

# MADE FOR **YOU**





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[www.income.com.sg](http://www.income.com.sg)

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## CEO's Address

### "Made For You"

The insurance industry continues to be reshaped and moulded by a realignment of customers' needs, particularly coming out of an unprecedented pandemic, rapid digitalisation and emerging fintech.

Today, consumers are better informed and prefer to choose for themselves what's best for them, instead of being told so. In insurance, we see customers wanting more control in what and when they buy, and how they engage with Income.

Our response has been to operate on a omni-channel model so customers can engage with us seamlessly online and offline on their terms. We also broadened our offerings and extended coverage to new market segments by breaking new ground with innovations that speak to customers as who they are.

To better reflect our customer-centric approach and to make insurance simple and delightful for all, we evolved our brand promise to 'Made Yours' to better encapsulate the way we are engaging, serving and innovating with customer data and insights so that financial planning is made more personal for each customer.

The integration of new technology, digital tools and data analytics into our way of working at Income has fast-tracked new insurance models that are redefining how insurance is being better embedded in our customers' lifestyle hassle-free.

Last year, we made it possible for young customers to start growing their wealth through the industry's first micro investment-linked plan, *SNACK Investment*. It allows users to do this with premiums from as low as a dollar, as well as flexibly withdraw from their plan at any time without penalty.

We also expanded customers' financial planning options by introducing subscription-based insurance packs through *TRIBE* that offers on-demand adaptability, such as upsizing, downsizing, starting, stopping, and

even switching coverage plans to suit changing lifestyles and financial circumstances, with no lock-in period.

Even for motor insurance, where Income has been a leader by market share for a decade, we are broadening customer choice in the type of insurance they can buy by being the first to offer usage-based insurance for electric vehicles to support car ownership that is trending towards greener vehicles in Singapore.

Such lifestyle-driven insurance models are gaining good traction amongst customers for their flexibility and personalisation as our new business model portfolio grew by 70% from the year before.

The promise of 'Made Yours' is also being extended to businesses that we serve and support. Last year, we launched a first-in-market online business services platform, *BIX*, to give businesses more control in managing their insurance needs to protect their people and assets. Small-medium enterprises, in particular, have gained from the convenience and efficiency that the self-serve platform offers, allowing them more time to focus on other business and operational matters.

Income's competitive edge in innovation and execution has opened doors for us to work with partners beyond the insurance sector and to offer insurance to customers in new and exciting ways locally, and now, even in the region.

The partnerships we have forged with diverse ecosystem players in Malaysia, Indonesia and Vietnam attest to our competitive edge and the appreciation of our insurtech capabilities to co-create insurance solutions that are tailored to local market needs as we extend our promise of offering insurance that's 'Made Yours' beyond Singapore.

Our foray overseas last year, even with curve balls thrown at us by the pandemic, was only possible because of the tenacity and agility shown by all at Income, buoyed by the support of our customers, business partners and other stakeholders.

Such collective resilience despite a challenging year had also led us to another year of good corporate performance. More details of how we've fared and where we've done well are available in the Directors' Report.

In the years to come, we remain steadfast in our efforts to bring value to the societies we serve and delight our customers with not only relevant and meaningful insurance solutions but also experiences that are truly **made for you**.



**Andrew Yeo**  
Chief Executive Officer



MADE FOR YOU





# MADE FOR LIFE'S JOURNEY

course despite curve balls that may come your way.

With our savings and retirement plans, we support your pursuit of financial security and freedom so that you can walk the unbeaten path should you choose to. We are ready to have your back with our life and health insurance options so you stay confident that you and your loved ones will be protected financially should the unforeseen happen.

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At Income, we recognise that every person's life journey is unique. Some of us may choose to take a sabbatical and pursue a dream at 30, go back to school at 45 to enable a mid-career switch or start a business at 60.

Whichever life path you take, we are here to protect your journey and aspirations through sound insurance and financial planning. To us, it is important that we bring you value every step of the way and remain your life-long partner in setting long-term financial and protection goals so that you remain adaptive and empowered to stay the

With longer life expectancy, we relate to a greater desire to lead a quality and purposeful life into your golden years. This is why we keep up with seniors' needs by offering targeted products and a senior-focused underwriting approach to encourage access to insurance. More significantly, we introduced the 4Ps approach – *Pursue, Prolong, Prepare* and *Protect* – to help you frame practical actions in your pursuit of aging successfully.

We are eager to celebrate you at different life stages and we strive to be your enabler in financial preparedness so that you can enjoy the best life has to offer with peace of mind.



MADE FOR YOU





# MADE FOR INDIVIDUAL LIFESTYLES

propositions that break down traditional financial barriers so that more can be insured and remain so. With these novel propositions, we are also delighting people abroad as we venture overseas.

More significantly, we have built an ecosystem of partners who see value in offering insurance as a form of reward and incentive to their employees and customers, like you. Together, we are glad to be closing more protection gaps.

We live in an exciting time where our lives are becoming increasingly digital first, challenging us, as an insurer, to take in lifestyle considerations and reimagine the way we extend insurance access to you.

We are mindful that some do not resonate with our conventional offerings and want more control and customisation over what, how and when you purchase insurance.

This is why Income continues to push boundaries in insurance innovations and roll out new lifestyle-driven insurance

When it comes to customer experience, we are setting new benchmarks and making it easier for you to access and manage your insurance matters on demand as you move seamlessly between our online services and face-to-face financial advisory. To us, it is crucial to shape a meaningful and long-term relationship with you.

We are set on being more digitally and data driven so that we can home in on sharper consumer insights for more tailored products, services and engagements that resonate well with diverse lifestyles.



MADE FOR YOU







# MADE FOR EVERYONE

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For over 50 years, we have remained steadfast in our purpose to improve Singaporeans' financial well-being, including those who are underserved amongst us.

We remain the only insurer that offers tailored products for children and youths with autism and Down syndrome, as well as the elderly in the community, via our SpecialCare and Silver suites of insurance products respectively.

To better protect a growing community of self-employed persons, Income offers prolonged

medical leave insurance to lessen their worry and financial burden when they fall ill and need time to rest and recharge. For our migrant workers, we offer an affordable insurance scheme that covers them against non-work-related death, total and permanent disability as well as critical illnesses, so that they and their loved ones are better supported in difficult times.

In the worst days of the COVID-19 pandemic, Income had responded quickly to keep our customers insured and protected via our Income Support Schemes.

Each year, we contribute a percentage of our operating profits to Income OrangeAid, our community development initiative that champions children and youths from disadvantaged circumstances through bursaries and personal development programmes.

Times may have changed but our desire to make a positive impact by promoting financial inclusion and future resilience will continue to motivate us to do better for everyone in the years to come.

# Highlights of 2021

## January



### SMA programme opened up 1,200 new job opportunities

Income's Sales Management Associate (SMA) programme became the first in the industry to offer fresh-graduates and mid-careerists integrated career tracks and holistic exposure in financial advisory to chart and fast-track their career paths in insurance and financial advisory.

## March

### There for our customers through difficult times

The Income Support Schemes, launched in 2020 as part of our COVID-19 support to customers, were further extended to end 2021. Over close to two years, premium deferments, premium assistance, temporary protection plans and premium discounts offered under the Schemes supported over 50,000 individuals, families and businesses through difficult times.

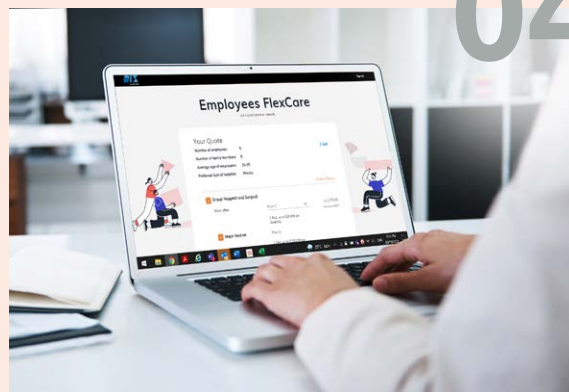
## April



### A new era in delivering more personalised solutions

The unveiling of a refreshed brand logo and brand promise, *Made Yours*, was a milestone in our journey to make insurance more meaningful as lifestyles and needs change over time. *Made Yours* reflects how we are taking a personal approach to financial planning and designing products, services and customer experiences to suit the unique needs of our customers.

## April



*The user-friendly BIX platform empowers businesses with more control over their insurance needs*

### Making insurance simple for businesses

BIX, short for 'Business Insurance X'press', became the first and only business solutions platform that empowers Income's corporate customers to manage their insurance matters independently and efficiently so that they can focus their resources on other business and operational matters.

## June



*Peter Tay, Income's Chief Digital Officer (L) and Tan Kuan Yu, Carro's Head of Singapore (R)*

### Usage-based insurance for electric vehicle owners

Income further consolidated its position as one of Singapore's leading motor insurers with a usage-based motor insurance which is offered in partnership with Carro. A flexible and affordable option for electric vehicle owners, the novel pay-per-use insurance offering is set to accelerate EV adoption for a cleaner and greener Singapore.



July**tribe**  
by INCOME

07

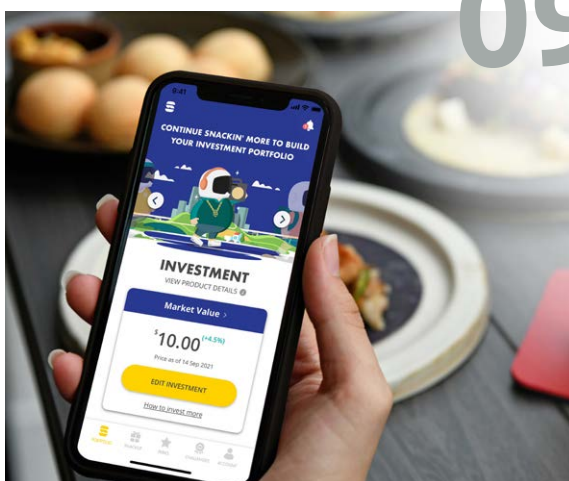


### Subscription-based insurance for more personalised coverage

TRIBE became Singapore's first subscription-based insurance offering customers greater flexibility and control of their insurance coverage. TRIBE allows customers to dial up or down their coverage on-demand, or even switch plans within their subscription pack, according to their needs.

September

09



### First micro investment-linked plan

SNACK Investment hit the market with a novel approach to conventional investment-linked plans. It allows customers to build their investment portfolios and insurance coverage via stackable micro-premiums that are as low as \$1. Customers can also adjust their investment premiums flexibly on the SNACK app and withdraw their investments any time without penalty.

October

10



### Income made first foray overseas

Strategic partnerships with key industry players in Vietnam, Indonesia and Malaysia were inked to delight regional customers with digital insurance innovations. This is done via an Insurance-as-a-Service platform, enabling any insurer and digital platform owner across the region to launch, localise and scale innovative insurance propositions. Our pre-built insurtech integrations enhance our partners' speed to market, and ability to capture new customer segments.

December

12

# GET MORE OUT OF YOUR LIFE



### SNACKFIT rewards healthier lifestyles with bonus insurance protection

SNACK added yet another option for users to grow their insurance coverage with SNACKFIT. The latter is powered by a dynamic underwriting algorithm that analyses steps, active calories, resting heart rate, sleep hours and BMI and then rewards the user with bonus insurance coverage for healthier lifestyle habits.

# Directors' Report



As a company,  
**we banded together  
and emerged  
stronger** to close  
2021 with a set of  
credible results.

**Ronald Ong**  
Chairman



## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Like the rest of the world, Singapore's focus in the past year was to stay agile and adaptive in grappling with lingering economic and social restrictions while staying the course in transitioning towards living with COVID-19 as an endemic.

Against this backdrop, Income continued its growth trajectory with both the consumer and corporate business segments recording improved performance in 2021. We also strengthened our position as an innovative and digitally-led composite insurer. We gained industry accolades and recognition locally and abroad, while staying true to our commitment to make insurance accessible and meaningful to customers from all walks of life.

In short, we were not encumbered by the protracted pandemic situation and the difficulties it posed. Despite a challenging year, we continued to sharpen our customer-centricity to deliver more customised financial solutions and rolled out new and bold insurance propositions. We also stayed focused on reimagining how customers engage with insurance and brought innovative access to insurance to regional markets by inking our first foray overseas via strategic partnerships to chart a new chapter of growth for Income.

## 2021 PERFORMANCE HIGHLIGHTS

As a company, we banded together and emerged stronger to close 2021 with a set of credible results. Here are some key highlights of our business performance for the year ended 31 December 2021.



- Gross premiums grew 8% to \$4.6 billion.
- Net operating surplus closed at \$169.8 million.
- Total assets reached \$47.3 billion.

Overall, Income's sales performance continued to improve with a year-on-year growth of 8%. Apart from a resilient economic outlook, the improvement was driven by our customer-centric suite of protection and savings products, continuous engagement with intermediaries and strategic sales initiatives.

However, our net operating surplus for the year was lower, primarily due to fair value investment losses of our bonds which were impacted by rising interest rates and credit risk uncertainties.

### LIFE INSURANCE

In 2021, Income recorded \$4.2 billion in total gross life and health insurance premiums. This accounted for a 9% year-on-year growth, driven mainly by single premium life insurance sales.

Despite our exit from the Dependants' Protection Scheme in April 2021, we retained our strong market position in the life and health segment.

### GENERAL INSURANCE

Overall, the general insurance business generated \$379.5 million in earned premiums in 2021.

Personal lines recorded a 3% year-on-year growth with higher uptake of personal accident insurance plans and a pick up in travel insurance plans with the resumption of international travel in the later part of the year.

Despite an increase in insured vehicle count, our motor business declined by 3.7% in 2021. This was largely due to \$11.3 million worth of premium rebates given to customers during the year on the back of a drop in motor insurance claims the year before. Nevertheless, motor insurance continued to be a key contributor to Income's general insurance business, and we remained Singapore's top motor insurer by market share in 2021.

Our commercial lines business also performed better with 19% year-on-year growth.

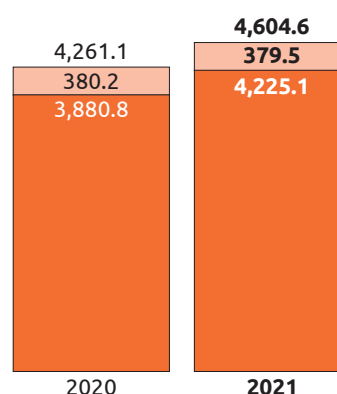
### SHAREHOLDERS

Taking into account the strong set of financial results for the year, the Directors have proposed a dividend of 6.0% for the financial year ended 31 December 2021.

### GROSS PREMIUMS

(in \$ million)

↑ 8%

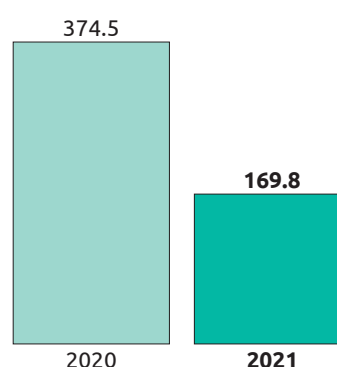


General Insurance  
Life & Health Insurance

### NET OPERATING SURPLUS

(in \$ million)

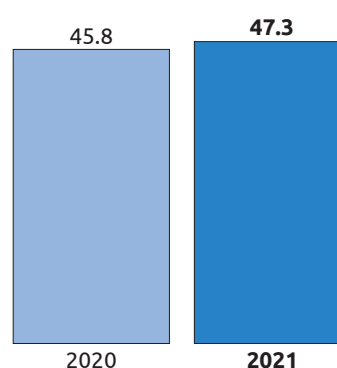
↓ 55%



### TOTAL ASSETS

(in \$ billion)

↑ 3%



# Directors' Report

## OUR FINANCIAL STRENGTH AND CORPORATE GOVERNANCE

Our financial strength is reflected by our strong credit ratings of AA- by Standard & Poor's, which we have held since 2009. It underscores our strong competitive position and diversified business mix.

We continue to nurture a strong risk and compliance culture at Income where we uphold the highest standards of corporate governance, transparency and disclosure as we strive for excellence as a high-performing organisation.

## EXPANDING BEYOND SINGAPORE

Against the backdrop of rapid digitalisation, a growing digital insurance market and shifts in consumer behaviour, Income seized the opportunity to realise its regional ambition as part of our overall business expansion plans.

In October, we announced strategic partnerships in Indonesia, Vietnam and Malaysia through our Insurance-as-a-Service (IaaS) model that enables us to bring digital-first insurance business models to partners overseas, enhance their speed-to-market and equip them with the right capabilities and tools to capture new customer segments and revenue streams.

The diversity of our partners in Vietnam, Indonesia and Malaysia who are well-known names in the insurance, brokerage and insurtech arenas in their countries, is a testament to the value of our IaaS model and appeal of our brand as an innovative insurance solutions provider.

Income looks to leverage the IaaS model to sharpen our first-mover advantage in overseas markets to empower greater financial well-being for all and make insurance accessible, personal, and delightful for consumers across Southeast Asia.

## EMPOWERING CUSTOMERS WITH MORE INNOVATIVE INSURANCE SOLUTIONS

Income continued to push the boundaries in insurance innovation with more unique insurance propositions to empower customers' diverse financial goals.

SNACK, which was launched as Singapore's first and only bite-sized, stackable insurance proposition in 2020, continued to gain popularity amongst both consumers and business partners. The number of SNACK users grew by 130% in 2021, and close to 50 new SNACK partners came on board to offer insurance coverage as benefits and rewards to their employees and partners.

We also introduced new and lifestyle-driven ways for our customers to increase their insurance coverage and grow their savings at the same time.

We launched SNACKFIT to give customers bonus coverage as a reward for a healthy and active lifestyle, and rolled out SNACK Investment, an industry-first micro investment-linked plan for those who are looking for options to diversify their investment portfolios.

For Income's corporate customers, we empowered them with more control with the introduction of a proprietary platform for them to manage their insurance matters more efficiently.

The platform, known as Business Insurance X'press or BIX for short, is a market-first, business service platform that offers instantaneous insurance quote generation, convenient purchase and claims filing processes, and a built-in digital payment option.

With BIX, our corporate customers, particularly small-medium enterprises, now have a more efficient way to handle their insurance matters and in turn, focus their attention on other business affairs and operations.

Since March 2021, more than 8,000 corporate insurance policies were issued through BIX with many positive reviews of the platform from our customers.

To further improve the overall customer experience and to offer more tailor-made solutions, Income continued to leverage data-driven insights to augment our advisory capabilities to better understand and fulfil our customers' protection and financial needs. We also sharpened our multi-channel touchpoints so that we delight our customers with a seamless experience with Income.



## STAYING RESPONSIVE TO NEEDS IN CHALLENGING TIMES

While employment rates improved from the year before and there was economic recovery in many sectors, we were cognisant that some of our customers needed more time to bounce back.

As such, we continued to make the Income Support Schemes, which were first introduced in April 2020, available to our customers until the end 2021. The extension of the Schemes made a difference to over 50,000 individuals, families and businesses who faced financial difficulties due to the pandemic. The various schemes, comprising premium deferments, premium assistance or even temporary protection plans, and premium discounts, provided Income's customers financial reprieve and helped them stay insured in times of need.

In addition to the Income Support Schemes, we also offered premium waivers to about 6,000 customers with basic IncomeShield policies. The initiative ensured that those who were the most vulnerable amongst us continued to have their health protected during difficult times.

Income was the first to offer COVID-19 benefits with travel insurance, particularly for unexpected medical expenses, to support customers who had to travel during the pandemic. These benefits were further enhanced to also cover trip cancellations should the customer get diagnosed with COVID-19 to better support leisure travel as international travel gradually recovered in 2021.

## STAYING COMMITTED TO MAKE A POSITIVE DIFFERENCE

As a social enterprise, Income remains committed to driving positive impact through our people, products, and services.

We continued to contribute one percent of our annual insurance operating profit to community development initiatives through like-minded Income OrangeAid partners.

In 2021, we disbursed \$1.02 million in bursaries to close to 400 youths, bringing the total amount disbursed through the Income OrangeAid Future Development Programme (FDP) to over \$6.56 million to date.

The FDP remains our flagship community initiative, championing education for youth-in-need. As safe-distancing measures continued to be in place, the FDP financial literacy workshops for 2021 were carried out virtually and saw a participation rate of close to 100%, an improvement from 2020.

To increase customer participation in joining us to build stronger communities, we ramped up efforts to drive awareness of OrangeAid RoundUp. The initiative encourages our customers to round up their policy premiums to the next dollar or more and donate the difference to OrangeAid programmes that champion education for youth-in-need. In 2021, we had more policyholders join OrangeAid RoundUp than in 2020, and we look forward to more policyholders coming on board this programme in the coming years.

## CONCLUSION

In the past three years as Chairman, I have seen Income move forward with confidence and foresight, even in the most uncertain and challenging of situations, guided by its commitment to improve the financial well-being of its customers for a better future for all.

We will not rest on our laurels and will continue to future-proof Income so that we can continue to be here for our customers and community for many more years to come.

The Directors would like to express our heartfelt appreciation to NTUC, the unions and affiliates, Income's partners, customers, management and staff for your contributions to Income.

It is only with your support and patronage that Income has succeeded as a thriving social enterprise and will continue to do so in the years to come.

For and on behalf of the Board of Directors



**Ronald Ong**  
Chairman

## Board of Directors



**Ronald Ong**  
Chairman

Mr Ronald Ong was co-opted to the Board on 23 August 2018 and formally elected as Director representing the Founder Member on 24 May 2019. He was appointed Chairman of the Board on 1 January 2019.

Mr Ong is the Chairman and CEO, SE Asia, at Morgan Stanley. He has been with Morgan Stanley for over 20 years and has more than 30 years of experience as a banker with substantial experience in Mergers & Acquisitions and Financing as well

as extensive client relationships in Singapore, Malaysia, Indonesia and Thailand.

Mr Ong is a Board Member of NTUC FairPrice Co-operative Limited, and a Member of the Listings Advisory Committee, Singapore Stock Exchange.

Mr Ong graduated with a Bachelor of Business Administration from the University of Singapore in 1980 and was a Naval Officer with the Republic of Singapore Navy.



**Kee Teck Koon**  
Deputy Chairman

Mr Kee Teck Koon was first elected to the Board on 3 June 2014 and last re-elected as Director representing the Founder Member on 26 June 2020. He is Deputy Chairman of the Board and a member of the Investment Committee.

Mr Kee is currently the Director and Board Advisor of NTUC Enterprise Co-operative Limited, the holding entity of NTUC FairPrice Group, NTUC Income, NTUC Health and four other social enterprises. He holds directorships in NTUC FairPrice Co-operative Limited, Trust Bank Singapore Limited, CapitaLand Investment Ltd, Raffles Medical Group Ltd (until end 2021) and Changi

Airport Group, amongst others. He is also a member of the Angsana Fund Investment Committee and the Singapore Labour Foundation.

Mr Kee started his career in 1979 with the Singapore Armed Forces and was with the Ministry of Defence until 1991. Thereafter he held senior management appointments with several organisations before joining the Capitaland Group in 2003. After holding several senior positions, he retired as the Chief Investment Officer of CapitaLand Limited in July 2009.

Mr Kee holds a Master of Arts from Oxford University.





**Pang Wai Yin**  
Director

Ms Pang Wai Yin was first elected to the Board on 26 May 2017 and last re-elected as director representing the Institutional Members on 26 June 2020. She is the Chairperson of the Risk Management Committee and a member of the Audit Committee.

Ms Pang's prior experience includes six years of external audit work in a public accounting firm, and 17 years in various risk management roles in GIC Pte Ltd. She retired from GIC on 1 July 2014 as Managing Director and Director of the Risk & Performance Management Department. She has extensive experience in formulating risk governance framework and risk

management policies as well as implementing risk management systems, processes and a sound internal control environment.

Ms Pang is currently an independent director of Avanda Asia Vantage Fund and Avanda Asia Vantage Master Fund. She is also Income's nominee director on the boards of FFMC Holdings Pte Ltd and Fullerton Fund Management Company Ltd.

Ms Pang holds a degree in Accountancy from the National University of Singapore, and a Masters in Applied Finance from Macquarie University.



**Joy Tan**  
Director

Ms Joy Tan was first elected to the Board on 26 May 2017 and last re-elected as director representing the Founder Member on 26 June 2020. She is a member of the Audit Committee and Nominating and Human Resource & Remuneration Committee. Ms Tan is also the lead independent director on the Board.

At WongPartnership LLP, Ms Tan is the Joint Head of the Commercial & Corporate Disputes Practice, the Corporate Governance & Compliance Practice and the Financial Services Regulatory Practice. She is a Fellow of the Chartered Institute of Arbitrators, and sits on the panels of various professional tribunals, including the panel of arbitrators of the Singapore International Arbitration Centre (SIAC), the Law Society Disciplinary Tribunal appointed by the Honourable Chief Justice under the Legal Profession Act, and the Complaints and Disciplinary Tribunal of the Accounting & Corporate Regulatory Authority (ACRA). She also sits on the Executive Board of the Singapore

Chapter of the Association of Certified Anti-Money Laundering Specialists (ACAMS).

Ms Tan is a director and a member of the Audit Committee and Risk Committee of Singapore Health Services Pte Ltd, as well as, an independent director of PEC Limited. Ms Tan also sits on the first Audit and Risk Management Committee of Tripartite Alliance Limited (TAL), the tripartite body established by the Government, unions and employers to promote the adoption of fair, responsible and progressive employment practices in Singapore.

In the not-for-profit sector, Ms Tan is the Chair of the Board of the Singapore Repertory Theatre, and is a director of the Singapore Chinese Cultural Centre.

Ms Tan graduated with First Class Honours from Cambridge University. In 1992, she was awarded the UK Council of Legal Education Prize at the Non-Vocational Bar Exam.

## Board of Directors



**Sim Hwee Hoon**  
Director

Ms Sim Hwee Hoon was first elected to the Board on 26 May 2017 and last re-elected as director representing the Ordinary Members on 26 June 2020. She is the Chairperson of the Nominating and Human Resource & Remuneration Committee, and a member of the Audit Committee.

Ms Sim was the Regional Chief Operating Officer of Private Wealth Management Asia in Morgan Stanley from 2010 to 2016. She was also the CEO of Morgan Stanley Asia International Limited, Singapore Branch, and sat on the Board of Directors of Morgan Stanley Asia International Limited.

Before Morgan Stanley, Ms Sim spent 12 years with JPMorgan

Private Bank Asia. Her appointments included being the Asia Regional CFO from 2006 to 2010 and Asia Head of Risk Management from 1998 to 2006. She also sat on the Board of Directors of JPMorgan International Bank Limited (UK incorporated) and JPMorgan Securities Asia Private Limited.

Ms Sim currently serves on the Board of the YWCA of Singapore as 2nd Vice President, and as an independent non-executive director on the Board of Stashaway.

Ms Sim holds a Master of Finance from the Royal Melbourne Institute of Technology and an Honors degree in Bachelor of Accountancy from the National University of Singapore.



**Neo Chin**  
Director

Ms Neo Chin was co-opted to the Board on 15 April 2019 and formally elected as Director representing the Founder Member on 24 May 2019. She is the Chairperson of the Investment Committee.

Ms Neo is currently the Chief Investment Officer at the Singapore University of Technology and Design. She has 30 years of investment experience accumulated over multiple market cycles. Prior to joining the Singapore University of Technology and Design, she was with the

GIC for more than 20 years in various senior direct investment and portfolio management roles. Her investment expertise spans across endowment investing, asset allocation, global fixed income, global treasury management, alternative investments and fund-of-funds management.

Ms Neo graduated with a Bachelor of Business Administration (Hons) from the National University of Singapore. She is a CFA charter holder.



**Vincent Lien**  
Director

Mr Vincent Lien was co-opted to the Board on 3 October 2019 and formally elected as director representing the Founder Member on 26 June 2020. He is a member of the Investment Committee.

Mr. Lien is currently Managing Director of Lien Properties Private Limited, and a director of Lien Ying Chow Private Limited, Wah Hin & Company and the Maritime & Port Authority of Singapore, among others. He has over 20 years' experience in banking, specialising in corporate finance and capital management in Hong Kong, the PRC, Singapore and South-east Asia. Prior to his retirement,

he held various senior positions at major multinational banking institutions including Swiss Bank Corporation, Bankers Trust and ABN AMRO. He is a Council Member of the Lien Ying Chow Legacy Fellowship. He is also Income's nominee director on the boards of FFMC Holdings Pte Ltd and Fullerton Fund Management Company Ltd.

Mr Lien graduated with a Bachelor's degree in Business Administration from the University of New Brunswick in 1986. He was awarded an honorary Doctorate in Business Administration in 2018 by HyupSung University.



**Robert Charles**  
Director

Mr Robert Charles was elected as a director representing the Founder Member on 26 June 2020. He is the Chairman of the Digital & Technology Committee and a member of the Risk Management Committee.

Mr Charles is currently Head of Actuarial at Coherent, a business logic platform with complementary insurance technology solutions. He is an actuary with a background in health, retirement and investment.

Mr Charles spent most of his career in consulting, and has previously served as the Asia Pacific CEO of Towers Watson, a leading global risk and human capital management firm.

Mr Charles obtained a First Class Honours degree in Mathematics from the University of Oxford in 1987. He is a Fellow of the Institute of Actuaries, UK.



## Board of Directors



**Mak Keat Meng**  
Director

Mr Mak Keat Meng was elected as a director representing the Institutional Members on 26 June 2020. He is the Chairman of the Audit Committee and a member of the Risk Management Committee.

Mr Mak has over 37 years of experience in auditing and advisory with Ernst & Young LLP. During this period, he held various leadership positions including Head of Audit for Singapore & ASEAN, Quality Enablement Leader, and Head of Japanese Business Services. In his capacity as Quality Enablement Leader, he was tasked to run the firm's various quality initiatives and standards, including looking into inspection findings by regulators and the firm's in-house peer reviews. Mr Mak has deep domain knowledge of the

insurance business in Singapore, and was previously Chairman of the Insurance Committee of ISCA. Mr Mak is also an independent director of Mapletree Commercial Trust, as well as a member of its Audit & Risk Committee.

Mr Mak graduated with a Bachelor of Commerce degree from the University of Auckland in 1982. He also holds a Master of Business Administration from International Management Centre (UK). He is a Fellow of Chartered Accountants, Australia and New Zealand, a Fellow of the Association of Chartered Certified Accountants, and a Fellow of Institute of Singapore Chartered Accountants (ISCA). He was a recipient of the Pingat Bakti Masyarakat (PBM) in 2015.



**Chen Peng**  
Director

Dr Chen Peng was co-opted to the Board on 21 September 2020 and formally elected as director representing the Institutional Members on 28 May 2021. He is a member of the Investment Committee and Risk Management Committee.

Dr Chen was the Chief Executive Officer, Asia ex-Japan, of Dimensional Fund Advisors (DFA) from July 2012 to Nov 2019. He was responsible for all aspects of DFA's Asia business, overseeing business strategy and development, client servicing and portfolio management. Prior to joining DFA, he was with Morningstar where he held various roles over 15 years, including President of Morningstar Investment Management Division,

Chief Investment Officer, and Head of Research and Consulting. His clients included insurance companies and pension funds (including manager selection for CPF).

Dr Chen's other appointments include Adjunct Professor at the Chinese University of Hong Kong and the Harbin Institute of Technology in China. He is also a member of the Advisory Council of the Centre for Asset Management Research and Investments, National University of Singapore.

Dr Chen graduated with a Master of Science in Consumer Economics from the Ohio State University in 1995 and holds a PhD from the same university which he obtained in 1997.



**Seah Kian Peng**  
Director

Mr Seah Kian Peng was co-opted to the Board on 4 November 2020 and formally elected as director representing the Founder Member on 28 May 2021.

