expenses from contracts with investment components compared with those recognised under the current practice. The Group will identify the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. The Group has identified investment component to be the surrender value, maturity value, coupons and annuity payout offered by the contracts less any accrued fees.

Amounts recovered from reinsurers and reinsurance expenses will be presented separately in profit or loss, in the insurance service result.

The Group will disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses in the following manner:

- Changes in risk adjustment for risk expired will be included in the insurance service result, and
- Changes in the risk adjustment for the effect of the time value of money and changes in the time value of money will be included in the insurance finance income or expenses.

Insurance finance income and expenses

Under SFRS(I) 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The Group will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

Disclosure

SFRS(I) 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying SFRS(I) 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts and reinsurance contracts.
Disclosures will generally be made at a more granular level than under SFRS(I) 4, providing more transparent information for assessing the effects of contracts on the financial statements.

(viii) Transition

Changes in accounting policies resulting from the adoption of SFRS(I) 17 will be applied using a full retrospective approach ("FRA") to the extent practicable, except as described below. Under the full retrospective approach, at 1 January 2022 the Group will:

- identify, recognise and measure each group of insurance contracts and reinsurance contracts as if SFRS(I) 17 had always been applied;
- identify, recognise and measure any assets for insurance acquisition cash flows as if SFRS(I) 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022;
- derecognise previously reported balances that would not have existed if SFRS(I) 17 had always been applied (including some deferred acquisition costs, provisions for levies attributable to existing insurance contracts and customer-related intangible assets related to acquired insurance contracts);
- recognise any resulting net difference in equity. The carrying amount of goodwill from previous business combinations will not be adjusted.

If it is impracticable to apply a full retrospective approach to a group of contracts or to an asset for insurance acquisition cash flows, then the Group will choose between the modified retrospective approach ("MRA") and the fair value approach ("FVA"). However, if the Group cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it will apply the fair value approach.

Insurance contracts and reinsurance contracts

The Group will apply the following approaches for transition to SFRS(I) 17:

- Full retrospective approach,
- modified retrospective approach;
- and fair value approach

The Group may consider the full retrospective approach impracticable under any of the following circumstances.

- The effects of retrospective application are not determinable because the information required has not been collected (or has not been collected with sufficient granularity) or is unavailable because of system migrations, data retention requirements or other reasons.
- The full retrospective approach requires assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that cannot be made without the use of hindsight.
- The full retrospective approach may result to undue cost or effort in enhancing the historical actuarial projection model for the historical period year-by-year roll-forward.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Group will apply each of the following modifications only to the extent that it does not have reasonable and supportable information to apply SFRS(I) 17 retrospectively.

Assessments at inception or on initial recognition

The profitability grouping of contracts are performed at contract level. As historical information on profitability grouping under IFRS17 standard is not available, the assessment is done by assuming all products are sold for new business as of transition date.

Where historical information is not available, assessment of identifying discretionary cash flows, investment contracts with DPF and Variable Fee Approach eligibility are to be done and determined as of transition date.

Any liabilities for settlement of claims that are incurred before the contracts were acquired shall be classified under liabilities for incurred claims under IFRS17.

Contracts without direct participation features

The Group will apply the following modifications to certain groups of contracts applying modified retrospective approach.

- The future cash flows on initial recognition will be estimated by adjusting the amount at 1 January 2022 for the cash flows that are known to have occurred before that date.
- The risk adjustment for non-financial risk on initial recognition will be determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk will be determined by comparing the estimated risk adjustment at initial recognition against the risk adjustment at transition date by group of contracts level.

The above modifications are used to determine the CSM or loss component on initial recognition. The amount of the CSM recognised in profit or loss before 1 January 2022 will be determined by comparing the coverage units provided before 1 January 2022 and the remaining coverage units at 1 January 2022. Systematic basis of allocation using historical actual cash flows shall be applied for allocating loss component before the 1 January 2022.

Direct participating contracts

For traditional participating products applying modified retrospective approach, the Group will determine the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group as follows:

- The fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:
  - amounts charged to the policyholders (including charges deducted from the underlying items) before 1 January 2022;
  - amounts paid before 1 January 2022 that would not have varied based on the underlying items;
  - the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022; and
  - insurance acquisition cash flows arising before 1 January 2022 that are allocated to the group.

If the calculation results in a CSM, then the Group will measure the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 will be determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022.

If the calculation results in a loss component, then the Group will adjust the loss component to zero and increase the liability for remaining coverage excluding the loss component by the same amount at 1 January 2022.

Reinsurance of onerous underlying contracts

For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group will establish a loss-recovery component at 1 January 2022. For groups of reinsurance contracts measured under the modified retrospective approach, the Group will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2022.

Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2022 will be determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. The Group will measure the fair value of the contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional market premium, determined using cost of capital under Traditional Embedded Value valuation method.

The cash flows considered in the fair value measurement will be consistent with those that are within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts will not be considered in determining the fair value of those contracts if they are outside the contract boundary. The present value of the future cash flows considered in measuring fair value will be broadly consistent with that determined in measuring the fulfilment cash flows. The Group's own non-performance risk will be considered when measuring the fair value of liabilities but not when measuring the fulfilment cash flows. In terms of management expenses, full Group level expenses are considered when measuring fair value of liabilities; while for measuring the fulfilment cash flows only IFRS17 attributable expenses are considered.

