



LIVE | 02:02

GREAT EASTERN HOLDINGS LIMITED

# TRANSFORMING TOMORROW TOGETHER

ANNUAL REPORT 2020



A member of the OCBC Group

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# TRANSFORMING TOMORROW TOGETHER

At Great Eastern, we are committed to empowering our customers to live healthier and better. Events in the world around us have transformed how we live, work and play. At the same time, these have reinforced our mission as a customer-focused business. We have accelerated our digitalisation efforts and are focusing on innovation more than ever, to deliver better insurance solutions for your protection and lifestyle needs.

The theme of our 2020 Annual Report encapsulates the transformation journey we have embarked on, and the way we see ourselves partnering with you, for you.

In the new future, we will overcome challenges, seize the opportunities to grow the business, and plan for the future by working with you to Transform Tomorrow Together.



## WHO WE ARE

We are a LIFE company

## WHAT WE BELIEVE IN

Our customers are at the heart of all that we do

## WHAT WE DO

Inspiring people to LIVE GREAT

## VISION

To be the leading financial service provider in Asia, recognised for our excellence

## MISSION

To make life great by providing financial security, promoting good health and meaningful relationships

## CORE VALUES

- INTEGRITY
- INITIATIVE
- INVOLVEMENT

## ETHOS

Great Eastern is always acting in the best interests of our customers with Fair Dealing as the basis of our business



## KEY FIGURES

PERFORMANCE HIGHLIGHTS OF FY2020

**S\$961**  
MILLION

PROFIT ATTRIBUTABLE TO  
SHAREHOLDERS

**S\$17,428**  
MILLION

EMBEDDED VALUE

**S\$731**  
MILLION

OPERATING PROFIT  
AFTER TAX

**S\$9,466**  
MILLION

MARKET CAPITALISATION<sup>1</sup>

**60**  
CENTS

DIVIDEND  
PER SHARE<sup>2</sup>

**S\$106,928**  
MILLION

TOTAL ASSETS

**S\$15,507**  
MILLION

GROSS PREMIUMS

**S\$670**  
MILLION

ECONOMIC VALUE OF  
ONE YEAR'S NEW  
BUSINESS

**S\$9,361**  
MILLION

SHAREHOLDERS' EQUITY

<sup>1</sup> This is calculated using Shares Outstanding of 473,319,069 shares and last traded price in FY2020 of S\$20.00 (31 December 2020).

<sup>2</sup> This includes the interim one-tier tax exempt dividend of 10 cents per ordinary share and a final one-tier tax exempt of 50 cents per ordinary share for the financial year ended 31 December 2020.

# PUTTING THE GREAT IN LIFE

## ENHANCING THE LIVES OF OUR CUSTOMERS

We place our customers at the heart of all that we do. We are committed to protecting them with our insurance solutions at every life stage to meet their evolving needs.



Pledged over S\$2 million in support packages for customers affected by COVID-19 across the region, and rolled out programmes to defer premium payments and offered flexible premium payment schemes to our customers



Enhanced product propositions with relevant benefits, such as bundled plans made available via online application, *Dengue Care* coverage, telehealth services and retrenchment waiver benefits



Implemented digital solutions for seamless customer experience such as remote advisory, digital signing and Great Eastern App for 24/7 access to policies







Offered job opportunities for fresh graduates and mid-career individuals including 1,000 openings for our financial representatives, amid economic uncertainty brought about by COVID-19



Digitalised human resource recruitment and process, as well as performance and talent management via cloud-based technology



Invested in people development on digital platforms, such as e-learning modules, webinars and held the #FutureReady Virtual Learning Carnival to upskill and future-proof our employees and financial representatives

# INVESTING IN GREAT POTENTIAL

## EMPOWERING OUR PEOPLE TO GROW AND ACHIEVE THEIR BEST

We strive to bring out the best in our people, and are committed to nurturing an environment to help them grow with us and realise their fullest potential.







# MAKING LIFE GREAT

## ENRICHING OUR COMMUNITY BY GIVING BACK IN MORE WAYS THAN ONE

We want to make a difference to the communities where we operate. Through the many charitable causes we support, we hope to make a strong social impact through our employees and financial representatives as they continue to use their passion and resources to do good for others.



Contributed over S\$500,000 regionally under our Great Eastern Cares initiative to help support vulnerable individuals and families affected by COVID-19



To show our support for frontline healthcare workers in Singapore amid the pandemic, our financial representatives sent bottles of juices to the staff of Singapore General Hospital and Tan Tock Seng Hospital



To safeguard the health of our community in Singapore, we organised the first-ever virtual Great Eastern Women's Run to help the community live well and stay fit





Great  
Eastern  
♥cares

# LETTER TO SHAREHOLDERS



**KOH BENG SENG**  
Chairman

**KHOR HOCK SENG**  
Group Chief Executive Officer

OUR STRONG BALANCE SHEET AND PRUDENT PORTFOLIO MANAGEMENT CAPABILITIES HAVE ENABLED US TO STAY INVESTED AND RIDE THROUGH THIS MARKET DOWNTURN, AND SUBSEQUENTLY BENEFIT FROM THE STRONG MARKET RECOVERY DURING THE SECOND HALF OF THE YEAR.



## DEAR SHAREHOLDERS

The year 2020 has been unique and eventful from its onset. The COVID-19 pandemic escalated very quickly, affecting communities and businesses around the world. In these unprecedented times, economies and healthcare systems have been tested, and governments around the world implemented movement restrictions and safe distancing measures to contain the virus. These measures triggered an economic downturn led by a slowdown in global activities. We saw sharp declines in the prices of risk assets and interest rates, the widening of credit spreads and increase in market volatility in the first half of 2020.

The severe economic disruption in turn led to unprecedented fiscal and monetary policy responses. Central banks significantly eased monetary policies by cutting policy rates to historical lows. Proactive policy responses and the gradual reopening of major economies globally underpinned a synchronised economic recovery and an impressive rebound in risk assets in the second half of 2020. This recovery

gathered momentum in the last quarter of the year, fuelled by the roll-out of vaccines and the results of the US presidential election.

The low interest rate environment has posed challenges to the insurance industry in managing the in-force balance sheet and structuring competitive savings/investment products for our customers. We have proactively reduced our risk exposures and conserved our capital for long-term investment opportunities that may arise. At the same time, our proactive asset-liability management capability has allowed us to continue to launch attractive products to meet our customers' needs.

As a leading regional life insurer, we are mindful of our corporate social responsibilities. Hence, a key focus for us was to do our part in providing strong support to those impacted. Across the markets where we operate, we pledged funds totalling over S\$3 million to assist our customers, representatives and their immediate family members, as well as local charities. We instituted

programmes to defer premium payments and to offer flexible premium payment schemes to our individual and corporate customers to ensure that they could continue to maintain their insurance coverage during these challenging times.

Across the Group, we have accelerated our transformation efforts in order for us to continuously deliver professional financial advice and services to our customers. This also enabled us to overcome the disruptions arising from the controls on people movement that prohibited face-to-face contact with our various stakeholders. The digital and transformation initiatives that were put in place since 2018 have helped propel our business during this period. We were among the first insurers in the region to launch a fully remote advisory and sales process, enabling our customers to seamlessly fulfil their financial planning and insurance needs virtually, with their advisors. With our bank partner OCBC Bank, there has been closer collaboration to better understand customers' needs and improve the customer journey. We have further strengthened our digital affinity partnerships to broaden our reach into new customer segments.

Overall, there was minimal impact to our service levels and business operations as we were able to effectively scale up our work-from-home capabilities for over 6,000 employees across the region.

Despite the challenging business and market conditions, the Group has remained resilient and maintained our market leadership positions in Singapore and Malaysia. Our investment portfolios have weathered the economic downturn well, which could be attributed to a well-diversified high quality asset portfolio and a strong risk management framework. Our strong balance sheet and prudent portfolio management capabilities have enabled us to stay invested and ride through this market downturn, and subsequently benefit from the strong market recovery during the second half of the year.

## FINANCIAL PERFORMANCE

In 2020, the Group delivered a strong performance despite the challenging business environment. The Group's Total Weighted New Sales rose by 23% to S\$1,543.7 million compared to the same period last year. New Business Embedded Value, a measure of long-term economic profitability, increased by 9% to S\$669.5 million, a reflection of our strong product proposition and distribution network. The Group's operating profit from insurance business continued its growth momentum and achieved an 11% increase to S\$730.7 million. On a full-year basis, the Group's Profit Attributable to Shareholders reported a 4% decrease to S\$960.6 million for FY2020, amid less favourable financial market conditions for the year compared to FY2019.

Our strong performance is anchored on a strong risk and compliance culture, and our Board playing a key role in setting the governance standards to meet our stakeholders' expectations. We operate within parameters and constraints that are calibrated to the Board-approved risk appetite, and will always uphold the highest standards of corporate governance, transparency and disclosure as we strive for excellence.

The Board has recommended the payment of a final one-tier tax-exempt dividend of 50 cents per ordinary share. Upon shareholders' approval, the final dividend will be paid on 5 May 2021. Including the interim one-tier tax-exempt dividend of 10 cents per ordinary share paid in August 2020, total dividends for the financial year 2020 would amount to 60 cents per ordinary share.

## STRENGTHENING OUR FINANCIAL REPRESENTATIVE NETWORK

In 2020, the Group witnessed the resilience of our financial representative network in overcoming challenges. The Great Digital Advantage platform, launched in 2018, was a key foundational capability empowering our financial representatives to respond nimbly to changing consumer behaviour, needs and expectations, which were elevated by this pandemic.

# LETTER TO SHAREHOLDERS

IN 2020, WE FOCUSED ON FURTHER STRENGTHENING OUR AFFINITY PARTNERSHIPS TO BROADEN OUR REACH INTO NEW CUSTOMER SEGMENTS. WE WORKED IN CLOSE COLLABORATION WITH OUR PARTNERS AND LEVERAGED THEIR DEEP CUSTOMER INSIGHTS TO CURATE CUSTOMISED PRODUCTS FOR TARGETED CUSTOMER SEGMENTS.



Our fully remote advisory and sales process enabled our financial representatives to provide seamless financial advisory services to their customers and address their insurance needs via multiple virtual touchpoints, including our digital platforms.

Throughout the year, we launched a suite of products which enabled our financial representatives to continue engaging with existing and new customers. By sharing an online link, they could recommend these products to their customers to self-purchase, which helped uplift their productivity.

During this period, in place of physical roadshows, events and seminars, we initiated a series of topical webinars for our financial representatives to further connect with existing and prospective customers.

In Singapore and Malaysia, we stepped up to support careers in the insurance sector and grew our financial representative footprint. Social media platforms were essential in helping to promote our recruitment programmes. These initiatives enabled us to grow our network to over 5,000 in Singapore and approximately 30,000 in Malaysia.

## STRENGTHENING OUR BANCASSURANCE CHANNEL

During the first half of the year, the pandemic caused a significant drop in footfall to bank branches, thus impacting bancassurance sales. Driven by these challenges, there was greater collaboration with OCBC Bank to better understand and evolve the customer journey, aligning our insurance solutions to better serve their changing needs. In our markets, we integrated our insurance offerings into the bank's digital platforms and ecosystems to optimise performance and create seamless customer journeys.

To address the business impact in Singapore, OCBC Bank launched remote sales advisory capabilities to enable their sales network to serve their customers' financial needs. They were able to engage their customers through digital, telesales and direct channels. We developed new protection, savings and investment-linked insurance products (ILP) to provide the versatility of both protection and wealth accumulation options to customers.

In Malaysia, our bancassurance business remained consistently strong with OCBC Bank, emerging as the top foreign bancassurance bank. In partnership with the bank, we launched a legacy customer campaign to promote legacy products to their customers.

For Bank OCBC NISP in Indonesia, while bancassurance sales were slow in the first half of 2020, we saw a strong recovery in the second half of the year. We unveiled new protection and savings products to better support our partner to cater to their customers' needs. We further expanded partnerships with new banks such as Bank Muamalat Indonesia to provide credit life Shariah products to their housing loan customers.

## DEEPENING OUR AFFINITY PARTNERSHIPS

In 2020, we focused on further strengthening our affinity partnerships to broaden our reach into new customer segments. We worked in close collaboration with our partners and leveraged their deep customer insights to curate customised products for targeted customer segments.

In collaboration with telecommunications provider Singtel, we launched home and motor general insurance solutions in Singapore. With ActiveSG, we offered personal accident insurance to its members via its mobile app.

In Malaysia and Indonesia, we worked closely with Axiata Digital to design customised segment-aligned insurance solutions for their customers via their digital and ecosystem platforms. We leveraged Axiata's digital marketing capability to drive awareness and deepen our digital presence on their platforms.

In Indonesia, we also partnered with other technology-based fintech and insurtech companies to provide simple and affordable insurance with a seamless and customer-friendly experience.

### **GROWING OUR GENERAL AND GROUP INSURANCE BUSINESS**

Overall, our General Insurance business demonstrated resilience in the region, driven by our focus on the retail segment, portfolio realignment and expense discipline, as we continued to digitalise our business, strengthen our distribution model and upgrade our online capabilities. We are putting in place a new General Insurance administrative system which will enable us to design innovative products, improve operational efficiency, and respond rapidly to market competition.

In Singapore and Malaysia, we have taken action on several fronts towards achieving positive underwriting results and improving operational excellence. Our continued effort to pivot our business models has allowed us to focus on growing our retail segment.

With the successful integration of PT Great Eastern General Insurance Indonesia into the Great Eastern Group, we have put in place our bancassurance partnership with Bank OCBC NISP, and strengthened our relationship with the local and international broking community. The focus on retail business and digital affinity contributed to the improvement of our top line growth and underwriting results.

Our Group Insurance business delivered strong sales and underwriting performance in 2020. We adopted a holistic approach to grow our employee benefits scheme, and expanded our network of telemedicine providers to meet increased market demand for General Practitioner coverage and virtual consultations in the region. We further introduced home services for executive health screenings and influenza vaccinations to enrich our service offering to deliver greater convenience and safety to our corporate users.

### **ENHANCING OUR CUSTOMER PROPOSITIONS**

As a leading regional insurer, our business is grounded upon protecting our customers and helping them to protect themselves, with early financial planning, protection and savings solutions in place. Across the region, we enhanced our product propositions by launching relevant benefits and features to provide greater assurance for our customers.

In Singapore, in line with heightened awareness in protection coverage, we enhanced our investment-linked plan *GREAT*

*Life Advantage*, with more critical illness protection riders, as well as retrenchment waiver benefits. Amid the pandemic, we launched *GREAT SP*, a short-term endowment plan, with complimentary telehealth services. Driven by the increase in Dengue cases, we offered *GREAT MozzieSafe* via online platforms for easy access.

As one of the three approved private insurers to provide complementary private insurance plans to augment the government's CareShield Life scheme, we launched *GREAT CareShield Enhanced* and *GREAT CareShield Advantage* long-term disability plans.

We are pleased and honoured to be the sole insurer appointed by the Central Provident Fund Board for its enhanced Dependants' Protection Scheme (DPS) from 1 April 2021. We will now play a pivotal role in making insurance accessible to the working population in Singapore. We hope to be able to leverage our appointment to offer a suite of value-added services and products to DPS members.

In Malaysia, health and critical illness protection solutions were our focus. Following its success in Singapore in 2019, *Great Generation Care* was Malaysia's first insurance plan to provide comprehensive critical illness protection for three generations in a family under a single plan. We also launched the *Smart Multi Critical Care*, an investment-linked rider, which provides comprehensive critical illness coverage and encompasses multi-claim features.

For our Takaful business, we continued to enhance our product suite to comprehensively address customers' needs. Our takaful *Harapan* series providing affordable life and medical coverage, has attracted strong demand. Progressing in our mission to provide more people with protection solutions in Malaysia, we moved into our second year as the takaful operator for Malaysia's *mySalam* government scheme to deliver coverage to the lower income households (B40). We made strides in education and awareness through our kiosks at public and university hospitals, and have seen a marked increase in the number of policyholders benefitting from this scheme in 2020.

In Indonesia, we enhanced our product offerings to holistically address our customers' protection and wealth management needs. This included *MaxPrestige Heritage Protector*, a universal life product; *Super Investlink Plan 101*, an ILP product providing additional allocations to investment funds; and *Great Optima Link + Great Term Cover* package, providing one of the highest protection coverage in the market.

# LETTER TO SHAREHOLDERS

## EMBRACING CUSTOMER CENTRICITY

As part of our continuing effort to put our customers first, we implemented several digital solutions with the aim of providing greater convenience and a better overall experience for them.

In Singapore, we launched the Great Eastern App to give our customers 24/7 visibility of their insurance portfolios. This provides them with convenience and ease of access to their policies anytime, and allows them to make service requests directly on their mobile devices. To further improve customer experience, we implemented corporate PayNow to provide premium payment options to our customers, and revamped our Health Connect to encourage our Integrated Shield customers to use our medical specialist panel. Additionally, we implemented the Predictive Underwriting Model for life and critical illness products which enabled us to serve our customers with greater speed and efficiency.

A new WhatsApp-based servicing channel, Great Eastern Mobile Assistance, was launched in Indonesia to provide our customers with a wider range of remote customer service options. In addition, a new web-based platform which allows for digital signatures, was introduced to facilitate greater convenience and security for insurance sales.

In an age where data privacy is highly valued, we want to provide our customers with the assurance that their personal data is safe with us. We demonstrated this commitment to data protection by becoming the first insurance company in Singapore to obtain both the Data Protection Trustmark and APEC Cross Border Privacy Rules system certifications for Data Privacy, endorsed by Singapore's Infocomm Media Development Authority.

## ENHANCING OUR TECHNOLOGICAL CAPABILITIES

In line with our growth agenda and digital transformation strategy, we continued to invest heavily in our technological capabilities.

We implemented a Group-wide private cloud infrastructure which enabled us to scale quickly to support business agility for our online business, and respond rapidly to changing customer expectations and market competition. We continued our transformation journey to refresh our Life and General Insurance core systems to allow us to operate with greater flexibility and speed.

We enhanced our enterprise visual analytics capability to improve efficiency in management reporting for better data insights. In addition, we continued to extend Robotics Process Automation to enhance our operational processes across the Group.

As we evolve our business operating model through digitalisation, we are constantly enhancing our data protection and cybersecurity capabilities, and implementing targeted controls to strengthen our defence against increased cyber risk.

## INVESTING IN PEOPLE

Recognising that our employees and financial representatives are our greatest assets, we are committed to being the employer of choice and providing a conducive environment for our people to grow together. This meant that we had to take immediate action to protect their well-being and help them adjust to new ways of working during the year.

Staff engagement sessions took the form of virtual town halls and webinars to help keep our employees and financial representatives connected on business developments. Other activities organised throughout the year focused on health and wellness amid COVID-19. For new employees and financial representatives, virtual orientations were the order of the day.

To future-proof employees for the digital economy, we continued to invest in people development with e-learning modules offered throughout the year, and held a #FutureReady Virtual Learning Carnival on topics including Sustainability, Cybersecurity and Insurtech. We outlined a Generic Skills and Competencies module identifying soft skills development to align employee behaviour with traits such as Customer Orientation, Accountability and Leadership.

For our financial representatives, we implemented a blended learning approach involving e-learning, virtual classroom training and webinars. To further enhance our training programmes, we introduced a suite of topical learning modules on digital platforms which they could conveniently access on demand.

As part of the company's wider workplace transformation initiative, we piloted flexi-work arrangements and correspondingly explored workspace redesign. A total of 900 employees were relocated to our redesigned office at Changi to foster better collaboration and innovation.

## GIVING BACK TO THE COMMUNITY

Particularly in these trying times, we see the importance of doing our part as a responsible corporate citizen and making a meaningful difference. From the onset of COVID-19, we announced in Singapore a S\$1 million COVID-19 Customer Care Fund to support customers and immediate family members impacted by the pandemic with hospitalisation and death benefits, and set up a COVID-19 Agency Force



Fund to help support our representatives and their families. We unveiled a Financial Assistance Programme in Malaysia, a Care Fund Programme in Indonesia, and a support package in Brunei to help affected customers. To further demonstrate our care for the community, we contributed over S\$500,000 under our Great Eastern Cares initiative to help the vulnerable, and supported the Malaysian government's COVID-19 Test Fund.

To help impacted policyholders maintain insurance coverage despite economic pressures, our Deferment of Premium Payment programmes across Singapore and Malaysia helped over 3,400 life policyholders. We additionally supported our General Insurance customers impacted by business shutdowns with flexible premium payment schemes, while group corporate SME customers could pay their premiums via quarterly instalments.

In January 2021, we further pledged a S\$1 million GREAT Vaccine Fund in Singapore to provide hospitalisation benefits for customers, employees, representatives and their immediate families in the event of complications arising from approved COVID-19 vaccinations, supporting the national vaccination effort.

## INDUSTRY RECOGNITION

During the year, we garnered many awards and accolades. We reached our highest-ever brand ranking of 5th position in the 2020 edition of Singapore's Top 100 Most Valuable Brands, an annual ranking by independent consultancy Brand Finance.

We were named Top Insurer in Singapore by CampaignAsia's Asia Top 1000 Brands survey conducted by Nielsen in 2020, and were again 1st for the sixth year running in the Life Insurance Sector of the Customer Satisfaction Index of Singapore (CSISG), conducted by the Institute of Service Excellence (Singapore Management University). In recognition of the company's substantive progress in workplace transformation and skills development, we were awarded the Institute of Banking & Finance Inspire Award in January 2021.

In Malaysia, we received the Reader's Digest Most Trusted Brand for the 17th consecutive year and the BrandLaureate Brand of the Year Award for our Life business. Great Eastern was recognised as one of HR Asia's Best Companies to Work for in Asia 2020 (Malaysia edition) for the 5th year running. We received the Most Valuable Brand Award in the BrandLaureate e-Branding Awards 2020 for our Takaful business.

We won several awards in Indonesia such as the Best Insurance Award 2020 by Investor Magazine, and were recognised among the country's Top 5 Most Admired Companies (Life

WE ENHANCED OUR ENTERPRISE VISUAL ANALYTICS CAPABILITY TO IMPROVE EFFICIENCY IN MANAGEMENT REPORTING FOR BETTER DATA INSIGHTS. IN ADDITION, WE CONTINUED TO EXTEND ROBOTICS PROCESS AUTOMATION TO ENHANCE OUR OPERATIONAL PROCESSES ACROSS THE GROUP.



Insurance) by Warta Ekonomi Magazine. The CEO of our Life business in Indonesia was awarded Outstanding Leadership for Corporate Strategy in Indonesia's Most Admired CEO Awards 2020 by Warta Ekonomi Magazine.

## OUR SUSTAINABILITY INITIATIVES

In 2020, we sought to make sustainability central to our business and made significant strides on this front. Driving change from the top, we established a Board Sustainability Committee to provide oversight on Group-wide sustainability efforts and to reinforce our commitment to incorporating core principles into business operations for the long term.

We also shaped our sustainability approach in a way that complements our strategic focus by establishing three primary objectives: (1) Transitioning to a low-carbon economy (2) Improving people's lives and (3) Engaging in responsible business practices.

Moving towards a low-carbon economy, we transformed paper-centric processes to digital and electronic platforms, and have formally incorporated responsible investment considerations into our investment process. We have further commenced the set-up of relevant data infrastructure and systems to measure carbon emissions and intensity across various investor accounts.

# LETTER TO SHAREHOLDERS

As the appointed insurer for DPS in Singapore and *mySalam* in Malaysia, we help to improve lives and close protection gaps by providing sustainable basic insurance. As an employer, our #FutureReady Framework is designed to build a skilled, resilient and adaptable workforce which will provide greater job security for our employees.

With our sustainability approach and objectives defined, we will continue to progressively roll out initiatives in 2021 and beyond. We will make insurance accessible to broader segments of our communities through our digital platforms, and actively help our customers live healthier, better and longer through our integrated health and wellness programme. We will also create a nurturing and engaging work environment that enables our people to realise their full potential.

We will manage the risks and opportunities arising from climate change and promote a low-carbon economy by continuing our efforts to manage the environmental footprint of our operations, and incorporate environmental, social and governance considerations in our investment portfolios. At the same time, we will safeguard trust and protect value for our stakeholders through robust governance and economic contributions.

More information can be found in our Sustainability Report on pages 60 to 80.

## CHANGES TO THE REGULATORY LANDSCAPE

There have been several new and revised regulations issued in 2020 and we have taken the necessary steps to comply with them. Additionally, we provided our feedback on consultation papers and ensured timely submission to the respective regulators across our markets.

In Singapore, key regulations issued by MAS in 2020 include the following:

Revised regulations on valuation and capital framework for insurers which set out the requirements under the risk-based capital (RBC 2) framework, including the way in which assets and liabilities are to be valued;

Revised Notice on Management of Participating Life Insurance Business to introduce new requirements on the allocation of charges and expenses to Participating Fund and the inclusion of a non-exhaustive list of non-chargeable expenses for the Par Fund. Insurers are expected to meet Policyowners' Reasonable Expectation (PRE) in a fair and reasonable manner when charging expenses into Par Fund which took effect from 1 January 2021;

Guidelines on Individual Accountability and Conduct (IAC Guidelines) which promotes a strong culture of responsibility and ethical behaviour of financial institutions (FIs). The IAC Guidelines outline five accountability and conduct outcomes for FIs to promote accountability of senior managers, strengthen oversight of material risk personnel, and reinforce conduct standards among all employees. The IAC Guidelines will take effect from 10 September 2021;

Guidelines on Environment Risk Management for Insurers outlines the risk management practices to insurers' underwriting and investment activities and other activity that expose the insurers to material environment risk. These Guidelines aim to enhance the insurance sector's resilient management of environmental risk. On an annual basis, it is mandatory for insurers to disclose the approach in managing the environmental risk to their stakeholders, while the disclosure on potential impact of the material environmental risk is encouraged;

The Consultation Paper on Identity Verification was issued to counter the rising number of impersonation fraud and unauthorised financial transactions arising from theft and misuse of an individual's personal particulars. MAS proposed several authentication controls for verification of an individual's identity for non-face-to-face contact. FIs must not rely on common personal information as the sole means for identification verification.