Mr Seah is the Group CEO of NTUC Enterprise – a holding group of all NTUC Social Enterprises. He is also the Group CEO of NTUC FairPrice which has a workforce of 13,000 employees and a group annual turnover of over \$4b.

Mr Seah has worked in both the public and private sectors. He has spent a large part of his career with the NTUC group, helming different portfolios within the group.

Mr Seah is active on the community front. He is currently Chairman of the Marine Parade Leadership Foundation and sits on the board of Singapore Olympic Foundation and the Consumer Goods Forum.

He had previously served on the boards of Centre for Fathering, Singapore Centre for Social Enterprises (raiSE), Singapore National Co-operative Federation, Health Promotion Board, National Parks Board and Singtel, among others.

Mr Seah is a Member of Parliament. First elected in May 2006, he has since been re-elected in May 2011, September 2015 and most recently in July 2020. From 2011 to 2015, he was concurrently the Deputy Speaker of Parliament.

Mr Seah did his undergraduate studies in Australia under the Colombo Plan Scholarship. He is a Fellow of the Chartered Institute of Marketing and a Fellow of the Singapore Institute of Directors. He was also the founding Chairman of the Harvard Business School Club of Singapore before stepping down in 2018.



**Richard Koh**  
Director

Mr Richard Koh was elected as a director representing the Ordinary Members on 28 May 2021. He is a member of the Digital & Technology Committee and Risk Management Committee.

Mr Koh is currently Chief Technology Officer at Microsoft Singapore where he is responsible for engaging with key executive leaders across the government, industry and academia, bringing in the macro technology landscape and helping customers leverage technology innovations for their digital transformation. His focus areas include guiding technology policies, standards, legal and regulatory matters, as well as security, privacy and compliance decisions.

Mr Koh's career was built largely with HP and Microsoft, with a short stint with Singtel. His professional experience spans across Asia and North America regions, and covers multiple functional areas including research and development, IT,

product management, marketing, business development and sales operations.

Mr Koh currently serves as director on the Board of Singapore's Ministry of Home Affairs' Home Team Science & Technology Agency (HTX) and the National Heritage Board. He also serves on Sentosa Development Corporation's Digital Transformation Advisory Panel, and the Ministry of Social and Family Development's and National Council of Social Services' Industry Digital Plan Advisory Panel. He is a Board member of Singapore Management University's School of Accounting's Data Analytics Advisory as well as an advisory member of Singapore ITE's (Institute of Technical Education) Electronics and Info-Comm Technology Academic Advisory Committee.

Mr Koh graduated from the National University of Singapore with a Bachelor's of Science in Computer Science & Information Systems.

# Corporate Governance

## INTRODUCTION

NTUC Income ("Income") adopts a high standard of corporate governance consistent with best practices. Its framework of corporate governance policies and practices is in line with the Guidelines on Corporate Governance issued by the Monetary Authority of Singapore (MAS), the Insurance (Corporate Governance) Regulations (ICGR), the Co-operative Societies Act and the By-laws of Income.

Income recognises the importance of having a set of well-defined corporate governance processes to enhance performance and accountability, sustain business integrity, and safeguard the interest of its stakeholders. The promotion of corporate transparency, integrity and accountability at all levels of the organisation is led by the Board and assisted by the management team.

## BOARD GOVERNANCE

### Board Role and Responsibilities

The Board of Directors oversees the affairs of the Co-operative, including setting its strategic direction and long-term goals, and reviewing its performance. The principal duties of the Board include:

- Approving broad policies, strategies and objectives of the organisation
- Monitoring management performance, including the implementation of strategies, policies and business results
- Approving annual budgets (capital and operating), major fund proposals, and investment and divestment proposals
- Overseeing investment management including approval of investment policy and strategy
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance
- Overseeing major IT and digital strategies, programs and budgets
- Overseeing talent acquisition, development and retention, including compensation policies and succession planning
- Assuming responsibility for corporate governance including reviewing the code of conduct and standards of business practice

Matters which require specific Board approval/endorsement include, but are not limited to, the following:

- investments, risks, capital expenditure, borrowings, forgiveness of debts and loan write offs exceeding delegated limits
- material acquisition and disposal of assets
- bonus declaration to policyholders
- share issuance and dividend declaration
- amendments to the By-laws
- appointment of directors and key executives
- every transaction with a related party
- opening of bank accounts and authorised signatories to operate the accounts
- authorised signatories for documents executed under common seal
- any other matter as required under the By-laws and applicable laws and regulations

The Board exercises stewardship in directing the Co-operative towards achieving its objectives. It ensures that the Co-operative adopts sound corporate governance practices, complies with applicable laws and regulations, and has the necessary measures in place to achieve its objectives. It monitors management performance and emphasises professionalism and honesty in all dealings, and at all levels in the organisation so as to sustain the Co-operative's standing, image and reputation.

Directors with conflicts of interest recuse themselves from discussions and decisions involving issues of conflict.



## Board Composition

The Board comprises 12 members as follows:

Chairman	Ronald Ong
Deputy Chairman	Kee Teck Koon
Directors	Pang Wai Yin Joy Tan Sim Hwee Hoon Neo Chin Vincent Lien Robert Charles Mak Keat Meng Chen Peng Seah Kian Peng Richard Koh

Mr Richard Koh was formally elected at the Annual General Meeting (AGM) held on 28 May 2021. Dr Chen Peng and Mr Seah Kian Peng who were co-opted to the Board in 2020 were also formally elected at this AGM. Mr Choong Tuck Oon retired from the Board at the 2021 AGM after nine years of service.

The Nominating and Human Resource & Remuneration Committee (NHRRC) is of the view that diversity on the Board in terms of background and experience is important. It has assessed the skills of the directors and agreed that the desired competencies include accounting, actuarial, auditing, finance, insurance, investments, legal, information technology, human resource management and risk management. The directors collectively possess a wide spectrum of these competencies. There is a good mix of general business background and specialist skills. With their broad knowledge, expertise and experience from different industries, the Board provides valuable insights and advice to management.

## Board Independence

The MAS Guidelines on Corporate Governance and the ICGR advocate a strong and independent element on the Board so that it is able to exercise objective judgment independent from management and substantial shareholders. The NHRRC determines the independence of the directors prior to appointment and annually, based on criteria set out in the Corporate Governance Guidelines and ICGR. Such criteria include whether a director's length of service has affected his/her independence, and any relationship with the Co-operative, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Co-operative.

The NHRRC considers all but three directors to be independent. The non-independent directors are Mr Ronald Ong who is non-independent due to business relationship as well as Mr Kee Teck Koon and Mr Seah Kian Peng who are connected to NTUC Enterprise Co-operative Limited, the Co-operative's substantial shareholder. The current composition of the Board satisfies the regulatory requirement of having a majority of independent directors. All Board members are non-executive directors.

# Corporate Governance

## Board Meetings and Attendance

The Board conducts five scheduled meetings a year and additional meetings are held when deemed necessary. At these meetings, the Board reviews the Co-operative's financial performance, corporate strategy, business plan, strategic operational issues as well as major issues and challenges that the Co-operative may face in the future. A Board Retreat is also held annually for senior management to engage the Board on a strategic review of the Co-operative's key plans and initiatives for the following year. During the course of the year, Board approvals were also obtained through resolutions approved by circulation.

In 2021, the Board held seven meetings, including one Board Retreat and one ad-hoc Board meeting.

The directors attend the AGM, Board meetings and meetings of the Board Committees on which they serve. Meeting papers, reports and information necessary for the understanding of the matters to be reviewed during the meetings are disseminated in a timely manner, in advance of meetings. Directors are also equipped with electronic tablets to allow secured access to Board and Board Committee meeting materials.

The number of meetings of the Board and Board Committees held in 2021 and the attendance of the directors at these meetings are tabulated below.

### Directors' Attendance at Board and Board Committee Meetings in 2021

Name of Director	Board		Audit Committee (AC)		Investment Committee (IC)	
	No. of meetings		No. of meetings		No. of meetings	
	Held <sup>@</sup>	Attended	Held <sup>@</sup>	Attended	Held <sup>@</sup>	Attended
Ronald Ong	7	7	-	-	-	-
Kee Teck Koon	7	7	-	-	4	4
Pang Wai Yin	7	7	4	4	-	-
Joy Tan	7	6	4	4	-	-
Sim Hwee Hoon	7	7	4	4	-	-
Neo Chin	7	7	-	-	4	4
Vincent Lien	7	7	-	-	4	4
Robert Charles	7	7	-	-	-	-
Mak Keat Meng	7	7	4	4	-	-
Chen Peng	7	7	-	-	4	4
Seah Kian Peng	7	7	-	-	-	-
Richard Koh <sup>(1)</sup>	4	4	-	-	-	-
Choong Tuck Oon <sup>(2)</sup>	3	3	-	-	-	-

Name of Director	Risk Management Committee (RMC)		Digital & Technology Committee (DTC)		Nominating and Human Resource & Remuneration Committee (NHRRC)	
	No. of meetings		No. of meetings		No. of meetings	
	Held <sup>@</sup>	Attended	Held <sup>@</sup>	Attended	Held <sup>@</sup>	Attended
Ronald Ong	-	-	-	-	-	-
Kee Teck Koon	-	-	-	-	2	2
Pang Wai Yin	5	5	-	-	-	-
Joy Tan	-	-	-	-	5	5
Sim Hwee Hoon	-	-	-	-	5	5
Neo Chin	-	-	-	-	-	-
Vincent Lien	-	-	-	-	-	-
Robert Charles	5	5	7	7	-	-
Mak Keat Meng	5	5	-	-	-	-
Chen Peng	5	5	-	-	-	-
Seah Kian Peng	-	-	3	3	3	3
Richard Koh <sup>(1)</sup>	2	2	2	2	-	-
Choong Tuck Oon <sup>(2)</sup>	-	-	5	5	-	-

@ Number of meetings held during the period the director was a member of the Board and/or Board Committee

(1) Elected to the Board on 28 May 2021

(2) Retired from the Board on 28 May 2021

### Chairman and Chief Executive

The roles of the Chairman and Chief Executive are distinct and separate, with a clear division of responsibilities. This is consistent with the principle of ensuring a balance of power and authority. It also provides for greater accountability and independent decision-making.

The Chairman leads the Board and ensures its effectiveness in all aspects of its role. He promotes high standards of corporate governance and steers the Board towards making sound decisions. He ensures that active and comprehensive discussions are held on all matters brought up to the Board, and encourages constructive relations between the Board and senior management.

The Chairman plays a key role at the AGM in fostering constructive dialogue between the members of the Co-operative, the Board, and senior management. Members' questions and concerns are addressed at the AGM.

The Chief Executive is the most senior executive and assumes executive responsibility for the Co-operative's business. He oversees the execution of the Co-operative's corporate and business strategies and is overall responsible for managing its operations.

### Lead Independent Director

As the Chairman is non-independent, Ms Joy Tan has been appointed as the lead independent director on the Board. This is in line with the Guidelines on Corporate Governance. The lead independent director provides independent leadership on the Board in situations where the Chairman may face potential conflicts, and acts as a sounding board for the Chairman. The lead independent director leads the independent directors during Board meetings to raise relevant questions and ensure that there is a check and balance between the Board and senior management.

The independent directors meet at least annually without the presence of the other directors, and the lead independent director chairs this meeting and provides feedback to the Chairman after the meeting.



# Corporate Governance

## Board Induction & Development

The Co-operative has an induction programme to provide new directors with structured training which includes introductory information on the Co-operative, briefings by senior management on topics such as the Co-operative's history, key performance measures, strategy, business plan and risk management as well as other key areas. In addition, the induction programme includes briefings on specific topics relevant to the Board Committee appointment taken on by the new director and which will enable the new director to have a more comprehensive understanding of key matters that will enable the effective discharge of the director's role. The Co-operative reviews the content of such briefings to take into account any new legislative or other changes.

The NHRRC has formalised an annual Continuous Professional Development (CPD) programme for the directors to further equip them with appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. The CPD programme comprises talks and seminars organised by professional bodies within the industry or other professional organisations, presentations by invited speakers at Board and Board Committee meetings, and the training component from presentations on technical issues made at such meetings. The topics covered include key topics relevant to the insurance industry, accounting and regulatory changes, and updates on major industry and market developments. The topics selected ensure that the directors are provided with up to date knowledge on salient matters.

A formal record of the training and development received by the directors is maintained and reviewed by the NHRRC. The CPD programme in 2021 included the following topics:

- Navigating the Low Yield Environment
- Culture, Conduct and Individual Accountability
- Cybersecurity
- Sustainability

## Board Evaluation

The Board has implemented an annual evaluation process to assess the performance and effectiveness of the Board as a whole. All directors participate in the evaluation which is conducted through confidential completion of an evaluation questionnaire. The Board evaluation questionnaire covers a wide range of matters including Board Composition, Board Processes/Board Role and Functioning, Information Management, Representation of Shareholders and Social Mission, Managing the Entity's Performance, CEO Development and Succession Planning, Risk Management, and Overall Perception.

In 2021, Aon Consulting was engaged to facilitate the Board evaluation process and to provide the Board with an independent perspective of the Board's performance, as well as benchmarks and industry best practices. Aon Consulting is not related to the Co-operative and the Co-operative is not aware of any relationships between Aon Consulting and the Co-operative's directors and senior management.

The evaluation results and feedback are collated and discussed by the NHRRC. The results of the evaluation exercise are also presented to the Board for discussion.

The purpose of the evaluation is to increase the overall effectiveness of the Board. The collective process has also provided an opportunity to obtain insightful feedback from the directors on suggestions to enhance the effectiveness of the Board.

## BOARD COMMITTEES

The Board has established five Board Committees to assist it in carrying out its oversight of the operations and business affairs of the Co-operative. The five Board Committees are the Audit, Investment, Risk Management, Nominating and Human Resource & Remuneration, and Digital & Technology Committees. The Board has delegated authority and powers to these Committees to monitor and have oversight over specific areas.

The composition of the Board Committees satisfies the independence requirements stipulated in the Guidelines on Corporate Governance and the ICGR. The Board Committees are of an appropriate size, and comprise directors who, as a group, provide the appropriate balance and mix of skills, knowledge, and experience.

Each Committee has its own clearly defined Board-approved terms of reference which describe its objectives, composition, and key duties and responsibilities. The respective terms of reference are reviewed periodically to ensure alignment to the Notices and Guidelines issued by the MAS, where applicable.

The minutes of the Board Committee meetings are circulated to the Board.

### **Audit Committee**

The Audit Committee (AC) comprises four members as follows:

Chairperson	Mak Keat Meng
Members	Pang Wai Yin Sim Hwee Hoon Joy Tan

The AC operates within the Board-approved written terms of reference which set out the AC's authority and responsibilities as prescribed in the Guidelines on Corporate Governance issued by MAS for all major insurers.

The key duties and responsibilities of the AC are to:

- Review the financial statements including allocation of charges and expenses to the participating fund, of the Co-operative with management and the external auditors
- Review the effectiveness of material financial, operational, compliance and information technology controls, including the corporate fraud risk management policy/ framework and whistle-blowing arrangements which staff and other parties may in confidence raise concerns about possible improprieties relating to financial reporting, controls or any other matters
- Assess the adequacy and effectiveness of the Internal Audit (IA) function in terms of its organisational independence, resources, capability, practices and work plans
- Review the audit plan and results of external audits, as well as the independence and objectivity of external auditors, on both audit and non-audit services and recommend to the Board on the appointment, re-appointment or removal of external auditors
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
- Review all material related party transactions and keep the Board informed of such transactions

The AC met four times during the year. Internal auditors, the Chief Executive and certain senior management executives attended these meetings. The external auditors attended all four meetings.

During the year, the AC reviewed with management the quarterly management reports, financial statements, significant accounting policies and estimates. The external auditors' audit plan, the management letter and management's response were presented to the AC and discussed with both the management and the external auditors. The AC also reviewed the internal audit plan, scope of internal audit activities, reports of internal audits and follow up reviews performed by internal audit. The AC ensures that there are processes in place for ensuring that recommendations made by internal audit, external audit and MAS are effectively dealt with on a timely manner.

The AC reviewed its terms of reference and the IA Charter to ensure they are adequate and relevant. Income has a whistle-blowing policy whereby staff could raise concerns about possible improprieties in matters of financial reporting or other matters in confidence. The AC reviewed the arrangements in place for independent investigation of such matters and for appropriate follow-up action.

The Chief Internal Auditor has a direct reporting line to the Chairman of the AC. The IA function resides in-house and is independent of the activities it audits. The IA function is adequately staffed by suitably qualified executives. An external quality assurance review will be conducted periodically to ensure that IA's activity conforms to the International Standards for the Professional Practice of Internal Auditing.

# Corporate Governance

The Chief Compliance Officer, who reports to the Chief Risk Officer, supports the latter in ensuring that the Co-operative complies with all applicable laws and regulations on an on-going basis.

On a quarterly basis, management reported to the AC significant related party transactions, contingent liabilities and regulatory compliance issues. In performing its functions, the AC had met up at least annually with the internal and external auditors without the presence of management.

The AC believes that, in the absence of evidence to the contrary, the system of internal controls maintained by the Co-operative's management which was in place throughout the financial year up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of financial risk. The AC notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

## Investment Committee

The Investment Committee (IC) comprises seven members as follows:

Chairman	Neo Chin
Members	Kee Teck Koon Vincent Lien Chen Peng Andrew Yeo (Chief Executive) Mark Shi (Chief Investment Officer) Lau Sok Hoon (Appointed Actuary)

The IC exercises the authority delegated by the Board in ensuring the Co-operative's investment activities are managed in a prudent manner.

The key duties and responsibilities of the IC are to:

- Review and endorse management's recommended Investment Policy and Strategic Asset Allocation (SAA) for approval by the Board
- Approve allocation boundaries for each asset in which Tactical Asset Allocation can operate
- Review the Investment Policy and performance on a regular basis so that it remains appropriate, recognising among other things, changes in business profile and the economic environment
- Review the Investment Policy so that it is consistent with the asset-liability management strategies required to support new and existing products
- Review the Investment Policy of the Participating Fund so that it is consistent with Income's bonus and dividend policy
- Ensure resources dedicated to investment activities are sufficient to implement and manage the approved Investment Policy and any other activities requested by the Board
- Determine the Key Performance Indicators (KPIs) for investment management and assess performance against the KPIs
- Oversee the implementation and maintenance of adequate risk management systems and controls in respect of the Co-operative's investment portfolios
- Oversee all ILP funds and reviewing fund performance on a regular basis
- Approve the limits and guidelines outlined in the Investment Policy, which have been delegated by the Board to the IC, subject to Income's overall risk limits set by the Risk Management Committee
- Authorise investment decisions, which have been delegated by the Board to the IC, and report to the Board any transaction of material consequence
- Review and approve the Responsible Investment Policy so that it supports the Sustainability Strategy and Vision at corporate level



The IC is authorised to make all investment decisions as delegated by the Board. Property investments exceeding S\$250 million in a single transaction would require the approval of the Board. The IC will report to the Board any transaction of material consequence. The IC has the discretion to refer to the Board for approval for transactions which may have wider implications beyond pure investment considerations.

The IC held four regular meetings during the year. It evaluated and approved a number of major investment activities, including the review of the asset allocation framework, the oversight of strategic asset allocation implementation by the management and the investment portfolios outsourced to external fund managers. The IC also had discussions with management and promoted increased traction in the incorporation of material ESG considerations in investments as part of the strategic steer on the new Responsible Investment Policy.

### Risk Management Committee

The Risk Management Committee (RMC) comprises five members as follows:

Chairperson	Pang Wai Yin
Members	Robert Charles Chen Peng Mak Keat Meng Richard Koh

The Board delegates its oversight function to the RMC while retaining the ultimate authority and responsibility. The RMC oversees the effectiveness of the risk management framework and policies, covering all material risks including market, credit, insurance, operational, liquidity, environmental, and reputational risks.

The key duties and responsibilities of the RMC are to:

- Set the tone from the top to inculcate the appropriate risk culture in the organization to promote risk awareness, effective risk management and sound risk taking within the risk appetite approved by the board
- Review and approve or endorse for the Board's approval, the Co-operative's risk management framework, key policies, risk appetite, tolerance limits and key risk indicators, which provide the structure for effective risk management
- Review and endorse for the Board's approval the Co-operative's solvency and capital management strategies
- Review the adequacy and effectiveness of the enterprise-wide risk management system and processes for identifying, measuring, managing, monitoring and reporting of risks
- Review and advise the Board on the current and emerging risk profiles of the Co-operative and the quality of response to managing these risks including those from stress test scenarios
- Review the adequacy of risk management resources and the independence of the risk management function
- Highlight to the Board issues of concern on key risks

The RMC works closely with the NHRRC on the appointment of the Chief Risk Officer. The Chief Risk Officer reports directly to the Chief Executive Officer and has direct access to the RMC. In addition, the RMC works closely with the IC on investment risk matters and the AC in respect of regulatory risk matters.

The RMC held four regular meetings and one ad hoc meeting during the year. Amongst others, the RMC reviewed the management initiatives to promote risk culture and refreshed the risk appetite and tolerance limits as part of the annual exercise to be in line with board approved business strategy. It has also sharpened the risk focus by prioritizing risks and had discussed extensively with management on the Co-operative's strategies in managing pandemic situation and navigating the volatility of the financial markets during the year. The RMC had reviewed and was satisfied with the management's response to the Co-operative's Own Risk and Solvency Assessment (ORSA) during the year. The RMC has also approved the newly formulated Environmental Risk Management Framework for the Co-operative. A review of the Co-operative's capital management framework was conducted and the recommendations were endorsed by the RMC for the Board's approval. On risk culture, the Co-operative has rolled out a programme to systematically assess the design and effectiveness of internal controls and conducted activities to elevate risk awareness.

# Corporate Governance

## Nominating Committee and Human Resource & Remuneration Committee

The Nominating and Human Resource & Remuneration Committee (NHRRC) comprises three members as follows:

Chairperson	Sim Hwee Hoon
Members	Joy Tan Seah Kian Peng

The key duties and responsibilities of the NHRRC are:

- Determining the criteria to be applied in identifying suitable candidates, and reviewing nominations and re-nominations for appointments to the Board and Board Committees
- Reviewing and recommending to the Board a framework for determining the remuneration of non-executive directors, and external members of Board Committees
- Recommending to the Board on the development of a process for the annual evaluation of the performance of the Board, Board Committees and directors
- Assessing the skills of the directors on an annual basis and identifying steps to improve the effectiveness of the Board and Board Committees
- Determining the independence of each director prior to every annual general meeting, based on the definition and criteria set out in the provisions of the prevailing ICGR
- Reviewing the adequacy of Board training and education
- Leading the process of appointing the key position holders with the approval of the Board
- Reviewing and approving a framework for determining remuneration based on the factors set out in the ICGR
- Reviewing and approving the remuneration plans and actual pay-out for senior management and for the CEO
- Reviewing appointments and terminations of senior management
- Reviewing the talent management framework and progress, and approving development plans for senior management annually
- Reviewing the organisation's culture and conduct, and ensuring linkage with associated levers such as compensation and talent planning
- Reviewing succession plans for the executive team and key roles such as Chairman and CEO
- Oversight of Incomes' implementation of the MAS Individual Accountability and Conduct Guidelines and ongoing review of compliance with the Guidelines
- Oversight of development and implementation of the Sustainability vision and implementation plan

The NHRRC assists the Board to evaluate the suitability of candidates for appointment to the Board by ensuring that competent and qualified individuals capable of contributing to the success of the organisation are considered. The NHRRC may engage external search consultants to source for potential candidates. Proposals for the appointment of new directors are reviewed by the NHRRC. The latter meets with short-listed candidates to assess their suitability and commitment. Competent individuals are assessed on their suitability taking into consideration, amongst others, their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Co-operative, potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board.

In addition, the NHRRC determines the proposed candidate's independence under the ICGR and ensures that the appointment of the proposed candidate would satisfy the criteria under the regulations, and that he/she is a fit and proper person for the office, taking into account his/her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Board. Such reviews are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria. The NHRRC recommends all director appointments for the Board's endorsement.

In keeping with good corporate governance, all directors are subject to re-nomination and re-election once every three years. All new nominations to the Board require the prior approval of the MAS.

The NHRRC is mindful that directors who serve on multiple boards may be faced with competing time commitment. Although the NHRRC has not imposed a formal limit on the number of directorships which a director may hold, it requires each director to declare annually that he/she is able to devote sufficient time and attention to the Co-operative and to adequately discharge his/her duties as director. The NHRRC has reviewed and is satisfied that directors who currently hold multiple board representations are able to devote adequate time and attention to discharge their duties effectively.

The NHRRC met five times during the year. In relation to the Board, the key areas reviewed included the assessment of new Board candidates, the skills and competencies required on the Board, the composition of the Board Committees, independence of directors, and Board evaluation results. In relation to the organisation, the key areas reviewed were the remuneration framework and remuneration of the senior management team, talent management framework and development plans for the senior management, the organisation's culture and conduct, as well as succession plans for the executive team and key position holders.

The NHRRC monitors the effectiveness of remuneration policies. It has reviewed the Co-operative's compensation practices to ensure that compensation is aligned with prudent risk taking, and is market competitive.

In 2020, Willis Towers Watsons provided independent advisory services on the senior management compensation framework to ensure greater alignment of remuneration policies and practices with market standards. The framework was revised in 2021. Willis Towers Watson is not related to the Co-operative and the Co-operative is not aware of any relationship between Willis Towers Watson and the Co-operative's directors and senior management.

### Digital & Technology Committee

The Digital & Technology Committee (DTC) comprises seven members as follows:

Chairperson	Robert Charles
Members	Seah Kian Peng Richard Koh Han Soon Lang* Grace Ho* Chak Kong Soon* Lim Kuo Siong*

\* external member

The key duties and responsibilities of the DTC are to:

- Provide oversight on major IT programs and investment
- Provide advice on strategies related to digital transformation, technology architecture and technology-related innovations
- Monitor and review emerging trends in digitisation and technologies that may affect Income's strategy, including new developments in fintech and insurtech
- Review specific technology risks as requested by the RMC. These will include cyber security, IT resilience and IT security. The outcome of the review will be updated to the RMC
- Highlight and bring to the attention of the Board any matters as the DTC deems appropriate

The DTC held four regular quarterly meetings and three ad-hoc meetings during the year. It reviewed the IT 2025 Strategy which covers six main pillars on data foundation, omni channel experience, zero touch operations, core modernization, platform resiliency, and cyber security. It also endorsed the implementation of key IT projects such as core modernization and provided oversight on the launch of digital products, powered by Income's digital expertise in the region.

### RELATED PARTY TRANSACTIONS POLICY AND PROCESS

The Related Party Transactions Policy of the Co-operative provides guidance and direction on the identification and approval of related party transactions. The policy prohibits all related party transactions, unless approved or ratified by the Board, or considered pre-approved as outlined in the policy. On a quarterly basis, the management reports to the AC and Board any significant related party transactions that are identified and these transactions are reviewed at the AC and Board meetings.

# Corporate Governance

## REMUNERATION POLICY

### Employees' Remuneration

The Co-operative's policy is to remunerate its employees at competitive and appropriate levels, commensurate with their performance and contribution. It seeks to attract, motivate, reward and retain quality employees and foster a performance-oriented culture across the organisation. The total compensation package for employees comprises basic salary, fixed and variable bonuses, as well as other staff benefits. The approximate mix of remuneration of fixed and variable is, on average, 85% - 15% for employees and managers. For senior management, the approximate mix is about 53% - 47%. In addition, a retention plan is provided for eligible senior management members. In order to ensure that its remuneration package is competitive, the Co-operative regularly reviews its base salary ranges and benefits package versus market data. Each job is graded and base salary ranges are established (by using the market median as a midpoint guide) for each respective grade.

### Remuneration of Non-Executive Directors

The honoraria payable to non-executive directors in 2021 was approved at the last AGM as follows:

<b>Base Fee</b>	\$37,100
<b>Appointment Fee</b>	
Chairman of Board	\$36,500
Deputy Chairman, Chairman of Audit Committee, Investment Committee, Risk Management Committee, Digital & Technology Committee, Nominating and Human Resource & Remuneration Committee	\$33,000
Member of Audit Committee, Investment Committee, Risk Management Committee	\$23,500
Member of Digital & Technology Committee, Nominating and Human Resource & Remuneration Committee	\$16,500

Each director is paid a fee based on the base fee and the two highest appointments he or she holds, regardless of the number of appointments. The director's fee is pro-rated for new directors who come on board based on the period of service.

### Non-Executive Directors' Remuneration for 2021

<b>Name of Director</b>	<b>Director Fee</b>
Ronald Ong	\$73,600.00
Kee Teck Koon	\$93,600.00
Pang Wai Yin	\$93,600.00
Joy Tan	\$77,100.00
Sim Hwee Hoon	\$93,600.00
Neo Chin	\$70,100.00
Vincent Lien	\$60,600.00
Robert Charles	\$86,909.59
Mak Keat Meng	\$93,600.00
Chen Peng	\$84,100.00
Seah Kian Peng	\$56,809.58
Richard Koh <sup>(1)</sup>	\$46,048.77
Choong Tuck Oon <sup>(2)</sup>	\$37,952.88

(1) Elected to the Board on 28 May 2021

(2) Retired from the Board on 28 May 2021



### Immediate Family Member of Directors

The Co-operative did not employ any immediate family member of a director in 2021.

### Remuneration of Key Executives

The Corporate Governance Guidelines recommend that the remuneration of at least the top five key executives be disclosed within bands of \$250,000. After careful consideration, the Board has decided not to disclose information on the remuneration of the top five key executives as the disadvantages to the Co-operative's business interests would far outweigh the benefits of such disclosure in view of the disparities in remuneration in the industry and the competitive pressures that are likely to result from such disclosure.

## COMMUNICATION WITH MEMBERS

Members of the Co-operative can access relevant information on the Co-operative at its website at [www.income.com.sg](http://www.income.com.sg). Members are also given the opportunity to participate actively at the Co-operative's general meetings where they can ask questions and communicate their views. The directors, senior management and external auditors are present at these meetings to address queries and concerns raised by members.

## ENTERPRISE RISK MANAGEMENT

The Risk Management Strategy, as advised and endorsed by the RMC and approved by the Board, serves to ensure that the risk management framework is in place to identify, measure, manage, monitor and report material risks consistently across all business activities.

### Enterprise Risk Management Framework

Enterprise Risk Management (ERM) Framework at the Co-operative level involves the overall assessment of risks which the Co-operative can be exposed to, over the present as well as reasonably foreseeable future, and its integration with capital management.

The Co-operative's enterprise-wide Risk Appetite Statement articulates quantitatively and qualitatively, the level of risk that the Co-operative is ready to accept and tolerate, and provides the basis for oversight and governance for the Co-operative.

The foremost principle underlying the Co-operative's ERM Framework is that all risk management activities are aimed at facilitating the achievement of its stated corporate objectives and social priorities, in a manner that is consistent with the Co-operative's stated aim of financial stability and serving the community whilst protecting and enhancing the reputation and standing of the Co-operative.

Within the ERM Framework, the Co-operative operates a "Three Lines of Defense" model for the management of the risks facing the business. The first line of defense comprises the various business units and are the ultimate owners of the risks. They have responsibility to identify, measure, manage and monitor the risks in their respective areas. The second line of defense comprises the Risk Management and Compliance functions. They provide a review and challenge of the processes and controls in the first line business activities and propose risk limits and policies for approval by the RMC or Board, as appropriate. The third line of defense comprises the Internal Audit function which provides independent assurance that the risks are being managed effectively.

### Risk Management Principles

Risk is a key part of the Co-operative's business and is defined as events which have a range of probabilistic outcomes, some of which have a negative impact on the organisation.