Differences in the Group’s approach to measuring fair value from the SFRS(I) 17 requirements for measuring fulfilment cash flows will give rise to a CSM at 1 January 2022. In particular, in measuring fair value the Group will include a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining this margin, the Group will consider certain costs that are not directly attributable to fulfilling the contracts (e.g. general overheads) and certain cost of capital that were not reflected in the fulfilment cash flows (e.g. additional capital investment to fulfill statutory solvency requirement), among other factors that a market participant would consider.

For all contracts measured under the fair value approach, the Group will use reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract;
- how to identify discretionary cash flows for contracts without direct participation features; and
- whether an investment contract meets the definition of an investment contract with DPF.

Some groups of contracts measured under the fair value approach will contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition will be determined at 1 January 2022 instead of at the date of initial recognition.

For groups of reinsurance contracts covering onerous underlying contracts, the Group will establish a loss-recovery component at 1 January 2022. The Group will determine the loss-recovery component with reference to the amount of the loss component that relates to the underlying contracts at 1 January 2022.

Insurance acquisition cash flows

For health contracts, the Group will apply the modified retrospective approach to identify, recognise and measure certain assets for insurance acquisition cash flows at 1 January 2022.

It is impracticable to apply the full retrospective approach in these cases because:

- data has not been collected with sufficient granularity; or

- original assumptions about the manner in which the Group would have expected insurance acquisition cash flows to be recovered, which are required to allocate them to renewals, cannot be made without the use of hindsight.

Modified retrospective approach

Under the modified retrospective approach, the Group will identify any insurance acquisition cash flows arising before 1 January 2022 that do not relate to contracts that ceased to exist before that date. These cash flows will be allocated, using systematic and rational methods, to:

- groups of contracts recognised at 1 January 2022 (which will adjust the CSM of those groups if they are measured using the modified retrospective approach); and

- groups of contracts expected to be recognised after 1 January 2022 (which will be recognised as assets for insurance acquisition cash flows).

In some cases, the Group does not have reasonable and supportable information to identify the relevant insurance acquisition cash flows. The adjustments to the CSM of groups of contracts recognised at 1 January 2022 and the assets for insurance acquisition cash flows for expected future groups will be determined to be zero.

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.

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 2 and fair value changes for the year ended 31 December 2:

	Fair value as at 31 December 2022 $'000	**Fair value changes for the year ended 31 December 2022 $'000**
Financial assets that are managed and whose performance are evaluated on a fair value basis	10,298,516	(1,523,194)
Financial assets that met SPPI criteria and not held for trading or managed on a fair value basis	1,987,848	–
Other financial assets	237,733	(72,314)
	12,524,097	(1,595,508)

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 22 for estimates, assumptions and judgements made over insurance contract liabilities and Note 27 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 2022, there is no objective evidence that the investment in associate is impaired.

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. In 2021, the Group 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.

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 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.

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					
2022					
Net earned premiums					
External customers	1,866,624	–	1,866,624	–	1,866,624
Net commissions income					
External customers	–	(51,475)	(51,475)	–	(51,475)
Inter-segment	–	86,435	86,435	(86,435)	–
Total	1,866,624	34,960	1,901,584	(86,435)	1,815,149
Income/(expense)					
Employee benefits expenses	(138,010)	(38,278)	(176,288)	–	(176,288)
Depreciation and amortisation	(16,766)	(8,898)	(25,664)	(557,510)	(583,174)
Net investment income	(1,411,983)	384,379	(1,027,604)	(372,253)	(1,399,857)
Net insurance contract benefits ad claims incurred	(103,095)	–	(103,095)	–	(103,095)
Net commission income	832,439	–	832,439	86,435	918,874
Other operating expenses	(164,166)	(81,299)	(245,465)	4,253	(241,212)
Segment gains/(losses)	865,043	290,864	1,155,907	(925,510)	230,397
Total assets	12,774,469	3,411,248	16,185,717	(1,813,008)	14,372,709
Total liabilities	11,579,650	664,049	12,243,699	57,951	12,301,650
2021					
Net earned premiums					
External customers	3,352,809	–	3,352,809	–	3,352,809
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 and 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

The segments above only include operating entities, as the Group is solely a financial holding company 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

	2022 $'000	2021 $'000
Gross written premiums from external customers		
Singapore	3,475,582	3,771,441
Philippines	4,524	2,703
Total	3,480,106	3,774,144

6 Net investment and other income

	At FVTPL $'000	Loans and receivables $'000	Others $'000	Total $'000
Group				
2022				
Dividend income	53,840	–	–	53,840
Interest income from:				
- Bonds and loan stocks	91,188	–	–	91,188
- Government and public authority securities	59,726	–	–	59,726
- Policy loans and bank deposits	378	4,187	18	4,583
- Loan to a subsidiary	–	120	–	120
Exchange gain/(loss) – net	10,683	–	(2,574)	8,109
Government grant	–	–	2,362	2,362
Other income	–	–	17,064	17,064
Gross investment and other income	215,815	4,307	16,870	236,992
Less: Investment expenses and other charges	(28,254)	(2,128)	(57)	(30,439)
Net investment and other income	187,561	2,179	16,813	206,553