In Malaysia, Bank Negara Malaysia (BNM) issued the guidelines on Risk Management in Technology (RMiT) outlining the Information Technology (IT) securities requirements to manage technology and cyber risks. FIs are required to implement the Technology Risk Management Framework (TRMF) and Cyber Resilience Framework (CRF) to strengthen controls in safeguarding the information infrastructure, systems, data and cyber resilience.

In Indonesia, Otoritas Jasa Keuangan (OJK) issued the circular on Distribution Channel of Insurance Product to provide detailed guidelines for insurance companies and their distribution partners for the marketing and distribution of insurance products. Insurers are required to obtain prior OJK approval to enter into digital distribution partnership with non-bank entities.

## BUSINESS OUTLOOK AHEAD

The change in business landscape has introduced new opportunities for us to differentiate ourselves and grow. We will continue to upskill internal capabilities to leverage data analytics to deepen our customer insights and develop segment-aligned product solutions to capture market opportunities.

The Great Digital Advantage platform will be further enhanced to empower our financial representatives with complete end-to-end digitalisation solutions to engage, acquire and transact with customers throughout their life stages.

We will continue to collaborate closely with our bancassurance partner OCBC Bank, to evolve the sales model and product propositions to meet their customers' changing behaviours and needs. We will further leverage our affinity partners' platforms and customer bases to deepen our digital presence and reach new customer segments.

Our touchpoints and capabilities will be upgraded to provide a seamless customer experience. We will further strengthen our engagement programmes and platforms to forge closer ties with our customers. To allow our business to respond with speed and agility, our technology infrastructure and digital capabilities will correspondingly be enhanced.

Accelerating our transformation initiatives will enable us to grow and strengthen our market leadership in Singapore and Malaysia, while elevating our growth in Indonesia through product innovation and a diversified distribution network.

In 2021, we foresee that the combination of accommodative monetary and fiscal policy, and progress in COVID-19 vaccines globally, is likely to enable the global economy to recover. Nonetheless, while there are reasons to be optimistic, we are mindful of potential volatility in the year ahead given the knowledge now about the unprecedented ability of the COVID-19 virus to evolve and mutate rapidly.

The buildout of the pandemic and its effects on the economy and hence corporate earnings continue to be the biggest risks, as uncertainty remains regarding the safety, distribution, and uptake of the vaccines, and their eventual impact on economic recovery. Emergency COVID-19 spending has raised the national debt burden for many governments, especially those in emerging markets. Any rise in interest rates and borrowing costs will exacerbate the fragile balance of the payment situation of these economies. Geopolitical risks and global policy uncertainty will remain elevated with the US-China discord.

While we are optimistic that economic growth should be positive this year, we recognise that developed markets are showing signs of exuberance. Any new adverse developments with regard to the pandemic could cause markets to reverse course rapidly. Hence, we will continue to remain vigilant and adopt a prudent approach in our underwriting and investment operations, and proactively manage our investment portfolios.

## ACKNOWLEDGEMENTS

We would like to record our sincere gratitude to Mr Samuel Tsien, who will be stepping down from the Board at the Company's Annual General Meeting in April 2021. The Group has benefitted from his invaluable contributions and insights over the past nine years.

We extend a warm welcome to Mr Ng Chee Peng, who will be joining the Board on 1 March 2021. Mr Ng brings with him extensive experience in strategy formulation, change and system transformation, and financial management expertise. We look forward to his active participation on the Board.

On behalf of the Group, we thank our Board of Directors and the Boards of our subsidiary companies for their counsel. Our heartfelt appreciation goes out to our management team, employees, bancassurance and affinity partners, financial representative network, business associates and the union for their contribution to the business in 2020. Finally, our thanks goes to our shareholders and customers for your continuous support and confidence in Great Eastern.

We will continue to pursue a disciplined and prudent strategy to grow the business across our key markets. With strong fundamentals in place, we remain optimistic of our long-term prospects and continue to strive for excellence to deliver shareholder value.



**KOH BENG SENG**  
Chairman



**KHOR HOCK SENG**  
Group Chief Executive Officer

28 February 2021

# BOARD OF DIRECTORS



**MR KOH** was first appointed to the Board of Great Eastern Holdings Limited (the “Company”) on 2 January 2008 as a non-executive Director and was appointed as Chairman of the Company on 1 September 2014. He was last re-elected as the Company’s Director on 14 May 2020. Mr Koh was appointed Chairman of the Company’s principal insurance subsidiaries, namely, The Great Eastern Life Assurance Company Limited (“Great Eastern Life”) and Great Eastern General Insurance Limited (“GEG”) on 1 September 2014.

Mr Koh served as a Member of the advisory team to the International Monetary Fund on reforms to Thailand’s financial sector. Mr Koh was previously with the Monetary Authority of Singapore (“MAS”) for 24 years until 1998, his last appointment being Deputy Managing Director, Banking and Financial Institution Group. Age 70.

## Current Directorships and Principal Commitments/ Appointments

- |   |                         |
|---|-------------------------|
| 1. Great Eastern General Insurance Limited  | Chairman                |
| 2. The Great Eastern Life Assurance Company Limited   | Chairman                |
| 3. Bank of China (Hong Kong) Limited  | Director                |
| 4. BOC Hong Kong (Holdings) Limited*  | Director                |
| 5. Oversea-Chinese Banking Corporation Limited*   | Director                |
| 6. Octagon Advisors Pte. Ltd.   | Chief Executive Officer |
| 7. China Banking Association in China – Expert Committee  | Member                  |
| 8. Lien Ying Chow Legacy Fellowship Council   | Member                  |
| 9. Lingnan (University) College, Sun Yat-sen University in China – International Advisory Board | Member                  |

## Directorships and Principal Commitments/Appointments for the past 5 years

- |  |          |
|--|----------|
| 1. Hon Sui Sen Endowment CLG Limited       | Director |
| 2. Singapore Technologies Engineering Ltd* | Director |
| 3. United Engineers Limited*               | Director |

## Academic and Professional Qualifications

- Bachelor of Commerce (First Class Honours), former Nanyang University, Singapore
- Master of Business Administration, Columbia University, USA

## Board Committees Served On

- Chairman, Executive Committee
- Chairman, Risk Management Committee
- Member, Nominating Committee
- Member, Remuneration Committee
- Member, Sustainability Committee

## Length of Service

13 years 2 months

## Country of Principal Residence

Singapore

\* Listed company



**MR IP** was first appointed to the Board of the Company on 5 March 2010 and was last re-elected as the Company's Director on 18 April 2019. Mr Ip served as Acting Group Chief Executive Officer of the Company from 1 July 2014 to 1 November 2015. He is a Director of the Company's principal insurance subsidiaries, including Great Eastern Life, GEG and Chairman of several of the Company's subsidiaries in Malaysia.

Mr Ip is a Chartered Accountant by training and has over 33 years of experience in finance and investments, real estate and managing companies. From 2000 to 2009, he was President and Group Chief Executive Officer of The Straits Trading Company Limited ("STC"), the main activities of which are in real estate, mining and hospitality. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP). Mr Ip was awarded The Public Service Medal in 2020. Age 68.

Mr Ip will be seeking re-election at the Company's 2021 Annual General Meeting ("AGM"). Please refer to the footnote at the end of this section for additional information required under Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

#### Current Directorships and Principal Commitments/Appointments

1. Great Eastern Capital (Malaysia) Sdn Bhd	Chairman
2. Great Eastern General Insurance (Malaysia) Berhad	Chairman
3. Great Eastern Life Assurance (Malaysia) Bhd	Chairman
4. I Great Capital Holdings Sdn Bhd	Chairman
5. Overseas Assurance Corporation (Holdings) Bhd	Chairman
6. Great Eastern General Insurance Limited	Director
7. Great Eastern Takaful Bhd	Director
8. The Great Eastern Life Assurance Company Limited	Director
9. Building and Construction Authority	Member/ Deputy Chairman
10. Securities Industry Council	Member

#### Directorships and Principal Commitments/Appointments for the past 5 years

1. Far Island Bay Sdn Bhd (In Members' Voluntary Liquidation)	Chairman
2. WBL Corporation Limited	Chairman
3. AIMS AMP Capital Industrial REIT Management Limited*	Director
4. Lion Global Investors Limited	Director
5. United Engineers Limited*	Senior Advisor

#### Academic and Professional Qualifications

- Bachelor of Science (Economics), London School of Economics and Political Science
- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow of the Institute of Singapore Chartered Accountants

#### Board Committees Served On

- Member, Nominating Committee
- Member, Risk Management Committee

#### Length of Service

11 years

#### Country of Principal Residence

Singapore

#### The Board's comments on the re-election

Mr Norman Ip is a chartered accountant with over 33 years of experience in auditing, accounting, treasury, investments and taxation and managing a listed company with diversified businesses in real estate, mining and hospitality in Singapore and Malaysia. Mr Ip's extensive knowledge in these areas, his past experience within the Great Eastern Group and his useful contributions during board and board committee deliberations continue to make him invaluable to the Great Eastern Group.

\* Listed company

# BOARD OF DIRECTORS



**MR LAW** was first appointed to the Board of the Company on 1 January 2013 and was last re-elected as the Company's Director on 14 May 2020.

Mr Law was previously the Deputy Managing Director (Administration and Insurance) at the MAS, the Managing Director and Chief Executive Officer of GEG and a Member of the Central Provident Fund Board. He was also a Director of Inland Revenue Authority of Singapore ("IRAS") until September 2010 and Manulife (Singapore) Pte Ltd until September 2012. Age 76.

## Current Directorships and Principal Commitments/ Appointments

- |   |          |
|---|----------|
| 1. Frasers Hospitality Asset Management Pte. Ltd. | Chairman |
| 2. Frasers Hospitality Trust Management Pte. Ltd. | Chairman |
| 3. IFS Capital Limited*                           | Director |

## Directorships and Principal Commitments/Appointments for the past 5 years

- |  |          |
|--|----------|
| 1. Concord Insurance Company Limited         | Chairman |
| 2. ACR Capital Holdings Pte. Ltd.            | Director |
| 3. Asia Capital Reinsurance Group Pte. Ltd.  | Director |
| 4. Asia Capital Reinsurance Malaysia Sdn Bhd | Director |
| 5. ECICS Limited                             | Director |

## Academic and Professional Qualifications

- Bachelor of Science (First Class Honours in Mathematics), University of Singapore
- Master of Science (Actuarial Science), Northeastern University, USA
- Fellow of the Society of Actuaries, USA

## Board Committees Served On

- Member, Audit Committee
- Member, Executive Committee
- Member, Risk Management Committee
- Member, Sustainability Committee

## Length of Service

8 years 2 months

## Country of Principal Residence

Singapore

\* Listed company



**MR LEE** was first appointed to the Board of the Company on 1 August 2017 and was last re-elected as the Company's Director on 19 April 2018.

Mr Lee was previously the Deputy CEO and President of Defence Business of Singapore Technologies Engineering Ltd and the President of Singapore Technologies Electronics Limited. He has been with Singapore Technologies Engineering Group for 17 years until he retired in June 2017. Prior to this, he served in the Singapore Armed Forces and Ministry of Defence (MINDEF). He held various key appointments as Director of Joint Intelligence Directorate, Director of Military Security Department and Assistant Chief of General Staff (Logistics). Age 64.

Mr Lee will be seeking re-election at the Company's 2021 AGM. Please refer to the footnote at the end of this section for additional information required under Rule 720(6) of the Listing Manual of the SGX-ST.

#### Current Directorships and Principal Commitments/Appointments

1. Ensign Infosecurity Pte. Ltd.	Chairman
2. Ensign Infosecurity (Cybersecurity) Pte. Ltd.	Chairman
3. SMRT TEL Pte. Ltd.	Deputy Chairman
4. SMRT Trains Ltd.	Deputy Chairman
5. Ensign Asia Pte. Ltd.	Director
6. Ensign Global (US) LLC	Director
7. Ensign Technologies Pte. Ltd.	Director
8. SMRT Corporation Ltd	Director / Chairman, Audit & Risk Committee
9. ISTARI Global (Singapore) Pte. Ltd. (formerly known as STEELE Management Company Pte. Ltd.)	Director
10. Istari International (UK) Limited	Director
11. Building and Construction Authority	Chairman

12. Temasek International Advisors Pte. Ltd.	Corporate Advisor
13. InfoComm Technology Projects Advisory Panel, Ministry of Finance	Member

#### Directorships and Principal Commitments/Appointments for the past 5 years

1. D'Crypt Pte. Ltd.	Chairman
2. ST Electronics (Info-Comm Systems) Pte. Ltd.	Chairman
3. ST Electronics (Info-Security) Pte. Ltd.	Chairman
4. ST Electronics (Info-Software Systems) Pte. Ltd.	Chairman
5. ST Electronics (Satcom & Sensor Systems) Pte. Ltd.	Chairman
6. ST Electronics (Satellite Systems) Pte. Ltd.	Chairman
7. ST Electronics (Training & Simulation Systems) Pte. Ltd.	Chairman
8. VT iDirect Inc.	Co- Chairman
9. ST Engineering Electronics Ltd.	Alternate Director
10. Singapore Technologies Dynamics Pte Ltd	Director
11. ST Engineering Management Services Pte. Ltd.	Director
12. ST Electronics (Shanghai) Co., Ltd	Director
13. Vision Technologies Electronics, Inc	Director
14. Vision Technologies Kinetics, Inc	Director
15. DSO National Laboratories	Director / Chairman, Audit Committee
15. Public Sector Data Security Review Committee	Member

#### Academic and Professional Qualifications

- Bachelor of Arts (Honours), University of Oxford, UK
- Master of Arts (Engineering Science), University of Oxford, UK
- Executive Programme, Stanford University

#### Board Committees Served On

- Chairman, Nominating Committee
- Chairman, Remuneration Committee
- Member, Executive Committee

#### Length of Service

3 years 7 months

#### Country of Principal Residence

Singapore

#### The Board's comments on the re-election

Mr Lee Fook Sun has in-depth knowledge in cyber security and extensive management experience, having previously served in the Ministry of Defence, MINDEF and the Singapore Armed Forces. His previous experience and contributions during board and board committee deliberations continue to make him invaluable to the Great Eastern Group.

# BOARD OF DIRECTORS



**KYLE LEE**  
Non-Executive  
Independent Director

**MR LEE** was first appointed to the Board of the Company on 1 July 2014 and was last re-elected as the Company's Director on 18 April 2019. He is also a Director of Great Eastern Life.

Mr Lee trained as a Chartered Accountant in London, and in his professional career spanning 36 years, he has worked in both United Kingdom and Singapore. He was a partner of Price Waterhouse and PricewaterhouseCoopers LLP until 2010, holding leadership positions at firm, practice, industries and sector levels.

As a non-executive, independent Director of other public and private companies, Mr Lee held Chairmanship of Board, Audit Committee and Nominating Committee positions. Age 68.

## Current Directorships and Principal Commitments/ Appointments

- |  |          |
|--|----------|
| 1. CapitalLand Integrated Commercial Trust Management Limited (formerly known as CapitalLand Mall Trust Management Limited)* | Director |
| 2. ComfortDelgro Corporation Limited*  | Director |
| 3. FEO Hospitality Asset Management Pte. Ltd.  | Director |
| 4. FEO Hospitality Trust Management Pte. Ltd.  | Director |
| 5. The Great Eastern Life Assurance Company Limited  | Director |

## Directorships and Principal Commitments/Appointments for the past 5 years

- |  |          |
|--|----------|
| 1. MFS Technology Ltd*                       | Chairman |
| 2. National Art Gallery<br>– Audit Committee | Member   |

## Academic and Professional Qualifications

- Bachelor of Arts (Honours) in Business Studies, Council for National Academic Awards, Polytechnic of the South Bank London
- Master of Business Administration, University of London, Imperial College of Science, Technology and Medicine
- Master of Science (Distinction) in International Management, University of London, The School of Oriental and African Studies
- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow of the Institute of Singapore Chartered Accountants
- Fellow of the Singapore Institute of Directors

## Board Committees Served On

- Chairman, Audit Committee
- Member, Nominating Committee

## Length of Service

6 years 8 months

## Country of Principal Residence

Singapore

\* Listed company





**MR NG** was first appointed to the Board of the Company on 1 March 2021. He is currently Senior Advisor to the Ministry of Manpower and the Central Provident Fund (CPF) Board.

Mr Ng served as the Chief Executive Officer of the CPF Board from 2015 to 2019. He began his career with the Singapore Armed Forces (SAF), and held various key appointments in the Ministry of Defence (MINDEF) and SAF, including Chief of Staff-Joint Staff, Fleet Commander and MINDEF's Director (Policy). Mr Ng served as the Chief of the Republic of Singapore Navy from 2011 to 2014. He has also served on the Boards of various companies and statutory boards, including the Maritime and Port Authority of Singapore, SPRING Singapore, Defence Science and Technology Agency, DSO National Laboratories, ST Engineering (Electronics) and Raffles Health Insurance.

Mr Ng was awarded the President's Scholarship and SAF Overseas Scholarship in 1989 and was conferred the Lucius Littauer Fellow award by the Kennedy School of Government. Mr Ng was conferred the Public Administration Medal (Gold) (Military) in 2013. Age 50.

Mr Ng will be seeking re-election at the Company's 2021 AGM. Please refer to the footnote at the end of this section for additional information required under Rule 720(6) of the Listing Manual of the SGX-ST.

#### Current Directorships and Principal Commitments/Appointments

- |   |   |
|---|---|
| 1. D'Crypt Pte. Ltd.  | Director /<br>Chairman,<br>Audit<br>Committee |
| 2. Ministry of Manpower and<br>Central Provident Fund Board                       | Senior<br>Advisor                             |
| 3. PUB, Singapore's National Water Agency<br>– Board Committee for Transformation | Member  |

#### Directorships and Principal Commitments/Appointments for the past 5 years

- |                                       |          |
|---------------------------------------|----------|
| 1. Raffles Health Insurance Pte. Ltd. | Director |
| 2. Central Provident Fund Board       | Director |
| 3. SPRING Singapore                   | Director |

#### Academic and Professional Qualifications

- Bachelor of Arts (First Class Honours) in Philosophy, Politics and Economics, University of Oxford
- Master in Public Administration, Harvard University

#### Board Committee Served On

- Member, Audit Committee

#### Length of Service

1 month

#### Country of Principal Residence

Singapore

#### The Board's comment on the re-election

Mr Ng Chee Peng has extensive experience in strategy formulation, change and system transformation and financial management expertise, which would make him invaluable to the Great Eastern Group.

# BOARD OF DIRECTORS



**MR SOON** was first appointed to the Board of the Company on 1 January 2016 and was last re-elected as the Company's Director on 14 May 2020.

Mr Soon held a series of senior positions in OCBC Bank from 2002 to December 2011 when he retired from the bank. He was the Chief Financial Officer of OCBC Bank from September 2002 to June 2008, and from April 2010 to November 2011. He was the Head of Group Investments of OCBC Bank from June 2008 to April 2010. Prior to joining OCBC Bank, Mr Soon was the Chief Financial Officer of Wilmar Holdings Pte Ltd from 2000 to 2002. From 1983 to 2000, he worked in Citicorp Investment Bank (Singapore) Limited and was Managing Director from 1993 to 2000. Age 69.

#### Current Directorships and Principal Commitments/ Appointments

- |                                      |          |
|--------------------------------------|----------|
| 1. OCBC Wing Hang Bank Limited       | Director |
| 2. SPH REIT Management Pte. Ltd.     | Director |
| 3. Wah Hin & Company Private Limited | Director |

#### Directorships and Principal Commitments/Appointments for the past 5 years

- |                             |          |
|-----------------------------|----------|
| 1. AVIC Trust Co., Ltd      | Director |
| 2. Bank of Ningbo Co., Ltd. | Director |

#### Academic and Professional Qualifications

- Bachelor of Science (Honours) in Applied Chemistry, University of Singapore
- Master of Business Administration, University of Chicago, USA
- Advanced Management Program, Harvard Business School

#### Board Committees Served On

- Chairman, Sustainability Committee
- Member, Risk Management Committee

#### Length of Service

5 years 2 months

#### Country of Principal Residence

Singapore



**MRS TEOH** was first appointed to the Board of the Company on 1 August 2017 and was last re-elected as the Company's Director on 19 April 2018.

Mrs Teoh has extensive experience in the fields of tax law and trust law. She started her law career as a public officer in the Legal Division of the IRAS where she served 14 years, including her scholarship bond of 8 years. She then entered private law practice and was the Head of the Tax and Trust Practice in Drew & Napier LLC when she retired in 2008. After retiring from Drew & Napier LLC, Mrs Teoh rejoined the IRAS as a part-time Consultant for 6 years. She was also a Consultant with Rajah & Tann LLP, and had also served on the boards of non-profit organisations. She was a Director of Tsao Foundation, a Director of The Community Foundation of Singapore and was the Honorary General Secretary of the Singapore Girl Guides Association. Age 69.

Mrs Teoh will be seeking re-election at the Company's 2021 AGM. Please refer to the footnote at the end of this section for additional information required under Rule 720(6) of the Listing Manual of the SGX-ST.

#### **Current Directorships and Principal Commitments/Appointments**

- |  |          |
|--|----------|
| 1. Asian Healthcare Investment Pte Ltd | Director |
|--|----------|

#### **Directorships and Principal Commitments/Appointments for the past 5 years**

- |                               |            |
|-------------------------------|------------|
| 1. Rajah & Tann Singapore LLP | Consultant |
| 2. Tsao Foundation            | Director   |

#### **Academic and Professional Qualifications**

- Bachelor of Laws (Second Upper Class Honours), National University of Singapore
- Master of Laws (Second Upper Class Honours), National University of Singapore

#### **Board Committees Served On**

- Member, Audit Committee
- Member, Sustainability Committee

#### **Length of Service**

3 years 7 months

#### **Country of Principal Residence**

Singapore

#### **The Board's comments on the re-election**

Mrs Teoh Lian Ee has extensive experience as a legal practitioner and is an expert in tax and trust law. She previously held the position of Senior Consultant at the Inland Revenue Authority of Singapore. Her previous experience and contributions during board and board committee deliberations continue to make her invaluable to the Great Eastern Group.

# BOARD OF DIRECTORS



**MR THEAN** was first appointed to the Board of the Company on 5 January 2017 and was last re-elected as the Company's Director on 14 May 2020. He has more than 24 years of experience in consulting, technology, change and transformation delivery and his experience is mainly focused on working with C-level executives to create strong linkages between transformation programs to the respective clients' business agenda. He has extensive financial services industry experience and has been working with large financial institutions in the ASEAN region. Mr Thean was previously with Accenture Pte Ltd from 1992 to 2016. Age 53.

#### Current Directorships and Principal Commitments/ Appointments

–

#### Directorships and Principal Commitments/Appointments for the past 5 years

–

#### Academic and Professional Qualifications

- Bachelor of Electrical and Electronic Engineering (First Class Honours), University of Melbourne, Australia
- Advanced Business Management Programme, Kellogg Graduate School of Management, Northwestern University, Illinois, USA

#### Board Committees Served On

- Member, Audit Committee
- Member, Executive Committee

#### Length of Service

4 years 2 months

#### Country of Principal Residence

Singapore



**MR TSIEN** was first appointed to the Board of the Company on 15 April 2012 and was last re-elected as the Company's Director on 18 April 2019. He was a Director of GEG until 1 January 2014.

Mr Tsien is the Group Chief Executive Officer and Executive Director of OCBC Bank, and sits on the boards of OCBC Bank's major subsidiaries.

Mr Tsien was the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia) in 2017. Prior to joining OCBC Bank, he was President and Chief Executive Officer of Bank of America (Asia) from 1995 to 2006, and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Age 66.

Mr Tsien has expressed his intention to retire and will not be seeking re-election at the Company's 2021 AGM.

#### Current Directorships and Principal Commitments/ Appointments

1. Bank of Singapore Limited	Director
2. OCBC Bank (Malaysia) Bhd	Director
3. OCBC Overseas Investments Pte Ltd	Director
4. OCBC Wing Hang Bank Limited	Director
5. OCBC Wing Hang Bank (China) Ltd	Director
6. Oversea-Chinese Banking Corporation Limited*	Executive Director and Group Chief Executive Officer
7. PT Bank OCBC NISP Tbk*	Commissioner

8. Mapletree Investments Pte Ltd	Director
9. Association of Banks in Singapore	Chairman
10. MAS Steering Committee for SGD SOR & SIBOR Transition to Singapore Overnight Rate Average	Chairman
11. The Institute of Banking and Finance Singapore	Vice Chairman/ Chairman of Standards Committee
12. ASEAN Bankers Association	Director
13. Dr Goh Keng Swee Scholarship Fund	Director
14. Advisory Board of the Asian Financial Leaders Programme	Member
15. Financial Sector Tripartite Committee	Member
16. MAS Financial Centre Advisory Panel	Member/ Chairman of China Workgroup
17. MAS Payments Council	Member
18. National Jobs Council	Member

#### Directorships and Principal Commitments/Appointments for the past 5 years

1. ASEAN Finance Corporation Limited	Director
2. International Monetary Conference	Director
3. OCBC Al-Amin Bank Berhad	Director
4. Advisory Council on Community Relations in Defence (Employer & Business)	Member
5. Malaysia-Singapore Business Council	Member
6. Singapore Business Federation – Finance and Investment Committee	Council Member

#### Academic and Professional Qualifications

- Bachelor of Arts (Honours) in Economics, University of California, Los Angeles, USA
- IBF Distinguished Fellow, The Institute of Banking and Finance

#### Board Committees Served On

- Member, Executive Committee
- Member, Nominating Committee
- Member, Risk Management Committee

#### Length of Service

8 years 11 months

#### Country of Principal Residence

Singapore

\* Listed company

# BOARD OF DIRECTORS



**MR WEE** was first appointed to the Board of the Company on 1 January 2016 and was last re-elected as the Company's Director on 18 April 2019. He has more than 39 years of corporate banking experience. He was Managing Director and Head of Corporate Banking Singapore at United Overseas Bank Ltd until his retirement in June 2013. Prior to that, he was Executive Vice President and Head of Corporate Banking with Overseas Union Bank Ltd and Head, Credit and Marketing with First National Bank of Chicago (Singapore). Age 73.