The risk management framework ensures that risks are properly measured, managed and monitored. The framework is tailored to the organisation and business structure to ensure that it is relevant and effective. Review of the framework is performed regularly to ensure that it remains fit for purpose and that it does provide the safeguards and assurances that the business is soundly run.

# Corporate Governance

Under the risk management framework, risks are classified under six broad categories which are considered to be most central to the business:

## 1. Market Risk

Market Risk is the risk to the Co-operative's financial condition arising from adverse movements in the level or volatility of asset market prices and long-term investment performance.

This risk is managed in accordance with the market risk policy, which requires exposure limits and risk indicators to be established in line with the Co-operative's risk appetite. In addition, market risk is factored into the design of the asset-liability management strategy, investment management process, and product design and pricing.

## 2. Insurance Risk

Insurance risk refers to the uncertainty of claim payment upon a contingent, uncontrollable event, in return for a premium. The assumption of insurance risk to earn an economic profit is our core business. This risk is managed through the combination of underwriting and pricing.

The Insurance Risk Policy sets out the types of risks that are acceptable to the Co-operative, the limits of retention and how new risks are to be evaluated and approved.

## 3. Credit Risk

Credit risk is the risk of default by borrowers and transactional counterparties as well as the loss of value of financial assets due to deterioration in credit quality of the obligors.

The Co-operative's Credit Risk Management Policy provides guidance on the measures for managing credit risk. The Co-operative has put in place a robust process where credit exposures are managed through exposure limits that are set based on the credit worthiness of the obligors and the Co-operative's risk appetite. Other measures include regular review of credit exposures and evaluation of different sources of credit risks.

## 4. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational Risks are managed through:

- Establishing and executing enterprise-wide risk management strategies for specific operational risks that could materially impact the ability to do business or impact reputation.
- Risk and Control Self-Assessment  
Heads of Business Units and/or appointed Risk Champions and Representatives are accountable for the day-to-day management of the operational risks inherent in their operations. They identify and assess key risks and controls, and design controls and action plans to manage operational risks as part of their overall portfolio of risk, to achieve an effective internal control environment.
- Use of appropriate operational risk management tools, methodology and mitigation strategies to identify, measure and monitor key operational risk exposures.
- Risk reviews by the Risk Management function on specific areas of concern to identify areas for improvements and to close gaps or weaknesses.

In particular, there are policies, processes and controls in place:

- to protect the Co-operative from risks associated with money laundering and terrorist financing, and these include regular monitoring and screening activities.
- to protect the customers, business and other related third parties from fraud risks.
- to manage cyber risks and technology risks relating to data loss/leakage, system security vulnerabilities, system breakdown and availability, privileged access misuse and technology obsolescence.

## 5. Reputational Risk

The Co-operative's business relies on its reputation and the trust its policyholders place in it for their financial security. The Co-operative is committed to continue to earn this trust by reinforcing fair and ethical practices, supported by strong compliance and corporate governance structures and processes.

## 6. Environmental Risk

Environmental risk arises from the potential adverse impact of changes in the environment on economic activities and human well-being. Environmental issues can result from climate change, loss of biodiversity, pollution and changes in land use. These issues are inter-linked and the current focus is on climate change, which is a more pressing topic locally and globally.

The Co-operative has in place an Environmental Risk Management Policy to address physical and transition risk considerations arising from climate change.

## ASSET LIABILITY MANAGEMENT

The Co-operative adopts a rigorous and dynamic Asset Liability Management (ALM) approach that drives the Co-operative's Strategic Asset Allocation (SAA). The ALM process does not focus only on addressing interest rate risk of the Co-operative's Assets and Liabilities but rather, a 'balance sheet approach' is adopted with consideration of liability requirements and liquidity needs, supported by well-articulated risk appetite boundaries for the achievement of the Co-operative's long-term return objectives.

The overall ALM approach in setting of the SAA is premised upon a prudent philosophy guided by the risk appetite.

The asset pool backing guaranteed liabilities is invested in fixed income bonds with a conservative mix of Singapore government versus investment grade corporate bonds. The duration of the assets is driven by the profile of the liabilities, targeting good cash flow matching to minimise the fund's liquidity and interest rate risks.

The asset pool backing surpluses consists of assets backing capital requirements versus surplus capital. Assets backing capital requirements are invested in a conservative mix of fixed income assets while surplus capital assets are invested in return seeking assets such as equities, physical properties and alternative assets to achieve optimal asset diversification benefit.

### ALM Methodology

Studies are conducted annually to determine the optimal SAA to be adopted by the Co-operative.

A range of financial models, such as short-rate models and multi-factor models, is used to develop stochastic economic scenarios. Each scenario contains forward looking views on interest rates, credit spreads, equity returns and property returns, which are used to simulate the possible changes in both the value of the liabilities and the value of a portfolio of assets.

A number of portfolio assets are run through the economic scenarios to determine their risk and return characteristics. The optimal SAA is chosen as the portfolio that generates the highest return while staying within all risk limits.

# Statement by Directors

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

In the opinion of the directors,

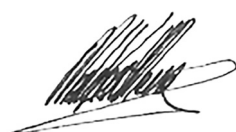
- (a) Other than the matter described in the 'Basis for qualified opinion' in the independent auditors' report, the consolidated financial statements of the Group as set out on pages 44 to 157 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Co-operative Societies Act 1979 ("the Act") and Financial Reporting Standards in Singapore ("FRSs");
- (b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due; and
- (c) the receipt, expenditure, investment of moneys and the acquisition and disposal of assets by the Co-operative during the year have been made in accordance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act); and
- (d) proper accounting and other records have been kept by the Co-operative.

On 24 December 2021, the Co-operative has signed a framework agreement with its related party, Income Insurance Limited, to transfer its entire business on the Effective Date (the Transfer), which is expected to be completed within the next 12 months from the date of this statement. Following the Transfer, all the business and undertakings and all rights and obligations of the Co-operative will be transferred to Income Insurance Limited. Subsequent to the Transfer, the Co-operative will cease to exist. On 18 February 2022, the members have approved for the transfer of its entire business and the dissolution of the Co-operative. Based on these factors, management has assessed that the going concern basis of preparation remains appropriate.

On behalf of the Board of Directors



**Ronald Ong**  
Chairman



**Mak Keat Meng**  
Director

Singapore, 25 March 2022



# Appointed Actuary's Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The insurance contract provisions are valued in accordance with MAS Notice 133 Valuation and Capital Framework for Insurers taking into account all contractual liabilities. The reserving assumptions are reviewed on an annual basis to reflect the Co-operative's latest experience, and the insurance contract provisions are sufficient to meet future obligations.

My duties as the Appointed Actuary include recommending to the Board of Directors ("the Board") on the following matters:

- Allocation of bonus rates to the Co-operative's participating policyholders;
- Transfer of surplus arising in the Participating Fund to the Surplus Account in accordance with Section 16 of the Insurance Act 1966; and
- Transfer of surplus from the Surplus Account and other Insurance Funds to the Shareholders' Fund.

The above recommendations have been agreed and approved by the Board.



**Lau Sok Hoon**  
Appointed Actuary

Singapore, 25 March 2022

# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## MEMBERS OF THE CO-OPERATIVE NTUC INCOME INSURANCE CO-OPERATIVE LIMITED

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### *Qualified opinion*

We have audited the consolidated financial statements of NTUC Income Insurance Co-operative Limited ('the Co-operative') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 157.

In our opinion, except for the effects of the matter described in the '*Basis for qualified opinion*' section of our report, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Co-operative Societies Act 1979 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Group as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

#### *Basis for qualified opinion*

As stated in Notes 2(r) and 20 to the consolidated financial statements, the share capital held by common shareholders and treasury shares of the Co-operative do not qualify as equity in accordance with the provisions of Financial Reporting Standard 32 *Financial Instruments: Presentation* and should instead be presented as financial liabilities. Had this been done, in respect of the common share capital of \$309,106,000 (2020: \$328,015,000) less the corresponding treasury shares of \$14,159,000 (2020: \$14,159,000) would be reflected as financial liabilities, and dividends paid to common shareholders of \$18,805,000 (2020: \$23,503,000) may be reflected as a finance cost instead of a distribution to members.

#### *Emphasis of matter*

We draw attention to Note 31 to the consolidated financial statements which states that subsequent to the year end, members have approved the Transfer and the proposed dissolution of the Co-operative subject to and conditional upon the completion of the Transfer. Following the Transfer, all business and undertakings and all rights and obligations of the Co-operative and its subsidiaries will remain with the Group. Our opinion is not modified in respect of this matter.

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 consolidated 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 consolidated 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 qualified opinion.

# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### **Valuation of insurance contract provisions (Refer to Note 3, 4(a), 4(b), and 15 to the consolidated financial statements)**

#### *The key audit matter*

The Group's insurance business comprises life and general insurance contracts. The Group has significant insurance contract provisions representing more than 90% of its total liabilities. Valuation of insurance contract provisions is inherently judgemental and subjective. The methodologies and assumptions adopted are crucial to the valuation of the insurance contract provisions so that sufficient amounts are held to meet expected obligations.

#### **i) Life insurance contract provisions**

Economic assumptions such as investment return and interest rates, and non-economic assumptions such as mortality, morbidity and policyholder persistency are some of the key bases used to estimate the Group's life insurance contract liabilities.

In addition to historical experience, management judgement is involved in the application of these assumptions. Changes in the assumptions used could result in a material impact to the valuation of the life insurance contract liabilities and the related movements in the consolidated statement of comprehensive income.

#### *How was the matter addressed in our audit*

We used our internal actuarial specialists to assist us in performing audit procedures including:

- Evaluated the reasonableness of the actuarial valuation methodologies used by comparing them against regulatory requirements and industry practices, as applicable;
- Evaluated the reasonableness of key assumptions by comparing them against historical trends and experience. Where applicable, we benchmarked the assumptions to those applied by other insurers with similar insurance contracts;
- Assessed the relevant experience investigations to verify that the assumptions applied are consistent with the Group's experience;
- Assessed the reasonableness of the movement analysis of provisions to understand the key drivers of the changes during the year; and
- Assessed the reasonableness of the disclosures in the consolidated financial statements.

#### *Findings*

Based on our above procedures, we considered the methodologies and assumptions used in the valuation of the life insurance contract provisions to be in accordance with relevant requirements. We tested management's evaluation of the economic and non-economic assumptions in arriving at their justification of the key assumptions which have been tested for sensitivity and retrospective review. We also found that the disclosures on the valuation methodologies and assumptions applied and sensitivity analysis (Note 3) and the insurance risk management note (Note 4 (a)) to be in accordance with relevant requirements.

# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Valuation of insurance contract provisions (Refer to Note 3, 4(a), 4(b), and 15 to the consolidated financial statements)

### ii) General insurance contract provisions

General insurance contract provisions include the provision for claims and loss adjustment expenses and the provision for unexpired risk. These are determined based on historical claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Estimates have to be made for both the expected ultimate cost of claims reported at the reporting date, and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date.

The estimation of general insurance contract liabilities is sensitive to various assumptions applied including most significantly the assumed loss ratio. Management judgement is applied in setting these assumptions. Changes in these assumptions used could result in a material impact to the valuation of the general insurance contract liabilities and the related movements in the consolidated statement of comprehensive income.

#### *How was the matter addressed in our audit*

We used our internal actuarial specialists to assist us in performing audit procedures including:

- Evaluated the reasonableness of the actuarial valuation methodologies used against regulatory requirements and industry practices, as applicable;
- Evaluated the reasonableness of key assumptions with reference to historical trends and experience. Where applicable, we benchmarked the assumptions to those used by other insurers with similar insurance contracts;
- Assessed the reasonableness of the movement analysis of provisions to understand the key drivers of the changes over the year;
- Re-computed the insurance contract provisions for all classes of business, using management's selected methodologies and assumptions to ascertain the accuracy of the calculation;
- Analysed independently all key classes of general insurance business using our internal actuarial selected methodology and assumptions to determine a reasonable range of best estimates, and compared the Group's calculated result against that range; and
- Assessed the reasonableness of the disclosures in the consolidated financial statements.

#### *Findings*

Based on our above procedures, we considered the methodologies and assumptions used in the valuation of the general insurance contract provisions were in accordance with relevant requirements. We tested management's evaluation in arriving at their justification of the key assumptions which have been tested for sensitivity and retrospective review. We also found that the disclosures on the valuation methodologies and assumptions applied and sensitivity analysis (Note 3) and the insurance risk management note (Note 4(b)) to be in accordance with relevant requirements.



# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Valuation of other financial assets classified as Level 3 under the fair value hierarchy (Refer to Note 4(f), 11 and 32 to the consolidated financial statements)

### *The key audit matter*

The Group's investment portfolio represents more than 87% of its total assets. Of the financial instruments that are carried at fair value in the Group's consolidated financial statements as at 31 December 2021, the areas that involved significant judgement were the valuation of unquoted funds, debt and equities, representing approximately 6% of the Group's total investments.

These financial instruments are classified as Level 3 in the fair value hierarchy, where their fair values are measured using significant unobservable inputs such as the net asset value of the investee funds or companies.

### *How was the matter addressed in our audit*

We assessed whether fair values of the Level 3 financial instruments are reasonable by performing the following procedures:

- Understand from management on their valuation approaches for these Level 3 instruments to assess the appropriateness of the basis of valuations;
- Considered management's sensitivity analysis in respect of the key assumptions used to assess the impact, if any, to the valuation;
- Obtained independent confirmations to ascertain the reliability of inputs used in the valuations;
- Evaluated the reliability of valuation approaches used in the valuation of Level 3 instruments by performing look-back procedures to compare prior year inputs to the investees' audited financial statements; and
- Assessed the reasonableness of the disclosures in the consolidated financial statements on the fair value measurement basis.

### *Findings*

The valuation methods applied are in line with generally accepted market practices and the valuations are consistent with external net assets valuation reports. We also found that the disclosures on fair value measurement (Note 4(f)) to be in accordance with relevant requirements.

# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Valuation of investment properties (Refer to Note 4(f) and 7 to the consolidated financial statements)

### *The key audit matter*

The Group owns a portfolio of investment properties comprising commercial properties. These investment properties are carried at fair values as determined by independent professional valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied such as the capitalisation rates and discount rates; where a change in the assumptions can have a significant impact to the valuation.

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 outbreak, a higher degree of caution should be exercised when relying upon the valuation. The valuations may change significantly and unexpectedly over a short period of time.

### *How was the matter addressed in our audit*

We assessed whether the fair values of the investment properties are reasonable by performing the following procedures:

- Inquired and assessed management's basis of determining fair values of investment properties;
- Evaluated the competency and objectivity of the independent property valuers;
- Assessed the appropriateness and reasonableness of the valuation methodologies and key assumptions used by the independent property valuers such as the capitalisation rates, discount rates, rental growth rates and estimated rental rates, taking into consideration the impact of COVID-19;
- Assessed management's computation and accounting treatment of fair value changes; and
- Assessed the reasonableness of the disclosures in the consolidated financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

### *Findings*

The Group has a process in appointing valuers, and in reviewing, challenging and accepting their valuations. A valuation was performed by the valuers on the Group's portfolio of investment properties at the reporting date. The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data. We also found that the disclosures on the fair value measurement (Note 4(f)) to be in accordance with relevant requirements.

### *Other information*

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the consolidated 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## *Responsibilities of management and directors for the consolidated financial statements*

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### *Opinion*

In our opinion:

- (a) the receipt, expenditure, investment of moneys and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act); and
- (b) proper accounting and other records have been kept by the Co-operative.

### *Basis for opinion*

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the compliance audit' section of our report. We are independent of the Group in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the consolidated 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 on management's compliance.

### *Responsibilities of management for compliance with legal and regulatory requirements*

Management is responsible for ensuring that the receipt, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act). This responsibility includes monitoring related compliance requirements relevant to the Co-operative, and implementing internal controls as management determines are necessary to enable compliance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act).



# Independent Auditors' Report

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## *Auditors' responsibilities for the compliance audit*

Our responsibility is to express an opinion on management's compliance based on our audit of the consolidated financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipt, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative, the provisions of the Act and the Rules (made under section 95 of the Act).

Our compliance audit includes obtaining an understanding of the internal controls relevant to the receipt, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the consolidated financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

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



**KPMG-LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
25 March 2022

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

		The Group 2021					
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>ASSETS</b>							
Property, plant and equipment	5	43,537	-	-	-	3,406	46,943
Intangible assets	6	45,777	5,690	1,121	2,650	41,031	96,269
Investment properties	7	1,915,871	-	-	-	-	1,915,871
Investment in joint ventures	9	580,648	-	-	-	-	580,648
Investment in associated companies	10	-	-	-	-	278,967	278,967
Other financial assets	11	29,936,354	5,615,217	2,818,924	1,390,548	1,560,635	41,321,678
Loans	13	640,818	243	-	-	-	641,061
Derivative financial instruments	14	196,047	40,673	4,481	5,131	9,774	256,106
Reinsurers' share of insurance contract provisions	15	29,727	4,421	-	49,804	-	83,952
Insurance and other receivables	16	422,923	59,037	44,942	32,034	54,455	613,391
Cash and cash equivalents	17	1,027,049	259,294	35,011	57,148	53,929	1,432,431
		34,838,751	5,984,575	2,904,479	1,537,315	2,002,197	47,267,317
<b>LIABILITIES</b>							
Insurance contract provisions	15	32,156,457	3,233,594	2,772,466	748,368	-	38,910,885
Investment contract liabilities		-	-	-	-	-	-
Derivative financial instruments	14	92,943	6,282	1,973	727	3,043	104,968
Borrowings	18	454,785	-	-	-	1,398,064	1,852,849
Insurance and other payables	19	1,612,276	160,333	57,820	100,135	108,149	2,038,713
		34,316,461	3,400,209	2,832,259	849,230	1,509,256	42,907,415
<b>NET ASSETS</b>		<b>522,290</b>	<b>2,584,366</b>	<b>72,220</b>	<b>688,085</b>	<b>492,941</b>	<b>4,359,902</b>
<b>SHARE CAPITAL AND RESERVES</b>							
Share capital	20	-	-	-	-	1,088,879	1,088,879
Treasury shares		-	-	-	-	(14,159)	(14,159)
Reserves for future distribution	21	-	-	-	-	-	-
Fair value reserve		-	16,216	-	51,469	43,280	110,965
Accumulated surplus	28	512,863	2,568,150	72,220	636,616	(625,059)	3,164,790
		512,863	2,584,366	72,220	688,085	492,941	4,350,475
<b>Non-controlling interest</b>		<b>9,427</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,427</b>
<b>Total equity</b>		<b>522,290</b>	<b>2,584,366</b>	<b>72,220</b>	<b>688,085</b>	<b>492,941</b>	<b>4,359,902</b>

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

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

		The Group 2020					
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>ASSETS</b>							
Property, plant and equipment	5	49,572	-	-	-	1,420	50,992
Intangible assets	6	52,383	289	-	-	21,583	74,255
Investment properties	7	1,909,971	-	-	-	-	1,909,971
Investment in joint ventures	9	559,234	-	-	-	-	559,234
Investment in associated companies	10	-	-	-	-	254,634	254,634
Other financial assets	11	29,462,645	5,082,161	2,700,130	1,328,423	1,677,194	40,250,553
Loans	13	658,297	233	-	-	-	658,530
Derivative financial instruments	14	301,501	48,460	1,940	7,035	16,224	375,160
Reinsurers' share of insurance contract provisions	15	8,096	6,264	-	53,505	-	67,865
Insurance and other receivables	16	256,203	77,336	36,692	40,151	15,882	426,264
Cash and cash equivalents	17	820,502	234,706	44,992	62,751	52,905	1,215,856
		34,078,404	5,449,449	2,783,754	1,491,865	2,039,842	45,843,314
<b>LIABILITIES</b>							
Insurance contract provisions	15	31,575,993	2,848,906	2,649,052	732,273	-	37,806,224
Investment contract liabilities		835	-	-	-	-	835
Derivative financial instruments	14	92,081	9,465	1,303	3,911	7,396	114,156
Borrowings	18	457,711	-	-	-	1,398,197	1,855,908
Insurance and other payables	19	1,428,806	161,847	67,470	82,113	64,518	1,804,754
		33,555,426	3,020,218	2,717,825	818,297	1,470,111	41,581,877
<b>NET ASSETS</b>		522,978	2,429,231	65,929	673,568	569,731	4,261,437
<b>SHARE CAPITAL AND RESERVES</b>							
Share capital	20	-	-	-	-	1,088,603	1,088,603
Treasury shares		-	-	-	-	(14,159)	(14,159)
Reserves for future distribution	21	-	118,859	-	-	-	118,859
Fair value reserve		-	3,954	-	32,180	76,924	113,058
Accumulated surplus	28	513,360	2,306,418	65,929	641,388	(581,637)	2,945,458
		513,360	2,429,231	65,929	673,568	569,731	4,251,819
<b>Non-controlling interest</b>		9,618	-	-	-	-	9,618
<b>Total equity</b>		522,978	2,429,231	65,929	673,568	569,731	4,261,437

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

# Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		The Group 2021					
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Gross premiums		2,328,768	1,627,846	268,505	379,519	-	4,604,638
Reinsurance premiums		(102,785)	(7,866)	(159)	(32,594)	-	(143,404)
Net premiums		2,225,983	1,619,980	268,346	346,925	-	4,461,234
Fee and other income	22	11,395	28	23	8,776	14,047	34,269
Net investment income/(losses) and fair value gains/(losses)	23	(120,079)	23,015	158,515	19,235	81,300	161,986
<b>Total</b>		<b>2,117,299</b>	<b>1,643,023</b>	<b>426,884</b>	<b>374,936</b>	<b>95,347</b>	<b>4,657,489</b>
<b>Benefits and claims</b>							
Gross claims, surrenders and annuities		1,726,917	758,889	281,711	182,598	-	2,950,115
Bonus to policyholders		306,402	-	-	-	-	306,402
Increase/(Decrease) in insurance contract provisions		(64,568)	604,375	123,414	24,919	-	688,140
Less: Reinsurers' share of insurance benefits and claims		(84,957)	(1,855)	-	(8,489)	-	(95,301)
<b>Net insurance benefits and claims</b>		<b>1,883,794</b>	<b>1,361,409</b>	<b>405,125</b>	<b>199,028</b>	<b>-</b>	<b>3,849,356</b>
<b>Expenses</b>							
Interest expenses	18	5,962	12,776	53	185	34,584	53,560
Selling expenses		133,584	55,029	9,551	76,131	13,259	287,554
Management expenses	24	83,944	70,936	5,864	64,830	71,658	297,232
<b>Total claims and expenses</b>		<b>2,107,284</b>	<b>1,500,150</b>	<b>420,593</b>	<b>340,174</b>	<b>119,501</b>	<b>4,487,702</b>
<b>Net operating surplus/(deficit)</b>		<b>10,015</b>	<b>142,873</b>	<b>6,291</b>	<b>34,762</b>	<b>(24,154)</b>	<b>169,787</b>
Transfer (to)/from insurance contract provisions		(21,183)	-	-	-	-	(21,183)
Transfer to Shareholders' Fund		(10,512)	-	-	-	10,512	-
Contribution to Central Co-operative Fund		-	-	-	-	(25)	(25)
Contribution to Singapore Labour Foundation		-	-	-	-	(39,509)	(39,509)
Share of results of joint ventures	9	21,414	-	-	-	-	21,414
Share of result of associated companies	10	-	-	-	-	31,349	31,349
<b>Net surplus/(deficit) for the year</b>		<b>(266)</b>	<b>142,873</b>	<b>6,291</b>	<b>34,762</b>	<b>(21,827)</b>	<b>161,833</b>

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

# Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		The Group 2020					
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Gross premiums		1,910,476	1,689,128	281,217	380,244	-	4,261,065
Reinsurance premiums		(19,680)	(4,738)	(254)	(26,640)	-	(51,312)
Net premiums		1,890,796	1,684,390	280,963	353,604	-	4,209,753
Fee and other income	22	13,391	54,316	52	6,967	10,726	85,452
Net investment income/(losses) and fair value gains/(losses)	23	2,768,935	292,201	179,881	39,924	113,509	3,394,450
<b>Total</b>		4,673,122	2,030,907	460,896	400,495	124,235	7,689,655
<b>Benefits and claims</b>							
Gross claims, surrenders and annuities		1,697,090	677,537	244,986	184,457	-	2,804,070
Bonus to policyholders		327,006	-	-	-	-	327,006
Increase/(Decrease) in insurance contract provisions		2,486,178	940,384	198,973	40,977	-	3,666,512
Less: Reinsurers' share of insurance benefits and claims		(8,946)	(3,024)	-	(11,547)	-	(23,517)
<b>Net insurance benefits and claims</b>		4,501,328	1,614,897	443,959	213,887	-	6,774,071
<b>Expenses</b>							
Interest expenses	18	8,339	478	75	243	33,401	42,536
Selling expenses		93,412	50,636	14,122	71,793	7,348	237,311
Management expenses	24	76,384	69,241	5,177	57,693	52,777	261,272
<b>Total claims and expenses</b>		4,679,463	1,735,252	463,333	343,616	93,526	7,315,190
<b>Net operating surplus/(deficit)</b>		(6,341)	295,655	(2,437)	56,879	30,709	374,465
Transfer (to)/from insurance contract provisions		15,809	-	-	-	-	15,809
Transfer to Shareholders' Fund		(10,496)	-	-	-	10,496	-
Contribution to Central Co-operative Fund		-	-	-	-	2	2
Contribution to Singapore Labour Foundation		-	-	-	-	(10,390)	(10,390)
Share of results of joint ventures	9	(17,900)	-	-	-	-	(17,900)
Share of result of associated companies	10	2,309	-	-	-	11,748	14,057
<b>Net surplus/(deficit) for the year</b>		(16,619)	295,655	(2,437)	56,879	42,565	376,043

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



# Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	The Group 2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Financial assets, available-for-sale:						
- Fair value gain/(loss) through reserve	353,341	12,262	-	19,289	(33,644)	351,248
Change in liabilities for insurance contracts arising from unrealised available-for-sale movements	(353,763)	-	-	-	-	(353,763)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Transfer from reserves for future distribution	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>(688)</b>	<b>155,135</b>	<b>6,291</b>	<b>54,051</b>	<b>(55,471)</b>	<b>159,318</b>
Net surplus/(deficit) for the year excluding non-controlling interest	(497)	142,873	6,291	34,762	(21,827)	161,602
Non-controlling interest	231	-	-	-	-	231
	(266)	142,873	6,291	34,762	(21,827)	161,833
Total comprehensive income/(loss) excluding non-controlling interest	(497)	155,135	6,291	54,051	(55,471)	159,509
Non-controlling interest	(191)	-	-	-	-	(191)
	(688)	155,135	6,291	54,051	(55,471)	159,318

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

# Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	The Group 2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Financial assets, available-for-sale:						
- Fair value gain/(loss) through reserve	49,704	(1,723)	-	(2,834)	3,810	48,957
Change in liabilities for insurance contracts arising from unrealised available-for-sale movements	(46,513)	-	-	-	-	(46,513)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Transfer from reserves for future distribution	-	8,733	-	-	-	8,733
<b>Total comprehensive income</b>	(13,428)	302,665	(2,437)	54,045	46,375	387,220
Net surplus/(deficit) for the year excluding non-controlling interest	(16,837)	295,655	(2,437)	56,879	42,565	375,825
Non-controlling interest	218	-	-	-	-	218
	(16,619)	295,655	(2,437)	56,879	42,565	376,043
Total comprehensive income/(loss) excluding non-controlling interest	(16,837)	302,665	(2,437)	54,045	46,375	383,811
Non-controlling interest	3,409	-	-	-	-	3,409
	(13,428)	302,665	(2,437)	54,045	46,375	387,220

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

# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		The Group					
	Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Share capital</b>							
At 1 January 2021		-	-	-	-	1,088,603	1,088,603
Issuance of common shares	20	-	-	-	-	1,782	1,782
Redemption of common shares	20	-	-	-	-	(1,506)	(1,506)
<b>At 31 December 2021</b>		-	-	-	-	1,088,879	1,088,879
At 1 January 2020		-	-	-	-	988,459	988,459
Issuance of common shares	20	-	-	-	-	101,619	101,619
Redemption of common shares	20	-	-	-	-	(1,475)	(1,475)
<b>At 31 December 2020</b>		-	-	-	-	1,088,603	1,088,603
<b>Accumulated surplus</b>							
At 1 January 2021		513,360	2,306,418	65,929	641,388	(581,637)	2,945,458
Net surplus/(deficit) for the year		(497)	142,873	6,291	34,762	(21,827)	161,602
Transfer of surplus (to)/from reserves for future distribution		-	-	-	-	-	-
Transfer (to)/from reserves for future distribution		-	118,859	-	-	-	118,859
Transfer to Shareholders' Fund		-	-	-	(39,534)	39,534	-
Transfer between Insurance Funds		-	-	-	-	-	-
Dividends for 2020 paid	27	-	-	-	-	(61,129)	(61,129)
<b>At 31 December 2021</b>		512,863	2,568,150	72,220	636,616	(625,059)	3,164,790
At 1 January 2020		530,197	1,638,650	4,148	599,874	(161,570)	2,611,299
Net surplus/(deficit) for the year		(16,837)	295,655	(2,437)	56,879	42,565	375,825
Transfer of surplus (to)/from reserves for future distribution		-	8,733	-	-	-	8,733
Transfer (to)/from reserves for future distribution		-	22,648	-	-	-	22,648
Transfer to Shareholders' Fund		-	-	-	(10,415)	10,415	-
Transfer between Insurance Funds		-	340,732	64,218	(4,950)	(400,000)	-
Dividends for 2019 paid	27	-	-	-	-	(73,047)	(73,047)
<b>At 31 December 2020</b>		513,360	2,306,418	65,929	641,388	(581,637)	2,945,458
<b>Fair value reserve</b>							
At 1 January 2021		-	3,954	-	32,180	76,924	113,058
Comprehensive income/(loss) for the year		-	12,262	-	19,289	(33,644)	(2,093)
<b>At 31 December 2021</b>		-	16,216	-	51,469	43,280	110,965
At 1 January 2020		-	5,677	-	35,014	73,114	113,805
Comprehensive income/(loss) for the year		-	(1,723)	-	(2,834)	3,810	(747)
<b>At 31 December 2020</b>		-	3,954	-	32,180	76,924	113,058

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

# Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Group						
Note	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Reserves for future distribution</b>						
At 1 January 2021	-	118,859	-	-	-	118,859
Transfer of surplus (to)/from accumulated surplus	-	-	-	-	-	-
Transfer (to)/from accumulated surplus	-	(118,859)	-	-	-	(118,859)
<b>At 31 December 2021</b>	21	-	-	-	-	-
At 1 January 2020	-	150,240	-	-	-	150,240
Transfer of surplus (to)/from accumulated surplus	-	(8,733)	-	-	-	(8,733)
Transfer (to)/from accumulated surplus	-	(22,648)	-	-	-	(22,648)
<b>At 31 December 2020</b>	21	-	118,859	-	-	118,859
<b>Treasury shares</b>						
At 1 January 2021	-	-	-	-	(14,159)	(14,159)
<b>At 31 December 2021</b>	-	-	-	-	(14,159)	(14,159)
At 1 January 2020	-	-	-	-	(14,159)	(14,159)
<b>At 31 December 2020</b>	-	-	-	-	(14,159)	(14,159)
<b>Total at 31 December 2021</b>		<b>512,863</b>	<b>2,584,366</b>	<b>72,220</b>	<b>688,085</b>	<b>492,941</b>
<b>Total at 31 December 2020</b>		513,360	2,429,231	65,929	673,568	569,731
<b>Equity of non-controlling interest</b>						
At 1 January 2021		9,618	-	-	-	9,618
Comprehensive income for the year		(191)	-	-	-	(191)
<b>At 31 December 2021</b>		<b>9,427</b>	-	-	-	<b>9,427</b>
At 1 January 2020		6,209	-	-	-	6,209
Comprehensive income for the year		3,409	-	-	-	3,409
<b>At 31 December 2020</b>		<b>9,618</b>	-	-	-	<b>9,618</b>
<b>Total equity at 31 December 2021</b>		<b>522,290</b>	<b>2,584,366</b>	<b>72,220</b>	<b>688,085</b>	<b>492,941</b>
<b>Total equity at 31 December 2020</b>		522,978	2,429,231	65,929	673,568	569,731

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

# Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Net surplus for the year		161,833	376,043
Adjustments for:			
Contribution to Central Co-operative Fund and Singapore Labour Foundation		39,534	10,388
Depreciation of property, plant and equipment	5	11,164	11,624
Amortisation of intangible assets	6	24,571	22,466
Amortisation of intangible assets arising from an associated company	10	7,016	7,016
Write-offs of property, plant and equipment	5	198	-
Write-offs of intangible assets	6	5,017	3,623
Interest income	23	(36,224)	(37,837)
Dividend income	23	(346,319)	(289,622)
Interest expenses		53,560	42,536
Gain on changes in fair value of other financial assets	23	(10,005)	(3,136,291)
Loss/(gain) on changes in fair value of derivatives	23	129,615	(78,623)
Loss/(gain) on changes in fair value of investment properties	23	(6,550)	46,104
Disposal of business	23	-	5,747
Allowance for impairment made during the year	23	15,058	40,056
Allowance for doubtful loans made	23	10	51
Loans written back	23	(8)	(10)
Allowance for doubtful receivables (written back)/made	16	(1,515)	3,349
Bonus to policyholders		306,402	327,006
Decrease in reinsurers' share of insurance contract provision		(16,087)	(9,430)
Increase in insurance contract provisions		798,259	3,732,687
Share of results of joint venture companies	9	(21,414)	17,900
Share of results of associated companies	10	(31,349)	(14,057)
Other non-cash adjustment		208	3,191
Operating cash flows before changes in working capital		1,082,974	1,083,917
Changes in working capital:			
Insurance and other receivables		(184,515)	(19,479)
Insurance and other payables		193,937	230,871
Investment contract liabilities		(835)	(3,240)
Cash generated from operations		1,091,561	1,292,069
<b>Net cash flows from operating activities</b>		1,091,561	1,292,069
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5,197)	(2,243)
Purchase of intangible assets	6	(51,602)	(28,322)
Decrease/(increase) in investment properties	7	650	(2,530)
Proceeds from disposal of stakes in a joint venture		-	22,220
Acquisition of additional stakes in a joint venture		-	(34,506)
Acquisition of subsidiary, net of cash acquired		(155)	-
Interest received		838,938	818,370
Dividend received		345,221	288,696
Increase in other financial assets and derivatives instruments		(1,900,733)	(2,623,096)
Increase in loans		17,467	20,955
<b>Net cash flows used in investing activities</b>		(755,411)	(1,540,456)

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



# Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from financing activities</b>			
Proceeds from issuance of common shares	20	1,782	101,619
Redemption of common shares	20	(1,506)	(1,475)
Proceeds from issuance of subordinated debt, net of transaction costs	18	-	797,718
Payment of lease liabilities	18	(6,297)	(6,422)
Dividends paid	27	(61,129)	(73,047)
Interest paid	18	(52,425)	(30,311)
<b>Net cash flows (used in)/from financing activities</b>		<b>(119,575)</b>	788,082
<b>Net increase in cash and cash equivalents</b>		<b>216,575</b>	539,695
Cash and cash equivalents at beginning of the year		1,215,856	676,161
<b>Cash and cash equivalents at end of the year</b>	17	<b>1,432,431</b>	1,215,856

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

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

## 1. GENERAL

NTUC Income Insurance Co-operative Limited (the "Co-operative") is domiciled in Singapore and constituted under the Co-operative Societies Act 1979 ("the Act"). The address of the Co-operative's registered office is 75 Bras Basah Road, Income Centre, Singapore 189557.