	At FVTPL $'000	Loans and receivables $'000	Others $'000	Total $'000
Group				
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

7 Other operating expenses

Other operating expenses comprise the following:

	Note	2022 $'000	2021 $'000
Group			
IT expenses		45,267	28,783
Allowance for impairment of insurance receivables	16	206	298
Advertising and promotion expenses		51,797	38,051
Professional and consultancy fees		45,285	35,130
Auditors' remuneration - audit services		2,630	2,177
Auditors' remuneration – non audit services		415	207
Directors fees		2,119	1,777
Office and rental expenses		7,772	28,638
Recharges from related companies		7,250	14,492
Recharges from subsidiaries		–	515
Recharges to related companies		(25)	(40)
Recharges to third party		–	(5,065)
Other expenses		36,462	11,962
Other operating expenses		199,178	156,925

8 Income tax expense

(a) Major components of income tax expense

	2022 $'000	2021 $'000
Group		
Current income tax		
- Current taxation	54,359	6,910
- (Over)/under provision in respect of prior years	(21,703)	2,159
Deferred income tax		
- Origination and reversal of temporary differences	(59,649)	11,226
Income tax expense recognised in the statement of comprehensive income	(26,993)	20,295

(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 2022 and 2021 are as follows:

	2022 $'000	2021 $'000
Accounting profit/(loss) before tax	230,399	(96,560)
Tax expense on profit/(loss) before tax at 17% (2021:17%)	39,168	(16,415)
Adjustments:		
(Over)/under provision in respect of prior years	(21,703)	2,159
Non-deductible expenses	5,367	13,534
Income not subject to taxation	(8,104)	(3,318)
Effect of difference in tax basis on participating fund	18,755	8,669
Effect of applying 10% concessionary rate on income from qualifying debt securities	(1,094)	(1,056)
Deferred tax asset arising from tax losses not recognised	14,078	5,819
Tax credit on undistributed surplus	(58,169)	11,438
Utilisation of previously unrecognised tax losses	–	(521)
Group relief	(4,526)	–
Utilisation of loss transferred from amalgamation	(10,757)	–
Others	(8)	(14)
Tax expense	(26,993)	20,295

(c) Deferred tax assets and liabilities

	Statement of financial position		Statement of comprehensive income	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Group				
Deferred tax liabilities				
- To be settled after one year	654,240	808,666	154,426	12,755
Net deferred tax liabilities	654,240	808,666		
Deferred tax expense			154,426	12,755

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 (2021: $92,670,973) ("tax loss items") arising from one of its subsidiaries, Singlife Financial Pte. Ltd. ("SFPL"). 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. SFPL entered into a Scheme of Transfer with a fellow subsidiary, Singapore Life Ltd. ("SLL") 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 SFPL will be allowed to be utilised in SLL. 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	
	2022 $'000	2021 $'000
Equity investments at cost		
At the beginning of financial year	3,208,761	3,166,406
Movement during the financial year		
- Capital injection	20,388	–
- Acquisitions	–	42,355
At the end of the financial year	3,229,149	3,208,761
Investments in subsidiaries - net	3,229,149	3,208,761

On 5 May 2022 and 28 December 2022, the Company acquired an additional 2,600,000 shares and 5,600,000 shares in its subsidiary, Singapore Life (Philippines) Inc. with nominal value of 6,891,000 and 13,497,000 respectively.

In prior financial year, on 30 December 2021, SFPL 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, SFPL with nominal value of $15,000,000.

The Group has the following subsidiaries as at 31 December 2022:

Name of companies	Principal activities	Country of business/ incorporation	Percentage of effective equity interest held by the Group 2022 %	2021 %
Held by the Company				
Singapore Life Ltd.	Underwriting general and life insurance businesses	Singapore	100.00	100.00
Singlife Financial Pte. Ltd.	Underwriting life insurance business	Singapore	100.00	100.00
AAPL Divestment Pte. Ltd.	Provision of management services to related companies	Singapore	100.00	100.00
Singapore Life (Philippines) Inc.	Transacting life insurance business	The Philippines	74.40	65.00
Held by Singapore Life Ltd.				
Singlife Financial Advisers Pte. Ltd.	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	100.00	92.42
Held by Professional Advisory Holdings Ltd				
Professional Investment Advisory Services Pte Ltd	Provision of financial advisory services	Singapore	100.00	92.42

10 Property, plant and equipment

	Office equipment $'000	Furniture and fittings $'000	Right-of-use assets $'000	Asset under construction $'000	Total $'000
Group					
Cost					
At 1 January 2021	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
Additions	2,430	5,723	8,180	5,536	21,869
Disposals	(69)	(77)	(6,312)	–	(6,458)
Effect of movements in exchange rates	–	(58)	–	–	(58)
At 31 December 2022	26,745	21,605	134,269	5,536	188,155
Accumulated depreciation					
At 1 January 2021	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
Depreciation charge	2,960	2,035	11,750	–	16,745
Disposals	(58)	(53)	(5,898)	–	(6,009)
Effect of movements in exchange rates	(1)	(23)	–	–	(24)
At 31 December 2022	23,104	12,777	99,027	–	134,908
Carrying amounts					
At 31 December 2021	4,181	5,199	39,226	–	48,606
At 31 December 2022	3,641	8,828	35,242	5,536	53,247