#### Current Directorships and Principal Commitments/ Appointments

1. Frasers Property Limited *	Director
2. Oversea-Chinese Banking Corporation Limited*	Director
3. Thai Beverage Public Company Limited*	Director
4. WJY Holdings Private Limited	Director
5. WTT Investments Pte Ltd	Director

#### Directorships and Principal Commitments/Appointments for the past 5 years

1. Mapletree Industrial Trust Management Ltd	Director
2. OCBC Management Services Private Limited	Director
3. PACC Offshore Services Holdings Ltd	Director

#### Academic and Professional Qualifications

- Bachelor of Business Administration (Honours), University of Singapore
- Master of Business Administration, New York University, USA

#### Board Committees Served On

- Member, Nominating Committee
- Member, Remuneration Committee

#### Length of Service

5 years 2 months

#### Country of Principal Residence

Singapore

\* Listed company

#### INFORMATION REQUIRED UNDER RULE 720(6) OF THE LISTING MANUAL OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Directors seeking re-election at the Twenty-Second Annual General Meeting ("AGM"), namely, Mr Norman Ip, Mr Lee Fook Sun, Mr Ng Chee Peng and Mrs Teoh Lian Ee, have each:

- Provided an undertaking in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).
- Confirmed that he/she has no relationship (including immediate family relationships) with an existing director, existing executive officer, the Company and/or any substantial shareholder of the Company or any of its principal subsidiaries.
- Confirmed that he has no conflict of interest (including any competing business).
- Confirmed that there is no change to his responses previously disclosed under items (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST\*\*, which were all "No".

The shareholding interest in the Company and its subsidiaries (if any) of each of these Directors are disclosed in the "Directors' Statement" on pages 108 to 109.

Further information required under Rule 720(6) of the Listing Manual of the SGX-ST for Directors seeking re-election at the Company's AGM are disclosed in the "Board of Directors" section on pages 18 to 28.

\*\* The information relating to the above Directors as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST was announced on 5 March 2010 (Mr Norman Ip), 28 July 2017 (Mr Lee Fook Sun), 1 March 2021 (Mr Ng Chee Peng) and 28 July 2017 (Mrs Teoh Lian Ee), in connection with their appointment as Directors of the Company.

# BOARD OF DIRECTORS

## PRINCIPAL INSURANCE SUBSIDIARIES IN SINGAPORE

### THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED

Koh Beng Seng<sup>1</sup>, Chairman

Mimi Ho

Norman Ip<sup>1</sup>

Kyle Lee<sup>1</sup>

Leo Mun Wai

Quah Wee Ghee

### GREAT EASTERN GENERAL INSURANCE LIMITED

Koh Beng Seng<sup>1</sup>, Chairman

Mimi Ho

Norman Ip<sup>1</sup>

Leo Mun Wai

Quah Wee Ghee

<sup>1</sup> Please refer to the “Board of Directors” section on pages 18, 19 and 22 in the Annual Report 2020 for the profiles of Mr Koh Beng Seng, Mr Norman Ip and Mr Kyle Lee.

# BOARD OF DIRECTORS

## PRINCIPAL INSURANCE SUBSIDIARIES IN SINGAPORE



**MIMI HO**  
Non-Executive  
Independent Director

**MS HO** was first appointed to the Boards of The Great Eastern Life Assurance Company Limited (“Great Eastern Life”) and Great Eastern General Insurance Limited (“GEG”) on 17 April 2013 and 1 January 2014 respectively. She is a Director of Great Eastern General Insurance (Malaysia) Berhad, Partner Reinsurance Asia Pte. Ltd. and a member of the Southeast Asia Disaster Risk Insurance Facility Sub-Trust A Committee.

Ms Ho was previously a Director of Asia Pacific Clear Pte. Ltd., Asia Pacific Exchange Pte. Ltd., Central Provident Fund Board, Regulatory Professionals Pte Ltd, a Director and Member of the Finance Committee of Assisi Hospice as well as an Executive Director with the Monetary Authority of Singapore (“MAS”) from March 1998 to September 2008 in various capacities including Insurance Supervision, Capital Markets Supervision, Financial Markets Development and Chief Representative for MAS in New York and London. She was also a Member of the Disciplinary Committee for Casino Regulatory Authority. Prior to that, she was the Chief Financial Officer and Appointed Actuary for Prudential Assurance Company Singapore (Pte.) Limited from February 1994 to February 1998.

Ms Ho holds a Bachelor in Mathematics and Master in Mathematical Statistics, both from Columbia University. She is a Fellow of the Society of Actuaries, USA and also a Financial Industry Certified Professional (FICP) for Compliance. Age 66.



**LEO MUN WAI**  
Non-Executive  
Independent Director

**MR LEO** was first appointed to the Boards of Great Eastern Life and GEG on 15 April 2016. He is an independent consultant, an Independent Non-Executive Director of CapitaLand Integrated Commercial Trust Management Ltd and a member of the Disciplinary Committee of Casino Regulatory Authority.

Mr Leo was previously a Managing Director and Adviser of State Street Bank & Trust, Singapore and a Senior Partner of Capelle Consulting Singapore. He was a Director of Tri Sector Associates Ltd; and a Director and Audit Committee Member of the Casino Regulatory Authority from 2008 to 2012; and a Member of Securities Industry Council from 2010 to 2012. Mr Leo was previously with the MAS for 20 years until 2012 in various capacities including Assistant Secretary of Securities Industries Council, Senior Deputy Director of Supervisory Policy, Director of Human Resource Department, Executive Director of External Department, Executive Director of Banking Supervision, his last appointment being Assistant Managing Director of Capital Markets Group.

Mr Leo holds a Bachelor of Accountancy (Second Upper Honours) from National University of Singapore and a Masters of Finance, International Finance from RMIT University. He also completed the International Executive Programme at INSEAD. Age 54.





**MR QUAH** was first appointed to the Boards of Great Eastern Life and GEG on 1 March 2012 and 1 January 2014 respectively. Mr Quah is a Partner of Avanda LLP and a Director of Avanda Investment Management Pte. Ltd., Bank of Singapore Ltd and Cypress Holdings Private Limited. He is an Adviser of Investment Committee of Wah Hin & Company (Pte) Ltd.

Mr Quah was previously the Chairman of SLF Strategic Advisers Private Limited, a Director of EDBI Pte. Ltd., Oversea-Chinese Banking Corporation Limited, Singapore Exchange Limited and Singapore Labour Foundation, a Member of Board of Trustees of Singapore University of Technology and Design, Managing Director and President of GIC Asset Management Pte Ltd, the Chairman of Investment Committee and a Member of Evaluation Committee of Ministry of Health Holdings Pte Ltd, and Adviser to the Executive Committee of Government of Singapore Investment Corporation Pte Ltd.

Mr Quah holds a Bachelor of Engineering (Civil Engineering) from the National University of Singapore. He is a Chartered Financial Analyst and Alumni Member of the Stanford Graduate Business School. In 2010, he was awarded the Institute of Banking and Finance Distinguished Financial Industry Certified Professionals title. Age 60.

# KEY EXECUTIVES





# KEY EXECUTIVES

## **KHOR HOCK SENG**

Group Chief Executive Officer

With Great Eastern since November 2015. Over 30 years of insurance experience and has held senior leadership positions in major multinational insurance companies.

Responsible for the overall strategic direction and business growth for the Great Eastern Group.

### **Qualifications:**

Bachelor of Arts with a major in Actuarial Studies and Statistics, Macquarie University, Australia; Certificate of Actuarial Techniques, London Institute of Actuaries, UK.

## **RONNIE TAN**

Group Chief Financial Officer

With Great Eastern since 2002. Responsible for Corporate Finance, Actuarial, Accounting, Financial Controls and Tax functions for the Group, as well as Investor Relations.

### **Qualifications:**

BSc in Business Administration (Highest Distinction), University of Nebraska-Lincoln; Chartered Financial Analyst; Fellow of the Society of Actuaries.

## **DATO KOH YAW HUI**

Chief Executive Officer (Malaysia)

With Great Eastern since 2002. Responsible for the Malaysia Conventional Life business, as well as oversees the growth of the company's takaful business.

### **Qualifications:**

BSocial Science (Hons) in Economics, Universiti Sains Malaysia; Fellow of Life Management Institute, USA; Registered Financial Planner (RFP); Shariah RFP.

## **JIMMY TONG**

Managing Director, General and Group Insurance

Joined Great Eastern in May 2016. Leads and oversees the General and Group Insurance business across all markets in the Group.

### **Qualifications:**

Bachelor of Business Administration, National University of Singapore; Chartered Financial Analyst.

## **PATRICK PECK**

Managing Director, Regional Agency / FA and Bancassurance

With Great Eastern since 2020. Responsible for driving the growth and governance of the agency, financial advisory (FA) and bancassurance channels across the Group.

### **Qualifications:**

MBA in Finance, University of Leicester, UK; Bachelor of Science (Business Management), University of Northeastern, USA; Associate Financial Consultant.

## **CLEMENT LIEN**

Chief Executive Officer (Indonesia)

Joined Great Eastern in January 2015. Responsible for growing the Life business in Indonesia.

### **Qualifications:**

Bachelor of Business Administration (Hons), National University of Singapore; Fellow of Life Management Institute (Distinction), USA.

## **RYAN CHEONG**

Managing Director, Digital for Business

With Great Eastern since 2012. Responsible for the formulation of business strategy and transformation programmes across all markets in the Group.

### **Qualifications:**

Bachelor of Arts, University of Cambridge; Master of Arts, University of Cambridge; Master of Business Administration, The University of Manchester.

## **LESLIE TEO**

Managing Director, Data and Strategic Transformation

With Great Eastern from 2020. Responsible for enabling data analytics and data science in the organisation, and building business transformation capabilities to drive digital process adoption in all functions, overseeing all strategic projects to deliver data-driven business value for the Group.

### **Qualifications:**

PhD in Economics and Finance from the University of Rochester; Master of Information and Data Science from UC Berkeley; Bachelor of Arts in Liberal Arts and Science from the University of Chicago; Chartered Financial Analyst.

**COLIN CHAN**

Managing Director, Group Marketing

With Great Eastern since 1994. Responsible for implementation of marketing and product efforts across the Group, including branding and communications.

**Qualifications:**

Bachelor of Business, Actuarial Science (1st Class Hons), Nanyang Technological University; Fellow of the Institute of Actuaries, UK.

**WEE AI NING**

Group Chief Investment Officer

Joined Great Eastern in August 2017. Responsible for formulating the Group's investment strategies and management of all investments within the Group.

**Qualifications:**

Bachelor of Economics (Econometrics), Monash University, Australia; Chartered Financial Analyst.

**JENNIFER WONG PAKSHONG**

Group Company Secretary and General Counsel

With Great Eastern since 2009 and the Group since 1999. Oversees the corporate secretarial and legal functions across all countries.

**Qualifications:**

LLB (Hons), University of Bristol (UK); LLM (with Merit), University College London; Degree of an Utter Barrister, Gray's Inn (UK); admitted as an Advocate and Solicitor of the Supreme Court of Singapore.

**GARY TEH**

Managing Director, Group IT

Joined Great Eastern in January 2019. Responsible for the Group's IT and digitalisation efforts to deliver digital and IT solutions to improve customer experience and to support business growth.

**Qualifications:**

Bachelor of Information Technology (Honours), National University of Malaysia.

**JAMES LEE**

Managing Director, Group Human Capital

With Great Eastern since 1997. Responsible for human capital and change programmes across the Group, with priority on developing an inclusive and collaborative workplace and high-performance culture.

**Qualifications:**

BBA in Finance, University of Hawaii, USA; Master of Business Administration in Finance, Hawaii Pacific University, USA.

**PATRICK KOK**

Managing Director, Group Operations

With Great Eastern since 2009. Leads and oversees the Customer Service, Underwriting and Claims departments across the Group, with strong focus on delivering customer service excellence.

**Qualifications:**

B. Engineering (Hons), National University of Singapore; Associate of Chartered Insurance Institute, UK.

**JEFFREY LOWE**

Group Chief Internal Auditor

With Great Eastern since 2011. Responsible for the independent and objective assessment of the Group's risk management, internal control and governance processes through internal audit.

**Qualifications:**

Bachelor of Accountancy (Hons), Nanyang Technological University; ACA, Institute of Chartered Accountant in England and Wales.

# FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER		2020	2019	2018	2017	2016
<b>GROUP STATISTICS</b>						
Gross Premiums	(S\$millions)	<b>15,507.1</b>	11,769.5	12,239.2	12,558.7	9,555.7
Profit Attributable to Shareholders	(S\$millions)	<b>960.6</b>	1,003.8	740.7	1,036.7	589.3
Operating Profit after Tax <sup>1</sup>	(S\$millions)	<b>730.7<sup>2</sup></b>	659.8	636.1	600.3	504.2
Total Assets	(S\$millions)	<b>106,927.7</b>	98,603.6 <sup>3</sup>	85,042.0	82,347.3	71,123.1
Shareholders' Equity	(S\$millions)	<b>9,361.0</b>	8,610.7	7,436.9	7,528.7	6,588.9
Stock Exchange Prices <sup>4</sup>	(S\$)	<b>20.00</b>	21.75	24.78	27.67	20.31
Market Capitalisation <sup>4</sup>	(S\$millions)	<b>9,466.4</b>	10,294.7	11,728.8	13,096.7	9,613.1
Embedded Value	(S\$millions)	<b>17,428.0</b>	15,497.1	13,440.1	13,389.1	11,693.8
Economic Value of One Year's New Business	(S\$millions)	<b>669.5<sup>5</sup></b>	612.0	535.5	543.0	466.2
<b>GROUP FINANCIAL RATIOS</b>						
Return on Equity <sup>6</sup>	(%)	<b>10.7</b>	12.5	9.9	14.7	9.2
Gross Premium Growth	(%)	<b>31.8</b>	-3.8	-2.5	31.4	9.1
Basic Earnings per share <sup>7</sup>	(S\$)	<b>2.03</b>	2.12	1.56	2.19	1.25
Diluted Earnings per share	(S\$)	<b>2.03</b>	2.12	1.56	2.19	1.25
Net Asset Value per share	(S\$)	<b>19.78</b>	18.19	15.71	15.91	13.92
Embedded Value per share	(S\$)	<b>36.82</b>	32.74	28.40	28.29	24.71
Economic Value of One Year's New Business per share	(S\$)	<b>1.41</b>	1.29	1.13	1.15	0.98
Dividend per share	(cents)	<b>60.0</b>	60.0	60.0	70.0	50.0

1 Operating Profit after Tax is defined as premiums less claims, maturities, surrenders, commissions, expenses and changes in reserves, plus net investment income (dividends, coupons, etc).

2 If translated using the monthly spot rate for 2019, FY20 operating profit after tax would have been S\$732.2 million.

3 Comparative has been restated to conform to current year's presentation.

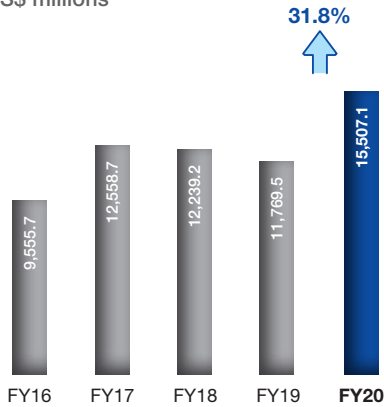
4 The Stock Exchange Prices and Market Capitalisation were obtained from Bloomberg.

5 If translated using the monthly spot rate for 2019, FY20 economic value of one year's new business would have been S\$670.2 million.

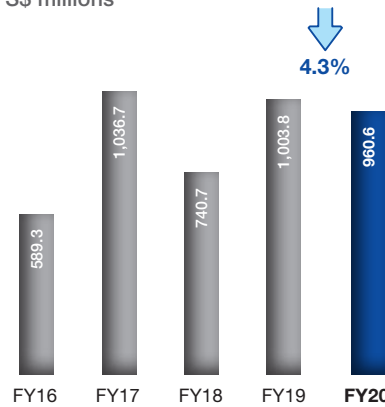
6 The average of the opening (1 January) and closing (31 December) balances of Shareholders' Fund has been used in the computation of Return on Equity.

7 The Basic Earnings per share were based on the Group's Profit Attributable to Shareholders divided by total paid-up shares.

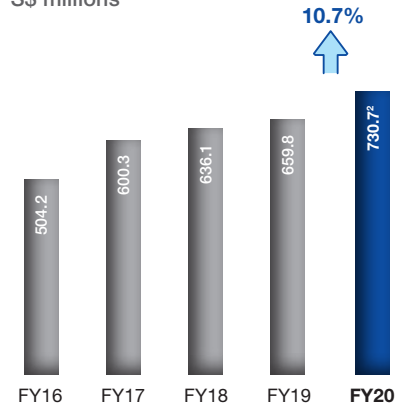
**GROSS PREMIUMS**  
S\$ millions



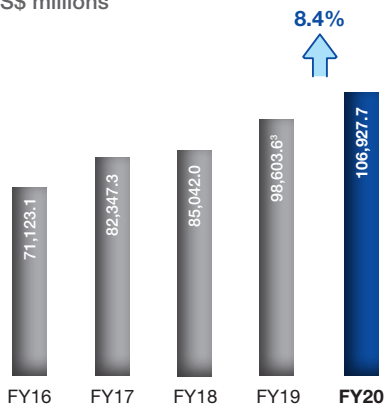
**PROFIT ATTRIBUTABLE TO SHAREHOLDERS**  
S\$ millions



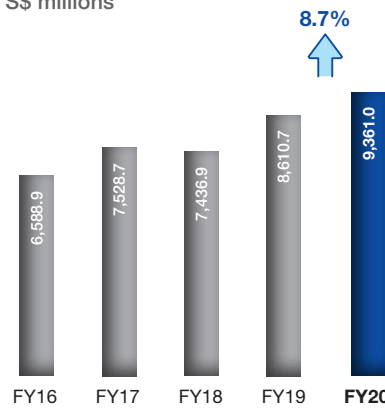
**OPERATING PROFIT AFTER TAX<sup>1</sup>**  
S\$ millions



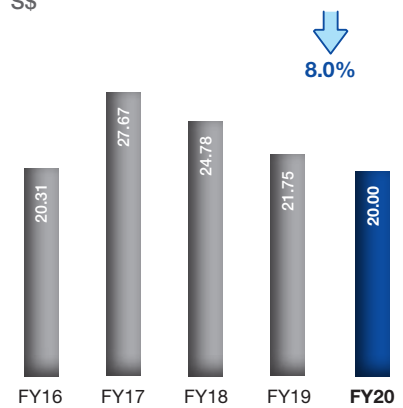
**TOTAL ASSETS**  
S\$ millions



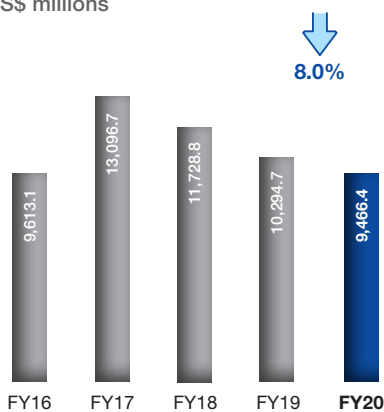
**SHAREHOLDERS' EQUITY**  
S\$ millions



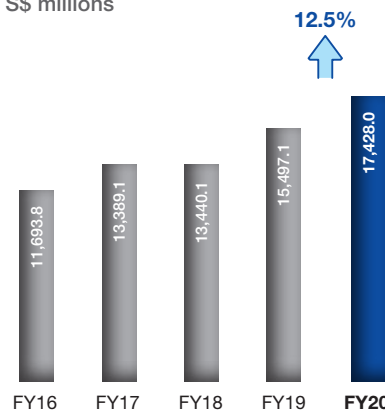
**STOCK EXCHANGE PRICES<sup>4</sup>**  
S\$



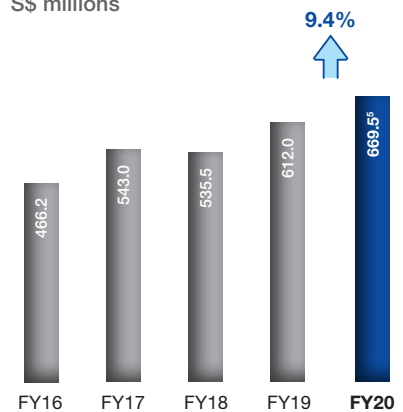
**MARKET CAPITALISATION<sup>4</sup>**  
S\$ millions



**EMBEDDED VALUE**  
S\$ millions



**ECONOMIC VALUE OF ONE YEAR'S NEW BUSINESS**  
S\$ millions



# EMBEDDED VALUE

## EMBEDDED VALUE

An actuarial embedded value is a commonly used technique to assess the economic value of the existing business of a life insurance company. Looking at a company's distributable profits for a year, or even a few years, is not a reliable guide to its long-term economic value. This is because the timing of distributable profits arising from a profitable insurance policy may involve accounting losses in the initial policy years and higher accounting profits in later years that will make the policy profitable overall. The loss in the initial years is due to the initial expenses of writing new business, combined with the need to meet capital requirements. As a result, in any one year, high growth of business may tend to lower distributable profits. Embedded values have therefore been developed as a way to assess the long-term economic value of a life insurance company for the existing blocks of business.

The embedded value of Great Eastern Holdings Limited ("the Group") has been determined using the traditional deterministic cash flow methodology that has been adopted historically for embedded value reporting, and comprises the sum of the value of In-Force Business and the value of the adjusted Shareholders' Funds.

## VALUE OF IN-FORCE BUSINESS

This represents an estimate of the economic value of projected distributable profits to shareholders, i.e. after-tax cash flows less increases in statutory reserves and capital requirements attributable to shareholders, from the In-Force Business at the valuation date, i.e. 31 December 2020. The cash flows represent a deterministic projection, using best estimate assumptions of future operating experience and are discounted at a risk-adjusted discount rate. The use of a risk-adjusted discount rate, together with an allowance for the cost of holding statutory reserves and meeting capital requirements, represent the allowance for risk in the value of In-Force Business together with an implicit allowance for the cost of options and guarantees provided to policyholders. It should be noted that this allowance for risk is approximate and may not correspond precisely with the allowance determined using capital market consistent techniques.

In projecting the value of In-Force Business, the statutory reserve valuation bases and capital requirements are based on the Risk Based Capital framework as set out in prevailing local regulations for Singapore, Malaysia and Indonesia as of 31 December 2020.

In Singapore, the Group's asset management company Lion Global Investors Ltd ("LGI") manages a proportion of the Singapore Life Funds' assets for which fees are

payable from each Fund. In line with generally accepted traditional embedded valuation methodologies in respect of services provided by asset management companies within our insurance group, the present value of profits arising in LGI from the fees paid by Singapore Life Fund is included in the embedded value and new business value of the Group for the year ended 31 December 2020.

## ADJUSTED SHAREHOLDERS' FUND

This represents the value of assets over and above that required to meet statutory reserves, capital requirements and other liabilities.

## ASSUMPTIONS USED

The assumptions adopted for the calculations have been determined taking into account the recent experience of, and expected future outlook for, the life insurance business of the companies involved, i.e. The Great Eastern Life Assurance Company Limited ("GEL") in Singapore, Great Eastern Life Assurance (Malaysia) Berhad ("GELM") and Great Eastern Takaful Berhad ("GETB") in Malaysia and PT Great Eastern Life Indonesia ("GELI") in Indonesia.

Investment returns assumed are based on the long term strategic asset mix and their expected future returns. The risk-adjusted discount rate used is 6.0% for Singapore, 7.75% for Malaysia and 12.5% for Indonesia.

## EMBEDDED VALUE CALCULATION

The value of In-Force Business has been calculated for the life insurance business of GEL in Singapore, GELM and GETB in Malaysia and GELI in Indonesia, along with the adjusted Shareholders' Funds for the Group. The results of the calculations as at 31 December 2020 are as follows:

Embedded Value (\$ million)	Singapore*	Malaysia <sup>^</sup>	Total
Life Business			
Value of In-Force Business	5,712	3,713	9,425
Shareholders' Funds and Non-Life Business			
Adjusted Shareholders' Funds	7,020**	983	8,003
<b>Total Embedded Value</b>	<b>12,732</b>	<b>4,696</b>	<b>17,428</b>

\* Includes GELI

\*\* Includes businesses in Brunei and Hong Kong

<sup>^</sup> Includes GETB.



## ECONOMIC VALUE OF ONE YEAR'S NEW BUSINESS

The economic value of one year's new business, defined as the value of projected shareholder distributable profits from new business sold in the year, is used to determine the estimated value of future distributable profits from new sales. Using the same best estimate, reserving and capital requirement assumptions as those used for the In-Force Business, the economic

value of business written for the year ended 31 December 2020 has been calculated as follows:

Values (\$\$ millions)	Singapore	Malaysia*	Others^	Total
Economic Value of One Year's New Business	361	301	8	670

\* Includes GETB.

^ Includes GELI and Group's regional operations in Brunei.

## ANALYSIS OF CHANGE IN EMBEDDED VALUE (\$\$ MILLIONS)

The chart shows various components accounting for the change in embedded value from the start to the end of the year. The table below the chart provides comparison of the individual components against 2019 analysis results.