The principal activities of the Co-operative consist of the underwriting of life and general insurance business, and carrying out investment activities incidental to its business. The principal activities of its subsidiaries are investment holding, owning and leasing an investment property, operator of retail and referral services and financial advisory services.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 comprise the Co-operative and its subsidiaries (together referred to as the "Group").

These consolidated financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") based on the historical cost convention except as disclosed in the accounting policies.

The assets and liabilities of the Co-operative which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act 1966 ("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 Co-operative continues to be able to meet the solvency requirement of Section 17 of the Insurance Act.

The consolidated financial statements are presented on a fund accounting basis.

#### *Life Insurance Participating Fund ('Par Fund')*

The Life Insurance Par Fund contains all the individual participating life insurance contracts and certain non-participating life insurance contracts.

Participating life insurance contracts are contracts that contain a discretionary participating feature ("DPF"). This feature entitles the policyholders to receive additional benefits in the form of annual and terminal bonuses. The amount or timing of the bonus declaration is not guaranteed, and is at the sole discretion of the Group.

#### *Life Insurance Non-Participating Fund ('Non-Par Fund')*

The Life Insurance Non-Par Fund contains the health insurance and group term insurance businesses and non-participating life insurance contracts, which also include the IncomeShield plans and ElderShield Supplement Scheme.

#### *Investment-Linked Fund*

The Investment-Linked Fund contains the business of all investment-linked insurance contracts.

#### *General Insurance Fund*

The General Insurance Fund contains the business of all the general insurance contracts.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

#### *Shareholders' Fund*

The Shareholders' Fund contains the capital contributions made by shareholders, net of transfers to and from the insurance funds and net assets relating to other non-insurance businesses.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3 – classification of insurance and investment contracts
- Note 7 – classification of investment properties

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 and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are made are disclosed in Note 3.

A number of new standards, amendments to standards and interpretations are effective for annual period beginning 1 January 2021 and have been applied in preparing these consolidated financial statements. None of these have a significant effect on the consolidated financial statements of the Group.

The accounting policies set out below have been applied consistently.

#### *Going concern basis of accounting*

On 24 December 2021, the Co-operative has signed a framework agreement with its related party, Income Insurance Limited, to transfer its entire business on the Effective Date (the Transfer), which is expected to be completed within the next 12 months from the date of this statement. Following the Transfer, all the business and undertakings and all rights and obligations of the Co-operative will be transferred to Income Insurance Limited. Subsequent to the Transfer, the Co-operative will cease to exist. Subsequent to the year-end, the members have approved for the transfer of its entire business and the dissolution of the Co-operative (refer to Note 31).

Based on these factors, management has assessed that the going concern basis of preparation remains appropriate.

### (b) Insurance contracts

#### (i) Recognition and measurement

##### **Life Insurance Contracts**

##### *Premium revenue*

Premiums from life insurance contracts, including annuities, are recognised as revenue when they fall due or when the policy is issued which approximates due date. The outstanding premiums are included in "Insurance and other receivables" in the statement of financial position.

Premiums received in advance before the due dates are not recognised as revenue. They are recorded as advance premiums and included in "Insurance and other payables" in the statement of financial position until they are recognised as revenue when they fall due or when the policy is issued.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Insurance contracts (continued)

#### (i) Recognition and measurement (continued)

##### Life Insurance Contracts (continued)

###### *Claims*

Claims include maturities, annuities, surrenders and death claims. Maturity and annuity claims are recognised as an expense when due for payment. Surrender claims are recognised when paid. Death claims are recognised when notified. All expense charges deducted from the investment-linked insurance contracts are recognised as income by the Life Insurance Par Fund for products introduced prior to 2009. For products introduced from 2009, these expense charges are recognised as income by the Investment-Linked Fund.

If the insurance benefit arising from a death claim exceeds the surrender value of an investment-linked policy, the additional benefit exceeding the surrender value is paid out of the Life Insurance Par Fund for products introduced prior to 2009 and paid out of the Investment-Linked Fund for products introduced from 2009.

###### *Bonuses to policyholders*

All participating life insurance contracts have discretionary participating features. These features entitle the policyholders to receive, as a supplement to guaranteed benefits, additional benefits or bonuses. Reversionary bonuses and cash dividends declared are based on the results of annual actuarial valuations in accordance with Insurance Regulations as advised by the Appointed Actuary. The amount or timing of the bonus declaration is not guaranteed, and is at the sole discretion of the Group. The Board of Directors approves the amount of bonus declared to policyholders of participating plans every year.

###### *Insurance contract provisions*

The valuation of insurance contract liabilities is determined in accordance with MAS Notice 133 Valuation and Capital Framework for Insurers for life insurance funds. The measurement basis for investment-linked insurance contracts and contracts with discretionary participation features issued by the Group all reflect changes in the fair value of the investments backing the contracts. Changes in the value of all insurance contract liabilities are included in profit or loss.

#### (i) Life Insurance Par Fund

Provision for future participating and certain non-participating benefits in the Life Insurance Par Fund are established using a discounted prospective cash-flow method. It includes the current best estimate of future contractual premiums, expected claims, provisions for adverse deviation and the costs of maintaining the contracts and future renewal expenses. The liability in respect of the Life Insurance Par Fund is the highest of the gross premium valuation method, the minimum condition liability or the value of policy assets of the fund.

#### (ii) Life Insurance Non-Par Fund

Insurance contract provisions in the Life Insurance Non-Par Fund include provisions for future non-participating benefits, claims and loss adjustment expenses, provisions for adverse deviation and unexpired risks. Provision for future non-participating benefits is established using a discounted prospective cash-flow method. It includes the current best estimate of future contractual premiums, expected claims, provisions for adverse deviation and the costs of maintaining the contracts and future renewal expenses. Provisions for claims and loss adjustment expenses and unexpired risks are established based on the same approach used in the General Insurance Fund.

#### (iii) Investment-Linked Fund

Provision for investment-linked insurance contracts is based on the carrying amount of the net assets of the Investment-Linked Fund at the reporting date. Provisions for future non unit liabilities are based on the same approach used in the Life Insurance Non-Par Fund.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Insurance contracts (continued)

#### (i) Recognition and measurement (continued)

##### General Insurance Contracts

##### *Premium revenue*

Premiums are recognised as written from the commencement date of insurance cover. Written premiums are reported in the consolidated financial statements on a gross basis, inclusive of commission payable to intermediaries.

Premiums received in advance before commencement date of insurance cover are not recognised as revenue. They are recorded as advance premiums and included in "Insurance and other payables" in the statement of financial position until they are recognised as revenue when insurance cover commences.

##### *Claims*

Claims incurred comprise claims paid during the financial year, net of salvage and subrogation recoveries, and changes in provision for insurance claims.

##### *Salvage and subrogation reimbursements*

Some insurance contracts permit the Group to sell salvaged property (salvage) or sue liable third parties (subrogation) in recovering the cost of losses.

Reasonable estimates of the salvage recoveries or subrogation reimbursements are included as an allowance in the measurement of the insurance liability for claims, and recognised in other assets when the liability is settled.

The provision for unearned premiums represents premiums written for risks that have not yet expired. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the term of the contract.

##### *Insurance contract provisions*

The valuation of insurance contract liabilities is determined in accordance with MAS Notice 133 Valuation and Capital Framework for Insurers for general insurance funds.

##### *Provision for unexpired risks*

Provision for unexpired risks includes provision for unearned premiums and a provision for premium deficiency.

Additional provision for premium deficiency is made where the expected future claim costs and expenses and a provision for adverse deviation exceed the provision for unearned premiums.

##### *Provision for insurance claims*

Provision is made for all outstanding claims as at the reporting date. This provision includes all unpaid claims, claims incurred but not reported, the anticipated direct and indirect costs of settling these claims and a provision for adverse deviation.

##### Investment Contracts

Amounts collected on investment contracts, which primarily involve the transfer of financial risk are accounted for using deposit accounting. The liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortised cost uses the effective interest method. Claim and/or benefit settlement is adjusted directly against the value of investment contract liabilities.



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Insurance contracts (continued)

#### (ii) Embedded derivatives in insurance contracts

The Group does not need to separately measure at fair value the policyholder's option to surrender an insurance contract for a fixed amount (or for an amount based on a fixed amount and an interest rate), even if the exercise price differs from the carrying amount of the host insurance liability. This is in accordance with FRS 104 *Insurance Contracts*.

Options and guarantees inherent in some insurance contracts which are closely related to the host contract issued by the Group are not required to be separated and measured at fair value.

All revenue, benefit payments, expenses and valuation of future benefits payments including investment components are recognised in profit or loss.

#### (iii) Impact on unrealised gains or losses on available-for-sale assets on liabilities from insurance contracts – Life Insurance Par Fund

Changes in insurance contract liabilities within Life Insurance Par Fund which are due to the unrealised gains or losses arising from available-for-sale assets are recognised directly in the fair value reserve to match the corresponding unrealised gains or losses arising from available-for-sale assets.

#### (iv) Accumulated surplus – Life Insurance Par Fund

The accumulated surplus within the Life Insurance Par Fund represents the maximum amount of the surplus arising from the Life Insurance Par Fund that could be transferred to the Shareholders' Fund each year. It has been the Group's practice that only a portion of the surplus will be transferred to the Shareholders' Fund.

#### (v) Reinsurance

The Group enters into reinsurance contracts in the normal course of business to diversify its risks and limit its net loss potential. Assets, liabilities, income and expense arising from the reinsurance contracts and co-insurance arrangements are presented separately from the assets, liabilities, income and expense 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 reinsurers. The impairment loss is charged to profit or loss in the statement of comprehensive income.

#### (vi) Liability adequacy tests

At each reporting date, liability adequacy tests are performed to assess the adequacy of the insurance liabilities estimates. Current best estimates of future contractual cash flows, expected future claims handling, acquisition and administration costs, if any, are projected at best estimate assumptions, and discounted at rates that are close to the Group prospective investment return. Any deficiency is charged to profit or loss in the statement of comprehensive income.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Revenue

#### Gross premium

The accounting policy for the recognition of gross premium is disclosed in Note 2(b)(i).

#### 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 (see Note 2(b)).

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.

Management and other fees comprise fund management fees, mortality fees, policy fees and fund switch fees relating to Investment-Linked Fund.

Management and other fees are recognised as revenue on a straight-line basis over the period the service is provided.

#### Investment income

Investment income comprises rental income from investment properties, dividend and interest income from financial assets and interest income on loans and bank deposits, and gains or losses on sale of investments.

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

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

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

Gains or losses on sale of investments are derived from the difference between net sales proceeds and the purchase or amortised cost. They are recognised on trade date.

### (d) Employee compensation

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### Short-term employee benefits

Short-term employee benefits are recognised for the amount expected to be paid under short-term cash bonus 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.

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 the employees up to the reporting date.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Contributions to Central Co-operative Fund and Singapore Labour Foundation

Under the Act, the surplus of the Co-operative is subject to a levy payable to the Central Co-operative Fund (the "CCF") and/or the Singapore Labour Foundation (the "SLF"). A levy of 5% of the first \$500,000 of surplus is payable to the CCF. A levy of 20% of the surplus for amounts above \$500,000 is payable to either the SLF or CCF as the Co-operative may opt.

### (f) Foreign currency

#### (i) Functional and presentation currency

The consolidated financial statements are presented in Singapore Dollars which is the functional currency of the Co-operative and are rounded to the nearest thousand, unless otherwise stated.

#### (ii) Transactions and balances

Foreign currency transactions are translated into Singapore Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in fair values of available-for-sale debt securities denominated in foreign currencies are analysed into foreign exchange differences on the amortised cost of the securities and other changes; the foreign exchange differences are recognised in profit or loss and the other changes are recognised in the fair value reserve.

Changes in fair values of available-for-sale equity securities are recognised in the fair value reserve, together with the related foreign exchange differences.

Foreign exchange differences on investments designated at fair value through profit or loss, are reported as part of the fair value gain or loss.

### (g) Basis of consolidation

#### (i) Subsidiaries

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

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Co-operative. This is shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position.

Total comprehensive income is attributed to the non-controlling interests based on their respective interests in the subsidiary, even if this results in non-controlling interests having a deficit balance.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Basis of consolidation (continued)

#### (i) Subsidiaries (continued)

##### Business combinations

The acquisition method in accordance with FRS 103 *Business Combinations* is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

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

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

##### Transactions with non-controlling interests

Changes in the Co-operative's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Co-operative.

#### (ii) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities. The Group's interest in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint ventures over the Group's share of the fair value of the identifiable net assets of the joint ventures and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income directly. These post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in joint ventures equals or exceeds its interest in the joint ventures, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has legal or constructive obligations or has made payments on behalf of the joint ventures. If the joint ventures subsequently report profits, the Group resumes recognising its share of those profits only after its share of losses not recognised.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Basis of consolidation (continued)

#### (ii) Joint ventures (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains or losses arising from partial disposal or dilution in investment in joint ventures are recognised in profit or loss.

The accounting policies of joint ventures are aligned where necessary to ensure consistency with the accounting policies adopted by the Group.

#### (iii) Associated companies

Associated companies are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated companies over the Group's share of the fair value of the identifiable net assets of the associated companies and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income directly. These post-acquisition movements and distributions are adjusted against the carrying amount of the investments.

When the Group's share of losses in an associated companies equals or exceeds its interest in the associated companies, the Group does not recognise further losses, unless it has legal or constructive obligations or has made payments on behalf of the associated companies. If the associated companies subsequently reports profits, the Group resumes recognising its share of those profits only after share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the assets transferred.

Accounting policies of associated companies have been aligned where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is re-measured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Included in the property, plant and equipment are right-of-use assets presented as properties class of asset.

Depreciation on property, plant and equipment is calculated on a straight-line basis to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Properties	2 to 10 years
Office equipment	5 years
Furniture and fittings	5 years
Computer equipment	3 to 5 years
Motor vehicles	5 years

In the case of right-of-use assets, estimated useful lives are determined by reference to the lease term.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. 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 Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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

### (i) Intangible assets

#### (i) Computer software

Intangible assets include cost of computer software acquired. Acquired computer software licenses 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 expenditures 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 computer software are expensed off when incurred. Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Intangible assets (continued)

#### (ii) Customer contracts

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follow:

	Useful lives
Computer software	5 years
Customer contracts	5 to 15 years

#### (iii) Goodwill

Goodwill that arises upon the acquisition of a subsidiary is included in intangible asset. For the measurement of goodwill at initial recognition, see Note 2 (g)(i).

#### *Subsequent measurement*

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

### (j) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

### (k) Investment properties

Investment properties are initially recognised at cost and subsequently carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent professional valuer. Changes in fair values are recorded in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Investment and other financial assets

Non-derivative investments and other financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

#### (i) Investments at fair value through profit or loss

Certain investments held by the Group are designated on initial recognition at fair value through profit or loss. This designation eliminates or significantly reduces measurement inconsistency that would otherwise arise.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated at fair value through profit or loss. Loans and receivables include cash and cash equivalents, insurance and other receivables and loans.

#### (iii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

#### (iv) Recognition, measurement, derecognition and disclosure

Purchases and sales of 'regular way' financial instruments are recognised on trade date, which is when the Group commits to purchase or sell the assets. Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or when the financial assets have been transferred, together with substantially all the risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

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

After initial recognition, the Group measures financial assets, designated at fair value through profit or loss, and as available-for-sale, at fair value. Loans and receivables are measured at amortised cost using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise, including interest income and dividend income from such assets.

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

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Investment and other financial assets (continued)

#### (v) Derivative financial instruments

Derivative financial instruments are categorised as held for trading measured at initial recognition, and subsequently, at fair value and changes in fair value are recognised in profit or loss. Transaction costs incurred in buying and selling derivative instruments are recognised in the profit or loss account when incurred.

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

#### (vi) Offsetting financial instruments

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

### (m) Structured entities

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

The Group considers all of its investments in other funds to be investments in unconsolidated structured entities. The Group invests in funds whose objectives range from achieving medium to long term capital growth. The funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

Unitised funds finance their operations by issuing redeemable shares/units which entitle the holder to a proportional stake in the respective fund's net assets. The Group holds redeemable shares/units in such funds. The change in fair value of the funds is included in the statement of comprehensive income in "net investment income/(losses) and fair value gains/(losses)".

The Group also has interests in funds registered as partnership structures. The funds are financed via capital commitments, which entitle the partners to a proportional share of income distributions from such funds. The change in fair value of the funds is included in fair value gain/(loss) through reserve in the statement of comprehensive income.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Impairment of assets

#### Financial assets carried at amortised costs

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

#### (i) Loans and receivables

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

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

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

#### Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2(n)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the equity available-for-sale financial asset is impaired.

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

#### Impairment of non-financial assets

Intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associated companies are reviewed for impairment at each reporting date to determine whether there is any objective evidence or indication that these assets may be impaired.

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

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

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

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



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Insurance and other receivables

Insurance and other receivables include outstanding premiums, trade receivables, accrued interest receivable from fixed deposits with banks and other receivables. These are recognised initially at fair value and subsequently measured at amortised cost less accumulated impairment losses.

### (p) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and fixed deposits held with banks which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

### (q) Financial liabilities

#### Borrowings

Borrowings within the scope of FRS 39 *Financial Instruments: Recognition and Measurement* are recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. The Group determines the classification of its borrowings at initial recognition.

Borrowings are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue of the borrowing.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A borrowing is derecognised when the obligation under the borrowing is extinguished. When an existing borrowing is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original borrowing and the recognition of a new borrowing. The difference between the carrying amount of a borrowing extinguished shall be recognised in profit or loss.

#### Insurance and other payables

Insurance and other payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

### (r) Share capital and treasury shares

Paid-up share capital consists of Common and Permanent Shares and are classified as equity. Although Common Shares do not qualify as equity based on the presentation requirements of FRS 32 *Financial Instruments: Presentation*, the Co-operative has classified the shares as equity as there is a minimum paid-up capital requirement under the MAS Notice 133 Valuation and Capital Framework for Insurers.

Shareholders of Common Shares are entitled to redeem their shares at the par value of \$10 each or the net asset value (NAV) based on the last audited financial statements, whichever is lower. NAV is computed in accordance with the Act.

Dividends on Common Shares and Permanent Shares are recognised in the statement of changes in equity in the year in which they are declared and approved for payment. The consideration paid for the purchase by the Group of its own shares is treated as treasury shares at the reporting date, and shown as a deduction from Shareholders' Fund in the statement of changes in equity.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Dividends to the Co-operative's shareholders

Dividends to the Co-operative's shareholders as disclosed in Note 27 are recognised when the dividends are approved for payment during the Annual General Meeting.

### (t) Other provisions

Provisions other than insurance contract provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably measured.

### (u) 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 lease 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 (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of 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 ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU 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, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 2(k).

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

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from 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;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Group is reasonably certain not to terminate early.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Leases (continued)

#### As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in 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 ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

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

#### Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognised the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

#### COVID-19-related rent concessions

For leases in which the Group is a lessee, the Group has applied practical expedient, which the Group is not required to account for COVID-19 related rent concessions as lease modifications.

#### As a lessor

At inception 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 their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on straight-line basis over the lease term as part of net investment income.

### (v) Deferral of FRS 109 *Financial Instruments*

The Group has decided to apply the temporary exemption from FRS 109 permitted under the Amendments to FRS 104 *Insurance Contracts*, and defer its implementation of FRS 109 until FRS 117 *Insurance Contracts* that replaces FRS 104 is effective. The Group assessed that it has qualified for the temporary exemption as the carrying amount of its liabilities arising from contracts within the scope of FRS 104 is significant compared to the total carrying amount of all its liabilities; and that the total carrying amount of its liabilities connected with insurance is above 90% of its total liabilities as at 31 December 2015. There were no changes in the Group's activities after this date, hence no reassessment was required at subsequent reporting year-ends.

### (w) Government grants

Government grants are recognised in profit or loss and is deducted against the related expenses on a systematic basis in the periods in which the expenses are recognised.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### Classification of insurance and investment contracts

The Group issues contracts that transfer insurance risk or financial risk, or both.

Financial risk is the risk of a possible change in one or more of the following: a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of non-financial variable, that the variable is not specific to a party to the contract.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risks. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 5% more than the benefits payable if the insured event did not occur. 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.

Investment contracts are those contracts that transfer financial risk without significant insurance risk.

### Insurance contract provisions for life insurance

The insurance contract provisions for life insurance are computed in accordance with the applicable regulatory principles using a prospective approach.

The provisions comprise the following liabilities:

- expected future net payments for guaranteed benefits
- expected future net payments for non-guaranteed benefits (if any)
- provision for adverse deviation from the expected experience

### Valuation methodology

#### Assumptions

Liabilities are computed using the prospective cash flow method. Assumptions are set by the Group's Appointed Actuary and the areas where assumptions have been applied are:

- Mortality and morbidity (if applicable)
- Persistency
- Discount rate
- Management expenses

#### Mortality and Morbidity

A detailed review of the Group's mortality and morbidity experience by significant risk is conducted annually. Based on the results of the review, the Group's Appointed Actuary formed an opinion with regard to the expected future mortality and/or morbidity experience. The Group also uses industry/reinsurance mortality and/or morbidity tables for plans that have no historical experience. A provision for adverse deviation (PAD) is also made based on the types of product.

#### Persistency

A detailed review of the Group's persistency experience by plan type is conducted annually. The Group tries to balance past experience and future conditions by setting best-estimate assumptions in line with expected long term average persistency levels. For new plans with no historical experience, the Group uses the experience on similar plan type as a basis to set the best-estimate assumptions.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Insurance contract provisions for Life Insurance (continued)

#### Valuation methodology (continued)

##### Discount Rates

The discount rates used in the Life Insurance Non-Par Fund are derived from the yields of Singapore Government Securities. The discount rates used in the Life Insurance Par Fund are derived based on the expected prospective long-term investment return. This is based on strategic asset allocation of the Par Fund and it is determined in conjunction with the risk and investment managers and the Investment Committee.

##### Expenses

The Group reviews and determines the management expense assumptions regularly based on past experience and future business direction of the Group. Expense inflation assumption is the weighted expected inflation rate and the inflation rate published by the Monetary Authority of Singapore ("MAS").

#### Assumption table

The table below briefly describes the assumptions used in the valuation of provision for future participating and non-participating benefits in the Life Insurance Par Fund, Life Insurance Non-Par Fund, and Investment-Linked Fund.

#### 2021/2020

##### Assumptions

<b>Interest Rate</b>	MAS prescribed discount rate for guaranteed benefits, expected long term investment return for non-guaranteed benefits
<b>Lapse/Surrender Rate</b>	Based on internal lapse experience studies
<b>Management Expense &amp; Inflation</b>	Based on internal expense studies
<b>Mortality/Morbidity (Death, TPD, Dread Disease &amp; Other Risk)</b>	Adjusted Mortality/Morbidity Table based on internal studies or Reinsurance rates, whichever is appropriate
<b>Mortality Rate (Annuities)</b>	Adjusted Mortality table with age reduction and mortality improvement based on internal studies

#### Effect of changing assumptions

For the valuation as at 31 December 2021 and 31 December 2020, the Group has updated the liability valuation assumptions as compared to 1 January 2021 and 1 January 2020.

The impact of assumption changes to the insurance contracts provisions is listed in the following table:

<b>Fund</b>	<b>Change in assumptions relating to insurance contract provisions 2021 \$'000</b>	<b>Change in assumptions relating to insurance contract provisions 2020 \$'000</b>
<b>Par</b>	-	-
<b>Non-Par</b>	(39,995)	92,276
<b>Investment-Linked</b>	(2,904)	1,228

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Insurance contract provisions for General Insurance

The insurance contract provisions for General Insurance comprise claims and premium liabilities and are computed in accordance with sound actuarial principles and regulatory guidelines.

These liabilities comprise:

- best estimate of the premium liabilities;
- best estimate of the claims liabilities; and
- margins for adverse deviation to ensure a minimum 75% probability of adequacy.

### Valuation methodology

Standard actuarial techniques are used to project the provision for claims and loss adjustment expenses and provision for unexpired risk ("claim liabilities and premium liabilities"). These methods include the Chain-ladder and Bornhuetter-Ferguson model.

The valuation process involves using the Group's claims and policy data to estimate future claims experience. These insurance liabilities have been derived on a gross basis and are subsequently adjusted for reinsurance recoveries for a net basis.

### Assumptions

The key assumptions of the actuarial valuation models include:

- chain ladder claim development factors
- loss ratios
- expense ratios
- reinsurance recovery ratios

These assumptions are derived based on the Group's historical and emerging underwriting experience.

### Effect of changing assumptions used for General Insurance

	Change in gross claim liability 2021 \$'000	Change in gross claim liability 2020 \$'000
<b>Changes</b>		
<b>Change in assumptions and experience</b>	<b>(23,867)</b>	3,684

The table above summarises the effect of changing assumptions has on 2020 and prior accident years claim liabilities where comparisons can be made to last year's year end liability valuation. The claim liabilities are gross of reinsurance recoveries and it is inclusive of claims handling expenses and provision for adverse deviation.

### Margins for adverse deviation

In accordance with the insurance regulations, the insurance liabilities include a risk margin to ensure a minimum 75% probability of adequacy.

The risk margin is determined to allow for the uncertainty and volatility of the claims experience. Effects of diversification are also allowed for at the fund level.

### Discounting

The general insurance liabilities are not discounted.



## Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

**Insurance contract provisions for General Insurance (continued)**

### Development and movement of general insurance claim liabilities

Below is the summary of the development of past years' gross claims liabilities:

### Claims development table 2021

[illegible]

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Insurance contract provisions for General Insurance (continued)

#### Development and movement of general insurance claim liabilities (continued)

Below is the summary of the development of past years' net claims liabilities:

#### Claims development table 2021

Accident year	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	Total \$'000
End of accident year	205,790	207,360	204,499	209,542	227,849	241,377	247,778	242,580	193,541	191,196	
1 year later	203,562	202,798	191,188	191,300	214,611	222,091	231,223	244,930	206,379		
2 years later	192,406	184,577	160,206	167,845	195,111	195,831	231,209	240,705			
3 years later	175,255	151,580	139,189	154,281	180,214	193,755	227,526				
4 years later	146,638	138,916	126,506	144,229	177,515	191,262					
5 years later and beyond	137,265	129,141	120,549	145,337	178,643						
Estimate of net cumulative claims	137,265	129,141	120,549	145,337	178,643	191,262	227,526	240,705	206,379	191,196	1,768,003
Cumulative net claim payments	136,285	127,544	117,198	134,477	161,660	167,472	173,068	165,209	102,566	58,822	1,344,301
Estimate of net claim liabilities	980	1,597	3,351	10,860	16,983	23,790	54,458	75,496	103,813	132,374	423,702
Claims handling expenses	61	99	207	671	1,049	1,469	3,364	4,663	6,412	8,176	26,171
Estimate of net claim liability before recoveries	1,041	1,696	3,558	11,531	18,032	25,259	57,822	80,159	110,225	140,550	449,873
Estimate of net claim liabilities for prior accident years											335
Recoveries and other adjustments											7,441
Provisions for adverse deviation											56,632
Net claim liabilities											514,281

#### Fair value of financial instruments and investment properties

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on service providers' internally developed models that are based on independently sourced market parameters, including interest rate yield curves, option volatilities and currency rates. Investment properties are carried at fair values as determined by independent professional valuers.

The Group's fair value policies are approved by the Investment Committee with oversight by the Board. Management exercises judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Judgement may also be applied when less readily observable external parameters are used in fair value estimation. The valuation techniques and unobservable inputs used by management in the valuation process are detailed in Note 4(f).

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

### (a) Life Insurance Contracts Risk Management

#### Insurance Risk

The Group is exposed to life insurance risk when it signs a contract with the insured party for a premium amount and in return promises to pay a sum of money if a specified event occurs within the time frame stipulated in the contract. The terms of acceptance of the risks by the Group are generally long term in nature (except when they are group or health insurance plans, which are usually on an annual basis). These risks accepted by the Group are mortality risk, morbidity risk, longevity risk and persistency risk.