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	
	2022	**2021**
	$'000	**$'000**
At the beginning of the year	39,226	14,891
Additions	8,180	36,757
Lease modifications	(414)	(859)
Depreciation charge	(11,750)	(11,563)
At the end of the year	35,242	39,226

Amounts recognised in profit or loss

	2022	**2021**
	$'000	**$'000**
Interest on lease liabilities	1,006	1,107

Amounts recognised in statement of cash flows

	2022	**2021**
	$'000	**$'000**
Total cash outflow for leases	(12,616)	14,882

11 Intangible assets

	Domain names $'000	**Computer software licenses $'000**	**Distribution rights $'000**	**Acquired value of in-force business $'000**	**Total $'000**
Group					
Cost					
At 1 January 2021	152	61,702	532,100	1,767,000	2,360,954
Additions	–	5,250	–	–	5,250
Disposals	–	(4,871)	–	–	(4,871)
At 31 December 2021	152	62,081	532,100	1,767,000	2,361,333
Additions	–	40,702	800	–	41,502
Disposals	–	(3)	(5,900)	–	(5,903)
At 31 December 2022	152	102,780	527,000	1,767,000	2,396,932

	Domain names $'000	Computer software licenses $'000	Distribution rights $'000	Acquired value of in-force business $'000	Total $'000
Group					
Accumulated amortisation					
At 1 January 2021	30	29,033	8,759	12,627	50,449
Amortisation recognised during the year	14	7,995	53,437	88,396	149,842
At 31 December 2021	44	37,028	62,196	101,023	200,291
Amortisation recognised during the year	–	8,119	53,500	504,810	566,429
Disposal	–	–	(5,900)	–	(5,900)
At 31 December 2022	44	45,147	109,796	605,833	760,820
Carrying amounts					
At 1 January 2021	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
At 31 December 2022	108	57,633	417,204	1,161,167	1,636,112

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 2022 was $41,145,540 (2021: $2,790,000). Amortisation of these costs will only begin once the project goes live.

Goodwill and acquired value in-force business

Goodwill is tested for impairment by comparing the CGU (SLL'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 SLL'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.

12 Cash and cash equivalents

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash and bank balances	350,632	498,488	3,669	57,190
Short term deposit	19,172	4	–	–
	369,804	498,492	3,669	57,190

As at 31 December 2022, the Group pledged no cash collaterals (2021: $nil) for liabilities and held cash collaterals of $61,620,000 (2021: $391,000) for assets in respect of derivative transactions. The Group did not repledge collaterals received.

13 Investments at fair value through profit or loss

Investments designated at fair value through profit or loss:

	2022 $'000	2021 $'000
Group		
Equity securities		
Quoted	3,631,018	4,565,558
Unquoted	467,028	313,705
	4,098,046	4,879,263
Debt securities		
Quoted	6,084,235	6,456,969
Unquoted	116,234	31,809
	6,200,469	6,488,778
Investments at fair value through profit or loss	10,298,515	11,368,041
Current		
Equity securities	4,098,046	4,879,263
Debt securities	1,429,514	1,571,248
	5,527,560	6,450,511
Non-current		
Debt securities	4,770,955	4,917,530
Investments at fair value through profit or loss	10,298,515	11,368,041

Singapore government securities of $122,508,000 (2021: $31,000,000) have been pledged to derivatives counterparties in respect of the derivative agreements (Note 14). 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.

14 Derivative financial instruments

In connection with the derivative agreements with counterparties, the Group posted $122,508,000 of restricted securities (2021: $31,000,000) (Note 14) as collateral to these counterparties at the reporting date.

The Group also held security collateral of $64,507,000 (2021: $115,550,000) 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.

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

	Contract/ notional amount	Fair value	
		Assets	Liabilities
	$	$'000	$'000
Group			
2022			
Currency swaps	42,867	5,900	(152)
Interest rate swaps	1,441,800	–	(144,489)
Currency forward contracts	6,473,351	231,833	(34,861)
Total held for trading assets/(liabilities)		237,733	(179,502)
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)

15 Available-for-sale financial assets

	2022 $'000	2021 $'000
Group		
Unquoted equity securities		
At 1 January	–	5,805
Movement during the year		
- Disposals	–	(17,291)
- Transfer of impairment allowance to equity	–	11,486
At 31 December	–	–
Debt securities		
At 1 January	259,053	297,795
Movement during the year		
- Disposals	(259,053)	(27,459)
- Transfer of impairment allowance to equity	–	(11,283)
At 31 December	–	259,053
Total available-for-sale financial assets	–	259,053

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.

16 Insurance receivables

	2022 $'000	2021 $'000
Group		
Insurance receivables	111,604	127,125
Less: Allowance for impairment	(1,069)	(963)
	110,535	126,162
Due from reinsurers	59,235	17,745
Total insurance receivables	169,770	143,907

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

	Note	2022 $'000	2021 $'000
Group			
Allowance for impairment			
At the beginning of the year		(963)	(743)
Impairment loss	7	(206)	(298)
Writeback		100	78
At the end of the year		(1,069)	(963)

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 $Nil (2021: $1,640,000) that are past due by more than 180 days at the reporting date but not impaired. These receivables are unsecured.