	Embedded Value 2019	Opening Adjustment	Operating Assumption Changes	Returns on Shareholders' Funds/Other Businesses	Expected Return on in-Force Business	Value of New Business Written	Operating Experience Variances	Economic and Non-Operating Variances	Dividends Paid	Other Adjustment	Embedded Value 2020
2020	15,497	(4)	7	368	616	670	(258)	757	(284)	59^	17,428
2019	13,440	(28)	75	419	647	612	79	537	(284)	-	15,497

^ Other Adjustment includes implementation of new capital regime (Risk Based Capital 2) in Singapore.

## INDEPENDENT REVIEW

The embedded value, the value of one year's new business and the analysis of change in embedded value during the year were determined by the Group. PricewaterhouseCoopers Southeast Asia Consulting performed a review of the methodology used (based on the traditional deterministic embedded value reporting approach), the assumptions and procedures adopted, the materiality thresholds and limitations and performed a high level review of the results of the Group's calculations.

## SCENARIO TESTING

In addition, some scenario tests were conducted using different investment return assumptions and risk-adjusted discount rates. The results are summarised below:

Values (\$\$ millions)	Base Scenario	Investment +0.5%	Investment -0.5%	Discount Rate +1.0%	Discount Rate -1.0%
Total Embedded Value	17,428	18,131	16,849	16,360	18,810
Economic Value of One Year's New Business	670	739	611	584	782

# BUSINESS REVIEW



## SINGAPORE



In 2020, our Singapore operations comprising Great Eastern Life Assurance Co Ltd (GELS) and Great Eastern General Insurance (GEG), registered an overall good performance despite challenges during the year.

Total Weighted New Business premiums grew 35% to S\$1,053.1 million as a result of a strong performance by our financial representative network and successful well-received product launches. New Business Embedded Value increased by 20% to S\$361.1 million. Our General Insurance business reduced by 9% to S\$150.6 million in gross written premiums year-on-year.

Although we faced challenges brought about by the COVID-19 pandemic, we continued our focus to meet customer needs and expectations through our insurance solutions, professional financial advisory and quality customer service.

The transformation initiatives put in place since 2018 played an important part in helping to drive our business forward during this period. During 2020, we accelerated our transformation efforts to ensure our business operations and service levels continued uninterrupted.

From the onset of the pandemic, we put together a S\$1 million COVID-19 Customer Care Fund to help customers and immediate families with hospitalisation and death benefits if impacted. We further pledged a S\$1 million GREAT Vaccine Fund in January 2021, to provide hospitalisation benefits for customers, employees and financial representatives, and their immediate families in the event of complications arising from approved vaccinations, in support of the nation's vaccination effort.

In 2020, we helped over 2,000 life policyholders continue their policies through the Deferment of Premium Payment Programme announced in April. We also extended support to customers with our travel insurance plans and waived administrative fees for those forced to change their travel plans due to movement restrictions.

To help ease financial strain for policyholders affected by business slowdown, we rolled out measures including a flexible premium payment scheme for our corporate customers.

### **STRENGTHENING OUR DISTRIBUTION CAPABILITIES**

Building on our earlier digital transformation efforts, we empowered our financial representatives to deliver seamless financial advisory services to their customers, and enabled them to more efficiently manage their sales activities during the year.

As one of the first insurers in Singapore to introduce a fully remote advisory and sales process in early March, we were able to provide customers access to continuous financial advisory services on digital channels. We enabled our financial representatives to recommend and share products with customers via personalised online links. Through these links, customers are able to seamlessly purchase these products on our digital platforms. We further simplified the policy application process and shortened response times to allow our financial representatives to conduct their business and complete transactions with greater agility and speed, thus uplifting overall productivity.

Our holistic customer proposition and service offerings, including end-to-end professional advisory, wealth management solutions and priority processing, supported by our Prestige Client Office, allowed us to deepen our penetration in the affluent segment.

On the recruitment front, we stepped up by providing employment opportunities in the insurance sector by reaching out to fresh graduates and mid-career individuals. We conducted virtual Masterclass seminars where our top in-house practitioners shared useful tips with people seeking to make a career change. The success of our recruitment initiatives led to the growth of our representative network to over 5,000 at the end of 2020.

Aside from growing our people footprint, we accelerated our efforts on further strengthening our financial representatives' capabilities. We launched a series of topical training modules online for convenient access throughout the year. We continued to enrol more leaders in a 25-week Agency Management Training Course to achieve the Institute of Banking & Finance (IBF) Level 3 accreditation.

We faced significant challenges in our bancassurance business during the first half of the year, but we saw a strong rebound in the second half of 2020. We worked with our bancassurance partner OCBC Bank to launch remote sales advisory capabilities to equip their sales network to better serve their customers' financial needs. As such, OCBC Bank was able to enrich its sales and engagements through digital, telesales and direct channels.

In 2020, we further strengthened our affinity partnerships to broaden our reach to new customer segments and address customer needs arising from their increasingly digital lifestyle and consumption habits. We worked in collaboration with telecommunications provider Singtel, harnessing their deep customer insights and platforms to launch contextual campaigns for home insurance solutions. With Singapore Press Holdings, we provided insurance for news tablets issued to its digital newspaper subscribers, while ActiveSG members could purchase our insurance solutions via its mobile app.

### **GROWING OUR GENERAL AND GROUP INSURANCE BUSINESS**

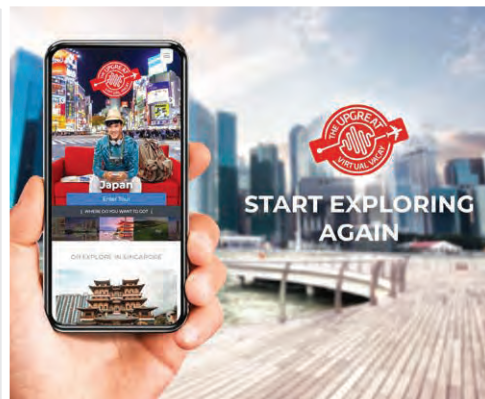
During the year, our General Insurance business demonstrated resilience, driven by our well established and diversified distribution network, focus on retail, and portfolio realignment. We remained steadfast in our effort to digitalise our business model.

With OCBC Bank, we developed relevant propositions to engage customers through its distribution touchpoints. We saw potential in extending our insurance products to its corporate customers, based on their increased interest in coverage for supply chain interruptions, physical assets and health protection for employees, due to the adverse economic environment.

Our Group Insurance business experienced good growth during the year, as a result of our strong relationships with our brokers and distribution partners, and an increased risk awareness among our customers. Our telemedicine solutions for corporate users, established since 2018, also positioned us well, as we saw wider adoption of contactless medical services and use of digital health platforms. We expanded the employee benefits schemes and grew our stable of telemedicine providers to meet the increase in demand from corporate users. By introducing home services for executive health screenings and influenza vaccinations, we were able to deliver greater convenience and safety to them as they continued working remotely.



## BUSINESS REVIEW



# SINGAPORE



### ENHANCING OUR PRODUCT PROPOSITIONS

In 2020, we rolled out innovative insurance solutions to provide comprehensive health-related protection, as well as savings and investment-linked plans.

In line with customers' heightened awareness of protection coverage, we redesigned the Great Flexi Protect series, our flagship series of critical illness whole life plans with the versatility to scale protection coverage and payouts. This enhancement empowered customers to curate critical illness plans that best address their needs. We launched *GREAT Cancer Guard* to provide coverage for all stages of cancer.

As one of Singapore's three approved insurers for CareShield Life supplementary plans, we launched our long-term disability plans *GREAT CareShield Enhanced* and *GREAT CareShield Advantage*, aimed at enhancing protection for customers aged 30 and above.

Amid an increase in dengue cases in the country, we offered *Great Value Protect* with Dengue Fever coverage via online platforms for easy purchase. In addition, we bundled 12 months' complimentary *Dengue Care* coverage for new customers buying selected regular premium life, and accident and health insurance plans.

To support the protection-cum-wealth accumulation needs of our customers, we continued to improve our investment-linked product offerings (ILPs). We enhanced *GREAT Life Advantage*, a comprehensive plan offering both protection and accumulation, with simplified underwriting and more choices of critical illness protection riders, as well as retrenchment waiver benefits to provide added assurance for customers. To enhance the wealth accumulation component of ILPs, we offered our customers access to Great Eastern-Lion Dynamic Funds, for those who want to tap on the expertise of our in-house investment team to manage their ILPs.

During the year, our short-term endowment plan *GREAT SP*, supplemented with hospital cash cover and complimentary telehealth services as added benefits, was well-received by customers.

For our bancassurance customers, we developed a comprehensive ILP which featured a simplified application process. We rolled out a suite of products, including health, savings and term life protection plans, for customers to purchase online via OCBC Bank's digital and ecosystem platforms. In addition, our legacy solutions *PremierLife Generation 3* and *GreatLife Endowment*, developed for the mass affluent, registered strong sales.

In October 2020, Great Eastern was appointed by the Central Provident Fund Board as the sole insurer for its enhanced Dependents' Protection Scheme (DPS) that will be effective from 1 April 2021. We will now play a pivotal role in making insurance accessible to the working population in Singapore, and plan to offer a suite of value-added products and services to DPS members as they come onboard.

### DEEPENING CUSTOMER ENGAGEMENT

Throughout 2020, we connected with our customers on digital platforms, expanding our online activities and building on our brand mission, particularly in the second half of the year.

Health and wellness remained a key pillar in our initiatives to encourage customers to partner with us in their journey towards good health. The FitAge feature was added to GETGREAT, our health and wellness app, to encourage people to track their fitness more holistically. We further boosted customer engagement through our mobile rewards app UPGREAT with more attractive online rewards in dining, lifestyle and shopping.

In the third quarter of 2020, we launched UPGREAT Virtual Vacay. This virtual travel and booking platform aims to address consumers' interest in travel via virtual overseas tours, customised staycation itineraries in Singapore, and provided promotional offers with travel partners.

We launched our Live #Lifeproof brand campaign in July, to reinforce our brand purpose to customers. Our Live #Lifeproof Financial Video Series in October helmed by our financial representatives encouraged customers to embark on better financial planning for health and retirement. We also celebrated our first #Lifeproof Virtual Challenge to replace the physical 15th edition of Great Eastern Women's Run in November.

To engage next-generation customers, we partnered with trending influencers in our #Lifeproof Next Gen webinar series which ran from August to December. This series aimed to impart life skills to fresh graduates and those new to the workforce in the areas of financial literacy and focused on helping them with professional competencies. We further conducted client webinars on investment, lifestyle, and health and wellness topics to keep them up-to-date on current topics and trends.

We additionally created a Life Hacks content microsite to engage potential new customers with interesting stories on how to best pursue financial freedom with early planning.

### DELIVERING QUALITY CUSTOMER SERVICE

During the year, we remained fully committed to providing continuous access to quality services across multiple touchpoints to address our customers' needs, with health and safety measures put in place.

We embarked on new initiatives and continued to invest heavily in technology to provide our customers with seamless access to our products and services. From as early as February, customers could purchase a suite of selected products seamlessly online with MyInfo, which helped facilitate customer identification and auto-population of personal information with ease. Customers who made their purchases via our digital platforms could also receive post-sales servicing and advice from their assigned financial representatives.

To provide 24/7 accessibility to our services, we launched Great Eastern App to provide our customers with the convenience and visibility of their policies anytime, anywhere. With this app, customers have the ability to make service requests directly on their mobile devices, and manage their policies.

Continuing with our efforts to enhance customer experience, we implemented corporate PayNow to allow customers to make premium payments conveniently on our E-Connect platform, and strengthened Health Connect to encourage our Integrated Shield customers to increase usage of our specialist panel for their healthcare needs. Additionally, we implemented the Predictive Underwriting Model for life and critical illness products which enabled us to serve our customers with greater speed and efficiency.

# BUSINESS REVIEW



## MALAYSIA



Our Malaysian operations remained resilient amid challenges from movement restrictions and safe distancing measures to contain the virus.

Total Weighted New Business premiums from Great Eastern Life (Malaysia) Berhad (GELM) and Great Eastern Takaful Berhad (GETB) grew 4% to RM1,421.7 million (S\$466.8 million) as compared to 2019. New Business Embedded Value was similar to prior year at RM915.4 million (S\$300.8 million). Great Eastern General Malaysia Berhad (GEGM) achieved 1% growth in gross written premiums of RM527.0 million (S\$172.9 million).

With COVID-19 impacting almost all areas of life in 2020, we continued to place our customers as our top priority with various initiatives introduced to support those impacted, while ensuring our customers' protection and financial needs were met.

To help our customers and their family members diagnosed with COVID-19, we pledged RM2 million through our Financial Assistance Programme and supported over 1,000 people. We further assisted approximately 1,470 policyholders to continue their insurance coverage by deferring their regular premium payments for three months. We supported the COVID-19 Test Fund initiated by Malaysia's Ministry of Health by allowing each of our medical insurance policyholders and takaful certificate holders to apply for reimbursement up to a maximum of RM300 for COVID-19 testing. In addition, we instituted flexible premium payment schemes for our corporate customers whose businesses had been adversely impacted by COVID-19.

### OUR CONVENTIONAL LIFE INSURANCE BUSINESS MAINTAINED LEADERSHIP POSITION

Despite challenges brought about by the COVID-19 pandemic, our financial representative network displayed resilience and agility, adapting quickly to the new norm of sales advisory. We were quick to introduce a fully remote insurance sales advisory process, enabling our representatives to provide

uninterrupted advisory services to their customers via digital platforms. Our suite of guaranteed issuance offer products and affordable medical plans were well-timed to meet market demand.

To ensure we continue to uplift the professionalism of our representatives, our Centre for Excellence implemented a blended learning approach involving e-learning, virtual classroom training and webinars. We conducted over 500 virtual classroom trainings for almost 32,000 participants. At the same time, the Leadership Development Faculty delivered programmes to upskill our newly appointed agency leaders with technical competencies.

Throughout the year, it was equally important for us to stay connected with our representatives. We launched Great Events via Facebook to connect and share important updates with a closed group of over 10,600 representatives. In July, we hosted the largest webinar to engage and motivate our representatives.

Social media platforms were the key enablers helping to magnify our recruitment programmes to over 2.7 million people. We also organised physical and virtual employment workshops for graduating students to promote insurance as a career option.

Our bancassurance partner OCBC Bank implemented remote sales advisory, enabling its sales team to continue to engage and effectively service the customers. In addition, it launched a legacy customer campaign to promote legacy planning to customers, and a skills uplift programme for their sales network to improve productivity.

During the year, we deepened our affinity partnership with Axiata Digital. We offered customised segment-aligned insurance solutions via their digital platforms.

Our Group Insurance business also showed resilience as we continued to strengthen our engagement activities with policyholders and distribution partners, contributing to the growth in our business.

### Enhancing our customer propositions

In early 2020, we launched *Great Generation Care*, the first insurance plan in Malaysia to provide comprehensive critical illness protection for three generations in a family under a single plan, with complimentary critical illness/child illness coverage. The plan additionally offered an optional *Parent Protect Rider* with no medical underwriting required, covering the customer's parents against Alzheimer's disease, cancer, and Parkinson's disease.

We further strengthened our health solutions through our new offerings. We launched new investment-linked riders, namely, *SmartMedic Million* that provides comprehensive medical and hospitalisation benefits; and *Smart Multi Critical Care* that provides comprehensive critical illness coverage and special benefits for diabetes and mental illness, and encompasses multi-claim features.

Amid the implementation of movement restrictions and safe distancing measures, we offered a suite of affordable protection plans (*Great Love4U*, *Great 80 Care* and *Great Life Gift*) with simplified application process, with a simplified application process and no medical underwriting requirement.

In collaboration with Boost e-Wallet, we launched *Hospicash*, which offers hospital cash allowance; and *Protect Super6*, providing accidental death, critical illness and bereavement benefits for adventure seekers. In November, we launched the first-ever redeemable insurance in Malaysia on the Boost app. Through its loyalty rewards programme, Boost users are able to purchase our protection plans using Boost Coins. One featured product under this initiative is *LifeProtect*, a life insurance plan providing additional financial assistance upon diagnosis of COVID-19.

### Deepening customer engagement digitally

We launched the "Discover Greatness" to engage with our customers and the community in August. The campaign aimed to encourage the community to live healthier and better, our customers to achieve financial security and prepare ahead for uncertainties, and our employees and financial representatives to realise their full potential with us. Our campaign video generated almost 2 million views within 1.5 months.

To navigate the health journey of caring for ageing parents and to debunk myths about childhood vaccines, we organised a Great Wellness Webinar for our customers and the community. We collaborated with Pantai Hospital Ampang specialists to give talks on "Caring Across Generations", where we promoted our insurance solution *Great Generation Care*.

In December, we launched UPGREAT Malaysia to drive greater digital engagement with customers, bringing them exclusive dining, lifestyle and shopping rewards seamlessly via the app.

# BUSINESS REVIEW



UP GREAT



## MALAYSIA



### GROWING OUR TAKAFUL BUSINESS

In 2020, our Takaful business continued to deliver strong growth supported by our product offerings and the strength of our financial representative network.

We empowered our representatives to provide quality service and meet customers' needs more efficiently through the use of self-service portal, i-Great Partner.

Responding to increased concerns about job losses and pay cuts caused by COVID-19, we organised webinars featuring reputable speakers to motivate and inspire Malaysians, and to promote takaful as a viable career option.

To help support our bancatakaful business, we initiated webinars on financial planning towards building a resilient wealth portfolio for customers of selected bank partners.

### Enhancing our customer propositions

Our takaful solutions were well-received during the year as we continued to curate relevant products to meet customers' evolving needs.

In the first half of 2020, in view of heightened demand for protection, especially medical cover, we re-launched *i-Great Harapan Plus* and *i-Great MediHarapan*, a standalone medical plan, which saw strong take-up by customers. Riding on strong market demands, we also launched *i-Great Evo*, a comprehensive plan which provides medical and critical illness protection, hospitalisation benefits and personal accident coverage; and *i-Great Neo*, a high coverage protection plan to help customers in retirement and legacy planning.

For our bancatakaful partner OCBC Al-Amin, we launched *Family Gift-I*, which offers protection benefits to immediate family members without additional medical underwriting requirements.

We also strengthened our product pipeline for affinity partners, offering segment-aligned insurance solutions via Axiata Digital's platforms.

Progressing in our mission to provide more people with protection solutions in Malaysia, we moved into our second year as the takaful operator for Malaysia's *mySalam* government scheme to deliver coverage to those in lower income households (B40). We made strides in education and awareness through our kiosks at public and university hospitals across the country, and have seen a marked increase in the number of policyholders benefitting from this scheme in 2020.



### Strengthening our customer support and engagement

We have implemented several sustainable initiatives focused on operational efficiencies, and providing greater convenience for our customers by introducing more payment options such as e-payments.

To better serve customers' needs, we implemented GETCare app for our medical card customers. Through the app, our customers can conveniently access information relating to their medical coverage, such as the balance of their medical coverage limits and the list of panel hospitals near them.

We rolled out Great ID to provide convenient customer access to i-Get In Touch, our self-service online portal, which enabled them to seamlessly check their certificate details and claim status, and perform online transactions such as nominations, fund switches and payment mode changes.

Even as the government implemented movement restrictions and safe distancing measures, we were able to leverage our digital tools such as MPOS and GETsetGo to engage with our customers virtually, and our representatives were able to continue to support their protection needs.

### GROWING OUR GENERAL INSURANCE BUSINESS

Our General Insurance business remained resilient in the face of COVID-19, mainly driven by the growth in commercial business and our diversified distribution network. Despite the pandemic's severe impact on the demand for travel and motor sales, we maintained our focus on further strengthening our retail business through the launch of new products and deepening our affinity partnerships.

We worked in close collaboration with Axiata Digital to offer insurance solutions to complement their service offerings, and launched segment-aligned solutions via their digital platforms. Our partnership with Malindo Air to provide customers with easy access to travel insurance delivered reasonable performance, despite being impacted by the reduced demand for travel due to the pandemic.

### Enhancing our customer propositions

Curating protection solutions for young adults with active lifestyles, we launched *EasiMed Active* for those aged 40 years and below, which provides coverage for mental illnesses and optional benefits for outpatient chiropractic and injury sustained due to hazardous activities.

We expanded our motor offerings with add-on benefits such as the Inconvenient Car Courtesy allowance, which provides an allowance in the event of car breakdowns; Special Perils benefit for additional protection against unexpected natural disaster events; and Hospital Income allowance to provide an allowance in the event of hospitalisation due to vehicle accidents. We also enabled customers to purchase *Flexi Transit Protection*, which offers personal accident coverage via street parking payment solution app Flexi Parking. We further enhanced *Great Shield Home* to include complimentary windstorm damage cover for selected outdoor fixtures and fittings, and offered two new chargeable options that provide coverage against accidental breakage of plate glass in buildings and increased limit of liability.

## BUSINESS REVIEW



## EMERGING MARKETS

### INDONESIA

Due to the COVID-19 pandemic, the year 2020 started out as a challenging one for our Indonesia operations comprising Great Eastern Life Indonesia (GELI) and Great Eastern General Insurance (GEGI). However, we saw good recovery in the second half of the year.

Despite challenges, we stayed focused on providing customers' insurance needs, while prioritising health and safety. We responded swiftly to economic and operational challenges, and stepped up support to help our customers who were impacted by COVID-19 through our IDR10 billion Care Fund Programme.

Like other markets, we quickly adapted and redesigned our sales processes to ensure business continuity, and responded to our partners' and customers' needs and expectations. We were quick to pivot our online platforms to enable continued interactions and access to financial advisory services to fulfill our customers' insurance needs. The launch of digital signatures through Indonesia's government recognised Privy ID platform further facilitated seamless insurance transactions.

In June, we expanded our bancassurance distribution channel by strategically partnering with Bank Muamalat Indonesia to provide Shariah product *Asuransi Great Hasanah Pembiayaan* to their housing loan customers.

We enhanced our digital sales capabilities during the year to support our distribution network. Great Advice was launched to help them engage more effectively with customers, while Great Eastern Mobile Assistance, a new WhatsApp-based servicing channel, gave customers a wider range of remote service options, and GoGREAT! augmented the customer engagement experience.

To enhance our service offerings and reach new segments, we forged new strategic affinity partnerships. We partnered with Axiata Digital Services Indonesia to offer customised segment-aligned insurance solutions via its Boost and Aspirasi platforms. Together with leading technology-based insurtech firm Qoala and e-payment platform Linkaja, we collaborated to bring simple and affordable insurance solutions to the market. We launched a telehealth service with the YesDok mobile app for group insurance and individual customers who purchased *Great Optima Link* and *Great Health Cover Rider*.



During the year, we expanded our product offerings to holistically address our customers' protection and wealth management needs. This included *Great Pro Assurance*, *Great Saver Assurance*, *Great ProInsure Hospital* and *Proteksi Diri*. These products helped to drive positive sales momentum for both our affinity partners and bancassurance partner, Bank OCBC NISP.

In our General Insurance business, our focus on retail business and on strengthening relationships with local and international distribution partners contributed to the improved business performance in 2020. During the year, we strengthened our bancassurance partnership with Bank OCBC NISP and built digital affinity networks.

In 2020, we focused on upgrading internal capabilities to provide an end-to-end digital journey for our financial representatives and customers, and to integrate our platforms with affinity partners via the API ecosystem. These upgrades will enable seamless online purchases and electronic endorsements, and provide ease of online claim submissions.

## BRUNEI

For the year 2020, we focused on ensuring that customers had uninterrupted access to our insurance solutions and professional financial advisory services in Brunei. We implemented remote sales advisory to ensure our financial representatives could continuously engage customers, and strengthened our sales support.

Responding to the COVID-19 pandemic, we put together a B\$50,000 support package to help impacted customers and provided financial relief through the Deferment of Premium Payment programme for those affected during this challenging period. At the same time, we included COVID-19 related medical and death claims in selected insurance products for customers. Our new endowment plans *GREAT SP*, a single premium plan and *Flexi Goal*, a regular premium whole life plan, were well-received by customers.

During the year, we continued to strengthen the skillsets and product knowledge of our financial representative network. We conducted regular training sessions and activities to enhance their professionalism and advisory skills, and helped them build product competencies. We were able to continually connect with our financial representatives via online channels to keep them engaged throughout.

To grow our financial representative network, we launched the Agents of Life campaigns on social media channels and this garnered a good response.

# HUMAN CAPITAL



## CULTURE BEATS



While the COVID-19 pandemic has changed how we work, we have continued to actively pivot our strategies to ensure business continuity while keeping our employees safe and engaged. During the year, we kept our long-term focus on building a future-ready workforce and our commitment to create a supportive workplace where our employees thrive and are engaged.

### TRANSFORMING WORK PROCESSES

COVID-19 accelerated the digitalisation of our human resource processes to enable continuity in our operations to serve our customers. From early 2020, we implemented split operations starting in Singapore and progressively across our regional offices to safeguard the safety of our employees and manage operational risks. We expanded our IT infrastructure and capability to also enable work-from-home arrangements, with employees working remotely with the required tools and resources without compromising productivity.

We also digitalised other aspects including recruitment, where we implemented a seamless online experience from interviewing candidates through to contract-signing. In Malaysia, digitalised processes included performance management and talent management via a cloud-based technology system, to enhance operational efficiencies and to streamline the human capital processes.

In Indonesia, we set up the Human Resource Information System (HRIS) in October, which enabled employees to manage their human resource requests such as applying for leave and checking their leave balances and e-payslips. To keep employees safe, we implemented an Intelligent Temperature Checking system to communicate information directly to HRIS for real-time tracking of employees' temperature readings and absences.

As part of our wider workplace transformation initiative, we started piloting flexi-work arrangements and correspondingly explored workspace redesign, to test a new future of work for employees in Singapore. We completed the pilot for a collaborative workspace on one office floor with video conference facilities, meeting rooms with wireless projection, open concept collaboration spaces for brainstorming, and flexi-workspaces. The pilot was put to the test during the year, and will foreseeably be rolled out to other regional offices progressively in 2021.