In general, payment occurs upon death, occurrence of specific morbidity, surrender, or survival of the policyholder, depending on the type of policy.

For Participating policies, the eventual payment to the policyholders typically consists of a guaranteed amount (the sum assured) and a non-guaranteed component distributed via annual reversionary (if any) and final terminal bonuses (if any). Once declared, annual bonuses become a fully guaranteed liability, although the Group has the discretion to reduce future reversionary and terminal bonuses if experience is unfavourable.

#### Objectives of managing life insurance risks and the policies for mitigating risks

To manage insurance risk, the Group has implemented underwriting and claims management guidelines and procedures. It also limits overall risk exposure for mortality and longevity risk by using reinsurance coverage and keep risk levels within its risk appetite.

Insurance risks are selected through underwriting and appropriate premiums are charged based on the level of risks that the applicants bring in. The insurance risk assumptions used are based on the Group's best estimates from experience studies conducted annually. The risk levels are determined by age, gender, and underwriting experience. For mortality, longevity and morbidity risks, the Group transfers insurance risk in excess of its retention limit to its appointed reinsurers on a per life basis.

To manage the concentration of mortality risks as a result of a single event, the Group obtains catastrophic reinsurance that limits its maximum overall exposure up to a limit.

Insurance risk is managed through appropriate claim management systems that help to identify fraudulent claims. The results of yearly experience reviews of mortality, longevity, morbidity and persistency are used to decide on the basis for reserving, pricing and development of products.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (a) Life Insurance Contracts Risk Management (continued)

#### Sensitivity Analysis

#### (i) Life Insurance Par Fund

To understand the risks undertaken by the Group in the Life Insurance Par Fund, the following sensitivity analysis is done to measure the impact on the Group's insurance contract provisions.

Assumption	Change	2021	2020
		Impact on insurance contract provisions \$'000	Impact on insurance contract provisions \$'000
Interest rates	+100 bps	-	-
	-100 bps	2,940,998	3,451,964
Mortality/morbidity/longevity			
- life insurance contracts, excluding annuities	+20%	-	-
	-20%	-	-
- annuities contracts	Mortality Improvement of 1 Year	-	-
	Mortality Deterioration of 1 Year	-	-
Lapses	+20%	-	-
	-20%	-	-

The insurance contract provisions or liability is defined according to the Insurance Act. In most scenarios, the value of the policy assets of the fund exceeds the Minimum Condition Liability and the sum of the liability in respect of each policy of the fund. As such, the sensitivity does not have an impact to the insurance contract provisions the Group is holding except in the scenario of decrease by 100 bps in interest rates (the corresponding amount will be recognised as losses).

The impact to the profit or loss for the Par Fund is determined by the cost of declared bonus, where the Group reserves the right to vary the bonus scale under the specific scenario.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (a) Life Insurance Contracts Risk Management (continued)

#### Sensitivity Analysis (continued)

#### (ii) Life Insurance Non-Par Fund

To understand the risks undertaken by the Group in the Life Insurance Non-Par Fund, the following sensitivity analysis is done to measure the impact on the Group's insurance contract provisions.

Assumption	Change	2021	2020
		Impact on insurance contract provisions \$'000	Impact on insurance contract provisions \$'000
Interest rates	+100 bps	(88,691)	(112,298)
	-100 bps	109,368	125,189
Mortality/morbidity	ElderShield Supplement: +11.1% Morbidity DPS: +5% Mortality* Non-Par Life: +20% Mortality Group & Health: +20% Morbidity	60,703	148,133
	ElderShield Supplement: -11.1% Morbidity DPS: -5% Mortality* Non-Par Life: -20% Mortality Group & Health: -20% Morbidity	(28,392)	(108,692)
Lapses	ElderShield Supplement: +50bps DPS: +50bps* Non-Par Life: +20%	(10,507)	(21,580)
	ElderShield Supplement: -50bps DPS: -50bps* Non-Par Life: -20%	14,614	27,224

\* The Group is no longer the administrator of the Dependants' Protection Scheme ("DPS") with effect from 1 April 2021.

#### (iii) Investment-Linked Fund

To understand the risks undertaken by the Group in the Investment-Linked Fund, the following sensitivity analysis is done to measure the impact on the Group's insurance contract provisions.

Assumption	Change	2021	2020
		Impact on insurance contract provisions \$'000	Impact on insurance contract provisions \$'000
Interest rates	+100 bps	(1,095)	(3,644)
	-100 bps	5,976	22,100
Mortality	+20%	633	1,322
	-20%	(568)	(1,267)
Lapses	+20%	(287)	(907)
	-20%	348	1,140

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (b) General Insurance Contracts Risk Management

#### General Insurance Risks

Insurance contracts transfer risk to the Group by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The insurance risks arise from the fluctuations in the timing, frequency and severity of claims, as well as the adequacy of premiums and reserves.

The majority of the general insurance business is motor insurance. Other insurance business includes personal accident, worker's compensation, fire, marine and other miscellaneous classes.

#### Terms and Conditions of General Insurance Contracts

The General Insurance contracts written by the Group are mostly on an annual coverage and annual premium basis, with the exception of short term policies such as travel Insurance which cover only the travel period and marine cargo which covers the duration in which the cargo is being transported. Some of the more common policies which make up a large part of the general insurance portfolio are briefly described as follows:

Motor insurance policies cover private cars, commercial vehicles, motorcycles, buses and taxis. Private car insurance, the largest portion of the motor insurance portfolio, covers losses or damages to the insured vehicle, death or injuries to third parties, damages to third party property and personal accident.

Personal accident policies cover death, disablement, medical expenses and emergency evacuation expenses due to accident, hijacking, murder, assault, strike, riot, civil commotion, act of terrorism and natural disasters such as earthquake and flood.

Workmen compensation policies cover two legal liabilities. Firstly, the "Act" provides compensation to workers or their dependants for specified occupational diseases, personal injuries or deaths caused by accidents arising out of and in the course of employment. Secondly, "Common Law" covers an employer's liability under common law by his workers, due to negligence leading to an accident resulting in death or injury.

Fire insurance policies insure properties against physical losses or damages by fire and lightning and extraneous perils such as riot & strike, malicious damage, explosion, aircraft damage, impact damage, bursting & overflowing of water pipes, flood, earthquake, volcanic eruption, hurricane, cyclone, typhoon or windstorm.

#### Objectives of managing risks and policies for mitigating risks

The objectives of managing insurance risks are to enhance the long-term financial performance of the business and limit any excessive variability of the insurance results.

Underwriting insurance contracts involves the pooling of a large number of uncorrelated risks to reduce relative variability. The Group adopts the following measures to manage the general insurance risks:

- underwriting standards – to select risks and control exposure in accordance to established guidelines.
- claims control – to pay claims fairly and control claim wastage or fraud.
- pricing and reserving standards – to ensure adequate pricing for risks and valuation of insurance liabilities.
- reinsurance protection – to limit exposure to large insurance contracts and large claims.



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (b) General Insurance Contracts Risk Management (continued)

#### Objectives of managing risks and policies for mitigating risks (continued)

Concentration risk is particularly relevant in the case of natural disasters and other catastrophes. The Group's insurance contracts mostly cover perils and risks in Singapore. As such, the Group's concentration risk is negligible as Singapore is hardly exposed to natural disasters.

Perils like floods, epidemics and terrorism do present a level of variability and correlation in the future claim experience but these concentration of risks are protected by event excess of loss reinsurance. In addition, these risks are not material given the likelihood of such events.

Geographically, the Group's risks are concentrated in Singapore. Concentration risk arising from natural catastrophes is negligible as the exposure to natural disasters in Singapore is minimal from historical experience. About 78% (2020: 80%) of the Group's general insurance portfolio is motor insurance with risks well diversified across private cars, commercial vehicles, motorcycles, buses and taxis.

#### Sensitivity analysis

Given the uncertainty in establishing the claims and premium liabilities, it is likely that the final outcome will be different from the estimation. The table below gives an indication of the sensitivity of the insurance liabilities (claims and premium liabilities), and the corresponding amount will be recognized as surplus/deficit to the General Insurance Fund:

Assumption	Change	2021	2020
		Impact on unexpired risk reserves and claims liabilities \$'000	Impact on unexpired risk reserves and claims liabilities \$'000
Assumed loss ratio	+20%	128,234	98,625
for Bornhuetter-Ferguson method and Unexpired Risk reserve	-20%	(128,234)	(98,625)

### (c) Financial risk

The Group has to meet substantial long term liabilities to policyholders for claims and maturity payments and to ensure that adequate liquidity is available to meet short term claims, solvency margin and capital adequacy for existing and new business. The Group invests in a variety of market instruments such as bonds and quoted and unquoted equities which expose the Group to a number of risks such as liquidity, market and credit risks.

The management of these risks lies with the Risk Management and Investment Committees. The Risk Management Committee sets the policy and framework for the risk management function and reviews its appropriateness regularly. The administration of the financial risk management process is delegated to the senior management of the Group. Primarily, the risk management process focuses on mitigating the risks due to uncertainties of the financial market to minimise the adverse impact of these risks on the financial performance of the Group. A key aspect of risk management is matching the timing of cash flows from assets and liabilities. The Investment Committee sets the strategic asset allocation that is consistent with the asset/liability management strategies and approves investment guidelines and limits.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

The Group's investment objective is to ensure that it is able to meet future liabilities associated with the insurance products that it underwrites and produce stable and sustainable medium to long term returns on investments, while at the same time, preserving the solvency of the Group.

Disciplined risk control is an integral part of the Group's investment process. Well established and liquid market indices are employed as the benchmarks to ensure diversification across geography, sector, industry and security. In addition, the Group makes use of limits and guidelines to control the risks in the areas of country, sector, duration, currency, credit quality and single security exposure.

Investment-Linked Fund's liabilities are fully matched by the assets held in the respective investment-linked policies sub-funds. Financial risk is wholly borne by the policyholders.

### (i) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc., which may have significant impact on the value of the investments.

The Group's investments are substantially dependent on changes in interest rates and equity prices.

The Group regularly monitors its exposure to different asset classes to satisfy itself that its exposure to equities, debt securities, and other risk assets are within the Group's self-imposed risk tolerance limits.

The Group distinguishes market risk as follows:

- (a) Equity price risk
- (b) Interest rate risk
- (c) Foreign exchange risk

#### (a) Equity price risk

The Group is exposed to equity price risk arising from listed investments held which are classified as fair value through profit or loss and available-for-sale.

The Group monitors equity exposure against a benchmark set and agreed by the Investment Committee, and has a process in place to manage the exposure. This process includes monitoring the country, sector, single security exposure of the portfolio against the limits set.

The Group also formulates equity risk management strategy taking into account the full range of the Group's equity holdings. The Group's investments in equities are substantially in Asia.

The statistical risk analytic tools used by the Group to monitor price risk exposures are the volatility of the benchmark and beta of the portfolio. In this analysis, equity and index exposures are grouped by appropriate market indices, as determined by the Group, and the net beta adjusted exposures to each market index are calculated.

The Group has chosen the Morgan Stanley Capital International Index ("MSCI") Singapore, MSCI Asia Ex-Japan and MSCI Global indices as representative market indices for all the equities held at the reporting date. In addition, the Group makes adjustments or assumptions where it determines this to be necessary or appropriate. Historical statistics used in the model may not accurately estimate future changes particularly in periods of market turmoil. Actual results may differ substantially from these estimates.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (i) Market risk (continued)

##### (a) Equity price risk (continued)

Sensitivity analysis for changes in risk variable that was reasonably possible at year end is as follows:

		2021	
		Impact on net operating surplus \$'000	Impact on equity \$'000
MSCI Singapore	+10%	189,351	13,935
	- 10%	(189,351)	(13,935)
MSCI Asia Ex-Japan	+10%	193,409	-
	- 10%	(193,409)	-
MSCI Global Equities	+10%	372,932	-
	- 10%	(372,932)	-

		2020	
		Impact on net operating surplus \$'000	Impact on equity \$'000
MSCI Singapore	+10%	206,476	11,366
	- 10%	(206,476)	(11,366)
MSCI Asia Ex-Japan	+10%	282,738	-
	- 10%	(282,738)	-
MSCI Global Equities	+10%	328,427	-
	- 10%	(328,427)	-

#### (b) Interest rate risk

The Group is exposed to interest rate risk primarily through investments in fixed income securities by the insurance funds and policy liabilities in those funds which are guaranteed.

The presence of interest rate risk is the result of not holding assets that match policy liabilities fully. The interest rate risk arising from asset-liability tenure mismatch is actively managed and monitored by the Investment Committee.

Interest rate risk are managed by the Group on an ongoing basis with the primary objective of limiting the extent to which solvency can be affected by an adverse movement in interest rates.

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

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (i) Market risk (continued)

##### (b) Interest rate risk (continued)

The long duration of policy liabilities in the insurance funds and the uncertainty of the cash flows of the said funds mean interest rate risk cannot be completely eliminated, except to match guarantees as much as possible.

The Group's approach is to extend the duration of assets to better match the duration of liabilities. This is achieved by allocating assets to long-dated bonds. The entire fixed income portfolio is consolidated into a single pool to be matched in principle against the minimum condition liability of the Par Fund, allowing greater investment flexibility.

The remaining liabilities are backed by equities, fixed income securities, loans and investment properties with a view to maximise long term returns subject to acceptable volatility in market value.

Shareholders' fund has exposure to fixed income investments, which will be subject to mark-to-market valuation.

A study of fixed income securities' yield movement during the previous periods has been undertaken and a 100bps change in yield across the different curves is considered to be a reasonable basis for interest rate sensitivity analysis.

The table below summarises the impact on net operating surplus and equity based on a 100bps parallel shift in the yield curves:

		2021	
		Impact on net operating surplus \$'000	Impact on equity \$'000
Parallel shift in yield curves	+100 bps	(1,508,312)	(43,388)
	-100 bps	1,788,965	47,362
		2020	
		Impact on net operating surplus \$'000	Impact on equity \$'000
Parallel shift in yield curves	+100 bps	(1,877,279)	(63,203)
	-100 bps	2,278,837	69,858

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (i) Market risk (continued)

##### (b) Interest rate risk (continued)

#### Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's main IBOR exposure as at 31 December 2021 was indexed to SOR and USD LIBOR.

In Singapore, the Steering Committee for SOR transition to SORA (SC-STs) together with the Association of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has recommended the discontinuation of SOR and a shift towards the use of Singapore Overnight Rate Average (SORA) as the alternative interest rate benchmark in Singapore. The timeline for SORA to replace SOR is by the end of June 2023.

The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). Although the US dollar LIBOR was planned to be discontinued by the end of 2021, in November 2020 the ICE Benchmark Administration (IBA), the FCA-regulated and authorised administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain USD LIBORs after June 2023. As at 31 December 2021, it is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place.

#### Non-derivative financial assets

The Group's IBOR exposures to non-derivative financial assets as at 31 December 2021 were debt investments indexed to SOR and USD LIBOR. The Group is still in the process of communication with the counterparties and specific changes have yet been agreed.

#### Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included secured bank loans and unsecured bond issues indexed to SOR. The Group is actively addressing these, including but not limited to communicating with relevant counterparties with whom the Group has SOR indexed exposures. Specific changes have yet been agreed.

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

### (c) Foreign currency risk

The Group operates mainly in Singapore, with over 99% (2020: 99%) of its insurance liabilities denominated in Singapore Dollars.

The Group mitigates the potential foreign currency risks arising from its investment in financial assets through hedging. The potential foreign currency risks arising from the investment in foreign currency denominated securities are managed using foreign exchange forward contracts and cross currency swaps.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (i) Market risk (continued)

#### (c) Foreign currency risk (continued)

The following table presents the Group's exposures to major foreign currencies, presented in Singapore Dollars equivalent amounts as at:

	2021					
	USD \$'000	EUR \$'000	HKD \$'000	GBP \$'000	JPY \$'000	Others \$'000
<b>Assets</b>						
Investments						
- Equities	2,717,874	438,846	744,147	180,107	51,114	1,476,413
- Debt securities	10,048,964	1,164,003	-	246,993	56,781	33,293
- Funds	3,045,491	676,402	135	8,473	10,571	574,891
- Investment receivables	55,280	266,663	8,589	560	51	1,526
Cash and cash equivalents	471,231	17,262	2,213	3,851	798	189,974
<b>Liabilities</b>						
- Investment creditors	(378,406)	-	(722)	-	-	(7,030)
<b>Total</b>	<b>15,960,434</b>	<b>2,563,176</b>	<b>754,362</b>	<b>439,984</b>	<b>119,315</b>	<b>2,269,067</b>
Less:						
Derivative contracts (net currency exposure)	(15,454,642)	(2,553,305)	(746,479)	(430,763)	(126,865)	(1,552,633)
<b>Net foreign currency risk exposure</b>	<b>505,792</b>	<b>9,871</b>	<b>7,883</b>	<b>9,221</b>	<b>(7,550)</b>	<b>716,434</b>

	2020					
	USD \$'000	EUR \$'000	HKD \$'000	GBP \$'000	JPY \$'000	Others \$'000
<b>Assets</b>						
Investments						
- Equities	2,671,640	503,145	989,980	289,286	54,018	1,735,424
- Debt securities	9,284,751	1,040,183	-	218,315	45,489	12,781
- Funds	1,885,978	633,962	7,248	10,438	12,224	319,504
- Investment receivables	123,408	210	319	585	382	1,967
Cash and cash equivalents	227,626	14,856	2,457	4,933	1,278	39,707
<b>Liabilities</b>						
- Investment creditors	(284,475)	(194)	-	(514)	-	(12,343)
<b>Total</b>	<b>13,908,928</b>	<b>2,192,162</b>	<b>1,000,004</b>	<b>523,043</b>	<b>113,391</b>	<b>2,097,040</b>
Less:						
Derivative contracts (net currency exposure)	(13,296,607)	(2,169,734)	(955,264)	(511,670)	(117,640)	(1,939,066)
<b>Net foreign currency risk exposure</b>	<b>612,321</b>	<b>22,428</b>	<b>44,740</b>	<b>11,373</b>	<b>(4,249)</b>	<b>157,974</b>

The Group's foreign currency risk exposure is closely tracked and the net exposure is minimised through monthly rebalancing.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (i) Market risk (continued)

#### (c) Foreign currency risk (continued)

Based on monthly volatilities, management estimates  $\pm 2\%$  (2020:  $\pm 2\%$ ) change in the relevant currency risk to be reasonably possible at the reporting date.

Sensitivity for changes in risk variable that was reasonably possible is as follows:

		2021	
		Impact on net operating surplus \$'000	Impact on equity \$'000
Currency			
USD	2% strengthening	(52,624)	62,740
	2% weakening	52,624	(62,740)
EUR	2% strengthening	(15,256)	15,453
	2% weakening	15,256	(15,453)
HKD	2% strengthening	158	*
	2% weakening	(158)	*
GBP	2% strengthening	(332)	516
	2% weakening	332	(516)
JPY	2% strengthening	(362)	211
	2% weakening	362	(211)

		2020	
		Impact on net operating surplus \$'000	Impact on equity \$'000
Currency			
USD	2% strengthening	(27,507)	39,136
	2% weakening	27,507	(39,136)
EUR	2% strengthening	(14,309)	14,757
	2% weakening	14,309	(14,757)
HKD	2% strengthening	895	*
	2% weakening	(895)	*
GBP	2% strengthening	(375)	603
	2% weakening	375	(603)
JPY	2% strengthening	(329)	244
	2% weakening	329	(244)

\* less than \$1,000



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (ii) Credit risk

Credit risk is the risk arising from the uncertainty of an obligor's ability to fulfil its contractual obligations to the Group. The risk gives rise to financial losses as a result of default of an obligor or deterioration in its credit quality. The obligors include security issuers, derivatives transactional counterparties, policyholders, reinsurers, brokers and other intermediaries such as exchange/clearing houses.

Credit risk management is incorporated in the management of the Group's investments and business activities, and entails credit quality controls, credit risk limits and active monitoring of exposures against these limits with ongoing effort to manage breaches or deviations.

The Risk Management Committee approves and reviews on a regular basis the credit risk management framework including the limits and methodology, and provides oversight of credit risk taken by the Group to ensure it is consistent with the investment and business strategies approved by the Board.

Evaluation of an issuer's or counterparty's credit risk is undertaken by credit origination business units. Monitoring of credit and concentration risk is carried out by Risk Management. Overall investment limits monitoring is put in place at various levels to ensure that all investment activities are aligned with the Group's risk management principles and philosophies.

The loans in the portfolio are generally unsecured. Evaluation and monitoring of credit risk arising from such loans is undertaken by the Investment Department. The carrying amount of past due or impaired corporate loans on 31 December 2021 is nil (2020: nil).

The consumer loan portfolio as at 31 December 2021 amounts to \$6,594,000 net of impairment (2020: \$9,778,000). This is made up of secured and unsecured loans of which about 99% (2020: 99%) are secured loans.

For the management of credit risk of secured consumer loans, the Group regularly performs a valuation exercise to derive the fair value of the collaterals. The purpose of this exercise is to monitor the Loan to Valuation Ratio. For some loans, the Group may repossess the collateral when the loan defaults.

The Group's credit policy to monitor the default risk on unsecured loans is to engage an external agent to regularly inform the Group if any of the borrowers are currently facing legal actions by other creditors.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (ii) Credit risk (continued)

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of financial assets that are past due but not impaired:

	2021					Financial assets that have been impaired \$'000
	Financial assets that are past due but not impaired					
	Neither past due nor impaired \$'000	Up to 3 months \$'000	3 months to 1 year \$'000	Greater than 1 year \$'000	Total \$'000	
Debt securities	26,226,285	-	-	-	26,226,285	-
Loans	639,734	-	-	1,327	641,061	72
Derivatives with positive fair values	256,106	-	-	-	256,106	-
Reinsurers' share of insurance contract provisions	83,952	-	-	-	83,952	-
Insurance and other receivables	506,329	91,916	15,146	-	613,391	4,062
Cash and cash equivalents	1,432,431	-	-	-	1,432,431	-
	2020					Financial assets that have been impaired \$'000
	Financial assets that are past due but not impaired					
	Neither past due nor impaired \$'000	Up to 3 months \$'000	3 months to 1 year \$'000	Greater than 1 year \$'000	Total \$'000	
Debt securities	26,411,054	-	-	-	26,411,054	-
Loans	657,265	7	1,227	31	658,530	62
Derivatives with positive fair values	375,160	-	-	-	375,160	-
Reinsurers' share of insurance contract provisions	67,865	-	-	-	67,865	-
Insurance and other receivables	315,401	91,445	19,418	-	426,264	5,577
Cash and cash equivalents	1,215,856	-	-	-	1,215,856	-

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (ii) Credit risk (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the rating buckets:

	2021			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
Debt securities	19,335,181	945,190	5,945,914	26,226,285
Loans	-	-	641,061	641,061
Derivatives with positive fair values	-	-	256,106	256,106
Cash and cash equivalents	1,432,431	-	-	1,432,431

	2020			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
Debt securities	18,392,077	820,576	7,198,402	26,411,055
Loans	-	-	658,530	658,530
Derivatives with positive fair values	-	-	375,160	375,160
Cash and cash equivalents	1,215,856	-	-	1,215,856

The carrying amount of assets included on the statement of financial position represents the maximum credit exposure.

Substantial portion of non-rated debt securities are in Singapore Government and government-related organisations.

Cash and cash equivalents and derivative transactions are carried out with banks and financial institutions: (i) which are regulated by the MAS and other regulators overseas; and (ii) whose credit are rated investment grade by the rating agencies.

Ceded reinsurance contains credit risk, and such reinsurance assets are reported after deductions for known insolvencies and uncollectible items. The Group monitors the financial condition of its reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. When selecting its reinsurers, the Group considers their relative financial security. The security of the reinsurer is assessed based on public rating information.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (iii) Liquidity risk

The Group is exposed to liquidity risk when it is unable to meet its obligations at a reasonable cost. The liquidity risk could arise through bad publicity or adverse market conditions leading to unexpected cash demands and huge amount of surrenders. As a result, the Group may have to sell off assets to provide the cash lump sum payment.

The Group maintains a level of cash and cash flow deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash requirements. Liquidity management requires the Group to maintain a liquid position at all times to meet unexpected claims payments when they fall due and simultaneously holding an asset mix which meets the Group's target return. The Group monitors liquidity risk through the monthly tracking of the liquidity position of each insurance fund and through the performance of liquidity stress tests based on the S&P rating standards.

For the Par Fund, the Group manages liquidity risk by matching the asset cash flows to the cumulative outflows in the immediate next two years on an ongoing basis as well as putting in place an asset liability matching strategy. The liquidity risk in the fund is minimised by holding adequate cash and also close monitoring of surrenders and redemptions.

For the Non-Par Fund, the business is managed on an annual cash flow basis ensuring sufficient cash flow of premium as part of the liability matching strategy and monitoring of the experience to ensure claims can be paid.

For the General Insurance Fund, a significant portion of the assets are liquid assets which can be easily liquidated to pay claims.

For Investment-Linked Fund, the liabilities and unit prices for transactions fully reflect the market value of assets held in the respective Investment-Linked policies sub-funds. A significant portion of the assets are liquid assets which can be easily liquidated, to fund liquidation of units by unit-holders.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (c) Financial risk (continued)

#### (iii) Liquidity risk (continued)

The table below shows the gross liability including both guaranteed and non-guaranteed benefits (before reinsurance) as at 31 December 2021 based on estimated timing of net cash outflows. Almost all investment contracts may be surrendered. In this case, the earliest contractual maturity date is the reporting date. The liability will be the surrender value required if all investment contract policyholders surrender at the reporting date.

	2021			
	Total \$'000	Within 1 year \$'000	1 - 5 years \$'000	Over 5 Years \$'000
Insurance contracts	(38,910,885)	(5,135,333)	(7,310,666)	(26,464,886)
Investment contracts	-	-	-	-
Total	(38,910,885)	(5,135,333)	(7,310,666)	(26,464,886)

	2020			
	Total \$'000	Within 1 year \$'000	1 - 5 years \$'000	Over 5 Years \$'000
Insurance contracts	(37,806,224)	(4,185,540)	(6,740,694)	(26,879,990)
Investment contracts	(835)	(835)	-	-
Total	(37,807,059)	(4,186,375)	(6,740,694)	(26,879,990)

The table below shows the undiscounted contractual cash flows in relation to derivative instruments, borrowings and other payables:

	2021			
	Total \$'000	Within 1 year \$'000	1 - 5 years \$'000	Over 5 Years \$'000
Derivative financial instruments	(105,920)	(88,042)	(17,740)	(138)
Insurance and other payables	(2,038,713)	(1,991,196)	(24,815)	(22,702)
Borrowings (include interest)	(2,294,592)	(1,059,063)	(124,068)	(1,111,461)
Lease liabilities	(39,052)	(7,068)	(20,555)	(11,429)

	2020			
	Total \$'000	Within 1 year \$'000	1 - 5 years \$'000	Over 5 Years \$'000
Derivative financial instruments	(116,837)	(99,623)	(16,682)	(532)
Insurance and other payables	(1,804,754)	(1,756,093)	(23,838)	(24,823)
Borrowings (include interest)	(2,346,471)	(51,039)	(1,159,171)	(1,136,261)
Lease liabilities	(44,314)	(7,065)	(21,567)	(15,682)

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (d) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 11 and Note 14 to the consolidated financial statements presented as fair value, except for the following:

	2021					Total \$'000
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	
Loans and receivables	2,090,790	318,574	79,953	89,182	108,384	2,686,883
Financial liabilities	2,067,061	160,333	57,820	100,135	1,506,213	3,891,562

	2020					Total \$'000
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	
Loans and receivables	1,735,002	312,275	81,684	102,902	68,787	2,300,650
Financial liabilities	1,886,517	161,847	67,470	82,113	1,462,715	3,660,662

### (e) Capital management

The Group's capital policy is to ensure capital efficiency and the ability to self-generate sufficient level of surpluses within each fund to support the existing and on-going development. This is especially important given its co-operative status and limited avenues for raising capital.

The Group's capital management framework is to ensure the use of capital and generation of surplus through steering of bonus distribution strategy, investment strategy, product pricing and development and risk management. Critical amongst these is to ensure that products are priced on a profitable basis to self-generate surpluses and bolster capital. To ensure this, minimum pricing standards have been set.

The Co-operative is required to comply with the regulatory capital requirement prescribed in the MAS Notice 133 Valuation and Capital Framework for Insurers under the Insurance Act. The Capital Adequacy Ratio of the Co-operative remained well above the supervisory solvency intervention ratios prescribed in the above mentioned notice.

Available capital of the Co-operative as at 31 December 2021 amounted to \$16.7 billion (31 December 2020: \$14.9 billion).

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements

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

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

	2021			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Investments designated at fair value through profit or loss				
- Equities	7,966,825	-	-	7,966,825
- Funds	2,780,528	-	-	2,780,528
- Debt securities	25,391,752	-	322	25,392,074
Available-for-sale investments				
- Equities	140,009	29,264	22,074	191,347
- Funds	73,230	-	4,083,463	4,156,693
- Debt securities	834,211	-	-	834,211
	37,186,555	29,264	4,105,859	41,321,678
Derivative financial instruments	7,887	248,219	-	256,106
	37,194,442	277,483	4,105,859	41,577,784
<b>Liabilities</b>				
Derivative financial instruments	(9,917)	(95,051)	-	(104,968)



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

	2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Investments designated at fair value through profit or loss				
- Equities	8,554,460	-	-	8,554,460
- Funds	2,427,904	-	-	2,427,904
- Debt securities	25,394,901	-	231	25,395,132
Available-for-sale investments				
- Equities	99,653	30,852	23,913	154,418
- Funds	195,292	-	2,507,425	2,702,717
- Debt securities	1,015,922	-	-	1,015,922
	37,688,132	30,852	2,531,569	40,250,553
Derivative financial instruments	4,977	370,183	-	375,160
	37,693,109	401,035	2,531,569	40,625,713
<b>Liabilities</b>				
Derivative financial instruments	(1,421)	(112,735)	-	(114,156)

The fair value of Level 1 financial instruments, which are traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last traded price for equity investments and bid prices for fixed income investments.

The fair value of Level 2 financial instruments, which are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in Level 3.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 and Level 2 in either direction in 2021.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

The following table presents the changes in Level 3 instruments:

	2021			
	Fair value through profit or loss	Available-for-sale investments		
	Debt securities \$'000	Unquoted funds \$'000	Unquoted equities \$'000	Total \$'000
At 1 January	231	2,507,425	23,913	2,531,569
Sales of Level 3 securities	-	(311,191)	-	(311,191)
Purchases of Level 3 securities	-	1,415,498	-	1,415,498
Revaluation reserve	-	341,241	1,183	342,424
Gains or losses recognised in profit or loss	91	145,548	-	145,639
Impairment	-	(15,058)	-	(15,058)
Transfer to Level 1	-	-	(3,022)	(3,022)
At 31 December	322	4,083,463	22,074	4,105,859

As at 31 December 2021, unquoted equities measured at FVOCI with a carrying amount of \$3,022,000 and \$6,231,000 as of 1 December 2021 and 31 December 2021 respectively were transferred to Level 1 as a result of a corporate restructuring exercise. It involved a conversion of management shares which are valued using inputs that are not based on observable market data to ordinary shares which are valued based on quoted price in the market. There were no transfers from Level 1 to Level 3 in 2021.

There were no transfers between Level 2 and Level 3 in either direction in 2021.