17 Loans and receivables

		Group		Company	
	Note	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
Deposits		4,301	4,262	–	–
Accrued interest receivable		45,222	69,973	–	–
Dividends receivable		2,853	3,628	–	–
Amounts due from subsidiary (non-trade)		–	–	16,393	–
Other receivables		63,358	42,824	779	11,600
Less: Allowance for impairment		–	(121)	–	–
		115,734	120,566	17,172	11,600
Cash and cash equivalents	12	369,804	498,492	3,669	57,190
Policy loans		66,272	60,699	–	–
Total loans and receivables		551,810	679,757	20,841	68,790

Policy loans are secured by the cash value of the life policy and bear interest at a weighted average rate of 5.5% (2021: 6.5%) per annum. Policy loans have no fixed terms of repayment.

18 Insurance payables

	2022 $'000	**2021 $'000**
Group		
Amounts due to agents, brokers and policyholders	43,151	66,778
Amounts due to reinsurers	108,116	57,426
Premium deposits	280,769	293,842
Advance premiums	43,228	44,771
Total insurance payables	475,264	462,817

Insurance payables are non-interest bearing, except for premium deposits and advance premiums which bear an interest rate of 0.4% (2021: 0.8%) per annum. The carrying amounts disclosed above reasonably approximate fair values at year-end.

19 Other payables

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Accrued operating expenses		135,283	93,812	–	–
Sundry creditors		94,540	64,072	10,539	9,723
		229,823	157,884	10,539	9,723
Debt issued	20	543,059	542,207	543,059	542,207
Bank loan	20	–	334,601	–	334,601
Lease liabilities		35,963	38,127	–	–
		579,022	914,935	543,059	876,808
Total financial liabilities carried at amortised cost		808,845	1,072,819	553,598	886,531

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.

20 Financial liabilities

Debts issued

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
3.375% subordinated fixed rate notes	543,059	542,207	543,059	542,207

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 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Unsecured bank loan	–	334,601	–	334,601

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 2022 was nil (2021: 2.62%) per annum.

In 2021, the Group and Company has interest rate risk exposure from the bank loan which the interest from the bank loan was repriced every 6 months. If the interest rate increased or decreased by 50 basis points, it would have decreased the 2021 profit or loss and equity by $1,673,000 and increased the profit or loss and equity by $1,673,000 respectively.

Finance costs

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Interest on debts issued and bank loan	22,451	28,269	22,331	28,149
Amortisation of transaction costs in relation to the debts issued and bank loan	18,576	7,547	18,576	7,547
Total finance costs	41,027	35,816	40,907	35,696

21 Insurance contract liabilities

	Notes	**Insurance contract liabilities $'000**	**Reinsurers' share of insurance contract liabilities $'000**	**Net $'000**
Group				
2022				
Policy liabilities	(a)	9,539,001	(1,122,644)	8,416,357
Provision for unearned premiums and unexpired insurance risks	(b)	189,957	(14,275)	175,682
Provision for claims reported by policyholders	(c)	186,559	(96,927)	89,632
Provision for claims incurred but not reported ("IBNR")	(c)	119,120	(32,421)	86,699
Total insurance contract liabilities - Net		10,034,637	(1,266,267)	8,768,370
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

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

	2022 $'000 Life	2021 $'000 Life
Group		
At 1 January	10,205,569	9,822,744
Increase in net policy liabilities	(1,789,212)	382,825
At 31 December	8,416,357	10,205,569

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

		2022			2021	
	$'000 Life	$'000 Non-life	$'000 Total	$'000 Life	$'000 Non-life	$'000 Total
Group						
At 1 January	165,211	19,567	184,778	175,164	16,035	191,199
Decrease in provision for unearned premiums	(38,102)	29,006	(9,096)	(9,953)	3,532	(6,421)
At 31 December	127,109	48,573	175,682	165,211	19,567	184,778

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

		2022			2021	
	$'000 Life	$'000 Non-life	$'000 Total	$'000 Life	$'000 Non-life	$'000 Total
Group						
At 1 January	169,231	20,039	189,270	192,551	18,292	210,843
Change in outstanding claims	2,030,636	17,750	2,048,386	88,090	1,216	89,306
Movement in IBNR	(8,708)	3,232	(5,476)	3,667	1,504	5,171
Claims paid during the period	(2,039,961)	(15,888)	(2,055,849)	(115,077)	(973)	(116,050)
At 31 December	151,198	25,133	176,331	169,231	20,039	189,270

22 Insurance contract liabilities and reinsurance assets – Assumptions and sensitivities

Integrated Shield products such as MyShield and MyShieldPlus are valued at the higher of the long term or short term insurance provision bases as highlighted below. These are currently valued using the short term insurance provision (2021: short term) basis.

(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 Group's Assumptions Committee and are subject to the committee's approval before these assumptions are adopted in the valuation of the Group's liabilities. Key assumptions are highlighted below:

Mortality and morbidity rates

Mortality and morbidity assumptions will have regard to the Group'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 the Group'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 the Group's Participating Fund liabilities, future cash flows are discounted using the Group's best estimate long-term investment return it expects to earn on its Participating Fund assets.

Expenses and commission rates

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

Assumptions

Mortality	The Group adopted the Limited Fluctuation Method ("LFM"), which is an established credibility based statistical method. The methodology assumptions are thus set by blending the Group'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 the Group'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 the Group'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.