### ENGAGING EMPLOYEES

Despite the constraints on physical interactions due to COVID-19, we continuously engaged our people. To onboard new employees, we had a combination of e-learning modules and face-to-face orientation sessions with designated senior leaders, including career planning workshops in Singapore. Virtual orientations were held to onboard new employees at our regional offices.

In August, we celebrated our 112th anniversary in Singapore with a month-long campaign Life@112, a weekly workout challenge for employees to keep fit. We also conducted

other engagement activities such as virtual baking classes or mask-making workshops.

Our Indonesian offices, Great Eastern Life Indonesia and Great Eastern General Insurance Indonesia, celebrated their 24th and 26th anniversaries respectively, where all employees received a “tumpeng”, an Indonesian cone-shaped rice dish with side dishes of vegetables and meat delivered to their homes to thank them for their contributions to the company’s success.

With a strong focus on organisational health and wellness throughout the year, we encouraged employees to own their wellness under the LIFE Programme. Since 2013, participation in this voluntary programme has grown by over 70% for employees in Singapore and Malaysia, and over 50% for Indonesia.

In Singapore, we distributed fruit and delivered specially-made Great Eastern masks to all employees in July. In Malaysia, we distributed masks, organised a two-month Immunity Boosting and Hygiene Campaign in March to share immunity and hygiene tips, and also gave fruit and hand sanitisers to employees. In Indonesia, we prepared masks and hand sanitisers, as well as held a webinar series, “Inspiring Wednesday”, which covered topics such as mental wellness and enhancing virtual productivity for employees.

## INSTALLING VALUES AND DEVELOPING A FUTURE-READY WORKFORCE

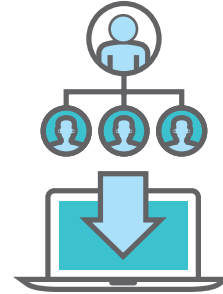
### *Integrity, Initiative and Involvement.*

These are core values which we want to imbue in all our employees to live out at work every day. We launched our #mygreatculture programme to share actionable ways with employees, building on our foundational culture programme in 2019.

We introduced a set of Generic Skills and Competencies (GSCs) identifying soft skills such as Leadership, Exploring Possibilities and Decision-Making to embed a values-based ethos in our employees in 2020. Close to 95% of people managers participated in the managerial workshops and 100% of employees completed the e-learning module. These workshops and e-learning modules were also rolled out in Malaysia and will be progressively introduced across our offices in the region. To creatively engage and keep our values top-of-mind with employees, we created WhatsApp stickers, new lanyards and incorporated our three ‘I’s into the design of our new Great Eastern T-shirts across our markets.

Going forward, we will include the GSCs into our assessment tools to facilitate hiring and employee performance appraisals, so as to create a holistic programme to build the desired behavioural attributes in our workforce.

## GENERIC SKILLS AND COMPETENCIES



# 95%

PARTICIPATION BY PEOPLE MANAGERS IN MANAGERIAL WORKSHOPS

# 100%

E-LEARNING MODULE COMPLETION RATE

As a company that cares, we were fully committed to providing job opportunities for graduates and job seekers in 2020. In Singapore, we offered over 100 traineeship positions to graduates and internship opportunities for over 100 students, and recruited over 300 corporate staff who included mid-career individuals.

In spite of COVID-19, we continued to invest in people development by arranging “on-the-go” and “bite-sized” e-learning modules via LinkedIn Learning to drive continuous learning on digital platforms, workshops and webinars for employees to upskill so as to be future-ready. We organised a month-long #FutureReady Virtual Learning Carnival across all offices. We had an exciting line-up of 15 webinars with Google, KPMG, Facebook, Microsoft and others to cover topics such as Sustainability, Cybersecurity and InsureTech, for employees to have self-paced learning experiences.

We also introduced learning frameworks for employees to take up work-related courses to further develop their careers with us. Our Indonesian teams arranged training workshops and professional accredited courses in Risk Management and General Insurance for employees to enhance their professional competencies.

## SUSTAINABILITY EFFORTS

We embraced sustainability in our human resource processes. Our October #FutureReady Virtual Learning Carnival was part of our wider effort to educate employees about sustainability and to encourage the adoption of sustainability practices. We introduced three webinars on this topic and are planning more on this front. To positively impact the environment, we will be digitising to eliminate paper usage to move towards becoming a sustainable company.

# CORPORATE SOCIAL RESPONSIBILITY



Great  
Eastern  
cares



As a leading regional insurer and a responsible corporate citizen, Great Eastern is committed to making a difference in the communities where we operate. Even as we deliver our best to our customers, we strive to bring about positive and lasting changes in the communities through meaningful initiatives organised across the Group under Great Eastern Cares.

In 2020, many countries were greatly impacted by COVID-19. A key focus for us was to provide support to the needy and vulnerable who struggle with their daily needs. The pandemic also significantly impacted the types of activities that could be organised to reach out to the communities, within constraints of movement restrictions across Singapore, Malaysia and Indonesia, with most activities and fundraising efforts conducted through online channels.

As the pandemic eases and as countries gradually regain normality, we will strive to encourage active volunteerism among our employees and financial representatives to support the disadvantaged, and support health and wellness.

## SINGAPORE & BRUNEI

COVID-19 escalated into a global pandemic at the start of 2020. In Singapore, we contributed S\$200,000 to the Community Chest's Courage Fund to support vulnerable individuals and groups such as patients and healthcare workers.

Our employees and financial representatives additionally raised S\$265,000 through the Great Eastern Cares Community Fund to bring relief to beneficiaries, particularly the elderly and low-income families, supported by AWWA, Care Corner Singapore and New Hope Community Services. We provided them with critical essentials such as hot meals, food supplies, medicine, hardship subsidies and shelter for the displaced.

While we were unable to hold our signature Great Eastern Women's Run (GEWR) due to COVID-19, we continued to help women in their health and wellness journey with curated fitness and healthy living content and tips on our social media platforms. From 1-8 November, we organised the first GEWR #Lifeproof Virtual Challenge where participants could select the 5 km, 10 km, 21.1 km or the popular Mummy + Me 2 km run with their daughters, share their results on our social media platforms and win attractive prizes. The virtual challenge was well received, especially by regular GEWR participants, and close to 300 submitted their entries.

To help the GEWR community and general public with their financial health, we launched the Live #Lifeproof Financial Video Series in October and November to provide tips on how they can better plan their finances. We covered topics such as how to safeguard your health, secure your child's future and how to retire comfortably.

In Brunei, our financial representatives and employees contributed funds to purchase gifts such as clothing, stationery and books, and delivered them to the young patients at YASKA Children's Cancer Foundation. In addition, we donated

B\$10,000 to the Ministry of Health to build a therapeutic healing garden at a psychiatric centre in Kiarong to help patients during their recovery.

## MALAYSIA

To reduce the burden of rising food prices and necessities brought about by the pandemic, we donated AEON gift vouchers worth RM25,000 to 10 Jabatan Kebajikan Masyarakat (JKM) children's homes during Deepavali and Christmas for groceries and essential items. We also provided packed meals to five JKM children's homes during Christmas to spread the festive cheer. More than 560 underprivileged children benefitted from the two activities.

Responding to COVID-19, the company donated funds to purchase masks and personal hygiene items for school children from low-income families at Sekolah Rendah Agama Al-Alusi in Kuala Lumpur, and made a cash donation of RM10,000 to the elderly home Pertubuhan Kebajikan Orang Tua Cacat Dan Kurang Upaya Taman Connaught to support the home's utilities and rental, as well as provide the senior residents with masks and other daily essentials.

Strengthening our efforts to help the impoverished community in Kampung Orang Asli Sungai Gabong, we contributed 1,500 kg worth of essential household items such as cooking oil, rice, flour and personal hygiene items to the families in June. To enable the villagers to better support themselves, we engaged an expert from the local agriculture department to provide a talk on best farming practices.

We continued to support underprivileged children through Program Aspirasi Gemilang 'A' which was started in 2014, rewarding children who scored an 'A' grade in their national examinations with an incentive of RM100. The programme awarded RM7,700 to 54 children in 2020. To-date, we have awarded more than RM75,000 to children from underprivileged homes across Malaysia and motivated them to study hard and to do well in their examinations.

In addition, we donated RM10,000 to support patients who require palliative care through our participation in the Hospis Malaysia virtual run, and RM3,000 to Cancerlink Foundation to support cancer patients.

In recognition of our efforts to make a difference in the community, we received the Sustainability & CSR Malaysia Awards 2020, which honours outstanding corporations in Malaysia that have excelled in the role of being change agents in the socio-economic transformation of Malaysia.

CONTRIBUTED OVER

**S\$500,000**

ACROSS THE REGION TO HELP THE VULNERABLE



We also received the Corporate Social Responsibility award at the Malaysian Takaful Association's Annual Awards as well as the CSR Initiative of the Year Award at Insurance Asia Awards for our work with the Kampung Orang Asli Sungai Gabong community.

## INDONESIA

To raise funds for communities affected by the pandemic, we collaborated with our affinity partner, BookMyShow, to organise an online music concert "Great Music for a Great Cause" in May. The concert featured the famous Indonesian singer, Rendy Pandugo. All donations were channelled to Indonesia Food Cycle Foundation to support those in need of food, such as street hawkers, the homeless and orphans.

We distributed over 6,000 T-shirts to 30 foundations and orphanages across eight cities in September and October, to provide the children with new clothing at a time when most foundations were receiving reduced support from donors and the wider community.

To improve the quality of life for the needy and disadvantaged, the company supported renovation projects for the Griya Werdha elderly home in Surabaya and Yayasan Tat Twam Asi orphanage in Bali. Apart from helping the homes with their repairs, we improved their living environment and facilities, and increased safety measures such as building secure fences for the safety of the residents.

Focusing on health and wellness, we conducted a series of online health and financial talks, as well as fitness sessions for employees of Bank OCBC NISP during the year. Close to 1,000 participants attended the 13 talks held throughout the year and topics included mental wellness, nutrition and financial planning, while over 300 participants joined fitness sessions such as body combat, yoga and zumba.

To support financial inclusion month in October, we partnered Goala and Akseleran to organise an online financial literacy webinar for millennials. We also conducted insurance webinars for 70 women and youths from the Youth Association and Women Association in Batam, and for 100 students from SMA Pelita Kasih Makassar Senior High School to build awareness of financial planning.

# YEAR IN REVIEW

(HIGHLIGHTS)



## JANUARY

- GELS launched the Great Kick-Off event, themed “New Era: Yours to Conquer” for over 2,500 financial representatives at the Singapore Expo
- GELS launched the #Lifeproof brand campaign and two new products, *GREAT Term* and *GREAT Protector Active*
- GELM launched *Great Generation Care*, the first-in-the-market critical illness plan that protects three generations of a family under one policy
- GETB was listed in 2020 Malaysia Book of Records for “The Largest Participation for Inflatable Obstacle Challenges” in conjunction with Takaful Headstart 2020 with almost 2,000 participants
- GELI collaborated with RMI, its business partner to distribute *CareCash Protection* and conducted the Lucky 8 Promo events at all Hypermart stores in Indonesia
- GELI marketed *Great Protection Guard*, *Great Medical Cover* and *Great Medical Assurance* through Qstore
- GEGI hosted the Agency Kick-Off and Open Day 2020 in Jakarta and in Surabaya
- GELB hosted the Great Kick-Off for Agency and Banca at Radisson Hotel

## FEBRUARY

- GELS pledged a S\$1 million support package to help customers affected by COVID-19 and donated S\$200,000 to the Community Chest’s Courage Fund
- GELS signed a partnership agreement with Singtel to launch a range of general insurance products spanning home and motor insurance
- GELS launched *GREAT Value Protect* on Shopee, which offers daily hospitalisation allowance for hospitalisation due to Dengue fever or COVID-19
- GELS made available simple and annually-renewable insurance products such as personal accident plans, health, savings and term life protection plans for customers to self-purchase online
- GELS brought FitAge to the GETGREAT App, to provide users with a more holistic gauge of their health and fitness levels and to motivate them to pursue a healthier lifestyle
- GELM, GEGM and GETB jointly pledged RM2 million under the Financial Assistance Programme to help customers affected by COVID-19
- GELM partnered with OCBC Bank to launch the legacy customer campaign to attract more customers to purchase legacy products
- GEGM rolled out the e-Merimen Claims online solution for customers

## MARCH

- GELS and GELM introduced remote advisory services for a seamless customer experience
- GELS developed a protection investment-linked insurance plan to provide its bancassurance customers both protection and wealth accumulation through OCBC Bank
- GELM introduced a remote insurance sales process via the MPOS app in response to the Movement Control Order
- GELI conducted the first Indonesia Women’s Run at Scientia Square Park, Serpong
- GELB pledged B\$50,000 support package under the Customer Care Fund to support their customers in Brunei

## APRIL

- Our Singapore and Malaysia offices extended the Deferment of Premium Payment Programme to help customers who were financially affected by COVID-19, to continue their insurance coverage
- GELS launched *GREAT Cancer Guard* aimed at covering all stages of cancer for customers with simplified health declaration requirements



## DEFERMENT OF PREMIUM PAYMENT PROGRAMME

FOR POLICYHOLDERS WHO ARE FINANCIALLY AFFECTED BY COVID-19



### MAY

- GELM embarked on a 100% ePolicy journey to enable policyholders to access their policy information anytime and anywhere through its customer portal, eConnect
- GELM relaunched *Great Love4u*, an affordable life plan to help bridge the life protection gap in Malaysia
- GEGM made available more virtual trainings and e-learning modules for the financial representatives in view of the pandemic COVID-19 situation
- GEGM held a virtual dialogue with financial representatives highlighting business insights, strategies and best methods to cope with the COVID-19 pandemic
- GEGM enhanced *GREAT Shield Home* coverage with no additional premiums to ensure home owners are sufficiently protected against any uncertainties
- GELI launched the COVID-19 Customer Care Fund and dedicated IDR10 billion to help our policyholders who were impacted by COVID-19
- GELI launched an official corporate WhatsApp platform, the Great Eastern Mobile Assistance (GEMA), as a new communication channel to customers

### JUNE

- GELS employees and financial representatives raised S\$265,000 to help the beneficiaries supported by AWWA, Care Corner Singapore and New Hope Community Services through the Community Chest
- GELS strengthened partnership with Doctor Anywhere to bring affordable online and offline general practitioner consultations island-wide to Integrated Shield policyholders
- GETB launched a Go Green Initiative by replacing physical newsprint with digital copies to reduce carbon footprint
- GELI collaborated with BookMyShow partner in an online charity music event "Great Music for a Great Cause" as part of Great Eastern Cares programme, to raise funds for those in need
- GELI launched the *i-Great Heritage Assurance* plan, a Shariah life insurance product
- GELI collaborated with Bank OCBC NISP to conduct an online "Maintaining Financial Health Amidst the COVID-19 Pandemic Situation" talk for employees
- Great Eastern Holdings Limited (GEH) announced a strategic investment of US\$70 million in Axiata Digital's financial services business
- GELS offered over 300 traineeships and internships and 1,000 financial representative openings to graduates, students and job seekers
- GELS launched the Great Eastern App to give customers 24/7 access and active management of their insurance and investment-linked policies
- GELS launched *GREAT Comprehensive Care* that offered hospitalisation income, personal accident coverage and outpatient care in a single policy, for freelancers and gig economy workers
- GELM launched *Great 80 Care* to help its customers plan for their golden years
- GETB delivered care packages of essential hygiene and sundry items to 400 villagers in Kg Orang Asli Sungai Gabong, Bentong Pahang
- GELI rolled out the Online Digital Sports programme for Bank OCBC NISP employees
- GELI partnered with YesDok and launched the Xtra Great Programme to provide telemedicine services
- GELI launched a strategic partnership with Bank Muamalat Indonesia to market *Asuransi Great Hasanah Pembiayaan* for its customers

# YEAR IN REVIEW

(HIGHLIGHTS)



## JULY

- GELS organised its first virtual Mid-Year Boost event for financial representatives
- GELS partnered RebateMango to launch a new dimension of rewards for online shopping on the UPGREAT app
- GELS provided 12 months' complimentary *Dengue Care* coverage for new customers who purchased selected regular premium life policies, and accident and health insurance
- GELM contributed RM7,700 to 54 underprivileged children in homes under Jabatan Kabajikan Masyarakat (JKM) as part of its ChildrenCare programme under the education pillar, Aspirasi Gemilang 'A'
- GELM organised "I WANT TO FLY", its largest webinar ever with more than 3,500 financial representatives joining
- GETB hosted a nationwide webinar titled #GETAhead featuring reputable motivational speakers to provide career advice to displaced Malaysians affected by the pandemic
- GETB held financial planning webinars for selected bank partners' customers to grow their wealth
- GETB conducted a Leadership Excellence Acceleration Programme (LEAP), Developing Resilience in Challenging Times
- GELI signed a partnership with Optik Melawai, one of the biggest optic chains in Indonesia

## AUGUST

- GEH launched the 112th anniversary videos on 'superhero' mums and dads that featured staff and financial representatives from across the region
- GELS and GELM celebrated their 112th anniversary with souvenirs and month-long activities for staff
- GELS organised the first of its Lifeproof Next Gen webinar series to impart life skills such as financial literacy and professional competencies to the new-to-workforce
- GETB launched *Family Gift-i*, a family protection plan which extends protection benefits to family members without the need to apply for the plan or undergo any medical underwriting
- GETB conducted a Shariah Registered Financial Planner Certification programme
- GETB contributed two cows for the armed forces personnel and their families outside Kuala Lumpur as part of its Hari Raya Aidiladha celebrations
- GETB donated funds to purchase masks and hand sanitisers to Sekolah Rendah Agama Al-Alusi, Kuala Lumpur
- GELI celebrated its 24th anniversary with launch of its #SiapJalaniHidup campaign
- GELI launched a partnership with Qoala and launched the *Great ProInsure Hospital* plan

## SEPTEMBER

- GELS launched UPGREAT Virtual Vacay, a new virtual travel and booking platform to bring customised travel experiences and benefits to consumers
- GELS redesigned its series of critical illness whole life savings plans, *GREAT Flexi Protect* series, to fit various customers' needs
- GELM launched *Smart Multi Critical Care*, a critical illness plan that provides comprehensive coverage against 180 conditions
- GELM also introduced *SmartMedic Million*, a medical and hospitalisation plan
- GELM Agency Recruitment Department organised soft skills and employability workshops under the Great GEN initiative at Asia Pacific University
- GEGM expands the choice for motor add-ons for Third Party Fire and Theft coverage in line with the Phased Liberalisation of Motor and Fire Tariffs

- GELI held an online Bancassurance Annual Award for Top Financial Advisors and Regional Business Manager to celebrate their achievements in 2019
- GELI conducted the soft launch for GoGREAT! Sales Website
- GELI collaborated with Qoala to conduct an online financial literacy session on the importance of being insured during the COVID-19 period
- GEGI celebrated its 26th anniversary by distributing over 6,000 T-shirts to 30 charities

## OCTOBER

- GELS appointed as the insurer for the Dependants' Protection Scheme by the Central Provident Fund Board for the next five years, from April 2021
- GELS launched *GREAT CareShield* disability insurance plans and worked with artistes with disabilities for the Live #Lifeproof with *GREAT CareShield* campaign
- GELS held the virtual Achievers Recognition & Final Sprint 2020 event for its financial representatives
- GELS created the Live #Lifeproof Financial Video Series to share tips on better financial planning for health and retirement
- GELM organised the online Supremacy Summit 2020 event to recognise the achievements of their top financial representatives
- GELM and GETB launched GreatPlanner for financial representatives to better manage sales activities and monitor sales performance results
- GEGM launched *EasiMed Active*, a comprehensive medical insurance plan to provide coverage benefits for customers with active lifestyle
- GETB launched *i-Great Evo* to help meet the protection needs of customers' changing life stages and *i-Great Neo*, a protection plan that provides high sum covered for hibah (gift to family/beneficiary)

- GELI launched GoGREAT! Sales Website to facilitate online purchases for insurance plans
- GELI launched *Great Pro Assurance* which can be purchased through GoGREAT!
- GELI collaborated with Qoala and Akseleran to conduct a financial literacy workshop under the theme "Pandemic Survival Kit"
- GELB hosted its Annual Dinner cum Final Sprint with their financial representatives and staff

## NOVEMBER

- GELS embarked on its first Great Eastern Women's Run #Lifeproof Virtual Challenge with close to 300 ladies participating in the week-long event
- GELM launched *SmartMedic Million Extender Special*, a medical plan available for a limited time that insures customers till age 100
- GELM also launched *Great Life Gift*, a life plan with affordable premiums and high coverage
- GEGM participated in Hospis Malaysia's virtual run in support of palliative patients
- GEGM contributed cash donation to Cancerlink Malaysia
- GEGM expanded its client base via partnership collaboration with Leading Innovative Technologies and Systems Sdn Bhd

## DECEMBER

- GELM held a virtual Annual Appreciation Awards 2020 to recognise high achievers and long-serving employees
- GELM donated gift vouchers and packed meals worth RM30,000 to over 500 children from 15 various JKM underprivileged children's homes for Deepavali and Christmas

- GETB launched *i-Great Duo*, a protection cum investment-linked plan for customers to build wealth for their future generations
- GETB appointed MedixExpress (M) as new panel Third Party Administrator (TPA) to grow its Employee Benefits business by leveraging their process efficiency and technology
- GETB opened 125 manned kiosks throughout the year at hospitals nationwide to assist eligible recipients of *mySalam*, the Government's takaful scheme for low-income earners
- GETB has paid RM20 million in COVID-19 Financial Assistance scheme under the Government's Prihatin Initiative in 2020, and paid out RM77 million to 73,000 recipients of *mySalam*
- GEGM gave cash donations and contributed protective masks and necessities to Pertubuhan Kebajikan Orang Tua Cacat Dan Kurang Upaya Taman Connaught
- GELI launched the *Great Saver Assurance* for customers to purchase through the GoGREAT! website
- GELI collaborated with Bank OCBC NISP to conduct an online financial literacy programme on the topic "Worry-Free Business with Proper Protection"
- GEGI conducted CSR activities at a nursing home in Surabaya and an orphanage in Bali. GEGI also donated structural supplies and helped with the construction at both sites
- GEGI supported renovation projects in a nursing home in Surabaya and an orphanage in Bali, as part of their CSR activities
- GELB organised an exclusive roadshow to share its retirement plans with the Ministry of Finance and Economy officers

**SINGAPORE**

**Top Insurer in Singapore in 2020**  
CampaignAsia

**Top 20 Best Insurers in Asia-Pacific in 2020**  
IDC Financial Insights

**1st in Life Insurance Sector**  
Customer Satisfaction Index of Singapore (CSISG) 2020

**Best Growth in Profit After Tax 2020 in Banking and Finance Services Sector**  
Billion Dollar Club by The Edge Singapore

**Winner of IBF Inspire Award 2020**  
The Institute of Banking and Finance

**Ranked 5th for 2020 Singapore's Top 100 Most Valuable Brands**  
Brand Finance

**Most Creative - Sports / Esports Marketing (SILVER) - Campaign: Plan Like a Woman, Plan for the Long Run**  
**Most Effective Use - Sports / Esports Marketing (GOLD) - Campaign: Plan Like a Woman, Plan for the Long Run**  
MARKies Awards 2020 by Marketing Magazine

**2020 Top 21 Insurance Workplaces in APAC**  
Insurance Business Asia

**Singapore's Best Employers 2020**  
The Straits Times and Statista

**Gold Award for 2019 Annual Report**  
Hermes Creative Awards 2020

**MALAYSIA**

**Gold in Most Trusted Life Insurance**  
**Gold in Most Trusted Health Insurance**  
Reader's Digest Trusted Brands 2020

**Brand of the Year Award - Great Eastern Life Malaysia (GELM)**  
**Most Valuable Brand - Takaful Solutions - Great Eastern Takaful Berhad (GETB)**  
BrandLaureate e-Branding Awards 2020

**2nd Place in Bancatakalul Top Producer Category (Bank Marketing Staff)**  
Malaysian Takaful Association Award 2020

**Malaysia's 100 Leading Graduate Employers**  
Malaysia's 100 Leading Graduate Employers

**1st Runner-Up - Most Attractive Graduate Employer to Work For in 2021**  
Graduates' Choice Award (GCA)



**Best Candidate Experience (SILVER)**  
Asia Recruitment Awards 2020

**Young Takaful Award**  
**Joint Winner of Corporate Social Responsibility**  
Malaysian Takaful Association's Takaful Starnite 2020

**CSR Initiative of the Year 2020**  
Insurance Asia Awards 2020



## INDONESIA

### Best Insurance Award 2020

Investor Magazine

### Best Life Insurance 2020 (equity group of IDR 500 Billion to IDR 1.25 Trillion)

Media Asuransi

### Top 5 Most Admired Company Life Insurance

Indonesia Most Admired Companies Award 2020 - Warta Ekonomi

### Outstanding Leadership in the Corporate Strategy of "The Life Company" Through Diversification and Innovative Products Development for Better Customer Experience (Life Insurance category) – CEO, PT Great Eastern Life Indonesia

Indonesia Most Admired CEO Awards 2020 - Warta Ekonomi

### Top 3 Best Digital Innovation Life Insurance

### Top 4 Best Financial Performance Life Insurance (Assets Between 5-10T)

Indonesia Innovation Insurance Awards - Top Business Magazine

### Top 3 Financial Performance of Category Assets Below 100M, (Shariah Life Insurance Category) Top 5 Financial Performance Category Assets RP 5-10T, (Life Insurance Category)

Indonesia Best Insurance Award 2020 - Warta Ekonomi

### Financial Top Leader Award – CEO, PT Great Eastern Life Indonesia

"Best Leader for Business Sustainability Through Business Innovation-Market Segmentation, Business Expansion and Product Development" for Life Insurance with Assets Worth RP 1-5T - Warta Ekonomi

### Brand Awareness, Indonesia Financial Award 2020

Millennial's Choice, RRI & Economics

### Marketing Initiative of the Year - Indonesia

Insurance Asia Awards 2020

### 3rd Rank of The Best Indonesia Sales Marketing Award 2020

Economic Review

### The Best in Social Marketing

Marketing Award 2020 - Marketing Magazine

### 1st Rank of Indonesia Operational Excellence Award 2020

Economic Review

### 4 Stars Rating of Top Governance, Risk and Compliance Awards 2020

Top Business Magazine

### Best Data Governance & Data Controller 2020

Data GovAI Award 2020 - Asosiasi Big Data Indonesia & Majalah / Portal Komite.id

### The Most Committed Governance, Risk and Compliance Leader 2020 – CEO, PT Great Eastern Life Indonesia

Top Governance, Risk and Compliance Awards - Top Business Magazine

### Indonesia Human Capital Award 2020

Economic Review

### 1st Rank of The Best Indonesia Corporate Secretary & Corporate Communication 2020 Award

Economic Review Magazine

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# SUSTAINABILITY REPORT



# BOARD STATEMENT

2020 has been an unprecedented year. Despite the external challenges, we at Great Eastern seized the opportunity to build on our resilience and incorporate sustainability considerations in our business activities. It is during tough times that it is all the more important and meaningful to pursue our mission of making life great for our stakeholders by providing financial security, and promoting good health and meaningful relationships, as well as fulfilling our corporate social responsibility to the community.