	2020			
	Fair value through profit or loss	Available-for-sale investments		
	Debt securities \$'000	Unquoted funds \$'000	Unquoted equities \$'000	Total \$'000
At 1 January	700	2,202,227	44,952	2,247,879
Sales of Level 3 securities	-	(280,763)	-	(280,763)
Purchases of Level 3 securities	-	505,446	-	505,446
Revaluation reserve	-	22,093	(2,192)	19,901
Gains or losses recognised in profit or loss	(469)	98,474	-	98,005
Impairment	-	(40,052)	-	(40,052)
Transfer to Level 2	-	-	(18,847)	(18,847)
At 31 December	231	2,507,425	23,913	2,531,569

In 2020, the Group's unquoted equity measured at FVOCI with a carrying amount of \$18,847,000 and \$30,852,000 as at 1 January 2020 and 31 December 2020 respectively was transferred from Level 3 to Level 2. To determine the fair value of such equity, management used a valuation technique in which significant input was based on observable market data. There were no transfers from Level 2 to Level 3 in 2020.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

#### *Valuation techniques and inputs used in Level 3 fair value measurements*

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investments categorised under Level 3 of the fair value hierarchy which involves significant unobservable inputs:

Assets	2021			
	Fair value \$'000	Classification	Valuation technique	Unobservable Input
Debt securities	322	FVPL <sup>(a)</sup>	Dealers' Quotes	Default/recovery/prepay/ liquidity assumption
Unquoted funds	4,083,463	AFS <sup>(b)</sup>	Net Asset Value	Net asset value of investment vehicles
Unquoted equities	22,074	AFS <sup>(b)</sup>	Net Asset Value	Net asset value of investment entities
Total	4,105,859			

Assets	2020			
	Fair value \$'000	Classification	Valuation technique	Unobservable Input
Debt securities	231	FVPL <sup>(a)</sup>	Dealers' Quotes	Default/recovery/prepay/ liquidity assumption
Unquoted funds	2,507,425	AFS <sup>(b)</sup>	Net Asset Value	Net asset value of investment vehicles
Unquoted equities	23,913	AFS <sup>(b)</sup>	Net Asset Value	Net asset value of investment entities
Total	2,531,569			

<sup>(a)</sup> FVPL denotes financial instruments classified as fair value through profit or loss

<sup>(b)</sup> AFS denotes financial instruments classified as available-for-sale

#### *Valuation processes of the Group*

Valuation of debt securities classified as Level 3 assets is determined based on quotes from dealers, adjusted for liquidity provision. These securities are currently in the process of being wound down.

Valuation of unquoted funds were based on net asset value reports as at 30 September, adjusted for the net cash flows movement from 1 October until 31 December.

Valuation of unquoted equities that are co-operatives were valued at cost based on their realisable values as set out in the by-laws. Other unquoted equities were valued based on net asset value from their latest management accounts.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

#### Investment properties

#### Life Insurance Par Fund

	2021 \$'000	2020 \$'000
At 1 January	1,909,971	1,953,545
Additions	532	2,530
Adjustment on subsequent expenditure	(1,182)	-
Change in net fair value recognised in profit or loss	6,550	(46,104)
At 31 December	1,915,871	1,909,971

Investment properties are carried at fair values at the reporting date as determined by independent professional valuers.

#### *Fair value hierarchy*

Fair value measurements at 31 December 2021 using		
Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
<b>Life Insurance Par Fund</b>		
Recurring fair value measurements	-	-
Investment properties	-	1,915,871

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

Fair value measurements at 31 December 2020 using		
Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
<b>Life Insurance Par Fund</b>		
Recurring fair value measurements	-	-
Investment properties	-	1,909,971

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

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

#### Investment properties (continued)

*Valuation techniques and inputs used in Level 3 fair value measurements*

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy which involves significant unobservable inputs:

Description	Fair value at 31 December 2021 \$'000	Valuation techniques	Unobservable inputs <sup>1</sup>	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed Investment properties	1,915,871	Income Capitalisation Approach	Estimated rental rate	Retail: \$6.05 to \$17.20 per square foot per month Office/Industrial: \$1.85 to \$9.28 per square foot per month	The higher the rental value per square foot, the higher the fair value.
			Capitalisation rate	3.25% to 6%	The higher the capitalisation rate, the lower the fair value.
		Discounted Cash Flow Approach	Rental growth rate	2% to 5.34%	The higher the rental growth rate, the higher the fair value.
			Discount rate	6% to 7.5%	The higher the discount rate, the lower the fair value.
		Direct Comparison Approach	Valuation per square foot	Retail: \$1,183 to \$4,311 per square foot Office/Industrial: \$3,690 to \$3,760 per square foot	The higher the valuation per square foot, the higher the fair value.

<sup>1</sup> There were no significant inter-relationships between unobservable inputs.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

#### Investment properties (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value at 31 December 2020 \$'000	Valuation techniques	Unobservable inputs <sup>1</sup>	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed Investment properties	1,909,971	Income Capitalisation Approach	Estimated rental rate	Retail: \$6.30 to \$19.20 per square foot per month Office/Industrial: \$1.90 to \$9.40 per square foot per month	The higher the rental value per square foot, the higher the fair value.
			Capitalisation rate	3.25% to 6%	The higher the capitalisation rate, the lower the fair value.
		Discounted Cash Flow Approach	Rental growth rate	1.12% to 5%	The higher the rental growth rate, the higher the fair value.
			Discount rate	6.5% to 7.5%	The higher the discount rate, the lower the fair value.
		Direct Comparison Approach	Valuation per square foot	Retail: \$1,319 to \$4,218 per square foot Office/Industrial: \$350 to \$3,200 per square foot	The higher the valuation per square foot, the higher the fair value.

<sup>1</sup> There were no significant inter-relationships between unobservable inputs.

#### Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair values of the Group's investment properties at the end of every financial year based on the properties' highest and best use.

In the Income Capitalisation Approach, gross rental income (net of GST) is estimated at a mature maintainable occupancy level from which total expenses have been deducted and net income capitalised at an appropriate rate.

The Discounted Cash Flow Approach involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with the current market requirements.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

#### Investment properties (continued)

##### Valuation processes of the Group (continued)

The Direct Comparison Approach involves analysis of recent transactions of comparable properties within the vicinity and elsewhere in Singapore. Necessary adjustments have been made for the differences in location, tenure, size, shape, design and layout, age and condition of buildings, date of transactions and the prevailing market and prevailing condition amongst other factors affecting their values.

Due to the economic disruption caused by the COVID-19 coronavirus pandemic, the Group has granted rental rebate of two weeks (2020: one to four months) to tenants that have been significantly hit by the pandemic. The highly uncertain economic outlook for the period may have a material adverse effect on the tenants' operations, the viability of their business and their ability to meet their rental obligations.

The 31 December 2021 valuation is subjected to a material valuation uncertainty clause due to an unprecedented set of circumstances caused by COVID-19 and the absence of relevant/sufficient market evidence for the basis of judgement. The material valuation uncertainty declaration does not mean that the valuation cannot be relied upon but to provide further insight as to the market context under which the valuation opinion was prepared.

#### Financial asset/liabilities not carried at fair value

##### Loans

The fair value of consumer loans is based on cash flows discounted at the weighted average interest rate of the Co-operative's subordinated debts (Note 18) and are classified as Level 3. The fair value and interest rates used are as follow:

	2021		
	Life Insurance Par Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	
Consumer loans	6,594	5,944	3.34%

	2020		
	Life Insurance Par Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	
Consumer loans	9,778	8,726	3.34%



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

### (f) Fair value measurements (continued)

#### Financial asset/liabilities not carried at fair value (continued)

##### Insurance and other payables

The fair values of insurance and other payables are based on cash flows discounted at the weighted average interest rate of the Co-operative's subordinated debt (Note 18) and are classified as level 3. The fair values and interest rates used are as follow:

	2021						
	Life Insurance Par Fund		Life Insurance Non Par Fund		General Insurance Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	
Outstanding claims	25,667	19,960	6,292	5,287	201	106	3.34%
Investments and other payables	15,357	14,802	-	-	-	-	3.34%
<b>Total</b>	<b>41,024</b>	<b>34,762</b>	<b>6,292</b>	<b>5,287</b>	<b>201</b>	<b>106</b>	

	2020						
	Life Insurance Par Fund		Life Insurance Non Par Fund		General Insurance Fund		Interest rate used
	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	Carrying value \$'000	Fair value \$'000	
Outstanding claims	6,225	5,370	3,863	3,804	-	-	3.34%
Investments and other payables	37,099	30,489	1,474	1,005	-	-	3.34%
<b>Total</b>	<b>43,324</b>	<b>35,859</b>	<b>5,337</b>	<b>4,809</b>	<b>-</b>	<b>-</b>	

\* The fair value of insurance and other payables to be settled within the next 12 months are not presented as the carrying values approximate their fair values.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. PROPERTY, PLANT AND EQUIPMENT

### Life Insurance Par Fund

	2021					
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>						
At 1 January 2021	48,824	2,657	28,464	22,303	1,008	103,256
Additions	332	74	346	1,763	312	2,827
Re-measurement of right-of-use asset	1,784	-	-	-	-	1,784
Write-offs	-	(85)	(445)	(2,584)	(303)	(3,417)
At 31 December 2021	50,940	2,646	28,365	21,482	1,017	104,450
<b>Accumulated depreciation</b>						
At 1 January 2021	11,351	1,941	23,149	16,433	810	53,684
Charge for the year	6,335	229	1,638	2,117	134	10,453
Write-offs	-	(75)	(263)	(2,583)	(303)	(3,224)
At 31 December 2021	17,686	2,095	24,524	15,967	641	60,913
<b>Carrying amount</b>						
At 31 December 2021	33,254	551	3,841	5,515	376	43,537

	2020					
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>						
At 1 January 2020	50,432	2,350	28,043	21,059	1,008	102,892
Additions	1,011	319	421	1,244	-	2,995
Re-measurement of right-of-use asset	(2,619)	-	-	-	-	(2,619)
Write-offs	-	(12)	-	-	-	(12)
At 31 December 2020	48,824	2,657	28,464	22,303	1,008	103,256
<b>Accumulated depreciation</b>						
At 1 January 2020	4,863	1,714	21,369	14,255	701	42,902
Charge for the year	6,488	239	1,780	2,178	109	10,794
Write-offs	-	(12)	-	-	-	(12)
At 31 December 2020	11,351	1,941	23,149	16,433	810	53,684
<b>Carrying amount</b>						
At 31 December 2020	37,473	716	5,315	5,870	198	49,572

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Shareholders' Fund

	2021				
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Total \$'000
<b>Cost</b>					
At 1 January 2021	1,233	71	356	781	2,441
Additions	-	7	-	2,695	2,702
Write-offs	-	(11)	(8)	-	(19)
At 31 December 2021	1,233	67	348	3,476	5,124
<b>Accumulated depreciation</b>					
At 1 January 2021	589	34	176	222	1,021
Charge for the year	353	13	87	258	711
Write-offs	-	(11)	(3)	-	(14)
At 31 December 2021	942	36	260	480	1,718
<b>Carrying amount</b>					
<b>At 31 December 2021</b>	<b>291</b>	<b>31</b>	<b>88</b>	<b>2,996</b>	<b>3,406</b>

	2020				
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Total \$'000
<b>Cost</b>					
At 1 January 2020	-	40	356	524	920
Additions	1,233	31	-	257	1,521
At 31 December 2020	1,233	71	356	781	2,441
<b>Accumulated depreciation</b>					
At 1 January 2020	-	10	88	93	191
Charge for the year	589	24	88	129	830
At 31 December 2020	589	34	176	222	1,021
<b>Carrying amount</b>					
<b>At 31 December 2020</b>	<b>644</b>	<b>37</b>	<b>180</b>	<b>559</b>	<b>1,420</b>

Depreciation expense is included in "Management expenses" in the statement of comprehensive income.

Property, plant and equipment comprise right-of-use assets of \$33,545,000 (2020: \$38,117,000) related to leased properties.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Total Funds

	2021					
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b><u>Carrying amounts</u></b>						
At 1 January	38,117	753	5,495	6,429	198	50,992
Additions	332	81	346	4,458	312	5,529
Re-measurement of right-of-use asset	1,784	-	-	-	-	1,784
Charge for the year	(6,688)	(242)	(1,725)	(2,375)	(134)	(11,164)
Write-offs	-	(10)	(187)	(1)	-	(198)
At 31 December	33,545	582	3,929	8,511	376	46,943

	2020					
	Properties \$'000	Office equipment \$'000	Furniture and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
<b><u>Carrying amounts</u></b>						
At 1 January	45,569	666	6,942	7,235	307	60,719
Additions	2,244	350	421	1,501	-	4,516
Re-measurement of right-of-use asset	(2,619)	-	-	-	-	(2,619)
Charge for the year	(7,077)	(263)	(1,868)	(2,307)	(109)	(11,624)
Write-offs	-	-	-	-	-	-
At 31 December	38,117	753	5,495	6,429	198	50,992

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. INTANGIBLE ASSETS

	2021		
	Computer software \$'000	Customer contracts \$'000	Total \$'000
<b>Life Insurance Par Fund</b>			
<b>Cost</b>			
At 1 January	189,692	-	189,692
Additions	21,540	-	21,540
Transfer	(27,407)	-	(27,407)
Write-offs	(7,161)	-	(7,161)
At 31 December	176,664	-	176,664
<b>Accumulated amortisation</b>			
At 1 January	137,309	-	137,309
Charge for the year	18,372	-	18,372
Transfer	(19,427)	-	(19,427)
Write-offs	(5,367)	-	(5,367)
At 31 December	130,887	-	130,887
<b>Carrying amount at 31 December</b>	<b>45,777</b>	<b>-</b>	<b>45,777</b>
<b>Life Insurance Non-Par Fund</b>			
<b>Cost</b>			
At 1 January	14,864	-	14,864
Additions	1,398	-	1,398
Transfer	12,785	-	12,785
Write-offs	(2,680)	-	(2,680)
At 31 December	26,367	-	26,367
<b>Accumulated amortisation</b>			
At 1 January	14,575	-	14,575
Charge for the year	599	-	599
Transfer	7,955	-	7,955
Write-offs	(2,452)	-	(2,452)
At 31 December	20,677	-	20,677
<b>Carrying amount at 31 December</b>	<b>5,690</b>	<b>-</b>	<b>5,690</b>
<b>Investment Linked Fund</b>			
<b>Cost</b>			
At 1 January	-	-	-
Additions	747	-	747
Transfer	2,436	-	2,436
Write-offs	(41)	-	(41)
At 31 December	3,142	-	3,142
<b>Accumulated amortisation</b>			
At 1 January	-	-	-
Charge for the year	105	-	105
Transfer	1,949	-	1,949
Write-offs	(33)	-	(33)
At 31 December	2,021	-	2,021
<b>Carrying amount at 31 December</b>	<b>1,121</b>	<b>-</b>	<b>1,121</b>

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. INTANGIBLE ASSETS (CONTINUED)

	2021		
	Computer software \$'000	Customer contracts \$'000	Total \$'000
<b>General Insurance Fund</b>			
<b>Cost</b>			
At 1 January	-	-	-
Additions	451	-	451
Transfer	11,972	-	11,972
Write-offs	(64)	-	(64)
At 31 December	12,359	-	12,359
<b>Accumulated amortisation</b>			
At 1 January	-	-	-
Charge for the year	370	-	370
Transfer	9,391	-	9,391
Write-offs	(52)	-	(52)
At 31 December	9,709	-	9,709
<b>Carrying amount at 31 December</b>	<b>2,650</b>	<b>-</b>	<b>2,650</b>
<b>Shareholders' Fund</b>			
<b>Cost</b>			
At 1 January	27,635	850	28,485
Additions	27,466	-	27,466
Transfer	214	-	214
Write-offs	(5,137)	-	(5,137)
At 31 December	50,178	850	51,028
<b>Accumulated amortisation</b>			
At 1 January	6,562	340	6,902
Charge for the year	4,955	170	5,125
Transfer	132	-	132
Write-offs	(2,162)	-	(2,162)
At 31 December	9,487	510	9,997
<b>Carrying amount at 31 December</b>	<b>40,691</b>	<b>340</b>	<b>41,031</b>
<b>Total Funds</b>			
<b>Carrying amounts</b>			
At 1 January	73,745	510	74,255
Additions	51,602	-	51,602
Charge for the year	(24,401)	(170)	(24,571)
Write-offs	(5,017)	-	(5,017)
At 31 December	95,929	340	96,269

Amortisation expense is included in "Management expenses" in the statement of comprehensive income.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. INTANGIBLE ASSETS (CONTINUED)

	2020		
	Computer software \$'000	Customer contracts \$'000	Total \$'000
<b>Life Insurance Par Fund</b>			
<b>Cost</b>			
At 1 January	170,023	-	170,023
Additions	21,079	-	21,079
Write-offs	(1,410)	-	(1,410)
At 31 December	189,692	-	189,692
<b>Accumulated amortisation</b>			
At 1 January	120,148	-	120,148
Charge for the year	17,872	-	17,872
Write-offs	(711)	-	(711)
At 31 December	137,309	-	137,309
<b>Carrying amount at 31 December</b>	<b>52,383</b>	<b>-</b>	<b>52,383</b>
<b>Life Insurance Non-Par Fund</b>			
<b>Cost</b>			
At 1 January	14,692	-	14,692
Additions	172	-	172
At 31 December	14,864	-	14,864
<b>Accumulated amortisation</b>			
At 1 January	14,477	-	14,477
Charge for the year	98	-	98
At 31 December	14,575	-	14,575
<b>Carrying amount at 31 December</b>	<b>289</b>	<b>-</b>	<b>289</b>
<b>Shareholders' Fund</b>			
<b>Cost</b>			
At 1 January	24,273	850	25,123
Additions	7,071	-	7,071
Write-offs	(3,709)	-	(3,709)
At 31 December	27,635	850	28,485
<b>Accumulated amortisation</b>			
At 1 January	3,021	170	3,191
Charge for the year	4,326	170	4,496
Write-offs	(785)	-	(785)
At 31 December	6,562	340	6,902
<b>Carrying amount at 31 December</b>	<b>21,073</b>	<b>510</b>	<b>21,583</b>



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. INTANGIBLE ASSETS (CONTINUED)

	2020		
	Computer software \$'000	Customer contracts \$'000	Total \$'000
<b>Total Funds</b>			
<b>Carrying amounts</b>			
At 1 January	71,342	680	72,022
Additions	28,322	-	28,322
Charge for the year	(22,296)	(170)	(22,466)
Write-offs	(3,623)	-	(3,623)
At 31 December	73,745	510	74,255

## 7. INVESTMENT PROPERTIES

	2021 \$'000	2020 \$'000
<b>Life Insurance Par Fund</b>		
At 1 January	1,909,971	1,953,545
Additions	532	2,530
Adjustment on subsequent expenditure	(1,182)	-
Change in net fair value recognised in profit or loss	6,550	(46,104)
At 31 December	1,915,871	1,909,971

Investment properties comprise a number of commercial properties that are leased to third parties. The lease contracts are non-cancellable.

Investment properties are carried at fair value at the reporting date as determined by independent professional valuers.

All properties are held as investment properties within the Life Insurance Par Fund for investment purposes (rental yields and/or capital appreciation). Any change in value of the properties would accrue mainly to the participating policyholders. One of the investment properties, with carrying amount of \$766,300,000 (2020: \$765,800,000) is mortgaged against the bank borrowing (Note 18).

The following amounts are recognised in profit or loss.

	2021 \$'000	2020 \$'000
Rental income	82,701	78,744
Direct operating expenses arising from investment properties that generated rental income	(25,272)	(26,408)

The Group received government grants relating to property tax rebates amounting to \$nil (2020: \$5,217,000), out of which the Group was obliged to pass on the part of the benefits to its tenants in the form of rental rebates in 2020. The grant was recognised in profit or loss and accounted for as a deduction against property tax expenses.

The Group received government cash grants amounting to \$152,000 (2020: \$2,359,000) and this was recognised in profit or loss as other income.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. INVESTMENT IN SUBSIDIARIES

The subsidiaries of the Co-operative are all incorporated and have their place of business in Singapore. Their principal activities are as follow:

Name	Principal activities	% of ownership interest	
		2021 %	2020 %
<b><u>Life Insurance Par Fund</u></b>			
NTUC Co-operatives Suzhou Investments Pte Ltd	Investment holding	73	73
Savu Investments Pte. Ltd.	Owning and leasing an investment property	100	100
<b><u>Shareholders' Fund</u></b>			
NTUC Income Enterprises Pte Ltd	Operator of retail and referral services	100	100
NTUC Income Holdings Pte. Ltd.	Investment holding	100	100
Infinitum Financial Advisory Pte. Ltd.	Financial Advisory	100	100
Income Insurance Limited	Life and general insurance	100	-
<i>Indirect subsidiary, held through fully-owned subsidiary</i>			
Jordan Huebner (Asia) Pte Ltd	Financial Advisory	100	-

On 1 November 2021, the Group through its wholly-owned subsidiary Infinitum Financial Advisory Pte Ltd ("Infinitum") acquired 100% of the shares and voting interests in Jordan Huebner (Asia) Pte Ltd ("JH"). The total purchase consideration of the company is \$975,000, comprising of \$500,000 which has been paid in cash and a deferred consideration of \$475,000 which is payable over the next five years. JH was subsequently amalgamated into Infinitum on 1 January 2022.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENT IN JOINT VENTURES

Set out below are the joint ventures of the Group as at 31 December 2021. The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

The Group has no commitment relating to its joint ventures. There are also no contingent liabilities relating to the Group's interest in the joint ventures.

	2021 \$'000	2020 \$'000
<b>Life Insurance Par Fund</b>		
Equity investment at cost	339,384	339,384

Name of company	Country of incorporation	Principal activities	% of ownership interest	
			2021 %	2020 %
<b>Life Insurance Par Fund</b>				
Street Square Pte. Ltd. <sup>(a)</sup>	Singapore	Property investment holding	50	50
Parkway Parade Partnership Pte. Ltd. <sup>(a)</sup>	Singapore	Property investment holding	50	50

<sup>(a)</sup> Financial year ends on 31 December

### Summarised financial information for joint venture company

In 2021, the Group changed its application of the equity method of accounting for the share of results of investments in joint venture. The change pertains to the period for which the share of results is taken up from results up to 30 September in 2020 to 30 November in 2021. The Group believes that this change reflects more relevant information about the investment in joint venture. The financial effect of this change is insignificant.

Set out below is the summarised financial information of Street Square Pte. Ltd. based on the management accounts as of 30 November 2021 (2020: 30 September 2020) which is used for equity accounting, as this is the latest financial information available.

### Summarised financial position

	Street Square Pte. Ltd.	
	As at 30 November 2021 \$'000	As at 30 September 2020 \$'000
<b>Current assets</b>	23,772	14,340
<b>Current liabilities</b>	(195,911)	(176,367)
<b>Non-current assets</b>	1,157,029	1,095,444
<b>Non-current liabilities</b>	(617,069)	(625,359)
<b>Net assets</b>	367,821	308,058

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENT IN JOINT VENTURES (CONTINUED)

*Summarised statement of comprehensive income*

	<b>Street Square Pte. Ltd.</b>	
	<b>1 October 2020 to 30 November 2021 \$'000</b>	<b>1 October 2019 to 30 September 2020 \$'000</b>
Revenue	56,572	47,384
<b>Profit from continuing operations <sup>(b)</sup></b>	<b>59,763</b>	119
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>59,763</b>	119
<b>Dividends paid</b>	-	-

(b) Includes:

- Fair value gain on investment property of \$44,013,000 (2020: \$2,588,000)
- Interest expenses of \$29,596,000 (2020: \$26,243,000)
- Income tax expenses of \$3,359,000 (2020: \$2,837,000)

### *Reconciliation of summarised financial information*

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the joint venture company, is as follows:

	<b>Street Square Pte. Ltd.</b>	
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Net assets</b>		
<b>At 1 October 2020/2019</b>	<b>308,058</b>	307,939
Profit for the year	59,763	119
Other comprehensive income	-	-
Dividends paid	-	-
<b>At 30 November 2021/ 30 September 2020</b>	<b>367,821</b>	308,058
Interest in joint venture (2021: 50%, 2020: 50%)	183,911	154,029
<b>Carrying amount of the Group's interest in joint venture</b>	<b>183,911</b>	154,029

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENT IN JOINT VENTURES (CONTINUED)

### *Summarised financial information for joint venture company*

In April 2020, the Group together with shareholders of Parkway Parade Partnership Limited ("PPPL") restructured the entity to Parkway Parade Partnership Pte. Ltd. ("PPP Pte. Ltd.") by way of a swap agreement. The Group increased its stake from 48.55% to 52.60% in PPPL with considerations paid amounting to \$34,463,000. Following the restructuring the Group disposed its interest in PPP Pte. Ltd. by 2.61% with the proceeds of \$22,219,000 and reduced its shareholding from 52.60% to 49.99%. The Group classified the investee as joint venture following the above transaction.

Set out below is the summarised financial information of Parkway Parade Partnership Pte. Ltd. based on the management accounts as of 30 November which is used for equity accounting, as this is the latest financial information available.

### *Summarised financial position*

	<b>Parkway Parade Partnership Pte. Ltd.</b>	
	<b>As at 30 November</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>	<b>30,500</b>	38,600
<b>Current liabilities</b>	<b>(32,800)</b>	(36,200)
<b>Non-current assets</b>	<b>1,285,132</b>	1,292,873
<b>Non-current liabilities</b>	<b>(489,200)</b>	(484,700)
<b>Net assets</b>	<b>793,632</b>	810,573

### *Summarised statement of comprehensive income*

	<b>Parkway Parade Partnership Pte. Ltd.</b>	
	<b>For the period from</b>	
	<b>1 December</b>	<b>1 April to</b>
	<b>2020 to</b>	<b>30 November</b>
	<b>30 November</b>	<b>2020</b>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	<b>77,201</b>	28,500
<b>Gain/(Loss) from continuing operations <sup>(b)</sup></b>	<b>12,550</b>	(35,727)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>12,550</b>	(35,727)
<b>Dividends paid</b>	<b>(29,491)</b>	-

<sup>(b)</sup> Includes:

- Fair value loss on investment property of \$12,655,000 (2020: \$50,120,000)

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENT IN JOINT VENTURES (CONTINUED)

### Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the joint venture company, is as follows:

		Parkway Parade Partnership Pte. Ltd.	
	Note	2021 \$'000	2020 \$'000
<b>Net assets</b>			
<b>At 1 December 2020/ 1 April 2020</b>	10	<b>810,573</b>	846,300
Profit for the year		<b>12,550</b>	(35,727)
Other comprehensive income		-	-
Dividends paid		<b>(29,491)</b>	-
<b>At 30 November 2021/2020</b>		<b>793,632</b>	810,573
Interest in joint venture (2021: 50%, 2020: 50%)		<b>396,737</b>	405,205
<b>Carrying amount of the Group's interest in joint venture</b>		<b>396,737</b>	405,205
		<b>2021 \$'000</b>	<b>2020 \$'000</b>
Street Square Pte. Ltd.		<b>183,911</b>	154,029
Parkway Parade Partnership Pte. Ltd.		<b>396,737</b>	405,205
<b>Total carrying amounts of the Group's interest in joint ventures</b>		<b>580,648</b>	559,234
		<b>2021 \$'000</b>	<b>2020 \$'000</b>
Street Square Pte. Ltd.		<b>29,882</b>	60
Parkway Parade Partnership Pte. Ltd.		<b>(8,468)</b>	(17,960)
<b>Share of results of joint ventures</b>		<b>21,414</b>	(17,900)

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. INVESTMENT IN ASSOCIATED COMPANIES

### Life Insurance Par Fund

On 1 April 2020, the Group's interest in PPPL subject to a restructuring by way of a swap agreement in exchange for an interest in PPP Pte. Ltd. The Group reclassified the investee from associate to joint venture following the above transaction. Please refer to Note 9 for details.

#### *Summarised financial information for associated company*

Set out below is the summarised financial information of PPPL, based on the management accounts for the period ended 31 March 2020, which is used for equity accounting up to the restructuring.

#### *Summarised statement of comprehensive income*

	Parkway Parade Partnership Limited 1 November 2019 to 31 March 2020 \$'000
Revenue	47,398
<b>Profit from continuing operations</b>	9,636
Other comprehensive income	-
<b>Total comprehensive income</b>	9,636
<b>Dividends paid</b>	(4,815)

#### *Reconciliation of summarised financial information*

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated company, is as follows:

	Note	Parkway Parade Partnership Limited 2020 \$'000
<b>Net assets</b>		
<b>At 1 December 2019</b>		841,479
Profit for the year		9,636
Other comprehensive income		-
Dividends paid		(4,815)
<b>At 31 March 2020</b>	9	846,300
Interest in associated company (2020: 49%)		-
<b>Carrying amount of the Group's interest in associated company</b>		-



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

	2021 \$'000	2020 \$'000
<b>Shareholders' Fund</b>		
Equity investment at cost	239,565	239,565

Set out below are the associated co-operative and companies of the Group as at 31 December 2021. The associated co-operative and companies have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

The Group has no commitment relating to its associated co-operative and companies. There are also no contingent liabilities relating to the Group's interest in the associated co-operative and companies.

Name of company	Country of incorporation	Principal activities	% of ownership interest	
			2021 %	2020 %
<i>Direct associate:</i>				
NTUC Choice Homes Co-operative Ltd <sup>(a)</sup>	Singapore	Property development	25	25
Davita Singapore Pte. Ltd. <sup>(a)</sup>	Singapore	Dialysis services, clinics and other general medical services	10	10
<i>Indirect associate, held through fully-owned subsidiary:</i>				
FFMC Holdings Pte. Ltd. <sup>(a)</sup>	Singapore	Asset management	49	49

<sup>(a)</sup> Financial year ends on 31 December

### Summarised financial information for associated co-operative

In 2021, the Group changed its application of the equity method of accounting for the share of results of investments in the associated co-operative. The change pertains to the period for which the share of results is taken up from results up to 30 September in 2020 to 30 November in 2021. The Group believes that this change reflects more relevant information about the investment in associated co-operative. The financial effect of this change is insignificant.

Set out below is the summarised financial information of the associated co-operative based on the management accounts as of 30 November 2021 (2020: 30 September 2020) which is used for equity accounting, as this is the latest financial information available.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

*Summarised financial position*

	NTUC Choice Homes Co-operative Ltd	
	As at 30 November 2021 \$'000	As at 30 September 2020 \$'000
<b>Current assets</b>	<b>21,370</b>	15,480
<b>Current liabilities</b>	<b>(1,707)</b>	(1,065)
<b>Non-current assets</b>	<b>455,000</b>	455,001
<b>Non-current liabilities</b>	-	-
Adjustments made to align with Group accounting policies	(365)	(368)
<b>Net assets</b>	<b>474,298</b>	469,048

*Summarised statement of comprehensive income*

	NTUC Choice Homes Co-operative Ltd	
	For the period from	
	1 October 2020 to 30 November 2021 \$'000	1 October 2019 to 30 September 2020 \$'000
Revenue	-	-
<b>Profit from continuing operations</b>	<b>9,178</b>	6,225
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>9,178</b>	6,225
<b>Dividends paid</b>	<b>(3,928)</b>	(3,928)

*Reconciliation of summarised financial information*

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated co-operative, is as follows:

	NTUC Choice Homes Co-operative Ltd	
	As at 30 November 2021 \$'000	As at 30 September 2020 \$'000
<b>Net assets</b>		
<b>At 1 October 2020/2019</b>	<b>469,048</b>	466,751
Profit for the year	9,178	6,225
Other comprehensive income	-	-
Dividends paid	(3,928)	(3,928)
<b>At 30 November 2021/ 30 September 2020</b>	<b>474,298</b>	469,048
Interest in associated co-operative (2021: 25%, 2020: 25%)	120,756	119,419
<b>Carrying amount of the Group's interest in associated company</b>	<b>120,756</b>	119,419

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

### *Summarised financial information for associated company*

Set out below is the summarised financial information of associated company based on the management accounts as of 31 December which is used for equity accounting, as this is the latest financial information available.