Sensitivities of policy liabilities

	Increase/(decrease) from base		
	Non-participating fund $'000	**Unit-linked fund $'000**	**Total $'000**
2022			
Mortality and Morbidity – Non-annuities			
+ 5%	279	29	308
- 5%	188	(30)	158
Mortality and Morbidity – Annuities			
+ 5%	(1,489)	–	(1,489)
- 5%	1,553	–	1,553
Expenses			
+ 10%	9,175	3,232	12,407
- 10%	(8,283)	(3,008)	(11,291)
Surrender rate			
+ 10%	(33,009)	(284)	(33,293)
- 10%	44,673	312	44,985
Interest rate			
+ 1%	(72,893)	(1,608)	(74,501)
- 1%	115,444	2,143	117,587

	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
Interest rate			
+ 1%	(36,478)	(213)	(36,691)
- 1%	53,636	244	53,880

In accordance with the regulations, the Group 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.

Reinsurance

The Group 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 Deferred acquisition costs

	2022 **$'000**	**2021** **$'000**
Group		
At 1 January	1,804	17,737
Change in deferred acquisition costs	(228)	(15,933)
At 31 December	1,576	1,804

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 2022 and 2021.

24 Share capital and other capital

	Group and Company			
	2022	2021	2022	2021
	No. of shares ‘000	No. of shares ‘000	$’000	$’000
Share Capital				
Ordinary shares				
- Beginning of the year	458,044	457,912	2,078,424	2,077,824
- Shares issued	–	132	–	600
- End of the year	458,044	458,044	2,078,424	2,078,424
Other Capital				
Beginning of the year	–	–	260,000	260,000
6.059% non-cumulative non-convertible perpetual capital securities issued on 30 November 2020	–	–	–	–
End of the year	–	–	260,000	260,000
Share capital and other capital	458,044	458,044	2,338,424	2,338,424

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.

25 Share-based payment arrangements

Employees of certain Group entities are entitled to share-based payments under the 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.

(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 $5,400,523 (2021: $13,490,386).

The average fair value of each share granted at grant date was SGD1.99 (2021: SGD1.81) for MEIP granted by the Group.

The average fair value of each share granted at grant date was nil (2021: nil) for Aviva plc plans.

26 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	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Payment of expenses on behalf by a subsidiary	–	–	358	307
Interest paid/payable for perpetual capital securities to a shareholder	15,753	14,000	15,753	14,000

Key management personnel compensation

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Employee benefits	4,707	12,809	3,596	2,933
Share based payments	1,749	1,828	–	–

27 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				
2022				
Financial assets				
FVTPL				
Equity securities	3,628,741	2,277	467,028	4,098,046
Debt securities	3,824,970	2,375,499		6,200,469
Currency swaps	–	5,900	–	5,900
Currency forward contracts	–	231,833	–	231,833
At 31 December 2022	7,453,711	2,615,509	467,028	10,536,248

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2022				
Financial liabilities				
Currency swaps	–	(152)	–	(152)
Currency forward contracts	–	(34,861)	–	(34,861)
Interest rate swaps	–	(144,489)	–	(144,489)
At 31 December 2022	–	(179,502)	–	(179,502)
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				
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)

During the year, there was no transfer from Level 2 to Level 3 and vice versa (2021: none).

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 1 January 2022	313,705	–	313,705
Total gain for the period			
Change in fair value	14,948	–	14,948
Purchases and sales for the year:			
Purchases	138,375	–	138,375
At 31 December 2022	467,028	–	467,028

	Equities $'000	Available-for-sale $'000	Total $'000
Group			
Financial assets			
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

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 13)	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 13)	Fair value is determined directly by reference to latest Net Asset Value provided by fund administrator and third party broker quotes.

Derivatives (Note 14)	Derivative financial instruments are valued at market prices provided by counterparties, determined by reference to market values for similar instruments.

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

Loans and receivables (Notes 16 and 17), and financial liabilities carried at amortised cost (Notes 18 and 19)	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.

28 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.

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	
	Fixed rate $'000	Floating rate $'000	Non-interest sensitive $'000	Par $'000	Unit-linked $'000	Total $'000	Impact on profit or loss $'000	Impact on equity $'000	Impact on profit or loss $'000	Impact on equity $'000
Group										
2022										
Assets										
Investments at fair value through profit or loss	1,739,920	114,349	3,038	8,075,973	365,235	10,298,515	(102)	(102)	102	102
Derivative financial assets	–	–	28,575	209,155	3	237,733	–	–	–	–
Reinsurers' share of insurance contract liabilities	–	1,220,329	13,750	50,660	(18,472)	1,266,267	–	–	–	–
Insurance receivables	–	–	139,257	19,771	10,742	169,770	–	–	–	–
Other receivables	7,311	104	66,737	40,610	972	115,734	–	–	–	–
Policy loans	–	–	1,212	60,798	4,262	66,272	–	–	–	–
Cash and cash equivalents	19,172	–	232,023	99,726	18,883	369,804	–	–	–	–
	1,766,403	1,334,782	484,592	8,556,693	381,625	12,524,095	(102)	(102)	102	102
Liabilities										
Insurance contract liabilities	–	1,880,369	189,957	7,656,520	307,791	10,034,637	43	43	(53)	(53)
Insurance payables	–	–	169,465	293,692	12,107	475,264	–	–	–	–
Derivative financial liabilities	–	6,917	1,478	171,107	–	179,502	–	–	–	–
Other payables	6,611	–	193,106	24,978	5,128	229,823	–	–	–	–
Debts issued	543,059	–	–	–	–	543,059	–	–	–	–
	549,670	1,887,286	554,006	8,146,297	325,026	11,462,285	43	43	(53)	(53)