## 2020, NEW SHARPENED FOCUS

This year we made significant strides on the sustainability front. We are now more focused in our sustainability approach, which is aimed at two sustainability objectives, namely, improving people's lives and transitioning to a low-carbon economy. At the same time, we have strengthened our sustainability governance by establishing board level sustainability committee to oversee the Group-wide sustainability initiatives.

## SUSTAINABILITY DURING COVID-19

COVID-19 has heightened the need for us to speed up our digital and strategic priorities, in response to the threats and opportunities of the changing environment. Hence, we have accelerated several new initiatives to ensure operational viability while physical contacts among people were restricted, including adding digital distribution capabilities, and proactively engaging our customers to meet their needs.

Our efforts were targeted towards our four main stakeholders, which are customers, employees, financial representatives and the community at large. Details of these efforts can be found later in this report.

## DRIVING CHANGE FROM WITHIN

Fostering a culture of sustainability was an important undertaking for us in 2020. Several sustainability virtual learning sessions were organized for our employees throughout the year that touched on a breadth of related topics. These efforts helped to ensure that, regardless of job or rank, Great Eastern employees across the different entities have a common understanding of sustainability on personal as well as corporate level. To ingrain sustainability into our culture, we have adopted both a top-down and bottom-up approach. We have established a governance structure to indicate tone from the top and have also created avenues for employees to float their ideas on the sustainability initiatives to the management level.

Since 2018, we have been a signatory to the United Nations Principles for Sustainable Insurance (UNPSI) and we have been continuing our journey of building an insurance group that is environmentally conscious, socially responsible and ethical.

## LOOKING AHEAD

This is the beginning of our sustainability journey at Great Eastern. Together with the Group Management Team, the Board is committed to making increasingly meaningful contribution towards sustainability.



**KOH BENG SENG**  
Chairman



**KHOR HOCK SENG**  
Group Chief Executive Officer

28 February 2021

## ABOUT THIS REPORT

Great Eastern Group is pleased to present our sustainability report, which covers material Environmental, Social and Governance (ESG) aspects of the Group's businesses in 2020.

### SCOPE OF THE REPORT

This report covers all businesses and operations under the Group for the financial year 1 January to 31 December 2020, unless otherwise stated.

### REPORTING FRAMEWORK

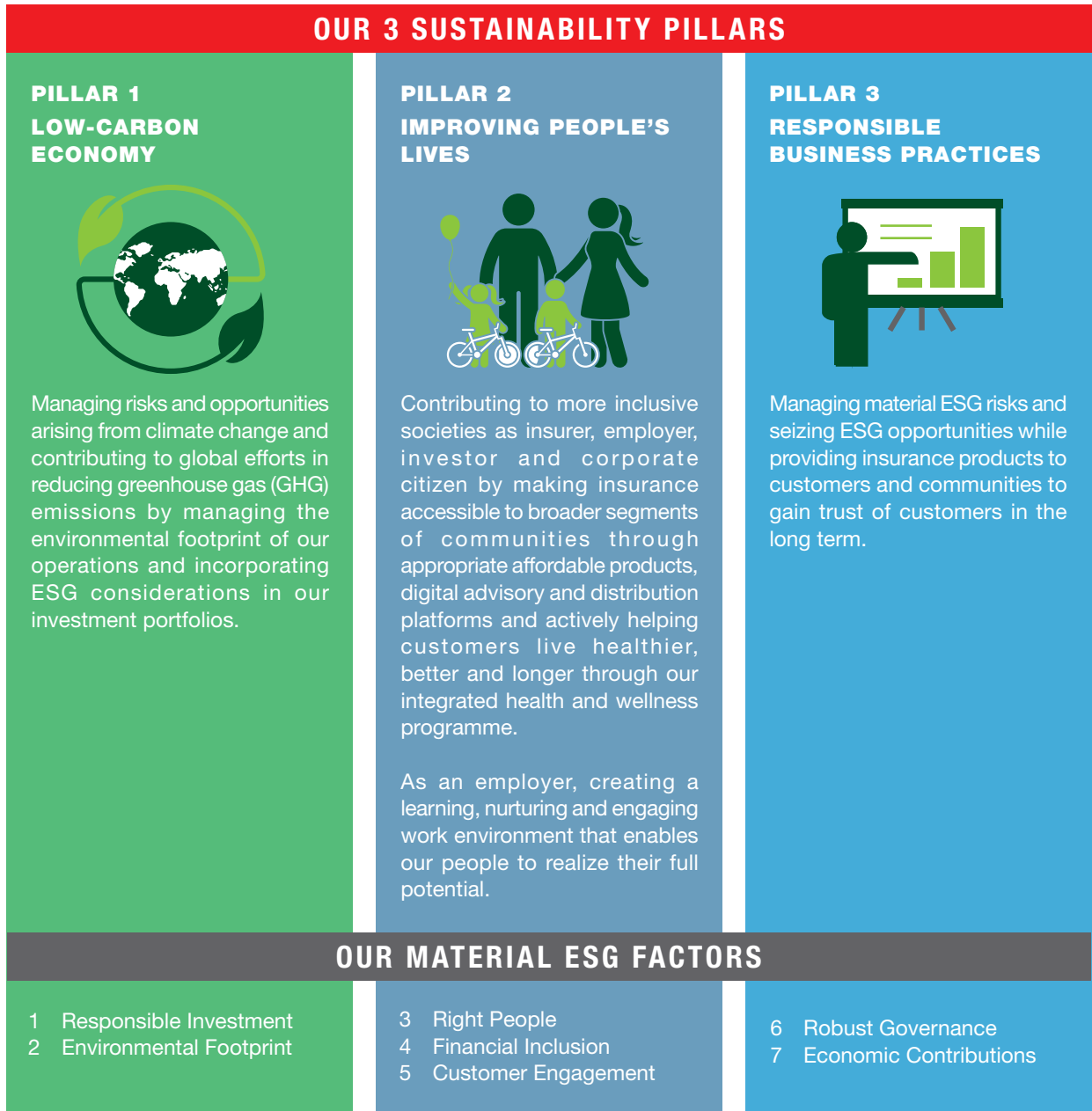
The report has been prepared in accordance with the core option under the Global Reporting (GRI) Standards. The GRI Standards are an internationally recognized reporting framework that covers a comprehensive range of sustainability disclosures. This report is also aligned with the requirements stipulated in the Sustainability Reporting guidelines of the Singapore Exchange.

### DATA AND ASSURANCE

The data included in this report has been reviewed and approved in accordance with our internal processes.

# OUR SUSTAINABILITY APPROACH

Our sustainability approach is for ESG factors to become an integral part of our corporate strategy. Our sustainability efforts are organized in 3 pillars and are linked to the 7 material ESG factors we have identified.







## SUSTAINABILITY GOVERNANCE

The Board provides oversight on the Group's sustainability efforts through the Board Sustainability Committee (SC) that was established in February 2020. The Group CEO provides the SC with regular updates on sustainability efforts and initiatives, as well as updates on global and local trends that may have an impact on the Group's direction and strategy in sustainability.

The Group Management Committee ("GMC") comprising of senior management from across the Group and chaired by the Group CEO, is responsible for the implementation of the Group's sustainability initiatives. Working groups comprising of representatives from business and support units undertake specific tasks and pursue new initiatives or projects to further our sustainability goals.

## STAKEHOLDER ENGAGEMENT

Creating value for our stakeholders to gain their support is crucial for Great Eastern. Regular engagement with our different stakeholders gives us the opportunity to ensure alignment of our operations to their needs and interests. Our stakeholders are: Customers, Regulators, Investors, Employees, Community partners and Financial representatives.

## OUR MATERIALITY ASSESSMENT PROCESS

Our Board considers the material ESG factors as part of its strategy formulation and decision-making. Hence, we regularly assess and identify material ESG factors that affect our business across all our operations. We have reviewed our sustainability approach this year, which has led us to reshape our sustainability pillars and material ESG factors. This reassessment has resulted in two key changes. Firstly, we have rationalised the number of material ESG factors from 10 to 7. Secondly, our commitment towards the material factor "Robust Governance" includes Fair Dealing, Combating Financial Crimes and Cyber Security, and Customer Privacy.

We report our progress and performance on each material ESG factor in the following sections of this report.

# GREAT EASTERN'S RESPONSE TO COVID-19

In 2020, the COVID-19 pandemic along with government-mandated movement restriction have impacted almost all areas of life. To ensure that we provide uninterrupted services to customers, we accelerated a number of strategic initiatives to maintain service to customers on digital platforms. The key projects include ramping up our IT infrastructure to support for employees and financial representatives working from home to ensure operational continuity, launching tele-advice platforms to enable our financial representative to service our customers safely and introducing assistance programs for customers and members of community who have been financially impacted. See table on the next page for a more comprehensive description of our initiatives.

## SUPPORTING OUR CUSTOMERS

To continue serving our customers remotely without physical meetings, remote advisory and servicing were introduced. We made available the types of servicing requests for policyholders to self-serve via the Great Eastern App and our E-Connect portal, such as change of personal particulars, premium apportionment and fund switches. To help customers, Great Eastern launched a S\$1 million COVID-19 Customer Care Fund in Singapore and a RM 2 million Financial Assistance Programme in Malaysia, to provide hospitalisation and death benefits for our customers and their immediate family members. We also launched an interest-free COVID-19 Deferment of Payment Programme, an extension arrangement designed to help our policyholders to maintain their insurance protection during the economic downturn. A total of 3,400 policyholders have since benefited from these programmes across these markets.

To ensure that our customers had access to our insurance offerings and protection solutions, those who wanted to purchase them remotely could do so via our own digital platforms, but still have access to professional advisory post-sales servicing from our financial representatives. In addition, we partnered with affinity partners such as Singtel and Active SG and e-commerce platforms such as Shopee, to further enable customer purchases through other channels.

## PROTECTING OUR EMPLOYEES AND FINANCIAL REPRESENTATIVES

Since the onset of COVID-19, we have implemented staggered work hours, split-operations mode of working and a Work-from-Home (WFH) arrangement to ensure the safety of our workforce and continue providing quality service to customers, in addition, guidelines and safety measures were introduced onsite at our offices. A COVID-19 Agency Force Fund was established to provide our representatives and their families with quarantine, hospitalization and death benefits. As our financial representatives were not allowed to bring customers into the office, we conducted all meetings, trainings and sales advisory engagements virtually. We also simplified digital authorisation for policy purchases to enable quicker processing to help our financial representatives with their sales activities. Notwithstanding COVID-19, our financial representatives continue to be productive and responsive to customers, and generated positive sales and income during the challenging period.

## CONTRIBUTING TO OUR COMMUNITY

COVID-19 has taken its toll on economies resulting in job losses and dampened job prospects of many jobseekers. As a regional insurer and employer, we stepped up to offer 111 corporate roles under the SGUnited programme in 2020. We provide on the job training and help these trainees build work experience to prepare them for future opportunities. In Malaysia, we supported the government's COVID-19 Test Fund where medical insurance policyholders and Takaful certificate holders may apply for reimbursement of up to a maximum of RM300 for COVID-19 testing. Our Annual Report has more details.

In totality, our COVID-19 response covered four main groups of stakeholders:

Customer	Employee	Financial Representatives	Communities
<ul style="list-style-type: none"> <li>Established COVID-19 Customer Care Fund / Financial Assistance Programme (Singapore: S\$ 1 million, Malaysia: RM 2 million, Indonesia: IDR 10 Billion, Brunei: B\$ 50,000) to help our policyholders and their immediate family members by providing for hospitalization and death benefits.</li> <li>Extended our health coverage to provide hospitalization benefits and/or in-patient treatment resulting from all vaccinations, including the COVID-19 vaccines.</li> <li>Allowed Singapore and Malaysia policyholders to defer premium payment under our COVID-19 Deferment of Premium Payment Programme to provide them with uninterrupted insurance protection.</li> <li>Continued to serve our customers using digital or other means during restricted periods in all countries we operate.</li> </ul>	<ul style="list-style-type: none"> <li>Adopted workforce separation and IT support arrangements for employees to work remotely with minimum exposure to COVID-19.</li> <li>Stepped up temperature screening and sanitation measures at offices.</li> <li>Kept employees updated with regular internal communication and COVID-19 advisories.</li> <li>Continued employee learning and development programme and engagement for employees while working remotely by way of virtual town hall meetings and health and wellness virtual activities.</li> </ul>	<ul style="list-style-type: none"> <li>Introduced tele-advisory services to enable our financial representatives to continue serving customers via video/tele-conferencing.</li> <li>Provided financial representatives with access to new online sales and lead generation tools for them to do business seamlessly.</li> <li>Enhanced digital recruitment and training platforms.</li> <li>Stepped up temperature screening and sanitation measures at our distribution force offices.</li> <li>Provided financial representatives with regular internal updates and COVID-19 advisories.</li> <li>Established COVID-19 Agency Force Fund providing quarantine, hospitalization and death benefits.</li> <li>Established Agency Relief Programme to reduce the effect of the COVID-19 Outbreak on our financial representatives' income.</li> </ul>	<ul style="list-style-type: none"> <li>Raised more than S\$ 500,000 for COVID-19 related causes across Singapore, Malaysia and Indonesia.</li> <li>Created corporate jobs in support of the SGUnited programme.</li> <li>Supported the COVID-19 Test Fund initiated by Malaysia Ministry of Health, where medical insurance policyholders and takaful certificate holders may apply for reimbursement of expenses of up to a maximum of RM300 for COVID-19 testing.</li> </ul>

Legend: Groupwide Singapore Malaysia

# MATERIAL FACTOR: RESPONSIBLE INVESTMENT

## WHY THIS IS MATERIAL TO US

As a leader in the industry with S\$106.9 billion in assets under management, we are in a unique position to contribute to sustainability through Responsible Investment. A well-calibrated investment process that incorporates ESG considerations is expected to contribute towards long term sustainable economic development and better risk management for our investment portfolios.



## OUR APPROACH

We embed ESG considerations into our investment analysis and decision making processes across all asset classes. We also advocate active ownership in our role as asset owners and investors to bring about positive change, through influencing companies and external fund managers to adopt ESG best practices.

In 2020, we intensified our ESG efforts, formally incorporating responsible investment considerations into our investment process, and accelerating Group-wide efforts in establishing climate-related reporting metrics for our portfolios. We have started to measure and monitor our portfolios' carbon footprint and intensity, which in time will allow us to set long-term reduction targets and mitigate risk arising from climate change. We have formalised our exclusion list to exclude investments in companies whose business practices are not aligned with our corporate values.

In Malaysia, we continue to invest in bonds that have been accorded Sustainability Ratings or Second Opinion Reports provided by accredited consultants. We also started work on monitoring the exposure of our loan and investment portfolios to climate-related risks, in line with guiding principles as set out in Bank Negara's Climate Change and Principle-based Taxonomy discussion paper.

### **Lion Global Investors (LGI)**

Our fund management subsidiary LGI became a UN-PRI signatory in January 2020. LGI has put in place a Responsible Investment policy and framework, which formally integrates ESG factors and considerations in its investment process.

LGI has completed the setting up of relevant data infrastructure and systems in measuring carbon emission and intensity across all of Great Eastern's Listed Equity portfolios, and will continue to explore the launch of suitable sustainability product offerings to add to its product suite.

LGI will also actively participate in various industry schemes to catalyse ideas and propel policy initiatives in the area of responsible investments.



## OUR TARGETS

- We continue to work on measuring portfolio carbon footprint across our Listed Equity portfolios, with a view to make our first disclosure in the 2021 Sustainability Report
- By 2023, to target to have 100% of appointed external managers having integrated ESG principles in their investment processes and ownership practices



## OUR PERFORMANCE

- Committed more than S\$1 billion to ESG mandates to date
- More than 70% of assets in Singapore are managed by external managers who are UN-PRI signatories, and more than 90% by managers who have an ESG policy in place
- In Malaysia, we increased our investment in bonds with Sustainability Ratings or Second Opinion report to S\$ 109 million (RM 332 million). Meanwhile, our investment through UNPRI signatories stood at S\$704 million (RM2.14 billion)

# MATERIAL FACTOR: ENVIRONMENTAL FOOTPRINT

## WHY THIS IS MATERIAL TO US

As a financial institution, our operation has limited impact on the environment but we play our part to minimize our environmental impact on the planet by controlling what we use, how much we use and how we use in our operations. We also need to build operational resilience to withstand effects of climate change on our business and the communities in which we operate.



## OUR APPROACH

We have focused our efforts on the following areas:

### Green Buildings

Initiatives undertaken in 2020, which are part of our multi-year continuing sustainability efforts, include:

- Upgrading our air-conditioning systems to energy efficient systems
- Replacing inefficient lightings with LED lightings
- Conducting a feasibility study to install renewable solar energy panels for our buildings in Singapore
- Commencing the process to obtain BCA Green Mark certification for two of our buildings in Singapore (Great Eastern @ Changi and Great Eastern House)

### Sustainable Procurement

We continuously reduce our usage of paper, and use only paper certified by the Forest Stewardship Council.

We aim to build reliable supply chains from suppliers that adopt sustainable practices through our new sustainable procurement practices.



## OUR TARGETS

- Eliminate the purchase of plastic bottled water in all Great Eastern offices by 2021
- Continue to reduce paper usage by 50% in 2023



## OUR PERFORMANCE

- Established ESG principles into the Group's supplier's code of conduct in 2020
- Improved the environmental performance of our buildings and operations through implementing projects to meet BCA Green Mark Certification and adopting best practices in managing energy, water and waste
- Reduced purchase of single use bottled mineral water
- Reduced paper usage by 20%

# MATERIAL FACTOR: ENVIRONMENTAL FOOTPRINT

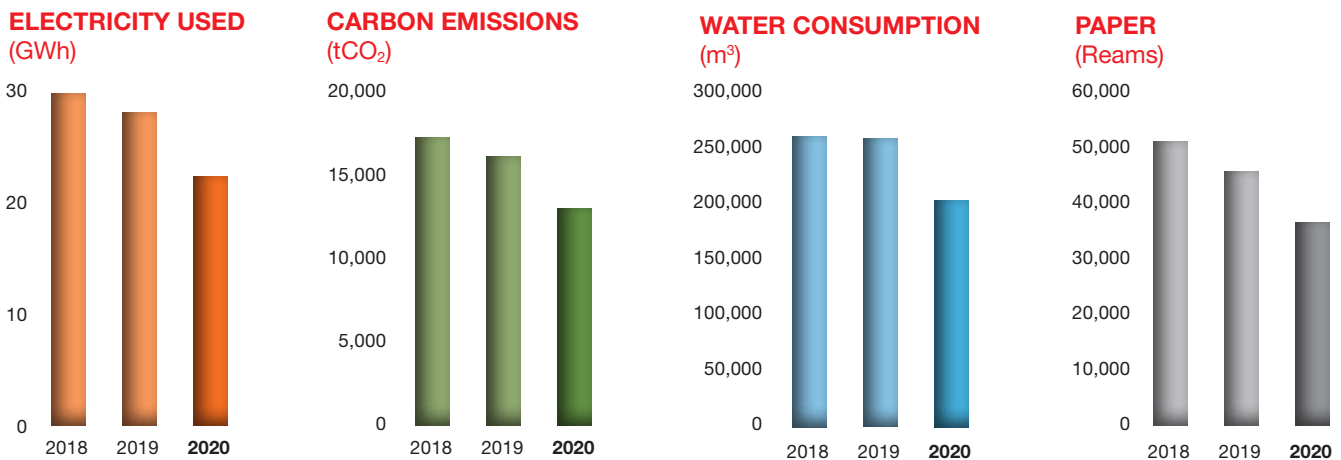


## MEASUREMENT

Our objective is to reduce our carbon footprint over the years in support of the global efforts to transition to a low-carbon future. To achieve this, we are working on a methodology to measure our Scope 3 emissions with an aim to be able to track our carbon footprint and set realistic reduction targets in the future, particularly for our investment portfolios. As a financial service group, our Scope 1 and 2 emissions from our own operations remain low.

The largest contributor to our operational footprint is the electricity consumed by the buildings we own and use (Great Eastern corporate buildings in both Singapore and Malaysia, and commercial and residential buildings in Singapore). In 2020, our electricity usage reduced from 27.4 GWh in 2019 to 21.7 GWh in 2020.

The following depicts our energy, water and paper consumption in comparison with those in past years.



Starting in 2020, we expanded the tracking of our electricity and water consumption to include residential and commercial buildings in Malaysia and LGI office in Singapore. The electricity usage, carbon emissions and water consumption for these properties were 12 GWh, 8,800 tCO<sub>2</sub> and 116,836 m<sup>3</sup> respectively. The performance of these properties will be tracked going forward and included in our reports for future years.

The initiatives undertaken in 2020 that resulted in reduction of paper usage include:

- Transforming paper-centric processes to digital and electronic platforms (refer to our digital initiatives under Customer Engagement (described in page 72))
- Digitalising our human resource processes including our recruitment processes and filing of personnel information

### GREAT EASTERN CENTRE CUM NANKIN ROW

We embarked on the green property drive in 2018 starting with Great Eastern Centre and Nankin Row shophouses.

In this sustainability drive, Great Eastern Centre replaced its old chillers with a more efficient system. In addition, lightings in common areas such as car parks, stairwells, toilets and façade have been replaced with LED lighting. Motion sensors were used in toilets and stairwells. As a result, the electricity consumption has dropped 35% in 2020 from 4.6 GWh to 2.9 GWh. The energy intensity dropped from 126 kWh/sq. m to 81 kWh/sq. m. This represents a drop in carbon footprint of 700 tonnes of CO<sub>2</sub> emission.

While part of the reduction in electricity and water consumption in 2020 may be attributable to the reduced usage of offices because of COVID-19, our past investments in energy saving projects have also yielded significant results.

Due to our past efforts, Great Eastern Centre and Nankin Row were awarded **Green Mark Platinum by BCA** in November 2019. Continuing in 2020, we replaced all inefficient lightings with LED and installed a new cooling system to replace the oversized Water-Cooled package system for our server room.

# MATERIAL FACTOR: RIGHT PEOPLE (EMPLOYEES)

## WHY THIS IS MATERIAL TO US

As a Life company, we inspire people to Live Great. We are constantly building an engaging work environment that fosters effective synergies amongst our people and creating a workplace for people with diverse strengths and abilities to discover and develop their potential to the fullest.



## OUR APPROACH

We foster an environment where all employees are provided with equal opportunities and empowered to do their best for our customers in a sustainable manner. We achieve this through policies and programmes such as:

- **Learning and Development:** We offer a wide range of relevant training and development programmes to equip employees with skills to realise their full potential and take charge of their own learning journey
- **Diversity and Inclusion:** We adopt fair and progressive workplace practices for both local and foreign employees
- **Culture and Workplace:** We cultivate amongst our employees a customer-oriented culture that delivers customer value by aligning employee behaviours and fostering greater collaboration across the Group. We encourage employees in living a holistic health and balanced way of life



## OUR TARGETS

- Increase training hours by 30% from 2020
- Maintain group engagement score above 70% (in Top Quartile) in the Employee Engagement Survey 2021
- Involve all employees in the various aspects of the cultural activation



## OUR PERFORMANCE

- Developed a training programme to support Singapore government's SGUnited to provide job opportunities to graduates

### Singapore

- Best Employers 2020 – The Straits Times
- Top Insurance Workplaces 2020 - Insurance Business Asia
- Inspire Award 2020 - Institute of Banking and Finance (IBF)

### Malaysia

- Best in Candidate Experience Asia (Silver) - Recruitment Awards 2020
- GRADUAN Brand Awards 2019/2020
- Graduates' Choice Award 2020/2021
- Best Companies to Work For in Asia 2020 (Malaysia edition) – HR Asia
- Malaysia's 100 Leading Graduate Employers 2020
- Young Takaful Manager Award - Malaysian Takaful Association

### Indonesia

- Human Capital Award - Economic Review

# MATERIAL FACTOR: RIGHT PEOPLE (FINANCIAL REPRESENTATIVES)

## WHY THIS IS MATERIAL TO US

Financial Representatives are key partners of Great Eastern as they play an important role in providing financial advice and recommending suitable products to people, companies and communities to help customers obtain the appropriate insurance coverage.



## OUR APPROACH

### Recruitment

Standard procedures for recruitment are in place to ensure that representatives meet the entry requirements, including the fit-and-proper requirements.

Representatives are bound by our Agency Agreement to adhere to professional and responsible sales conduct and regulatory requirements.

### Training and Development

We create segmented and differentiated continual training modules for representatives to ensure they remain competent and professional. All our modules are mapped to IBF's latest Skills and Competencies framework to ensure our representatives meet and align to industry standards.