### *Summarised financial position*

	<b>Davita Singapore Pte. Ltd.</b>	
	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>	<b>7,446</b>	8,051
<b>Current liabilities</b>	<b>(1,497)</b>	(1,163)
<b>Non-current assets</b>	<b>4,121</b>	3,016
<b>Non-current liabilities</b>	<b>(1,825)</b>	(406)
<b>Net assets</b>	<b>8,245</b>	9,498

### *Summarised statement of comprehensive income*

	<b>Davita Singapore Pte. Ltd.</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	<b>3,843</b>	4,823
<b>Profit from continuing operations</b>	<b>(1,253)</b>	2,000
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(1,253)</b>	2,000
<b>Dividends paid</b>	-	-

### *Reconciliation of summarised financial information*

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated company, is as follows:

	<b>Davita Singapore Pte. Ltd.</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets</b>		
<b>At 1 January</b>	<b>9,498</b>	7,498
Profit for the year	<b>(1,253)</b>	2,000
Dividends paid	-	-
<b>At 31 December</b>	<b>8,245</b>	9,498
Interest in associated company (2021: 10%, 2020: 10%)	<b>825</b>	950
<b>Carrying amount of the Group's interest in associated company</b>	<b>825</b>	950

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

### *Summarised financial information for associated company*

Set out below is the summarised financial information of the associated company based on the management accounts as of 30 November which is used for equity accounting, as this is the latest financial information available.

### *Summarised financial position*

	FFMC Holdings Pte. Ltd.	
	As at 30 November	
	2021 \$'000	2020 \$'000
<b>Current assets</b>	<b>182,397</b>	105,125
<b>Current liabilities</b>	<b>(45,199)</b>	(40,531)
<b>Non-current assets</b>	<b>32,664</b>	19,763
<b>Non-current liabilities</b>	<b>(29,847)</b>	(5,847)
<b>Net assets</b>	<b>140,015</b>	78,510

### *Summarised statement of comprehensive income*

	FFMC Holdings Pte. Ltd.	
	For the period from 1 December to 30 November	
	2021 \$'000	2020 \$'000
Revenue	178,335	120,313
<b>Profit from continuing operations</b>	<b>61,405</b>	22,180
Other comprehensive income	100	106
<b>Total comprehensive income</b>	<b>61,505</b>	22,286
<b>Dividends paid</b>	-	-

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

### Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in the associated company, is as follows:

	FFMC Holdings Pte. Ltd.	
	2021 \$'000	2020 \$'000
<b>Net assets</b>		
<b>At 1 December 2020/2019</b>	<b>78,510</b>	56,139
Profit for the year	61,405	22,180
Other comprehensive income	100	106
Adjustment due to adoption of FRS 116	-	85
<b>At 30 November 2021/2020</b>	<b>140,015</b>	78,510
Interest in associated company (2021: 49%, 2020: 49%)	68,607	38,470
Goodwill	4,582	4,582
Intangible assets	84,197	91,213
<b>Carrying amount of the Group's interest in associated company</b>	<b>157,386</b>	134,265

Amortisation of intangible assets in relation to customer contracts amounting to \$7,016,000 (2020: \$7,016,000) is included in "Management expenses" in the statement of comprehensive income.

	2021 \$'000	2020 \$'000
NTUC Choice Homes Co-operative Ltd	120,756	119,419
Davita Singapore Pte. Ltd.	825	950
FFMC Holdings Pte. Ltd.	157,386	134,265
<b>Total carrying amounts of the Group's interest in Shareholders' Fund</b>	<b>278,967</b>	254,634
Parkway Parade Partnership Limited	-	-
<b>Total carrying amounts of the Group's interest in Life Insurance Par Fund</b>	<b>-</b>	-
<b>Investment in associated companies</b>	<b>278,967</b>	254,634

	2021 \$'000	2020 \$'000
NTUC Choice Homes Co-operative Ltd	1,337	586
Davita Singapore Pte. Ltd.	(125)	200
FFMC Holdings Pte. Ltd.	30,137	10,962
<b>Share of result of associated companies in Shareholders' Fund</b>	<b>31,349</b>	11,748
Parkway Parade Partnership Limited	-	2,309
<b>Share of result of associated companies in Life Insurance Par Fund</b>	<b>-</b>	2,309
<b>Share of results of associated companies</b>	<b>31,349</b>	14,057

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. OTHER FINANCIAL ASSETS

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Investments measured at fair value through profit or loss</b>						
<i>Quoted</i>						
Equities	6,263,690	528,339	799,430	-	375,366	7,966,825
Funds	889,597	312,359	1,490,596	74,819	13,157	2,780,528
Debt securities	19,292,849	4,563,407	528,898	1,006,920	-	25,392,074
<b>Total investments measured at fair value through profit or loss</b>	<b>26,446,136</b>	<b>5,404,105</b>	<b>2,818,924</b>	<b>1,081,739</b>	<b>388,523</b>	<b>36,139,427</b>
<b>Available-for-sale investments</b>						
<i>Quoted</i>						
Equities	6,231	-	-	-	133,778	140,009
Funds	37,510	-	-	-	35,720	73,230
Debt securities	-	-	-	-	834,211	834,211
<i>Unquoted</i>						
Equities	48,123	-	-	-	3,215	51,338
Funds	3,398,354	211,112	-	308,809	165,188	4,083,463
<b>Total available-for-sale investments</b>	<b>3,490,218</b>	<b>211,112</b>	<b>-</b>	<b>308,809</b>	<b>1,172,112</b>	<b>5,182,251</b>
<b>Total investments</b>	<b>29,936,354</b>	<b>5,615,217</b>	<b>2,818,924</b>	<b>1,390,548</b>	<b>1,560,635</b>	<b>41,321,678</b>
<b>Debt Securities</b>						
To be settled within 12 months	766,449	596,643	18,832	217,032	44,626	1,643,582
To be settled after 12 months	18,526,400	3,966,764	510,066	789,888	789,585	24,582,703
	19,292,849	4,563,407	528,898	1,006,920	834,211	26,226,285
<b>Equities and Funds</b>	<b>10,643,505</b>	<b>1,051,810</b>	<b>2,290,026</b>	<b>383,628</b>	<b>726,424</b>	<b>15,095,393</b>
<b>Total</b>	<b>29,936,354</b>	<b>5,615,217</b>	<b>2,818,924</b>	<b>1,390,548</b>	<b>1,560,635</b>	<b>41,321,678</b>

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. OTHER FINANCIAL ASSETS (CONTINUED)

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Investments measured at fair value through profit or loss</b>						
<i>Quoted</i>						
Equities	6,885,115	555,732	753,039	-	360,574	8,554,460
Funds	674,607	229,107	1,428,527	73,781	21,882	2,427,904
Debt securities	19,755,206	4,150,292	518,564	971,070	-	25,395,132
<b>Total investments measured at fair value through profit or loss</b>	27,314,928	4,935,131	2,700,130	1,044,851	382,456	36,377,496
<b>Available-for-sale investments</b>						
<i>Quoted</i>						
Equities	-	-	-	-	99,653	99,653
Funds	162,628	-	-	-	32,664	195,292
Debt securities	-	-	-	-	1,015,922	1,015,922
<i>Unquoted</i>						
Equities	51,569	-	-	-	3,196	54,765
Funds	1,933,520	147,030	-	283,572	143,303	2,507,425
<b>Total available-for-sale investments</b>	2,147,717	147,030	-	283,572	1,294,738	3,873,057
<b>Total investments</b>	29,462,645	5,082,161	2,700,130	1,328,423	1,677,194	40,250,553
<b>Debt Securities</b>						
To be settled within 12 months	954,866	520,420	28,234	264,847	64,445	1,832,812
To be settled after 12 months	18,800,340	3,629,872	490,330	706,223	951,477	24,578,242
	19,755,206	4,150,292	518,564	971,070	1,015,922	26,411,054
<b>Equities and Funds</b>	9,707,439	931,869	2,181,566	357,353	661,272	13,839,499
<b>Total</b>	29,462,645	5,082,161	2,700,130	1,328,423	1,677,194	40,250,553

Of the total debt securities, 91% (2020: 92%) represents investments in fixed rate instruments.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 12. INVESTMENT IN FUNDS

The funds invested by the Group may utilise a variety of financial instruments in their trading strategies, including equity and debt securities as well as an array of derivative instruments.

The Group's holding in a unitized fund, as a percentage of the fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the fund level.

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

The Group's outstanding investment capital commitments are disclosed in Note 30.

The tables below summarises the fair value of the Group's holdings in funds by risk of concentration with respect to geographic region and industry focus of the funds.

	2021	
	% of the Investment in funds	Fair value \$'000
<b>Industry focus</b>		
Diversified financials	54%	3,748,693
Energy	1%	45,608
Real estate	41%	2,832,576
Utilities	*	80
Materials	*	1,987
Information technology	4%	308,277
	100%	6,937,221
<b>Geographic region</b>		
Asia Pacific	43%	3,010,447
Australia	8%	503,337
Europe	8%	577,709
North America	20%	1,373,034
Others	21%	1,472,694
	100%	6,937,221

\* less than 1%



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 12. INVESTMENT IN FUNDS (CONTINUED)

	2020	
	% of the Investment in funds	Fair value \$'000
<b>Industry focus</b>		
Diversified financials	54%	2,780,057
Energy	1%	44,163
Real estate	41%	2,120,536
Utilities	*	3
Materials	*	1,943
Information technology	4%	183,919
	100%	5,130,621
<b>Geographic region</b>		
Asia Pacific	50%	2,557,740
Australia	4%	237,851
Europe	11%	561,095
North America	17%	871,114
Others	18%	902,821
	100%	5,130,621

\* less than 1%

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 13. LOANS

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Term loan to joint venture						
- unsecured	81,251	-	-	-	-	81,251
Consumer loans	6,666	-	-	-	-	6,666
Loans on policies	552,973	243	-	-	-	553,216
Impairment loss	(72)	-	-	-	-	(72)
	640,818	243	-	-	-	641,061
To be settled within 12 months	636,901	243	-	-	-	637,144
To be settled after 12 months	3,917	-	-	-	-	3,917
	640,818	243	-	-	-	641,061

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Term loan to joint venture						
- unsecured	81,251	-	-	-	-	81,251
Consumer loans	9,840	-	-	-	-	9,840
Loans on policies	567,268	233	-	-	-	567,501
Impairment loss	(62)	-	-	-	-	(62)
	658,297	233	-	-	-	658,530
To be settled within 12 months	652,216	233	-	-	-	652,449
To be settled after 12 months	6,081	-	-	-	-	6,081
	658,297	233	-	-	-	658,530

At the reporting date, the carrying amounts of loans approximate their fair values, except for consumer loans (refer to Note 4(f)).

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 13. LOANS (CONTINUED)

### Interest bearing loan to a joint venture company

The balance of interest bearing loan to a joint venture company as at the reporting date and the interest earned recognised in the statement of comprehensive income is as follows:

2021				
Loan Balance \$'000	Interest Rate (%)	Interest Earned \$'000	Scheduled Repayment Date	Type
81,251	7.00	5,688	On demand	Unsecured

2020				
Loan Balance \$'000	Interest Rate (%)	Interest Earned \$'000	Scheduled Repayment Date	Type
81,251	7.00	5,703	On demand	Unsecured

Movements in allowance for impairment loss during the financial year are as follow:

	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>2021</b>						
At 1 January	62	-	-	-	-	62
Allowance made during the year	10	-	-	-	-	10
At 31 December	72	-	-	-	-	72
<b>2020</b>						
At 1 January	11	-	-	-	-	11
Allowance made during the year	51	-	-	-	-	51
At 31 December	62	-	-	-	-	62

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

	2021			
	Contract or Underlying Principal \$'000	Positive Revaluation \$'000	Negative Revaluation \$'000	Net \$'000
<b><u>Life Insurance Par Fund</u></b>				
Forward foreign exchange	25,812,379	169,119	67,744	101,375
Cross currency swaps	414,658	5,632	16,666	(11,034)
Interest rate swaps	534,234	15,994	1,302	14,692
Futures	(96,861)	5,302	7,231	(1,929)
	26,664,410	196,047	92,943	103,104
<b><u>Life Insurance Non-Par Fund</u></b>				
Forward foreign exchange	3,852,872	35,851	4,928	30,923
Cross currency swaps	229,755	3,625	310	3,315
Interest rate swaps	10,577	-	265	(265)
Futures	(16,468)	1,197	779	418
	4,076,736	40,673	6,282	34,391
<b><u>Investment-Linked Fund</u></b>				
Forward foreign exchange	475,843	4,052	1,149	2,903
Interest rate swaps	5,595	31	152	(121)
Futures	(20,387)	398	672	(274)
	461,051	4,481	1,973	2,508
<b><u>General Insurance Fund</u></b>				
Forward foreign exchange	342,669	3,576	707	2,869
Cross currency swaps	52,828	1,555	20	1,535
	395,497	5,131	727	4,404
<b><u>Shareholders' Fund</u></b>				
Forward foreign exchange	1,274,401	8,096	1,692	6,404
Cross currency swaps	30,973	688	116	572
Futures	26,259	990	1,235	(245)
	1,331,633	9,774	3,043	6,731
<b>Total</b>	<b>32,929,327</b>	<b>256,106</b>	<b>104,968</b>	<b>151,138</b>

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2020			
	Contract or Underlying Principal \$'000	Positive Revaluation \$'000	Negative Revaluation \$'000	Net \$'000
<b>Life Insurance Par Fund</b>				
Forward foreign exchange	17,747,578	260,072	63,112	196,960
Cross currency swaps	570,146	11,449	21,864	(10,415)
Interest rate swaps	514,518	27,333	5,972	21,361
Bond Forward	3,436	131	139	(8)
Futures	77,520	2,516	994	1,522
	18,913,198	301,501	92,081	209,420
<b>Life Insurance Non-Par Fund</b>				
Forward foreign exchange	2,131,509	33,914	9,426	24,488
Cross currency swaps	400,727	12,925	39	12,886
Futures	53,274	1,621	-	1,621
	2,585,510	48,460	9,465	38,995
<b>Investment-Linked Fund</b>				
Forward foreign exchange	325,018	1,899	1,300	599
Interest rate swaps	1,631	10	-	10
Futures	3,769	31	3	28
	330,418	1,940	1,303	637
<b>General Insurance Fund</b>				
Forward foreign exchange	339,928	3,873	3,911	(38)
Cross currency swaps	58,455	3,162	-	3,162
	398,383	7,035	3,911	3,124
<b>Shareholders' Fund</b>				
Forward foreign exchange	1,236,746	14,226	7,111	7,115
Cross currency swaps	30,973	1,320	-	1,320
Futures	39,917	678	285	393
	1,307,636	16,224	7,396	8,828
<b>Total</b>	<b>23,535,145</b>	<b>375,160</b>	<b>114,156</b>	<b>261,004</b>

At the reporting date, all derivative financial instruments balances are current, as they are classified as 'held for trading' in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*.

The Co-operative enters into master netting arrangements with counterparties. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis.

Master netting arrangements do not meet the criteria for offsetting of financial assets and liabilities on the statement of financial position, as the legal right to set off the transactions is conditional upon default.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	2021					
	Gross amounts of recognised financial assets \$'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position \$'000	Net amounts of financial assets presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
<b>Life Insurance Par Fund</b>						
Derivatives	190,745	-	190,745	15,985	68,793	105,967
<b>Life Insurance Non-Par Fund</b>						
Derivatives	39,476	-	39,476	7,128	12,544	19,804
<b>Investment-Linked Fund</b>						
Derivatives	4,083	-	4,083	-	1,092	2,991
<b>General Insurance Fund</b>						
Derivatives	5,131	-	5,131	1,482	1,338	2,311
<b>Shareholders' Fund</b>						
Derivatives	8,784	-	8,784	2,384	2,279	4,121

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	2021					
	Gross amounts of recognised financial liabilities \$'000	Gross amounts of recognised financial assets set-off in the statement of financial position \$'000	Net amounts of financial liabilities presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
<b>Life Insurance Par Fund</b>						
Derivatives	85,471	-	85,471	34,260	7,795	43,416
<b>Life Insurance Non-Par Fund</b>						
Derivatives	5,503	-	5,503	-	852	4,651
<b>Investment-Linked Fund</b>						
Derivatives	1,301	-	1,301	-	213	1,088
<b>General Insurance Fund</b>						
Derivatives	727	-	727	-	-	727
<b>Shareholders' Fund</b>						
Derivatives	1,808	-	1,808	-	1,833	(25)

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	2020					
	Gross amounts of recognised financial assets \$'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position \$'000	Net amounts of financial assets presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
<b>Life Insurance Par Fund</b>						
Derivatives	298,985	-	298,985	7,964	133,518	157,503
<b>Life Insurance Non-Par Fund</b>						
Derivatives	46,839	-	46,839	643	23,531	22,665
<b>Investment-Linked Fund</b>						
Derivatives	1,909	-	1,909	-	893	1,016
<b>General Insurance Fund</b>						
Derivatives	7,035	-	7,035	164	2,338	4,533
<b>Shareholders' Fund</b>						
Derivatives	15,546	-	15,546	-	2,999	12,547

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	2020					
	Gross amounts of recognised financial liabilities \$'000	Gross amounts of recognised financial assets set-off in the statement of financial position \$'000	Net amounts of financial liabilities presented in the statement of financial position \$'000	Related amounts not set-off in the statement of financial position		Net amount \$'000
				Financial Instruments \$'000	Cash collateral \$'000	
<b>Life Insurance Par Fund</b>						
Derivatives	91,087	-	91,087	18,059	10,608	62,420
<b>Life Insurance Non-Par Fund</b>						
Derivatives	9,465	-	9,465	-	1,335	8,130
<b>Investment-Linked Fund</b>						
Derivatives	1,300	-	1,300	1,089	218	(7)
<b>General Insurance Fund</b>						
Derivatives	3,911	-	3,911	1,069	-	2,842
<b>Shareholders' Fund</b>						
Derivatives	7,111	-	7,111	3,929	1,557	1,625

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. INSURANCE CONTRACT PROVISIONS

	2021				
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Total \$'000
<b>Gross</b>					
Provision for claims and loss adjustment expenses	-	218,505	-	559,631	778,136
Provision for unexpired risks	-	260,011	-	188,737	448,748
Provision for future non-participating benefits	90,062	2,755,078	2,047	-	2,847,187
Provision for future participating benefits	32,066,395	-	-	-	32,066,395
Provision for investment-linked contracts	-	-	2,770,419	-	2,770,419
<b>Total insurance contract provisions, gross</b>	<b>32,156,457</b>	<b>3,233,594</b>	<b>2,772,466</b>	<b>748,368</b>	<b>38,910,885</b>
<b>Reinsurance</b>					
Provision for claims and loss adjustment expenses	-	2,295	-	45,350	47,645
Provision for unexpired risks	-	735	-	4,454	5,189
Provision for future non-participating benefits	415	1,391	-	-	1,806
Provision for future participating benefits	29,312	-	-	-	29,312
<b>Total reinsurers' share of insurance contract provisions</b>	<b>29,727</b>	<b>4,421</b>	<b>-</b>	<b>49,804</b>	<b>83,952</b>
<b>Net</b>					
Provision for claims and loss adjustment expenses	-	216,210	-	514,281	730,491
Provision for unexpired risks	-	259,276	-	184,283	443,559
Provision for future non-participating benefits	89,647	2,753,687	2,047	-	2,845,381
Provision for future participating benefits	32,037,083	-	-	-	32,037,083
Provision for investment-linked contracts	-	-	2,770,419	-	2,770,419
<b>Total insurance contract provisions, net</b>	<b>32,126,730</b>	<b>3,229,173</b>	<b>2,772,466</b>	<b>698,564</b>	<b>38,826,933</b>



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. INSURANCE CONTRACT PROVISIONS (CONTINUED)

	2020				
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Total \$'000
<b>Gross</b>					
Provision for claims and loss adjustment expenses	-	178,691	-	539,843	718,534
Provision for unexpired risks	-	298,167	-	192,430	490,597
Provision for future non-participating benefits	210,765	2,372,048	5,113	-	2,587,926
Provision for future participating benefits	31,365,228	-	-	-	31,365,228
Provision for investment-linked contracts	-	-	2,643,939	-	2,643,939
<b>Total insurance contract provisions, gross</b>	31,575,993	2,848,906	2,649,052	732,273	37,806,224
<b>Reinsurance</b>					
Provision for claims and loss adjustment expenses	-	1,484	-	50,481	51,965
Provision for unexpired risks	-	843	-	3,024	3,867
Provision for future non-participating benefits	458	3,937	-	-	4,395
Provision for future participating benefits	7,638	-	-	-	7,638
<b>Total reinsurers' share of insurance contract provisions</b>	8,096	6,264	-	53,505	67,865
<b>Net</b>					
Provision for claims and loss adjustment expenses	-	177,207	-	489,362	666,569
Provision for unexpired risks	-	297,324	-	189,406	486,730
Provision for future non-participating benefits	210,307	2,368,111	5,113	-	2,583,531
Provision for future participating benefits	31,357,590	-	-	-	31,357,590
Provision for investment-linked contracts	-	-	2,643,939	-	2,643,939
<b>Total insurance contract provisions, net</b>	31,567,897	2,842,642	2,649,052	678,768	37,738,359

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. INSURANCE CONTRACT PROVISIONS (CONTINUED)

### Movements in insurance contract provisions (net)

#### Life Insurance Par Fund

#### Provision for future participating/non-participating benefits

	2021 \$'000	2020 \$'000
At 1 January	31,567,897	28,723,969
Premium received	2,225,983	1,890,796
Investment income	(136,647)	2,795,993
Other income	11,395	13,391
Claims and surrenders	(1,642,794)	(1,691,385)
Expenses	(215,879)	(168,504)
Other movements	327,287	14,133
Transfer to Shareholders' Fund	(10,512)	(10,496)
At 31 December	32,126,730	31,567,897

#### Life Insurance Non-Par Fund

#### (a) Provision for unexpired risks

	2021 \$'000	2020 \$'000
At 1 January	297,324	259,498
Increase in insurance provision for unexpired risk	(38,048)	37,826
At 31 December	259,276	297,324

#### (b) Provisions for future non-participating benefits and claims

	2021 \$'000	2020 \$'000
At 1 January	2,545,318	1,604,934
Increase in provision for claims	39,003	52,461
Increase in insurance contract provision		
- Business movements	605,367	795,539
Change in valuation basis		
- Discount rate	(81,974)	95,497
- Assumption and other changes	41,979	(3,113)
Termination of DPS*	(179,796)	-
At 31 December	2,969,897	2,545,318
At 31 December (a) + (b)	3,229,173	2,842,642

\* On 1 April 2021, the Co-operative had ceased to be the administrator of the DPS. The remaining single premium of the members' bonus sum assured and unused premium was transferred to the Central Provident Fund Board.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. INSURANCE CONTRACT PROVISIONS (CONTINUED)

### Movements in insurance contract provisions (net) (continued)

#### Investment-Linked Fund

#### (a) Provision for investment-linked contracts (unit reserves)

	2021 \$'000	2020 \$'000
At 1 January	2,643,939	2,448,957
Premiums	265,054	277,300
Income	149,231	169,299
Claims and surrenders	(280,888)	(244,433)
Expenses	(6,917)	(7,184)
At 31 December	2,770,419	2,643,939

#### (b) Provision for investment-linked contracts (non-unit reserves)

	2021 \$'000	2020 \$'000
At 1 January	5,113	1,122
Decrease in insurance contract provision		
- Business movements	(162)	2,763
Change in valuation basis		
- Discount rate	(2,638)	3,446
- Assumption and other changes	(266)	(2,218)
At 31 December	2,047	5,113
At 31 December (a) + (b)	2,772,466	2,649,052

#### General Insurance Fund

#### (a) Provision for unexpired risk

	2021 \$'000	2020 \$'000
At 1 January	189,406	201,231
Decrease in insurance provision for unexpired risk	(5,123)	(11,825)
At 31 December	184,283	189,406

#### (b) Provision for claims and loss adjustment expenses

	2021 \$'000	2020 \$'000
At 1 January	489,362	448,385
Increase in insurance provision for claims and loss adjustment expenses	24,919	40,977
At 31 December	514,281	489,362
At 31 December (a) + (b)	698,564	678,768

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16. INSURANCE AND OTHER RECEIVABLES

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding premiums	61,165	14,460	-	32,547	-	108,172
Accrued interest receivable	1,434	-	-	-	-	1,434
Investment receivables	293,356	44,739	44,721	53	4,775	387,644
Trade receivables	543	-	-	1,237	919	2,699
Other receivables	45,257	375	43	609	1,180	47,464
Interfund balances	22,276	5	178	-	47,581	70,040
	424,031	59,579	44,942	34,446	54,455	617,453
Less: Allowance for impairment losses	(1,108)	(542)	-	(2,412)	-	(4,062)
	422,923	59,037	44,942	32,034	54,455	613,391

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding premiums	59,030	16,458	-	35,680	-	111,168
Accrued interest receivable	1,434	-	-	-	-	1,434
Investment receivables	129,431	1,965	36,689	-	2,134	170,219
Trade receivables	703	-	-	5,701	1,534	7,938
Other receivables	40,047	60,307	3	974	708	102,039
Interfund balances	27,537	-	-	-	11,506	39,043
	258,182	78,730	36,692	42,355	15,882	431,841
Less: Allowance for impairment losses	(1,979)	(1,394)	-	(2,204)	-	(5,577)
	256,203	77,336	36,692	40,151	15,882	426,264

At the reporting date, all insurance and other receivables are current, and the carrying amounts approximate their fair values.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for impairment losses for the financial year are as follow:

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
At 1 January	1,979	1,394	-	2,204	-	5,577
Impairment loss during the year	137	-	-	208	-	345
Allowance written back/utilised during the year	(1,008)	(852)	-	-	-	(1,860)
At 31 December	1,108	542	-	2,412	-	4,062

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
At 1 January	391	283	-	1,554	-	2,228
Impairment loss during the year	1,588	1,111	-	650	-	3,349
Allowance written back/utilised during the year	-	-	-	-	-	-
At 31 December	1,979	1,394	-	2,204	-	5,577

## 17. CASH AND CASH EQUIVALENTS

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Cash and bank balances	1,027,049	259,294	35,011	57,148	53,929	1,432,431

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Fixed deposits with banks	-	-	2,300	193	-	2,493
Cash and bank balances	820,502	234,706	42,692	62,558	52,905	1,213,363
	820,502	234,706	44,992	62,751	52,905	1,215,856

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. BORROWINGS

### Life Insurance Par Fund

	2021 \$'000	2020 \$'000
Lease liabilities	34,822	38,639
Bank borrowing	419,963	419,072
	<b>454,785</b>	457,711

Description	Issue Date	Maturity Date	2021 \$'000	2020 \$'000
Bank borrowing	17 January 2017	17 January 2022	419,963	419,072

The bank borrowing of \$420,000,000 (2020: \$420,000,000) was refinanced on 17 January 2017 and is repayable on 17 January 2022. The borrowing has been extended for 9 months from 17 January 2022 to 17 October 2022. The effective interest rate at reporting date is 1.14% (2020: 1.05%) per annum and the interest rates are re-priced every three months to the SGD-SOR rates.

The bank borrowing is secured by the following:

- (i) a legal mortgage over the investment property (Note 7);
- (ii) an assignment of all the rights, title and interest of the wholly owned subsidiary in and to the proceeds arising from the sale and lease of the investment property;
- (iii) an assignment of all the rights, title and interest in and to the insurances of the wholly owned subsidiary in relation to the investment property; and
- (iv) a loan with legal charges over the assets of the wholly owned subsidiary (including restricted cash) and shares of the wholly owned subsidiary.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. BORROWINGS (CONTINUED)

### Shareholders' Fund

Description	2021 \$'000	2020 \$'000
Lease liabilities	329	706
Bank borrowing	1,397,735	1,397,491
	<b>1,398,064</b>	1,398,197

Note	Description	Issue Date	Maturity Date	2021 \$'000	2020 \$'000
Note 1	\$600 million 3.65% subordinated notes	23 August 2012	23 August 2027	599,895	599,736
Note 2	\$800 million 3.10% subordinated notes	20 July 2020	20 July 2050	797,840	797,755
				<b>1,397,735</b>	1,397,491

On 23 August 2012, the Co-operative issued \$600 million subordinated notes, net of transaction costs ("Note 1") due 2027 callable from 2022. The Note 1 will initially bear interest at the rate of 3.65% per annum, payable semi-annually on 23 February and 23 August of each calendar year up to 23 August 2022. If the Note 1 is not redeemed or purchased and cancelled on 23 August 2022, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing five-year SGD swap offer rate and 1.88%, payable semi-annually in arrears.

On 20 July 2020, the Co-operative issued \$800 million subordinated notes, net of transaction costs ("Note 2") due 2050 callable from 2040. The Note 2 will initially bear interest at the rate of 3.10% per annum, payable semi-annually on 20 January and 20 July of each calendar year up to 20 July 2040. If the Note 2 is not redeemed or purchased and cancelled on 20 July 2040, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing ten-year SGD swap offer rate and 2.042%, payable semi-annually in arrears.

The Notes qualify as Tier 2 capital for capital adequacy purposes.

At the reporting date, the fair value of the Note 1 and 2 are \$609,492,000 and \$812,920,000 (2020: \$625,080,000 and \$847,200,000) respectively.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. BORROWINGS (CONTINUED)

	2021 \$'000	2020 \$'000
Subordinated notes	1,397,735	1,397,491
Accrued bond interest	11,143	11,143
Liabilities related to subordinated notes	1,408,878	1,408,634

Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2021			
	Lease liabilities \$'000	Bank borrowing \$'000	Subordinated notes \$'000	Total \$'000
<b>At 1 January</b>	39,345	419,072	1,408,634	1,867,051
<b>Changes from financing cash flows</b>				
Payment of lease liabilities	(6,297)	-	-	(6,297)
Interest paid	(1,071)	(4,654)	(46,700)	(52,425)
Total changes from financing cash flows	(7,368)	(4,654)	(46,700)	(58,722)
<b>Other changes</b>				
New leases	319	-	-	319
Re-measurement	1,784	-	-	1,784
Capitalised transaction costs	-	891	244	1,135
Interest expenses	1,071	4,654	46,700	52,425
	1,071	5,545	46,944	53,560
Total other changes	3,174	5,545	46,944	55,663
<b>Balance at 31 December</b>	35,151	419,963	1,408,878	1,863,992

	2020			
	Lease liabilities \$'000	Bank borrowing \$'000	Subordinated notes \$'000	Total \$'000
<b>At 1 January</b>	46,186	418,181	599,582	1,063,949
<b>Changes from financing cash flows</b>				
Proceeds from bond issuance, net of transaction costs	-	-	797,718	797,718
Payment of lease liabilities	(6,422)	-	-	(6,422)
Interest paid	(1,373)	(6,978)	(21,960)	(30,311)
Total changes from financing cash flows	(7,795)	(6,978)	775,758	760,985
<b>Other changes</b>				
New leases	2,200	-	-	2,200
Re-measurement	(2,619)	-	-	(2,619)
Capitalised transaction costs	-	891	191	1,082
Interest expenses	1,373	6,978	33,103	41,454
	1,373	7,869	33,294	42,536
Total other changes	954	7,869	33,294	42,117
<b>Balance at 31 December</b>	39,345	419,072	1,408,634	1,867,051



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 19. INSURANCE AND OTHER PAYABLES

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding claims	57,847	33,899	205	675	-	92,626
Insurance and reinsurance payables	36,982	34,214	1,481	31,620	-	104,297
Investments and other payables	1,509,361	79,542	56,128	18,708	68,502	1,732,241
Contribution to Singapore Labour Foundation	-	-	-	-	39,509	39,509
Contribution to Central Co-operative Fund	-	-	-	-	-	-
Interfund balances	8,086	12,678	6	49,132	138	70,040
	1,612,276	160,333	57,820	100,135	108,149	2,038,713
To be settled within 12 months	1,571,252	154,041	57,619	100,135	108,149	1,991,196
To be settled after 12 months	41,024	6,292	201	-	-	47,517
	1,612,276	160,333	57,820	100,135	108,149	2,038,713

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Outstanding claims	56,764	40,585	-	-	-	97,349
Insurance and reinsurance payables	27,648	37,096	1,399	32,662	5	98,810
Investments and other payables	1,343,125	70,646	63,394	27,874	54,123	1,559,162
Contribution to Singapore Labour Foundation	-	-	-	-	10,390	10,390
Contribution to Central Co-operative Fund	-	-	-	-	-	-
Interfund balances	1,269	13,520	2,677	21,577	-	39,043
	1,428,806	161,847	67,470	82,113	64,518	1,804,754
To be settled within 12 months	1,385,482	156,510	67,470	82,113	64,518	1,756,093
To be settled after 12 months	43,324	5,337	-	-	-	48,661
	1,428,806	161,847	67,470	82,113	64,518	1,804,754

At the reporting date, the carrying amounts of insurance and other payables approximate their fair value, except for outstanding claims and investments and other payables (refer to Note 4(f)).