							10 basis points higher		10 basis points lower	
	Fixed rate $'000	**Floating rate $'000**	**Non-interest sensitive $'000**	**Par $'000**	**Unit-linked $'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										
Assets										
Investments at fair value through profit or loss	1,791,836	1,557	373,783	8,723,158	477,707	11,368,041	(42,195)	(42,195)	42,899	42,899
Available-for-sale financial assets	259,053	–	–	–	–	259,053	–	–	–	–
Derivative financial assets	1,270	1,673	6,889	41,156	7	50,995	–	–	–	–
Reinsurers' share of insurance contract liabilities	–	505,432	18,303	41,697	–	565,432	–	–	–	–
Insurance receivables	–	–	129,654	14,046	207	143,907	–	–	–	–
Other receivables	8,229	2	67,865	42,224	2,246	120,566	–	–	–	–
Policy loans	–	–	1,368	53,219	6,112	60,699	–	–	–	–
Cash and cash equivalents	–	–	445,928	38,620	13,944	498,492	–	–	–	–
	2,060,388	508,664	1,043,790	8,954,120	500,223	13,067,185	(42,195)	(42,195)	42,899	42,899
Liabilities										
Insurance contract liabilities	–	1,174,370	1,381,496	8,169,383	419,800	11,145,049	18,600	18,285	(18,600)	(18,285)
Insurance payables	–	–	140,991	309,274	12,552	462,817	–	–	–	–
Derivative financial liabilities	–	–	3,361	38,873		42,234	–	–	–	–
Other payables	–	–	142,007	14,990	887	157,884	–	–	–	–
Bank loan	–	334,601	–	–	–	334,601	1,673	1,673	(1,673)	(1,673)
Debts issued	542,207	–	–	–	–	542,207	–	–	–	–
	542,207	1,508,971	1,667,855	8,532,520	433,239	12,684,792	20,273	19,958	(20,273)	(19,958)

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

	Fixed rate $'000	Floating rate $'000	Non-interest sensitive $'000	Par $'000	Unit-linked $'000	Total $'000	50 basis points higher: Impact on profit or loss $'000	50 basis points higher: Impact on equity $'000	50 basis points lower: Impact on profit or loss $'000	50 basis points lower: Impact on equity $'000
Company										
2022										
Assets										
Other receivables	–	–	17,172	–	–	17,172	–	–	–	–
Cash and cash equivalents	–	–	3,669	–	–	3,669	–	–	–	–
	–	–	20,841	–	–	20,841	–	–	–	–
Liabilities										
Other payables	6,611	–	3,928	–	–	10,539	–	–	–	–
Debts issued	543,059	–	–	–	–	543,059	–	–	–	–
	549,670	–	3,928	–	–	553,598	–	–	–	–
2021										
Assets										
Other receivables	–	–	11,600	–	–	11,600	–	–	–	–
Cash and cash equivalents	–	–	57,190	–	–	57,190	–	–	–	–
	–	–	68,790	–	–	68,790				
Liabilities										
Other payables	–		9,723	–	–	9,723	–	–	–	–
Bank loan	–	334,601	–	–	–	334,601	1,673	1,673	(1,673)	(1,673)
Debts issued	542,207	–	–	–	–	542,207	–	–	–	–
	542,207	334,601	9,723			886,531	1,673	1,673	(1,673)	(1,673)

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									
2022									
Financial assets									
Investments	1,536,637	305,737	–	–	–	14,932	8,075,973	365,236	10,298,515
Reinsurers' share of insurance contract liabilities	1,216,960	–	–	–	–	–	48,024	1,283	1,266,267
Insurance receivables	137,484	1,660	–	–	–	113	19,771	10,742	169,770
Other receivables	72,269	1,718	–	–	–	165	40,610	972	115,734
Policy loans	1,212	–	–	–	–		60,798	4,262	66,272
Cash and cash equivalents	200,766	33,194	255	172	–	16,807	99,727	18,883	369,804
	3,165,328	342,309	255	172	–	32,017	8,344,903	401,378	12,286,362
Financial liabilities									
Insurance contract liabilities	2,018,946	5,318	308	5	–	718	7,643,797	365,545	10,034,637
Insurance payables	168,437	997	–	–	–	31	293,692	12,107	475,264
Other payables	196,161	–	–	–	–	3,555	24,979	5,128	229,823
	2,383,544	6,315	308	5	–	4,304	7,962,468	382,780	10,739,724

	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	311,027	–	1	–	2,372	8,480,000	476,140	11,796,661

	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								
2022								
Financial assets								
Investments (net of foreign exchange hedges)	30,574	–	–	–	(30,574)	–	–	–
Insurance receivables	166	–	–	–	(166)	–	–	–
Other receivables	172	–	–	–	(172)	–	–	–
Cash and cash equivalents	3,319	124	25	28	(3,319)	(124)	(25)	(28)
	34,231	124	25	28	(34,231)	(124)	(25)	(28)
Financial liabilities								
Insurance contract liabilities	(441)	(53)	(26)	(7)	441	53	26	7
Insurance payables	(100)	–	–	–	100	–	–	–
	(541)	(53)	(26)	(7)	541	53	26	7

	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)	–	–	–
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	–	–	–

The Company had no significant exposure to foreign currency risk.