### Enabling our Financial Representatives

We continually refine our digital tools to support our representatives in their planning, advisory and servicing processes. In 2020, we focused on the integration of remote advisory processes that would facilitate advising and servicing customers in a non-face-to-face setting during the COVID-19 pandemic.



## OUR TARGETS

- Implement mandatory agency training for all aspiring agency directors as a promotion criteria and open same training to all leaders as part of their leadership learning roadmap in 2021 and beyond
- Continue to work with international bodies to increase the number of qualified financial representatives



## OUR PERFORMANCE

- Launched remote advisory process for financial representatives. This has minimized the disruption to the provision of financial advisory and servicing to our customers during the COVID-19



# MATERIAL FACTOR: FINANCIAL INCLUSION

## WHY THIS IS MATERIAL TO US

Insurance serves an important social purpose of mitigating uncertainties. We contribute to the cause of financial inclusion by making insurance accessible to the community at large.



### OUR APPROACH

We deliver our goals through both public and private initiatives on our own or in partnership with others.

#### **Government Schemes**

We work with relevant government agencies to support government initiatives in providing social safety nets such as the long term care insurance scheme in Singapore and the MySalam scheme in Malaysia.

#### **Strategic Partnerships**

We expand our reach to all customer segments including the under-served segments via digital affinity partners.



### OUR TARGET

- Identify under-served segments and design suitable products that meet the needs of stakeholders



### OUR PERFORMANCE

- Awarded the role of sole national provider of revised Dependent Protection Scheme in Singapore. This initiative provides sustainable and affordable basic insurance for all Singaporeans and Permanent Residents
- Disbursed RM88.6 million claims to more than 73,000 covered members under the MySalam scheme in Malaysia. We helped raise public awareness of the scheme through initiatives including setting up 125 MySalam kiosks located at designated hospitals across Malaysia, roadshows at related events and mass media marketing via radio and TV advertisements
- Developed more than 20 insurance products that were sold through our strategic partnerships

# MATERIAL FACTOR: CUSTOMER ENGAGEMENT

## WHY THIS IS MATERIAL TO US

A positive customer experience encourages customers to accept appropriate advice and seek appropriate coverage to reduce uncertainties.



### OUR APPROACH

#### Customer Experience

We seek to continuously enhance our engagement with policyholders at all life stages by giving them hassle-free access to our range of services through both digital and personal channels. To ensure we always provide a positive customer experience, we measure the voice of our customers using surveys, focus groups and feedback.

We welcome feedback from customers on the way they want to be served. Customers may provide feedback through any of our touchpoints. We have put in place a set of procedures to address customer feedback, setting out the roles and responsibilities of various departments and functions to ensure that feedbacks are reviewed fairly and responded in a timely manner.

For more of our Customer Engagement initiatives, please refer to the Business Review section in the AR for more information.

- Expanded digital payment capability to premium collections
- Established direct online sales platform for simple products that do not require advisory services
- Enhanced our Health Connect website by allowing our Great SupremeHealth customers to make specialist appointments anytime at their convenience



### ACCOLADES FROM CUSTOMERS

*I am here to give you a 100%! Thanks for helping me with paynow and offering such good service. Thanks for being patient with all our requests. Many assignments but no writing needed from us except our signatures!*

...Neal Lim

*My husband and I thank you for all your assistance getting our payments sorted out and a policy reinstated. We are grateful for your guidance with regards to e-connect and the apps. Thanks for all the pointers and tips on Upgreat we are both very impressed. No compliments asked but we had to give you one because you were awesome!*

...Chong Rui Qin



### OUR TARGETS

- Enable customers to submit claims digitally in 2021
- Move towards 100% of customer self-serve via Great Eastern App or e-Connect for all types of servicing requests



### OUR PERFORMANCE

- 72 winners of Excellent Service Award (EXSA) awarded by the Association of Banks in Singapore
- More than 50% of our customers used our digital services and Great Eastern App
- Launched the first predictive underwriting model in Singapore for our life insurance products to reduce the time required for underwriting so as to deliver a prompt underwriting decision to our customers

# MATERIAL FACTOR: ROBUST GOVERNANCE

## WHY THIS IS MATERIAL TO US

We are in the business of providing customers' financial security and peace of mind. It is imperative that we manage our business prudently with high standard of corporate governance and integrity. Our employees and financial representatives deal with customers in a fair and ethical manner to ensure that our business practices gain the trust of customers and create long-term sustainable value for our stakeholders.



## OUR APPROACH

We have implemented several culture and conduct initiatives to support a strong and sound culture firmly founded on our core values. Our Group Culture and Conduct Governance Committee is tasked with the implementation of these initiatives to promote stronger governance. There is also a dedicated Board Risk Management Committee (RMC) that provides oversight on risk governance matters within the Group.

To promote a culture of robust governance across the Group, some of our key initiatives include:

### Code of Conduct

We have in place Code of Conduct that sets out the standards of ethics and professional behaviour expected of employees and financial representatives. We expect our people to carry out their duties to the best of their ability and with the highest standards of ethical conduct. Employees and financial representatives are also expected to display a high level of courtesy to safeguard customer and company interest during or outside their course of work and duties.

### Fair Dealing

Delivery of customers Fair Dealing outcomes is tied to the performance assessment of senior management. This ensures that senior management takes the prioritisation of Fair Dealing practices seriously.

### Protection of Customer data

As an insurer with over 1.8 million customers, we are committed to protecting the privacy of our customers.

We have in place a Group Data Governance programme that sets the foundation where it highlights the principles and requirements of the Personal Data Protection Act that all staff and financial representatives are required to comply to ensure that our customers' data are well protected, and ensure that incidents are escalated and addressed promptly.

## Cyber Security

We have in place cyber-risk management framework and policies to minimise business disruption to ensure continuity of customer service. We have established a comprehensive cyber security roadmap and maturity programme to drive the continuing improvement to our cyber defence against new and increasing threats.

Cyber criminals may try to infiltrate our defences through unsuspecting employees. Therefore, we have to increase awareness of cyber security through ongoing broadcasts to employees and financial representatives across the group as well as mandatory annual cyber security training. We conduct social engineering exercises to test the cyber security alertness of our employees and financial representatives.



## OUR TARGETS

Continue mandatory employees training in 2021



## OUR PERFORMANCE

### Group-wide

- Conducted employee e-learning modules
- Conducted social engineering tests covering employees groupwide in 2020

### Singapore

- Awarded the Data Protection Trustmark (DPTM)\* Certification
- Awarded the Cross Border Privacy Rules (CBPR)# Certification

\* DPTM is a voluntary enterprise-wide certification for organisations to demonstrate accountable data protection practices.

# CBPR System was developed by the Asia-Pacific Economic Co-operation (APEC) to build consumer, business and regulator trust in cross border flows of personal data. It assesses the organisation's data privacy policies against APEC Privacy Framework to ensure consistency.

# MATERIAL FACTOR: ECONOMIC CONTRIBUTIONS

## WHY THIS IS MATERIAL TO US

We believe that sustainability practices and the pursuit of economic values are not mutually exclusive. We aim to embed sustainability considerations in all aspects of our business activities.



### OUR APPROACH

We pursue our business growth in a balanced manner, incorporating responsible and sustainable business practices. Our main economic contributions to our stakeholders include:

- Compensation to our employees and financial representatives
- Investment returns to policyholders
- Payment of claims to policyholders
- Taxes to authorities
- Retained earnings and dividends to our shareholders
- Payment to our suppliers

For the statistics of our economic contributions and supply chain spending, please refer to page 76.



### OUR TARGET

- Support the growth of economies in countries in which we operate taking into account ESG considerations

# PERFORMANCE INDEX

(ACCORDING TO GRI STANDARDS REQUIREMENTS)

Performance Indicators	2020
<b>Employee Information</b>	
<b>Total Headcount</b>	<b>4,726</b>
Female	3,044
Male	1,682
<b>Permanent Employees</b>	<b>4,654</b>
Singapore	1,731
Malaysia	2,473
Indonesia	436
Brunei	14
<b>Contract and Temporary Employees</b>	<b>72</b>
Singapore	34
Malaysia	17
Indonesia	21
Brunei	0
<b>Indirect Contract Employees</b>	<b>427</b>
Singapore	108
Malaysia	314
Indonesia	5
Brunei	0

Performance Indicators	2020 <sup>a</sup>	2019	2018
<b>Training</b>			
<b>Total Training Hours per Year</b>	<b>70,959</b>	<b>138,182</b>	<b>129,881</b>
Female	42,910	86,726	83,323
Male	28,049	51,456	46,558
<b>Average Training Hours per Employee</b>	<b>15.0</b>	<b>30.1</b>	<b>30.5</b>
Female	14.1	29.3	30.1
Male	16.7	31.4	31.4
SVP and above	18.6	39.5	N.A.
AVP and VP	21.5	37.3	N.A.
Managers and Associates	14.0	30.1	N.A.
Non-executives	9.1	19.3	N.A.

a Includes e-learning and LinkedIn training hours.

**PERFORMANCE INDEX**

(ACCORDING TO GRI STANDARDS REQUIREMENTS)

Performance Indicators	2020	2019	2018
<b>Economic Value of Contributions (\$ million)<sup>b</sup></b>			
Total Operating Income	21,477.7	18,618.6 <sup>e</sup>	12,095.0
Income Tax to Government	(150.3)	273.9	317.3
Dividend to Shareholders	284.0	284.0	331.3
Direct Economic Value Retained	8,546.2	9,299.9	3,197.4
Direct Economic Value Distributed	12,931.5	9,318.7 <sup>e</sup>	8,897.6
Staff Cost and Related Expenses	372.3	395.0	307.2
Compensation to Financial Representatives	1,301.8	1,143.8	1,012.0
Payment of claims to policyholders	10,371.9	6,810.9	6,570.2
Payment to Providers of Capital	18.3	18.3	18.3
Operating Expense	12,407.2	8,347.5 <sup>e</sup>	7,923.5
<b>Indirect Economic Contribution</b>			
Total Jobs Supported	<b>42,657</b>	<b>34,852</b>	<b>32,200</b>
Employees	4,726	4,595	4,255
Agents	34,124	27,339	25,864
Financial Advisors	3,789	2,918	2,081
<b>Suppliers</b>			
Total Purchase (\$ million)	<b>333.0</b>	<b>323.2</b>	<b>256.7</b>
Purchase from Local Suppliers (%)	83%	92%	90%
Total Number of Suppliers	3,389	3,832	3,645
Local Suppliers (%)	94%	97%	95%
<b>Environment</b>			
Electricity Used (kWh)	<b>21,727,821</b>	<b>27,358,027</b>	<b>28,924,495</b>
Carbon emissions (tCO <sub>2</sub> ) <sup>c</sup>	12,952	15,907	17,088
Water Consumption (m <sup>3</sup> )	201,027	255,667	258,421
Paper Usage (Reams) <sup>d</sup>	35,904	45,234	50,159

b The data corresponds to the consolidated financial statements of GEH.

c Restated 2018 and 2019 data to include residential properties in Singapore.

d Paper Usage (Reams) data for 2020 includes Great Eastern General Indonesia, which was excluded in 2018 and 2019 data.

e Certain reclassifications have been made to the comparatives to conform to current year's presentation. The reclassification adjustments do not have any impact to the profit or loss of the Group for FY-20.

GRI Standard	Disclosure Title	Section/Page Reference
<b>GRI 101: Foundation 2016 (GRI 101 does not contain any disclosures)</b>		
<b>GRI 102: General Disclosures 2016</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Great Eastern Holdings Limited
102-2	Activities, brands, products, and services	Segmental Information section. Refer to page 197 - 199
102-3	Location of headquarters	1 Pickering Street, Great Eastern Centre, Singapore 048659
102-4	Location of operations	Group Network section. Refer to page 250 - 253
102-5	Ownership and legal form	Public limited company listed on the Singapore Exchange
102-6	Markets served	Segmental Information section. Refer to page 197 - 199
102-7	Scale of the organisation	Segmental Information section. Refer to page 197 - 199 Right People section. Refer to page 69 - 70 Consolidated Profit and Loss Statement section. Refer to page 117 - 118 Balance Sheet section. Refer to page 119
102-8	Information on employees and other workers	Right People section. Refer to page 69 - 70 Performance Indicators. Refer to page 75 - 76
102-9	Supply chain	Economic Contributions section. Refer to page 74 Performance Indicators. Refer to page 76
102-10	Significant changes to the organisation and its supply chain	Nil
102-11	Precautionary Principle or approach	Great Eastern does not explicitly refer to the precautionary principle or approach in its risk management principles. Please refer to the Sustainability Governance section on page 63.
102-12	External initiatives	Financial Inclusion section. Refer to page 71  We are HCPartner, part of our support for Singapore's Tripartite Alliance for Fair & Progressive Employment Practices' (TAFEP) Human Capital Partnership (HCP) Programme.  We are a member of Internationally Active Insurance Group (IAIG).  We are signatory to the United Nations Principles for Sustainable Insurance (UN PSI).
102-13	Membership of associations	GEL: Life Insurance Association Singapore ("LIA") GEG: General Insurance Association ("GIA") GEFA: Association of Financial Advisers (Singapore) ("AFAS")
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Board Statement. Refer to page 61
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	<a href="https://www.greasternlife.com/sg/en/about-us/company-profile/our-vision-mission-and-values.html">https://www.greasternlife.com/sg/en/about-us/company-profile/our-vision-mission-and-values.html</a>
<b>Governance</b>		
102-18	Governance structure	Sustainability Governance section. Refer to page 63

GRI Standard	Disclosure Title	Section/Page Reference
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Stakeholder Engagement section. Refer to page 63
102-41	Collective bargaining agreements	In Singapore, the Singapore Insurance Employees' Union (SIEU) represents our applicable employees' cohort on collective bargaining.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement section. Refer to page 63
102-43	Approach to stakeholder engagement	Stakeholder Engagement section. Refer to page 63
102-44	Key topics and concerns raised	Stakeholder Engagement section. Refer to page 63
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Subsidiaries and Associates section. Refer to page 157
102-46	Defining report content and topic Boundaries	Scope of the Report. Refer to page 61
102-47	List of material topics	Our Materiality ESG Factors. Refer to page 62
102-48	Restatements of information	Refer to page 76
102-49	Changes in reporting	Our Materiality Assessment Process. Refer to page 63
102-50	Reporting period	Scope of the Report section. Refer to page 61
102-51	Date of most recent report	February 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Corpcomms-sg@greateasternlife.com
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework. Refer to page 61
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	We have not sought external assurance for this reporting period.
<b>Material Topics</b>		
<b>GRI 201: Economic Performance 2016 (Economic Contributions)</b>		
103-1	Explanation of the material topic and its Boundary	Economic Contributions section. Refer to page 74
103-2	The management approach and its components	Economic Contributions section. Refer to page 74
103-3	Evaluation of the management approach	Economic Contributions section. Refer to page 74
201-1	Direct economic value generated and distributed	Performance Indicators. Refer to page 75 - 76
<b>GRI 203: Indirect Economic Impacts 2016 (Responsible Investment)</b>		
103-1	Explanation of the material topic and its Boundary	Responsible Investment section. Refer to page 66
103-2	The management approach and its components	Responsible Investment section. Refer to page 66
103-3	Evaluation of the management approach	Responsible Investment section. Refer to page 66
203-2	Significant indirect economic impacts	Performance Indicators Refer to page 76



GRI Standard	Disclosure Title	Section/Page Reference
<b>GRI 205: Anti-Corruption 2016 (Robust Governance)</b>		
103-1	Explanation of the material topic and its Boundary	Robust Governance section. Refer to page 73
103-2	The management approach and its components	Robust Governance section. Refer to page 73
103-3	Evaluation of the management approach	Robust Governance section. Refer to page 73
205-2	Communication and training about anti-corruption policies and procedures	Anti-Money Laundering and Countering Terrorism Financing. Refer to page 73
<b>GRI 302: Energy 2016 (Environmental Footprint)</b>		
103-1	Explanation of the material topic and its Boundary	Environmental Footprint section. Refer to page 67 - 68
103-2	The management approach and its components	Environmental Footprint section. Refer to page 67 - 68
103-3	Evaluation of the management approach	Environmental Footprint section. Refer to page 67 - 68
302-1	Energy consumption within the organisation	Environmental Footprint section. Refer to page 67 - 68
302-3	Energy Intensity	Environmental Footprint section. Refer to page 67 - 68
302-4	Reduction of energy consumption	Environmental Footprint section. Refer to page 67 - 68
<b>GRI 303: Water and Effluents 2018 (Environmental Footprint)</b>		
103-1	Explanation of the material topic and its Boundary	Environmental Footprint section. Refer to page 67 - 68
103-2	The management approach and its components	Environmental Footprint section. Refer to page 67 - 68
103-3	Evaluation of the management approach	Environmental Footprint section. Refer to page 67 - 68
303-5	Water Consumption	Environmental Footprint section. Refer to page 67 - 68
<b>GRI 305: Emissions 2016 (Environmental Footprint)</b>		
103-1	Explanation of the material topic and its Boundary	Environmental Footprint section. Refer to page 67 - 68
103-2	The management approach and its components	Environmental Footprint section. Refer to page 67 - 68
103-3	Evaluation of the management approach	Environmental Footprint section. Refer to page 67 - 68
305-1	Direct (Scope 1) GHG emissions	Environmental Footprint section. Refer to page 67 - 68
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Footprint section. Refer to page 67 - 68
<b>GRI 404: Training and Education 2016 (Right People)</b>		
103-1	Explanation of the material topic and its Boundary	Right People. Refer to page 69 - 70
103-2	The management approach and its components	Right People. Refer to page 69 - 70
103-3	Evaluation of the management approach	Right People. Refer to page 69 - 70
404-1	Average hours of training per year per employee	Performance Indicators. Refer to page 75

GRI Standard	Disclosure Title	Section/Page Reference
<b>GRI Financial Sector Supplement Disclosures: Local Communities (Financial Inclusion)</b>		
103-1	Explanation of the material topic and its Boundary	Financial Inclusion section. Refer to page 71
103-2	The management approach and its components	Financial Inclusion section. Refer to page 71
103-3	Evaluation of the management approach	Financial Inclusion section. Refer to page 71
FS14	Initiatives to improve access to financial services for disadvantaged people	Financial Inclusion section. Refer to page 71
<b>GRI 417: Marketing and Labelling 2016 (Robust Governance)</b>		
103-1	Explanation of the material topic and its Boundary	Fair Dealing section. Refer to page 73
103-2	The management approach and its components	Fair Dealing section. Refer to page 73
103-3	Evaluation of the management approach	Fair Dealing section. Refer to page 73
417-2	Incidents of non-compliance concerning product and service information and labelling	No significant cases
417-3	Incidents of non-compliance concerning marketing communications	No significant cases
<b>GRI 418: Customer Privacy 2016 (Robust Governance)</b>		
103-1	Explanation of the material topic and its Boundary	Protection of Customer Data. Refer to page 73
103-2	The management approach and its components	Protection of Customer Data. Refer to page 73
103-3	Evaluation of the management approach	Protection of Customer Data. Refer to page 73
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints
<b>GRI 419: Socioeconomic Compliance 2016 (Robust Governance)</b>		
103-1	Explanation of the material topic and its Boundary	Robust Governance section. Refer to page 73
103-2	The management approach and its components	Robust Governance section. Refer to page 73
103-3	Evaluation of the management approach	Robust Governance section. Refer to page 73
419-1	Non-compliance with laws and regulations in the social and economic area	No significant cases
<b>Non GRI Topic</b>		
NON GRI	Cyber Security	Robust Governance section. Refer to page 73
NON GRI	Customer Engagement	Customer Engagement section. Refer to page 72
NON GRI	Robust Governance - Regulatory Compliance & Risk Focused Organisation	Robust Governance section. Refer to page 73

# CORPORATE GOVERNANCE REPORT

As at 28 February 2021

The Board of Directors and Management of Great Eastern Holdings Limited (“GEH” or the “Company”) place great importance on the high standards of corporate governance and are committed to upholding the values of integrity, honesty and proper conduct at all times in the business operations and dealings of the Company and its subsidiaries (collectively, the “Group”).

Since the designation of GEH as a financial holding company by the Monetary Authority of Singapore (“MAS”) on 27 April 2012, GEH has adopted the corporate governance practices that conform with the Banking (Corporate Governance) Regulations and any exemptions thereto (collectively, the “CG Regulations”), as well as the MAS Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore 2013 (the “MAS CG Guidelines”). The Company also complies in material aspects with the Code of Corporate Governance 2018 (the “Code”) as part of its listing obligations. Where differences exist between the requirements of the above, the Company follows the CG Regulations.

A summary of the disclosures made pursuant to the Company’s corporate governance arrangements are provided on Pages 104 and 105 of this Annual Report.

## BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

**The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

1. The Board is appointed by the shareholders to supervise the management of the business and affairs of the Company. The prime stewardship responsibility of the Board is to ensure the viability and sustainability of the Company and to ensure that it is managed in the best interests of the Company as a whole while taking into account the interests of shareholders and other stakeholders. The Company has a Board charter approved by the Board.
2. The Board provides strategic direction to, and oversight of the operations of, the Company and the Group. The principal roles and functions of the Board, as set out in the Board charter, include the following:
  - (a) reviewing and approving the overall business strategy and the organisation structure of the Company and the Group as developed and recommended by Management;
  - (b) ensuring that decisions and investments are consistent with the long-term strategic goals of the Company and the Group and the objectives of the individual policy funds;
  - (c) ensuring that interests of shareholders, policyholders and other stakeholders are taken into account in managing the Company’s and the Group’s business;
  - (d) ensuring that the necessary human resources are in place for the Company to achieve its objectives;
  - (e) ensuring that the Company is operated in accordance with the relevant laws and regulations, as well as policies, processes and guidelines approved by the Board, so as to preserve its financial integrity;
  - (f) reviewing the acquisition or disposal of assets that is material to the Company and to the Group;
  - (g) providing oversight in ensuring that the risk appetite of the Company and Group reflects its strategic intent, taking into account the operating and regulatory environment, and consists of a balanced set of return objectives and risk tolerance, such as effectiveness of internal controls and capital sufficiency;
  - (h) overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures, and system of internal controls;
  - (i) overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management function, the adequacy of the risk management policies and systems, and capital management strategy, including the optimal allocation of capital resources, and the quality of the risk management processes and reporting;
  - (j) overseeing, through the Nominating Committee, the succession planning for key senior executive positions within the Group, the selection and appointment of senior executive officers, and the management of its talent resources;

# CORPORATE GOVERNANCE REPORT

As at 28 February 2021

- (k) establishing corporate values and risk cultures, emphasising integrity, honesty and proper conduct at all times, with respect to internal dealings and external transactions, including situations where there are potential conflicts of interests, so as to uphold fair-dealing standards;
  - (l) providing a balanced and objective assessment of the performance, position and prospects of the Company and the Group to shareholders and the investment community in general. This includes information provided in interim and other price-sensitive public reports and regulatory reports;
  - (m) overseeing, through the Remuneration Committee, the design and operation of an appropriate remuneration framework and ensuring that the remuneration practices are aligned with the remuneration framework;
  - (n) reviewing Management's performance and ensuring that Management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
  - (o) maintaining records of all meetings of the Board and Board Committees, especially with regards to records of discussions on key deliberations and decisions taken; and
  - (p) formulating strategies, taking into consideration sustainability issues such as environmental and social factors, and reviewing and approving all material environmental, social and governance issues and the sustainability strategy.
3. Directors with conflicts of interest recuse themselves from discussions and decisions involving issues of conflict.

## Board Approval

4. The Company has adopted internal guidelines on matters which require Board approval. These guidelines are communicated to Management in writing. Matters requiring Board approval include overall business strategy and direction, significant policies governing the operations of the Group, strategic or significant acquisitions, investments and divestments by the Group, corporate restructuring, major corporate initiatives and other Group activities of a significant nature, dividend policy and dividend declaration, the interim and year-end financial reporting and announcement of financial results and financial statements of the Company and the Group.
5. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below the threshold limits to the Board Committees and Management to optimise operational efficiency.

## Board Committees

6. The Board has established a number of Board Committees to assist it in carrying out more effectively its oversight of the operations and business affairs of the Company and the Group. These Board Committees consist of the Executive Committee, Nominating Committee, Audit Committee, Remuneration Committee, Risk Management Committee and Sustainability Committee. All the Board Committees have been constituted with clear Board-approved terms of reference.
7. The Company's Board Committees, in carrying out their responsibilities in accordance with their respective terms of reference, are also actively involved in assisting the Board to ensure compliance with good corporate governance practices by the Company. Minutes of Board Committee meetings, which provide a fair and accurate record of the discussions and key deliberations and decisions taken during the meetings, are maintained and circulated to the Board. The composition and details of the principal roles and responsibilities of the Board Committees are set out below.

## Executive Committee

8. The Executive Committee is required to comprise a majority of independent Directors.
9. The Executive Committee comprises the following Directors:
  - Mr Koh Beng Seng, Chairman
  - Mr Law Song Keng, Member
  - Mr Lee Fook Sun, Member
  - Mr Thean Nam Yew, Member
  - Mr Samuel N. Tsien, Member
10. Mr Law Song Keng, Mr Lee Fook Sun and Mr Thean Nam Yew are independent Directors under the CG Regulations.
11. The Executive Committee carries out the functions set out in its Board-approved terms of reference. Such functions consist principally of overseeing the management of the business and affairs of the Company and the Group within the parameters and scope of authority delegated by the Board, and include the review of the Group's policies, strategies, objectives and performance targets, proposed transactions or initiatives of a material nature and any major proposed investment or divestment. The Executive Committee does not take on the functions of the Management. Major decisions of the Executive Committee are submitted to the Board for endorsement and approval.
12. The Executive Committee held a total of three meetings in 2020.