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 20. SHARE CAPITAL

	Common shares			
	2021	2020	2021	2020
	Number of shares		\$'000	\$'000
Issued and fully paid common shares:				
At 1 January	32,801,489	32,787,123	328,015	327,871
Issue of shares	178,200	161,887	1,782	1,619
Conversion to Permanent Shares	(1,918,520)	-	(19,185)	-
Redemption of shares	(150,622)	(147,521)	(1,506)	(1,475)
At 31 December	30,910,547	32,801,489	309,106	328,015

Issue of shares	2021	2020	2021	2020
	Number of shares		\$'000	\$'000
Shares issued to employees for long service award	24,540	21,920	245	219
Shares issued for cash in respect of new subscriptions*	153,660	139,967	1,537	1,400
	178,200	161,887	1,782	1,619

	Permanent shares			
	2021	2020	2021	2020
	Number of shares		\$'000	\$'000
Issued and fully paid permanent shares:				
At 1 January	76,058,822	66,058,822	760,588	660,588
Issue of shares	-	10,000,000	-	100,000
Conversion to Permanent Shares	1,918,520	-	19,185	-
At 31 December	77,977,342	76,058,822	779,773	760,588

Issue of shares	2021	2020	2021	2020
	Number of shares		\$'000	\$'000
Shares issued to employees for long service award	-	-	-	-
Shares issued for cash in respect of new subscriptions*	1,918,520	10,000,000	19,185	100,000
	1,918,520	10,000,000	19,185	100,000

\* Shares issued to eligible persons based on the redemptions made by existing shareholders.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 20. SHARE CAPITAL (CONTINUED)

### Members and their rights

Membership of the Co-operative consists of:

- (i) a Founder Member which shall be the National Trades Union Congress;
- (ii) Institutional Members which shall be the Singapore Labour Foundation, trade unions and co-operative societies as may be accepted by the Board; and
- (iii) Ordinary Members who shall be individual persons who hold an individual life insurance policy with the Co-operative or hold at least 10 Common Shares in the Co-operative or are such other persons who may from time to time be admitted at the discretion of the Board on such terms as the Board may decide and in accordance with the By-Laws of the Co-operative.

### Common shares

A Member of the Co-operative may attend and vote in person at any General Meeting of the Co-operative. Ordinary Members have one vote each, and Institutional Members and the Founder Member, each have a total number of votes equal to the number of Common Shares and Permanent Shares (if any) held.

An Ordinary Member who holds only Common Shares and does not hold any Permanent Shares may withdraw his Common Shares, on giving three months' notice in writing. The Board may at its discretion and on such conditions as it deems fit, waive or vary the notice period and allow the withdrawal of the Common Shares at an earlier date.

The Ordinary Member withdrawing shall be entitled on the expiry of his notice to receive as the value of his Common Shares the lesser of the nominal value of the Common Shares; and what they are worth as disclosed by the last audited statement of financial position prepared by the Co-operative.

### Permanent shares

Permanent Shares are only issued to the Founder Member or any Institutional Members. Institutional Members may also convert their Common Shares into Permanent Shares.

Permanent Shares cannot be withdrawn and cannot be converted to Common Shares; but may be transferred with the approval of the committee of management of the society (this refers to the Board, in the context of the Co-operative) and in accordance with this Act and the By-laws of the society.

The Common Shares and the Permanent Shares are presented as equity on the statement of financial position. The redemption rights of the Ordinary Members and Institutional Members holding the Common Shares and the requirements of FRS 32 *Financial Instruments: Presentation* are described in Note 2(r) of significant accounting policies.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. RESERVES FOR FUTURE DISTRIBUTION

The Group has released the amount of \$118,859,000 of reserves for future distribution into accumulated surplus as the Group is satisfied with the trend of experience of Health Businesses and do not require the amount to be earmarked from prudence perspective.

## 22. FEE AND OTHER INCOME

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Reinsurance commission	2,502	28	23	8,776	-	11,329
Management and other fees	8,893	-	-	-	-	8,893
Other income	-	-	-	-	14,047	14,047
	11,395	28	23	8,776	14,047	34,269

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
Reinsurance commission	3,699	63	52	6,967	-	10,781
Management and other fees	9,692	-	-	-	-	9,692
Other income	-	54,253	-	-	10,726	64,979
	13,391	54,316	52	6,967	10,726	85,452

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 23. NET INVESTMENT INCOME/(LOSSES) AND FAIR VALUE GAINS/(LOSSES)

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Interest income</b>						
- cash and cash equivalents	284	22	5	41	4	356
- loans	35,857	11	-	-	-	35,868
	36,141	33	5	41	4	36,224
<b>Dividend income</b>	212,565	22,382	78,750	14,407	18,215	346,319
<b>Net rental income:</b>						
- rental income	82,701	-	-	-	-	82,701
Less:						
- Investment properties maintenance	(25,272)	-	-	-	-	(25,272)
	57,429	-	-	-	-	57,429
<b>Realised gain/(loss) on sale of:</b>						
- available-for-sale investments	163,427	1,281	-	632	10,785	176,125
- investments designated as fair value through profit or loss	1,459,493	205,118	140,242	21,628	50,928	1,877,409
- derivatives	(15,019)	(7,142)	2,155	(2,562)	3,368	(19,200)
	1,607,901	199,257	142,397	19,698	65,081	2,034,334
<b>Changes in fair value of:</b>						
- investments designated as fair value through profit or loss	(1,801,634)	(178,350)	(59,079)	(13,147)	8,681	(2,043,529)
- derivatives	(106,668)	(4,805)	1,870	1,283	(2,095)	(110,415)
- investment properties	6,550	-	-	-	-	6,550
	(1,901,752)	(183,155)	(57,209)	(11,864)	6,586	(2,147,394)
<b>Less:</b>						
<b>Investment expenses</b>	(117,566)	(16,487)	(5,459)	(2,981)	(8,612)	(151,105)
<b>Allowance for impairment written back/(made) on:</b>						
- loans	(10)	-	-	-	-	(10)
- available-for-sale investments	(15,058)	-	-	-	-	(15,058)
	(15,068)	-	-	-	-	(15,068)
<b>Loans written back/(written off)</b>	8	-	-	-	-	8
<b>Others</b>	263	985	31	(66)	26	1,239
<b>Net investment income and fair value gains</b>	(120,079)	23,015	158,515	19,235	81,300	161,986

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 23. NET INVESTMENT INCOME/(LOSSES) AND FAIR VALUE GAINS/(LOSSES) (CONTINUED)

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Interest income</b>						
- cash and cash equivalents	349	136	22	60	(26)	541
- loans	37,280	16	-	-	-	37,296
	37,629	152	22	60	(26)	37,837
<b>Dividend income</b>	183,698	15,197	69,808	8,370	12,549	289,622
<b>Net rental income:</b>						
- rental income	78,744	-	-	-	-	78,744
Less:						
- Investment properties maintenance	(26,408)	-	-	-	-	(26,408)
	52,336	-	-	-	-	52,336
<b>Realised gain/(loss) on sale of:</b>						
- available-for-sale investments	88,264	5,546	-	3,253	37,978	135,041
- investments designated as fair value through profit or loss	1,176,453	161,411	80,191	25,445	30,594	1,474,094
- derivatives	(50,473)	8,154	(3,883)	(1,514)	2,392	(45,324)
	1,214,244	175,111	76,308	27,184	70,964	1,563,811
<b>Changes in fair value of:</b>						
- investments designated as fair value through profit or loss	1,365,675	81,048	40,034	7,589	32,810	1,527,156
- derivatives	92,188	30,078	171	(392)	1,902	123,947
- investment properties	(46,104)	-	-	-	-	(46,104)
	1,411,759	111,126	40,205	7,197	34,712	1,604,999
<b>Less:</b>						
<b>Investment expenses</b>	(90,976)	(8,279)	(6,465)	(2,352)	(4,686)	(112,758)
<b>Allowance for impairment written back/(made) on:</b>						
- loans	(51)	-	-	-	-	(51)
- available-for-sale investments	(40,052)	-	-	-	(4)	(40,056)
	(40,103)	-	-	-	(4)	(40,107)
<b>Loans written back/(written off)</b>	10	-	-	-	-	10
<b>Others</b>	338	(1,106)	3	(535)	-	(1,300)
<b>Net investment income and fair value gains</b>	2,768,935	292,201	179,881	39,924	113,509	3,394,450

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. MANAGEMENT EXPENSES

The following items are included in management expenses:

	The Group	
	2021 \$'000	2020 \$'000
Staff costs		
- Salaries, bonuses and staff benefits	136,680	116,438
- Employer's contribution to defined contribution plan	12,094	14,442
Advertising and promotion	16,259	14,814
Depreciation and amortisation	37,635	36,694
Printing, postage and stationery	3,473	4,330
Rental expenses	5,432	5,280

The Group received government grant amounting to \$2,688,000 in 2021 (2020: \$22,618,000). It is in relation to the Jobs Support Scheme introduced in Singapore in response to the COVID-19 coronavirus pandemic. The grant was recognised in profit or loss and accounted for as a deduction against the staff costs.

## 25. IMMEDIATE AND ULTIMATE HOLDING ENTITY

The Co-operative's immediate and ultimate holding entity is NTUC Enterprise Co-operative Limited, registered in Singapore.

## 26. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following significant related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

### (a) Sales and purchases of goods and services

	The Group	
	2021 \$'000	2020 \$'000
Insurance related transactions with		
- Immediate and ultimate holding entity	324	134
- Subsidiaries	(4,086)	(2,411)
- Associated companies	(61)	5
- Other related parties	4,202	5,770
	379	3,498

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Sales and purchases of goods and services (continued)

	The Group	
	2021 \$'000	2020 \$'000
Investment related transactions with		
- Subsidiaries	(4,500)	(5,000)
- Joint ventures	23,536	(4,115)
- Associated companies	(227,241)	49,563
- Other related parties	12,973	7,151
	(195,232)	47,599
Purchases of goods/rental/management of investment properties with		
- Immediate and ultimate holding entity	(50)	(2)
- Subsidiaries	(277)	(595)
- Associated companies	(36,253)	(20,749)
- Other related parties	(7,420)	(8,986)
	(44,000)	(30,332)
Dividends to		
- Immediate and ultimate holding entity	(42,324)	(49,544)

Other related parties comprise mainly entities which are members of the NTUC Enterprise Co-operative Limited group.

### (b) Key management personnel compensation

	The Group	
	2021 \$'000	2020 \$'000
Salaries and other benefits	11,120	12,282
Employer's contribution to defined contribution plan	251	229
Directors' fees	1,101	915
	12,472	13,426

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all Directors, CEO and Senior Management Team of the Group.



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 27. DIVIDENDS

	2021 \$'000	2020 \$'000
<i>Ordinary dividends paid in respect of:</i>		
Common shares	18,805	23,503
Permanent shares	42,324	49,544
<b>Final exempt dividend paid in respect of the previous financial year of 60 cents (2020: 75 cents)</b>	<b>61,129</b>	<b>73,047</b>

The Directors have proposed a dividend of 60 cents (2020: 60 cents) per share amounting to \$64,483,000 (2020: \$60,967,000) to be paid in respect of the financial year ended 31 December 2021. The consolidated financial statements will reflect this dividend payable in the Shareholders' Fund as an appropriation of surplus in the year ending 31 December 2022 after approval is obtained during the Annual General Meeting.

## 28. ACCUMULATED SURPLUS

### *Life Insurance Par Fund*

In accordance with the Insurance Act, a surplus account is maintained whereby surpluses not transferred to the Shareholders' Fund are retained in the surplus account to strengthen the Life Insurance Par Fund. This surplus account is part of the accumulated surplus of the Group and the quantum retained in the surplus account is approved by the Board on the recommendation of the Appointed Actuary.

### *Shareholders' Fund and other Insurance Funds*

	2021 \$'000	2020 \$'000
Accumulated surplus in Life Insurance Non-Par Fund	2,568,150	2,306,418
Accumulated surplus in Investment-Linked Fund	72,220	65,929
Accumulated surplus in General Insurance Fund	636,616	641,388
Accumulated deficit in Shareholders' Fund	(625,059)	(581,637)
<b>Net surplus of Shareholders' Fund and other Insurance funds</b>	<b>2,651,927</b>	<b>2,432,098</b>
Available for distribution to members of the Group	952,087	952,622
Non-distributable amount	1,699,840	1,479,476

The non-distributable amount must be maintained to meet regulatory capital requirement prescribed in the MAS Notice 133 Valuation and Capital Framework for Insurers under the Insurance Act as determined by the Appointed Actuary, and to meet other statutory requirements.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 29. LEASES

### Leases as lessee (FRS 116)

The Group leases retail, office and industrial spaces. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals.

### Rent concessions

The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its retail and office leases. The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19 rent concession is \$59,000 (2020: \$528,000).

### Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (note 5).

	Properties	
	2021 \$'000	2020 \$'000
Balance at 1 January	38,117	45,569
Depreciation charge for the year	(6,688)	(7,077)
Additions to right-of-use assets	332	2,244
Re-measurement to right-of-use assets	1,784	(2,619)
Balance at 31 December	33,545	38,117

### Amounts recognised in profit or loss

	Lease under FRS 116	
	2021 \$'000	2020 \$'000
Interest on lease liabilities	1,071	1,373
Expenses relating to short-term leases	18	124
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	93	110

### Amount recognised in statement of cash flows

	2021 \$'000	2020 \$'000
Total cash outflow for leases	7,309	7,267

### Extension options

Some property leases contains extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant events or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in undiscounted lease liability of \$20,277,000 (2020: \$20,277,000).

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 29. LEASES (CONTINUED)

### Leases as lessor

The Group leases out retail and commercial space from their investment properties under non-cancellable operating leases (see Note 7). The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

### Operating leases under FRS 116

	The Group	
	2021 \$'000	2020 \$'000
Less than one year	67,563	65,334
One to two years	50,281	50,418
Two to three years	26,007	33,448
Three to four years	8,106	14,000
Four to five years	4,235	5,126
More than five years	206	2,703
<b>Total</b>	<b>156,398</b>	<b>171,029</b>

## 30. COMMITMENT

Outstanding investment commitments (Note 12) are as follow:

	The Group	
	2021 \$'000	2020 \$'000
Outstanding investment commitments	1,918,382	1,607,125

## 31. SUBSEQUENT EVENTS

### Approval for transfer of business and voluntary dissolution of the Co-operative

On 18 February 2022, an extraordinary general meeting was convened where the members approved the following resolutions:

1. The transfer of the insurance business of Co-operative and all business ancillary thereto to its subsidiary, Income Insurance Limited pursuant to a scheme of transfer under Section 117 of the Insurance Act 1966, and other agreements.
2. Subject to and conditional upon completion of item (1), the proposed voluntary winding up of the Co-operative under section 83(1) of the Co-operative Societies Act 1979, and to distribute the assets of the Co-operative in cash or in specie to the shareholders of the Co-operative.

Following the Transfer, all business and undertakings and all rights and obligations of the Co-operative and its subsidiaries will remain with the Group. As the transfer of business and voluntary dissolution of the Co-operative is still subject to due diligence, regulatory approvals and other customary closing conditions, the timing and impact of these transactions are not yet determinable.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109

As detailed in Note 2(v) of significant accounting policies, the Group has decided to apply for temporary exemption from FRS 109. The tables below present the disclosure requirements stipulated in Amendments to FRS 104 *Insurance Contracts*.

- (i) The fair value as at 31 December 2021 and the amount of change in the fair value during the period separately for other financial assets and loans are as follow:

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Amortised cost ("Hold to collect" business model)</b>						
- loans	87,195	-	-	-	-	87,195
- other receivables	309,037	42,683	44,764	660	6,736	403,880
- cash and cash equivalents	1,027,049	259,294	35,011	57,148	53,929	1,432,431
<b>Total financial assets at amortised cost</b>	<b>1,423,281</b>	<b>301,977</b>	<b>79,775</b>	<b>57,808</b>	<b>60,665</b>	<b>1,923,506</b>
<b>Fair value through other comprehensive income ("Hold to collect and sell" business model)</b>						
- equities	29,264	-	-	-	-	29,264
- debt securities	-	-	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>29,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,264</b>
<b>Fair value through profit or loss</b>						
- equities	6,288,780	528,339	799,430	-	512,359	8,128,908
- funds	4,325,461	523,471	1,490,596	383,628	214,065	6,937,221
- debt securities	19,292,849	4,563,407	528,898	1,006,920	834,211	26,226,285
- derivative financial instruments	196,047	40,673	4,481	5,131	9,774	256,106
<b>Total financial assets at fair value through profit or loss</b>	<b>30,103,137</b>	<b>5,655,890</b>	<b>2,823,405</b>	<b>1,395,679</b>	<b>1,570,409</b>	<b>41,548,520</b>
<b>Total fair value of financial assets</b>	<b>31,555,682</b>	<b>5,957,867</b>	<b>2,903,180</b>	<b>1,453,487</b>	<b>1,631,074</b>	<b>43,501,290</b>

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Change in fair value</b>						
<b>Amortised cost</b>						
<b>("Hold to collect" business model)</b>						
- loans	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
- cash and cash equivalents	-	-	-	-	-	-
<b>Total financial assets at amortised cost</b>	-	-	-	-	-	-
<b>Fair value through other comprehensive income</b>						
<b>("Hold to collect and sell" business model)</b>						
- equities	(1,588)	-	-	-	-	(1,588)
- debt securities	-	-	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	(1,588)	-	-	-	-	(1,588)
<b>Fair value through profit or loss</b>						
- equities	(1,463,267)	(179,106)	(32,712)	(15,761)	(42,527)	(1,733,373)
- funds	(299,473)	9,314	31,263	-	9,853	(249,043)
- debt securities	251,709	59,098	(23,664)	38,565	4,531	330,239
- derivative financial instruments	(117,818)	(4,805)	1,921	1,290	(2,095)	(121,507)
<b>Total financial assets at fair value through profit or loss</b>	(1,628,849)	(115,499)	(23,192)	24,094	(30,238)	(1,773,684)
<b>Total carrying amount of financial assets</b>	(1,630,437)	(115,499)	(23,192)	24,094	(30,238)	(1,775,272)

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Amortised cost ("Hold to collect" business model)</b>						
- loans	89,977	-	-	-	-	89,977
- other receivables	139,411	62,272	36,692	446	4,314	243,135
- cash and cash equivalents	820,502	234,706	44,992	62,751	52,905	1,215,856
<b>Total financial assets at amortised cost</b>	1,049,890	296,978	81,684	63,197	57,219	1,548,968
<b>Fair value through other comprehensive income ("Hold to collect and sell" business model)</b>						
- equities	30,854	-	-	-	-	30,854
- debt securities	-	-	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	30,854	-	-	-	-	30,854
<b>Fair value through profit or loss</b>						
- equities	6,905,833	555,732	753,038	-	463,422	8,678,025
- funds	2,770,754	376,137	1,428,527	357,353	197,850	5,130,621
- debt securities	19,755,206	4,150,292	518,564	971,070	1,015,922	26,411,054
- derivative financial instruments	301,501	48,460	1,940	7,035	16,224	375,160
<b>Total financial assets at fair value through profit or loss</b>	29,733,294	5,130,621	2,702,069	1,335,458	1,693,418	40,594,860
<b>Total fair value of financial assets</b>	30,814,038	5,427,599	2,783,753	1,398,655	1,750,637	42,174,682

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment- Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Change in fair value</b>						
<b>Amortised cost</b>						
<b>("Hold to collect"</b>						
<b>business model)</b>						
- loans	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-
- cash and cash equivalents	-	-	-	-	-	-
<b>Total financial assets at</b>						
<b>amortised cost</b>	-	-	-	-	-	-
<b>Fair value through other</b>						
<b>comprehensive income</b>						
<b>("Hold to collect and</b>						
<b>sell" business model)</b>						
- equities	12,005	-	-	-	-	12,005
- debt securities	-	-	-	-	-	-
<b>Total financial assets at</b>						
<b>fair value through other</b>						
<b>comprehensive income</b>	12,005	-	-	-	-	12,005
<b>Fair value through</b>						
<b>profit or loss</b>						
- equities	479,504	55,170	15,470	-	39,657	589,801
- funds	(194,108)	(3,971)	14,130	(831)	(32,658)	(217,438)
- debt securities	1,120,460	36,661	11,921	5,431	31,442	1,205,915
- derivative financial instruments	94,579	30,078	171	(408)	1,902	126,322
<b>Total financial assets at</b>						
<b>fair value through</b>						
<b>profit or loss</b>	1,500,435	117,938	41,692	4,192	40,343	1,704,600
<b>Total carrying amount of</b>						
<b>financial assets</b>	1,512,440	117,938	41,692	4,192	40,343	1,716,605

For financial assets at amortised cost and fair value through other comprehensive income, their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets at fair value through profit or loss, they either (a) contain contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, (b) meet the definition of held for trading in FRS 109, or (c) are managed and performance evaluated on a fair value basis.

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

- (ii) The carrying amounts of financial assets by credit risk rating grades that are not classified as measured at fair value through profit or loss are as follow:

	2021			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
<b>Amortised cost</b> <b>("Hold to collect" business model)</b>				
- loans	-	-	87,195	87,195
- other receivables	-	-	403,880	403,880
- cash and cash equivalents	1,432,431	-	-	1,432,431
<b>Total financial assets at amortised cost</b>	<b>1,432,431</b>	<b>-</b>	<b>491,075</b>	<b>1,923,506</b>
<b>Fair value through other comprehensive income</b> <b>("Hold to collect and sell" business model)</b>				
- debt securities	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fair value of financial assets</b>	<b>1,432,431</b>	<b>-</b>	<b>491,075</b>	<b>1,923,506</b>

	2020			
	Investment Grade (AAA to BBB-) \$'000	Below Investment Grade (Below BBB-) \$'000	Non-rated \$'000	Total \$'000
<b>Amortised cost</b> <b>("Hold to collect" business model)</b>				
- loans	-	-	89,977	89,977
- other receivables	-	-	243,135	243,135
- cash and cash equivalents	1,215,856	-	-	1,215,856
<b>Total financial assets at amortised cost</b>	<b>1,215,856</b>	<b>-</b>	<b>333,112</b>	<b>1,548,968</b>
<b>Fair value through other comprehensive income</b> <b>("Hold to collect and sell" business model)</b>				
- debt securities	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fair value of financial assets</b>	<b>1,215,856</b>	<b>-</b>	<b>333,112</b>	<b>1,548,968</b>



# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

- (iii) Financial assets with low credit risk are those which have a low risk of default, the issuer or borrower has a strong capacity to meet its contractual cash flow obligations in the near term and ability to fulfil its obligations may, but will not necessarily, be reduced by adverse changes in economic and business conditions in the long term.

For financial assets that do not have low credit risk as at 31 December 2021, the fair value and the carrying amount under FRS 109 are as follow:

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Amortised cost ("Hold to collect" business model)</b>						
- loans	72	-	-	-	-	72
- other receivables	1,108	-	-	-	-	1,108
<b>Total financial assets at amortised cost</b>	<b>1,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,180</b>
<b>Fair value through other comprehensive income ("Hold to collect and sell" business model)</b>						
- debt securities	-	-	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fair value of financial assets</b>	<b>1,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,180</b>

	2021					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Carrying amount</b>						
<b>Amortised cost ("Hold to collect" business model)</b>						
- loans	72	-	-	-	-	72
- other receivables	1,108	-	-	-	-	1,108
<b>Total financial assets at amortised cost</b>	<b>1,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,180</b>
<b>Fair value through other comprehensive income ("Hold to collect and sell" business model)</b>						
- debt securities	-	-	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fair value of financial assets</b>	<b>1,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,180</b>

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Amortised cost ("Hold to collect" business model)</b>						
- loans	62	-	-	-	-	62
- other receivables	1,979	-	-	-	-	1,979
<b>Total financial assets at amortised cost</b>	<b>2,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,041</b>
<b>Fair value through other comprehensive income ("Hold to collect and sell" business model)</b>						
- debt securities	-	-	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fair value of financial assets</b>	<b>2,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,041</b>

	2020					
	Life Insurance Par Fund \$'000	Life Insurance Non-Par Fund \$'000	Investment-Linked Fund \$'000	General Insurance Fund \$'000	Share holders' Fund \$'000	Total \$'000
<b>Carrying amount</b>						
<b>Amortised cost ("Hold to collect" business model)</b>						
- loans	62	-	-	-	-	62
- other receivables	1,979	-	-	-	-	1,979
<b>Total financial assets at amortised cost</b>	<b>2,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,041</b>
<b>Fair value through other comprehensive income ("Hold to collect and sell" business model)</b>						
- debt securities	-	-	-	-	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fair value of financial assets</b>	<b>2,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,041</b>

For financial assets measured at amortised cost, the carrying amount is before adjusting for any impairment allowances

# Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. TEMPORARY EXEMPTION FROM FRS 109 (CONTINUED)

- (iv) FRS 109 information could be obtained from the publicly available individual or separate financial statements of the Group's subsidiaries, joint ventures and associates that has applied FRS 109.

## 33. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

These new standards include, among others, FRS 117 *Insurance Contracts*.

FRS 117 is effective for years beginning on or after 1 January 2023, and is to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace FRS 104 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's consolidated financial statements.

As FRS 117, when effective, will change the existing accounting standards and guidance applied by the Group in accounting for financial instruments, these standards are expected to be relevant to the Group. For FRS 117, the Group is currently assessing the impact on the consolidated financial statements of the Group.

## 34. AUTHORISATION FOR ISSUE

These consolidated financial statements were approved by the Board of Directors at a meeting held on 25 March 2022 and authorised for release on 25 March 2022.

# Shareholding

AS AT 31 DECEMBER 2021

FOUNDER MEMBER	Number of Shares
National Trades Union Congress	10,000 (0.01%)
INSTITUTIONAL MEMBERS (24)	Number of Shares
NTUC Enterprise Co-operative Limited	77,977,342*
NTUC Income Insurance Co-operative Ltd	1,415,952
Singapore Mercantile Co-operative Society Ltd	214,035
AUPE Credit Co-operative Ltd	138,255
Singapore Teachers' Co-operative Society Ltd	134,057
Singapore Shell Employees Union Co-operative Ltd	83,463
Singapore Government Staff Credit Co-operative Society Ltd	71,077
Straits Times Co-operative Ltd	62,572
Customs Credit Co-operative Society Ltd	59,715
Singapore National Co-operative Federation Ltd	57,075
Citiport Credit Co-operative Ltd	51,265
TCC Credit Co-operative Ltd	38,124
Temasek Polytechnic Co-operative Society Ltd	35,880
Singapore Public Works Employees' Credit Co-operative Society Ltd	35,625
Singapore Police Co-operative Society Ltd	29,613
Singapore Prison Service Multi-Purpose Co-operative Society Ltd	20,100
Premier Security Co-operative Ltd	14,200
UTES Multi-Purpose Co-operative Society Ltd	13,304
TRC Multi-Purpose Co-operative Society Ltd	12,919
Ngee Ann Polytechnic Consumer Co-operative Society	6,000
Industrial & Services Co-operative Society Ltd	6,095
NUS Multi-Purpose Co-operative Society Ltd	4,420
SembCorp Marine Multi-Purpose Co-operative Society Ltd	3,306
Singapore Bank Employees Co-operative T & L Society Ltd	2,130
Total for Institutional Members	80,486,524 (73.92%)
ORDINARY MEMBERS (15,946)	28,391,365 (26.07%)
<b>TOTAL</b>	<b>108,887,889 (100%)</b>

\* Permanent Shares

# Corporate Information

## BOARD OF DIRECTORS

Ronald Ong (Chairman)  
 Kee Teck Koon (Deputy Chairman)  
 Pang Wai Yin  
 Joy Tan  
 Sim Hwee Hoon  
 Neo Chin  
 Vincent Lien  
 Robert Charles  
 Mak Keat Peng  
 Chen Peng  
 Seah Kian Peng  
 Richard Koh

### Audit Committee

Mak Keat Meng (Chairman)  
 Pang Wai Yin  
 Sim Hwee Hoon  
 Joy Tan

### Digital & Technology Committee

Robert Charles (Chairman)  
 Seah Kian Peng  
 Richard Koh  
 Grace Ho  
 Han Soon Lang  
 Chak Kong Soon  
 Lim Kuo Siong

### Nominating and Human Resource & Remuneration Committee

Sim Hwee Hoon (Chairperson)  
 Joy Tan  
 Seah Kian Peng

### Investment Committee

Neo Chin (Chairperson)  
 Kee Teck Koon  
 Vincent Lien  
 Chen Peng  
 Andrew Yeo (Chief Executive)  
 Mark Shi (Chief Investment Officer)  
 Lau Sok Hoon (Appointed Actuary)

### Risk Management Committee

Pang Wai Yin (Chairperson)  
 Robert Charles  
 Mak Keat Meng  
 Chen Peng  
 Richard Koh

## SECRETARIAT

B Lakshmi (Co-operative Secretary)

## AUDITOR

KPMG LLP

## REGISTERED ADDRESS

75 Bras Basah Road  
 Income Centre  
 Singapore 189557  
 Tel: 6788 1777  
 Website: income.com.sg

# Notice of Annual General Meeting

OF NTUC INCOME INSURANCE CO-OPERATIVE LIMITED

**NOTICE IS HEREBY GIVEN** that the Fifty-Second Annual General Meeting of NTUC INCOME INSURANCE CO-OPERATIVE LIMITED will be held on Friday, 27 May 2022, at 5.30 pm at the Stephen Riady Auditorium @ NTUC, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989

## AGENDA

- 1 To confirm the minutes of the 51<sup>st</sup> Annual General Meeting held on 28 May 2021 and the Extraordinary General Meeting held on 18 February 2022.
- 2 To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 December 2021.
- 3 To consider the Appointed Actuary's Report and to endorse the proposals of the Board of Directors for the allocation of the surplus.
- 4 To elect members of the Board of Directors.
- 5 To approve a resolution for the declaration of a dividend to shareholders for the financial year ended 31 December 2021.
- 6 To approve a resolution for the payment of honoraria to directors.
- 7 To re-appoint KPMG LLP as external auditors of the Co-operative for the financial year ending 31 December 2022 and authorise the Board of Directors to fix their remuneration.
- 8 To consider such other business not included in this notice of which at least 10 days' notice shall have been given in writing to the Secretary.

By Order of the Board of Directors

**Thanalakshmi M R Balakrishnan**  
Secretary

Singapore  
27 April 2022





**NTUC Income Insurance  
Co-operative Limited**

Income Centre  
75 Bras Basah Road  
Singapore 189557

[www.income.com.sg](http://www.income.com.sg)