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								
2022								
Financial assets								
Investments at fair value through profit or loss	3,735,367	359,641	3,038	4,098,046	612	368	(612)	(368)
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)	–

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	**Non-investment grade (below BBB) $’000**	**Not rated $’000**	**Not subject to credit risk**	**Unit-linked $’000**	**Total $’000**
Group						
2022						
Debt securities	6,001,426	–	193,449	–	5,594	6,200,469
Derivative financial assets	237,730	–	–	–	3	237,733
Reinsurers’ share of insurance contract liabilities	1,284,739	–	–	–	(18,472)	1,266,267
Insurance receivables	–	–	159,028	–	10,742	169,770
Other receivables	40,375	–	44,537	29,850	972	115,734
Cash and cash equivalents	350,922	–	–		18,882	369,804
	7,915,192	–	397,014	29,850	17,721	8,359,777
2021						
Debt securities	5,533,363	30,746	638,024	223,613	63,032	6,488,778
Derivative financial assets	50,988	–	–		7	50,995
Reinsurers’ share of insurance contract liabilities	565,432	–	–			565,432
Insurance receivables	–	–	–	143,700	207	143,907
Other receivables	36,376	256	3,971	77,717	2,246	120,566
Cash and cash equivalents	484,548	–	–		13,944	498,492
	6,670,707	31,002	641,995	445,030	79,436	7,868,170

The maximum exposure to derivative financial assets is mitigated by the security collaterals held from counterparties as disclosed in Note 14. Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

	Investment grade (BBB and above) $'000	Non-investment grade (below BBB) $'000	Not rated $'000	Not subject to credit risk	Unit-linked $'000	Total $'000
Company						
2022						
Other receivables	–	–	–	17,172	–	17,172
Cash and cash equivalents	3,669	–	–	–	–	3,669
	3,669	–	–	17,172	–	20,841
2021						
Other receivables	–	–	–	11,600	–	11,600
Cash and cash equivalents	57,190	–	–	–	–	57,190
	57,190	–	–	11,600	–	68,790

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.

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	Unit-linked $'000	Total $'000
Group					
2022					
Financial liabilities					
Insurance contract liabilities	1,400,433	1,835,033	6,394,155	405,016	10,034,637
Insurance payables	463,157	–	–	12,107	475,264
Derivative financial liabilities	34,861	–	144,641	–	179,502
Lease liabilities	12,046	23,917	–	–	35,963
Other payables	224,418	96	181	5,128	229,823
Debt issued	–	–	543,059	–	543,059
	2,134,915	1,859,046	7,082,036	422,251	11,498,248
2021					
Financial liabilities					
Insurance contract liabilities	1,982,477	1,915,158	6,829,599	417,815	11,145,049
Insurance payables	450,265	–	–	12,552	462,817
Derivative financial liabilities	5,626	645	35,952	11	42,234
Lease liabilities	22,469	15,658	–	–	38,127
Other payables	156,997	–	–	887	157,884
Bank loan	–	334,601	–	–	334,601
Debt issued	–	–	542,207	–	542,207
	2,611,023	2,272,873	7,407,758	431,265	12,722,919

	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Unit-linked $'000	Total $'000
Company					
2022					
Financial liabilities					
Other payables	10,539	–	–	–	10,539
Debt issued	–	–	543,059	–	543,059
	10,539	–	543,059	–	553,598
2021					
Financial liabilities					
Other payables	9,723	–	–	–	9,723
Bank loan	–	334,601	–	–	334,601
Debt issued	–	–	542,207	–	542,207
	9,723	334,601	542,207	–	886,531

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.

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 2022, 99% of the net reinsurance balances are with 4 major reinsurers with credit ratings above A- (2021: 99% of the net reinsurance balances are with 4 major reinsurers with credit ratings above A-).

29 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.

30 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:

	2022 $'000	2021 $'000
Group		
Investments at fair value through profit or loss		
Participating fund	2,794,871	2,909,087
Non-participating fund	–	530,833
Unit-linked	359,641	5,711
	3,154,512	3,445,631

31 Contingent liabilities

The group had obligations to banks for bankers' guarantees issued by the banks to the following:

	2022 $'000	2021 $'000
Third parties as collateral for lease of office premises	807,308	681,920
Ministry of Health	–	250,000
Ministry of Defence and Ministry of Home Affairs for the MINDEF and MHA Group Insurance Scheme	580,083	580,083
Third party for commercial insurance scheme	2,922,000	2,030,000
	4,309,391	3,542,003

32 Capital commitment

During the year, the Group had entered into separate subscription cum commitment agreements with various fund managers.

As at 31 December 2022, there were unfunded commitment of $602,058,000 (2021: $Nil). These unfunded commitments are expected to be settled as and when capital calls are issued by the fund managers.