## Nominating Committee

13. Under the CG Regulations, the Nominating Committee is required to comprise at least five Directors, with at least one-third of Directors being independent Directors (including the Nominating Committee Chairman) and at least a majority being independent from management and business relationships.
14. The Nominating Committee comprises the following Directors:
  - Mr Lee Fook Sun, Chairman
  - Mr Norman Ip, Member
  - Mr Koh Beng Seng, Member
  - Mr Kyle Lee, Member
  - Mr Samuel N. Tsien, Member
  - Mr Wee Joo Yeow, Member
15. A majority of the members are independent from management and business relationships and at least one-third, being the Nominating Committee Chairman, Mr Lee Fook Sun, and Mr Kyle Lee, are independent Directors under the CG Regulations.
16. The appointment and re-appointment of Nominating Committee members are subject to the prior written approval of MAS.
17. The responsibilities of the Nominating Committee are set out in its Board-approved terms of reference. The Nominating Committee reviews the Board and Board Committee compositions annually and ensures that there is progressive renewal of the Board. It is responsible for identifying candidates, reviewing and recommending nominations and/or re-nominations of Directors on the Board and Board Committees. The Nominating Committee also reviews nominations and dismissals or resignations of senior management positions in the Company, including the Group Chief Executive Officer ("Group CEO"), Group Chief Financial Officer ("Group CFO") and Group Chief Risk Officer ("Group CRO").

## Talent Development and Succession Planning

18. The Company has instituted a rigorous process for talent development and succession planning. It conducts an annual review of the succession plans for key senior management executives, taking into account the current needs and future strategic capabilities. An annual discussion will be held with the Nominating Committee to review potential successors and their corresponding development plans.
19. The Nominating Committee reviews the talent development framework and processes in order to build a deeper and wider bench strength and a strong talent pool. Critical jobs are identified and potential successors are groomed for key positions. Group Human Capital engages the Group CEO and the respective heads of business units to review the list of critical jobs and the potential successors annually based on current and future business needs.
20. The Nominating Committee held a total of two meetings in 2020.

# CORPORATE GOVERNANCE REPORT

As at 28 February 2021

## Audit Committee

21. The Audit Committee is required to comprise at least three non-executive Directors, all of whom are independent from management and business relationships, and at least a majority of Directors (including the Audit Committee Chairman) who are independent Directors.
22. The Audit Committee comprises the following Directors:
  - Mr Kyle Lee, Chairman
  - Mr Law Song Keng, Member
  - Mrs Teoh Lian Ee, Member
  - Mr Thean Nam Yew, Member
23. All the members are independent Directors and independent from management and business relationships under the CG Regulations. The members have not been partners or directors of Messrs PricewaterhouseCoopers LLP (“PwC”), the external auditor, within a period of two years commencing on the date of their ceasing to be a partner or director of PwC. None of them hold any financial interest in PwC.
24. Members of the Audit Committee are appropriately qualified to discharge their responsibilities. In particular, Mr Kyle Lee and Mr Thean Nam Yew have relevant accounting and auditing experience and Mrs Teoh Lian Ee has experience in taxation and trust law. All the Audit Committee members possess financial management knowledge and experience. The Audit Committee members keep abreast of relevant changes through regular updates from the external auditor on changes to accounting standards and issues which have a direct impact on the financial statements. The Audit Committee carries out its functions in accordance with Section 201B(5) of the Companies Act (Chapter 50), the Code, the listing manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the CG Regulations and the MAS CG Guidelines and operates within Board-approved terms of reference which set out the Audit Committee’s authorities and duties.
25. The Audit Committee has explicit authority to investigate any matter within its terms of reference and has the full co-operation of and access to Management. The Audit Committee has full discretion to invite any Director or senior management executive to attend its meetings. It has resources to enable it to discharge its functions properly.

26. The Audit Committee held a total of five meetings in 2020. The Audit Committee meetings were attended by the internal and external auditors, the Group CEO and certain senior management executives, including the Group CFO.

27. Further information on the Audit Committee is provided under Principle 10 on Page 98 of this Annual Report.

## Remuneration Committee

28. Under the CG Regulations, the Remuneration Committee is required to comprise at least three Directors, with at least one-third of Directors, being independent Directors (including the Remuneration Committee Chairman) and at least a majority being independent from management and business relationships.
29. The Remuneration Committee comprises the following Directors:
  - Mr Lee Fook Sun, Chairman
  - Mr Koh Beng Seng, Member
  - Mr Wee Joo Yeow, Member
30. All the members are independent from management and business relationships. The Remuneration Committee Chairman, Mr Lee Fook Sun, is an independent Director under the CG Regulations.
31. The Remuneration Committee ensures that the Company implements formal and transparent procedures for developing policies on executive remuneration and for determining the remuneration packages of Directors and senior management executives.
32. The responsibilities of the Remuneration Committee are set out in its Board-approved terms of reference. The Remuneration Committee’s principal responsibilities are to recommend to the Board for endorsement a framework of Directors’ fees, as well as remuneration of executive Directors and senior management executives. For executive Directors and senior management executives, the framework covers all aspects of remuneration including salaries, allowances, bonuses, share options and other incentives and benefits. The Remuneration Committee also ensures that the Group’s remuneration policies and practices are aligned with the approved framework and that remuneration packages are appropriate to attract, retain and motivate the executive Directors and senior management executives without being excessive.

33. The Remuneration Committee held a total of two meetings in 2020.

## Risk Management Committee

34. The Risk Management Committee is required to comprise at least three Directors, a majority of whom (including the Risk Management Committee Chairman) are non-executive Directors. The MAS CG Guidelines further stipulate that members of this Committee should be appropriately qualified to discharge their duties, with at least two having the relevant technical financial sophistication in risk disciplines or business experience.

35. The Risk Management Committee comprises the following Directors:

- Mr Koh Beng Seng, Chairman
- Mr Norman Ip, Member
- Mr Law Song Keng, Member
- Mr Soon Tit Koon, Member
- Mr Samuel N. Tsien, Member

36. All the members are non-executive Directors of whom Mr Law Song Keng and Mr Soon Tit Koon are independent Directors. All the members have the relevant technical financial sophistication in risk disciplines or business experience to enable them to discharge their duties effectively.

37. The Risk Management Committee is responsible for the oversight of market, credit, liquidity, insurance, operational, technology, regulatory and compliance risks to manage the financial and reputational impact arising from these risks. It reviews the overall risk management philosophy, including the risk profile, risk tolerance level, and capital management strategy, guided by the overall risk appetite and corporate strategy approved by the Board.

38. The Risk Management Committee performs its functions pursuant to its Board-approved terms of reference. Such terms of reference include the review and approval or endorsement of enterprise risk management framework, major policies, charters and strategies for effective risk management, investment management and asset-liability management. The terms of reference also include the review and approval of major risk management initiatives.

39. The Risk Management Committee endorses the appointment and annual appraisal of the Group CRO who reports directly to the Risk Management Committee and the Group CEO. The appointment of the Group CRO also requires the prior approval of MAS. Following the resignation of the Group CRO in October 2020, the Risk Management Committee has identified a suitable candidate who will be joining the Group in April 2021.

40. The Group CRO is responsible for establishing and implementing the Group's risk management framework and processes for identifying, assessing, measuring, controlling, mitigating, monitoring and reporting of risks.

41. The Group Risk Management Department has adequate resources and is staffed by experienced and qualified personnel who are sufficiently independent to perform their duties objectively. The Group Risk Management Department regularly engages senior management executives to develop enterprise-wide risk controls and risk mitigation procedures.

42. The Risk Management Committee held a total of six meetings in 2020.

43. The Group's enterprise risk governance and management objectives and policies and other pertinent details are disclosed in Note 33 of the Notes to the Financial Statements.

## Sustainability Committee

44. The Sustainability Committee was established on 1 March 2020 to assist the Board in exercising oversight on sustainability-related strategy and its implementation and results.

45. The Sustainability Committee comprises the following Directors:

- Mr Soon Tit Koon, Chairman
- Mr Koh Beng Seng, Member
- Mr Law Song Keng, Member
- Mrs Teoh Lian Ee, Member

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46. The responsibilities of the Sustainability Committee are set out in its Board-approved terms of reference. The Sustainability Committee is responsible for the supervision and oversight of the Group's sustainability strategy and related projects, goals and priorities principally in relation to environmental, social and governance matters.
47. The Sustainability Committee also provides supervision and oversight on activities of the management committees or management working group in the area of sustainability, and reviews progress made and the results of implementation.
48. The Sustainability Committee held a total of two meetings in 2020.

## Meetings and Directors' attendance

49. The Board meets regularly during the year to review the business performance and key activities of the Group presented by Management, and to deliberate significant business proposals presented by Management. All members of the Board participate actively in Board discussions and decisions are taken objectively in the interests of the Company. The Board works with Management to achieve its stated goals and Management remains accountable to the Board. Where warranted by particular circumstances,

*ad hoc* Board or Board Committee meetings will be convened. Each year, the Board and senior management executives meet to review and refresh strategies for the Group. In 2020, the Board held a total of ten Board meetings, including one Board Strategy meeting and three *ad hoc* Board meetings.

50. Meetings of the Board and Board Committees via telephone or video conference are permitted by the Company's Constitution. If a Director is unable to attend a Board or Board Committee meeting, he will still receive all the papers and materials to be tabled for discussion at that meeting. Directors are provided with complete, adequate and timely information related to agenda items before each meeting. Directors are also equipped with electronic tablets that allow secured access to Board and Board Committee meeting materials. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, enterprise risk management and audit dashboards, operating plans, forecasts, and reports of variances from operating plans and forecasts.
51. The number of meetings of the Board and Board Committees held in 2020 and the attendance of the Directors at those meetings are tabulated below.

## Directors' attendance at Board and Board Committee meetings in 2020

Name of Director	Board			Nominating Committee		Audit Committee		
	No. of Meetings			No. of Meetings		No. of Meetings		
	Scheduled		Ad hoc	Scheduled		Scheduled		Ad hoc
	Held	Attended	Attended	Held	Attended	Held	Attended	Attended
Koh Beng Seng	7	7	3	2	2	-	-	-
Norman Ip	7	7	3	2	2	-	-	-
Law Song Keng	7	7	3	-	-	4	4	1
Lee Fook Sun	7	7	3	2	2	-	-	-
Kyle Lee	7	7	3	2	2	4	4	1
Soon Tit Koon	7	7	3	-	-	-	-	-
Teoh Lian Ee	7	7	3	-	-	4	4	1
Thean Nam Yew	7	7	3	-	-	4	4	1
Samuel N. Tsien	7	7	2	2	2	-	-	-
Wee Joo Yeow	7	7	3	2	2	-	-	-



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Name of Director	Remuneration Committee		Executive Committee		Risk Management Committee		
	No. of Meetings		No. of Meetings		No. of Meetings		
	Scheduled		Scheduled		Scheduled		Ad hoc
	Held	Attended	Held	Attended	Held	Attended	Attended
Koh Beng Seng	2	2	3	3	5	5	1
Norman Ip	–	–	–	–	5	5	1
Law Song Keng	–	–	3	3	5	5	1
Lee Fook Sun	2	2	3	3	–	–	–
Kyle Lee	–	–	–	–	–	–	–
Soon Tit Koon	–	–	–	–	5	5	1
Teoh Lian Ee	–	–	–	–	–	–	–
Thean Nam Yew	–	–	3	3	–	–	–
Samuel N. Tsien	–	–	3	3	5	5	1
Wee Joo Yeow	2	2	–	–	–	–	–

Name of Director	Sustainability Committee <sup>(1)</sup>	
	No. of Meetings	
	Scheduled	
	Held	Attended
Koh Beng Seng	2	2
Norman Ip	–	–
Law Song Keng	2	2
Lee Fook Sun	–	–
Kyle Lee	–	–
Soon Tit Koon	2	2
Teoh Lian Ee	2	2
Thean Nam Yew	–	–
Samuel N. Tsien	–	–
Wee Joo Yeow	–	–

Notes:

(1) Established on 1 March 2020.

Directors' attendance at the annual general meeting ("AGM") of the Company is not included in the above table.

There were 2 Board sessions without Management held in 2020. Directors' attendance at these sessions is not included in the above table.

The number of meetings indicated under the column "Held" above reflects the number of meetings held during the time the respective Directors held office.

Total number of ad hoc meetings held in 2020 – Board: 3; Audit Committee: 1; Risk Management Committee: 1

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## Access to Information

52. The Board members are provided with relevant and timely information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. For matters requiring approval, information furnished by Management usually includes background explanatory information, relevant facts and/or analysis to support the proposal, implications or merits of the case, risk analysis and mitigating strategies, the budget (if applicable) and Management's recommendation. The senior management executives who can provide additional information and insight or provide clarifications to queries raised are usually present at the meeting during discussion on such matters. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board or Board Committees, where relevant. All Board and Board Committee members have unfettered access to information, which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.
53. Information furnished to the Board on an on-going basis includes business forecasts, monthly Group financials and quarterly reports on the financial results and performance of the Group and principal subsidiaries within the Group, with explanations of material deviations between actual results and business plans and/or budgets. Management also provides the Board with information on material risks exposed by the Company and the Group, including credit, market, liquidity and operational risks.
54. Directors have separate and independent access to the Company Secretary and to senior management executives of the Company and the Group at all times.
55. The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. She assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. Under the direction of the Chairman, she ensures good information flow within the Board and Board Committees, and between senior management executives and non-executive Directors. The Company Secretary also facilitates the orientation of new Directors and professional development of Directors, as required. The appointment and removal of the Company Secretary is considered to be a matter for the Board as a whole.

56. The Directors may take independent professional advice as and when necessary to enable them to discharge their duties effectively. Similarly, the Board and Board Committees may obtain professional advice, whenever necessary and appropriate, so as to effectively discharge their roles and responsibilities. All engagements of external advisers are at the Company's expense.

## Board Orientation and Development

57. Upon the appointment of a new Director, the newly-appointed Director will be apprised of his/her statutory and fiduciary duties and obligations and issued a Director's orientation kit, which will include key information on the Company and the Group, the terms of reference of the Board and Board Committees, duties and obligations of Directors as well as relevant rules and regulations. As part of the induction programme for new Directors, the Group CEO and senior management executives will conduct presentation sessions for new Directors on the Group's principal activities, strategic plans and business operations and the induction programme will be tailored to the specific development needs of the new Directors. The Company constantly reviews and improves on the contents of such briefings to new Directors to take into account any new legislative changes which affect the roles and responsibilities of Directors and to enable them to have a more comprehensive understanding of the Group, the insurance business and practices and the Group's financial positions.
58. The Nominating Committee ensures that there is a continuous professional development programme for all Directors, to ensure that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. The Company arranges for new Directors to be briefed on areas such as accounting, risk management, insurance and for first-time Directors to undergo training in roles and responsibilities of directors of listed companies as prescribed by the SGX-ST. From time to time, the Company organises talks, seminars or presentations by external professionals, consultants or Management on topics relevant to the insurance industry, relevant new laws, regulations and changing commercial risks and provides updates on developments in the industry locally and in other developed countries. Industry-related and topical articles are regularly circulated to Directors as part of the Company's continuous development programmes for Directors.

Continued training and development programmes are offered to Directors and they may attend appropriate courses, conferences and seminars conducted by professional bodies within the industry or other professional organisations including programmes conducted by the Singapore Institute of Directors where relevant.

59. The Company arranges for and funds the training and development programmes for existing and new Directors. The Company also maintains formal records of the training and development received by its Directors.
60. Continuing development programmes arranged by the Company for Directors in 2020 included the following topics:
  - Economic outlook in a post-pandemic world and investment implications of zero interest rates and MP3
  - A focus on geopolitics and US-China: what a clash of empires means for long term money management
  - Covid-19 and the emerging digital and cyber world
  - Anti-Money Laundering/Countering the Financing of Terrorism
  - SGX-ST Listing Rules Revisions: Enhancing Continuous Disclosures

## Principle 2: Board Composition and Guidance

**The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

### Board Membership

61. The Company's present Board of ten Directors comprises a non-executive Chairman, Mr Koh Beng Seng, and nine other non-executive Directors. The nine non-executive Directors are Mr Norman Ip, Mr Law Song Keng, Mr Lee Fook Sun, Mr Kyle Lee, Mr Soon Tit Koon, Mrs Teoh Lian Ee, Mr Thean Nam Yew, Mr Samuel N. Tsien and Mr Wee Joo Yeow. Board members do not appoint alternate directors as a matter of practice.
62. All appointments and re-appointments of Directors of the Company are subject to approval by MAS.

### Key information on Directors

63. Key information on the Directors' qualifications, background, working experience, age, directorships and appointments are provided on Pages 18 to 28 under the section "Board of Directors" of this Annual Report. Information on their shareholdings in the Company and its related corporations are provided in the Directors' Statement on Pages 108 and 109 of this Annual Report. The Company does not grant share options to non-executive Directors of the Company. The Directors do not hold shares in the Company's subsidiaries.
64. Key information on each Director of the Company's principal insurance subsidiaries in Singapore, namely, The Great Eastern Life Assurance Company Limited ("GEL") and Great Eastern General Insurance Limited ("GEG") is also set out under the section "Board of Directors" on Pages 30 and 31 of this Annual Report.

### Board Composition and Independence

65. The Company determines the independence of its Directors in accordance with the requirements under the CG Regulations. Under the CG Regulations, an independent Director of the Company is one who is independent from the substantial shareholders of the Company, and management and business relationships with the Company and its subsidiaries, and has not served for more than nine years on the Board. He/She is also independent in conduct, character and judgment. Each Director is required to abstain from the Nominating Committee's and the Board's deliberations respectively on his/her own independence.
66. Under the CG Regulations, the Board is required to comprise a majority of independent Directors.
67. The Company's Board comprises a majority of independent Directors. The Nominating Committee determines annually whether a Director is independent. Taking into consideration the definition of "independence" of a Director under the CG Regulations, the Nominating Committee has determined that the Company's independent Directors are currently Mr Law Song Keng, Mr Lee Fook Sun, Mr Kyle Lee, Mr Soon Tit Koon, Mrs Teoh Lian Ee and Mr Thean Nam Yew.

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68. Mr Norman Ip, Mr Law Song Keng, Mr Lee Fook Sun and Mr Soon Tit Koon are non-executive Directors of companies that have purchased insurance or provided reinsurance to the Company's subsidiaries. Such business transactions have been conducted in the ordinary course of business, on an arm's length basis and on reasonable commercial terms. The Nominating Committee considers them to be independent of business relationships as they are not involved in the day-to-day conduct of these companies' businesses and is of the view that these business relationships do not affect their ability to act independently.
69. Mr Lee Fook Sun is the non-executive Chairman of companies that had business transactions with GEL, a wholly owned subsidiary of the Company, in the financial year ended 31 December 2020 ("FY2020"). The contracts awarded to these companies were in accordance with the Group's procurement policy. Aggregated payments to these companies were insignificant compared to the Group's overall expenditure in the relevant field for FY2020. As Mr Lee serves in a non-executive capacity in these companies, he would be substantially removed from the actual business transactions between these companies and GEL. The Nominating Committee considers him to be independent of business relationships as he is not involved in the day-to-day conduct of those companies' businesses and is of the view that these business relationships do not affect his ability to act independently.
70. Under the CG Regulations, Mr Koh Beng Seng is deemed non-independent as he has served for more than nine years on the Board and he is a Director of the Company's substantial shareholder, Oversea-Chinese Banking Corporation Limited ("OCBC Bank"). The Nominating Committee has determined that he is independent from management and business relationships with the Company and its subsidiaries.
71. Mr Norman Ip is deemed non-independent as he has served for more than nine years on the Board. However, he is independent from the substantial shareholder of the Company, and management and business relationships with the Company and its subsidiaries.
72. Mr Wee Joo Yeow is a non-independent Director as he is a member of the Board of OCBC Bank and hence, under the CG Regulations, is not independent from the substantial shareholder of the Company. As Mr Wee Joo Yeow is an independent Director of OCBC Bank, he has been determined by the Nominating Committee to be independent from management and business relationships with the Company and its subsidiaries.
73. Mr Samuel N. Tsien is a non-independent Director as he is the Group Chief Executive Officer and Executive Director of OCBC Bank.
74. The current Board complies with the requirements on Board composition and Board independence under the CG Regulations. Six out of the ten Board members are independent Directors and all Board members are non-executive Directors.
75. The Board, through its Nominating Committee, is of the view that the current Board and Board Committees are of an appropriate size to facilitate effective decision-making, taking into account the scope and nature of the operations of the Company and the Group.
76. A Board Diversity Policy, setting out the approach to diversify the appointment of members and composition of the Board, is published on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com). In the appointment of Board members, the policy embraces the diversity of skills, knowledge, experience, including familiarity in the Company's core markets, age, gender and length of service, as well as merit and independence. Steps are taken to improve effectiveness, where necessary. The Board, through its Nominating Committee, assesses the diversity of its members' competency profiles, including gender representation, and determines the collective skills required to discharge its responsibilities effectively.

77. The Company's Board members have diverse backgrounds, experience and qualifications, and bring a wide range of commercial and financial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and core competencies to the Company and the Group, including industry knowledge in insurance (such as key products and customers) and actuarial science, investment and asset management (such as real estate and property), knowledge in banking, accounting, finance, strategy formulation, management experience, risk management, technology, transformation management, taxation, trust law, cyber security and familiarity with regulatory requirements. Several Directors also have experience in jurisdictions outside Singapore, such as Malaysia, Indonesia and Greater China. At least one of the independent Directors has experience in the insurance industry. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities. Female representation on the Board is currently 10%.
78. With the knowledge, objectivity and balance contributed by the non-executive Directors, the Board constructively challenges and enhances proposals on strategy, reviews the performance of Management against agreed goals and objectives, and monitors the reporting of performances.
79. The non-executive Directors met twice during the year without the presence of Management to discuss matters such as the performance and effectiveness of Management.
80. The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its roles and responsibilities, approving agendas of Board meetings, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between the Board and Management, and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.
81. The Group CEO manages the Company and oversees the Group's operations and implementation of the Group's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Group's businesses, including implementing the Board's decisions, is carried out with the assistance of the senior management executives of the Group. Collectively, they are responsible for the day-to-day operations and administration of the Company and the Group, ensuring, *inter alia*, operational and organisational efficiency, profitable performance of the operating units, regulatory compliance, good corporate governance and effective risk management. The Board establishes the performance targets of the Group CEO and reviews his performance against the targets annually.
82. The Board has not appointed a Lead Independent Director as the Chairman and the Group CEO are already separate persons, are not related to each other and the Chairman is not involved in the day-to-day running of the Company's business and operations. The Chairman is independent from management and business relationships with the Company and its subsidiaries. He is also independent of the Management and performs an effective check and balance on the Management. The Board has a majority of independent Directors and the Directors are able to exercise independent and objective judgment. As part of its continuous assessment of corporate governance standards, the Board will appoint a Lead Independent Director when the Board situation warrants it.
- 83.

### Principle 3: Chairman and Chief Executive Officer

**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

80. The Chairman and the Group CEO are not related to each other. The roles of the Chairman, Mr Koh Beng Seng, and the Group CEO, Mr Khor Hock Seng, are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision-making. The Company has Board-approved internal guidelines setting out the scope of authority of the Chairman and the Group CEO.

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## Principle 4: Board Membership

**The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

### Process for appointment of new Directors

84. The Nominating Committee has a key role in carrying out the formal and transparent process established for the appointment of Directors to the Board. Taking into account the competencies and skills required by the Board, the Nominating Committee establishes annually the profile required of the Board members, before making any recommendations on the appointment of new Directors, where necessary. The Nominating Committee may engage external search consultants to source for potential candidates. Proposals for the appointment of new Directors are reviewed by the Nominating Committee. The Nominating Committee meets with short-listed candidates to assess their suitability and commitment. Competent individuals are nominated for Board approval after the Nominating Committee has assessed their suitability taking into consideration, amongst others, their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Group, potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board.
85. In addition, the Nominating Committee further determines the proposed candidate's independence under the CG Regulations and ensures that the proposed candidate would satisfy the criteria under the CG Regulations in that his/her appointment would not result in non-compliance with any of the composition requirements for the Board and Board Committees, 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 Nominating Committee. Such reviews are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria.

## Re-nomination and Re-election of Directors

86. All Directors of the Board are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each AGM of the Company, one-third of the Directors, being those who have served longest in office since their re-election, are required to retire by rotation in accordance with the Company's Constitution. Pursuant to the Company's Constitution, newly appointed Directors will hold office until the next AGM and, if eligible, can stand for re-election. Retiring Directors are eligible for re-election when re-nominated by the Nominating Committee, taking into account the Directors' attendance at meetings, their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.
87. The Directors who are retiring by rotation under Article 97 of the Company's Constitution and standing for re-election at the 2021 AGM are Mr Norman Ip, Mr Lee Fook Sun and Mrs Teoh Lian Ee. Mr Samuel N. Tsien, who is retiring under Article 97 of the Company's Constitution, will not be seeking re-election as a Director of the Company. Mr Ng Chee Peng, who will be appointed as a Director of the Company on 1 March 2021, will retire under Article 103 of the Company's Constitution and stand for re-election at the 2021 AGM.
88. Directors are expected to set aside adequate time for their oversight of matters relating to the Company. The Directors provide declarations of changes in their other appointments which are disseminated to all Board members. The Company has established guidelines on meeting attendance and the extent of other appointments outside the Company that a Director may assume. Generally, a Director who has full-time employment in any organisation may have appointments in no more than three other listed companies, while a Director who does not have any full-time employment may have appointments in no more than six other listed companies. Each of the Directors' listed company directorships and principal commitments are provided on Pages 18 to 28 under the section "Board of Directors" of this Annual Report. The Nominating Committee annually assesses each Director's attendance record and degree of participation at meetings to determine if a Director is able to and has been diligently discharging his/her duties as a Director of the Company. All Directors have met the requirements under the Nominating Committee's guidelines.

## Principle 5: Board Performance

**The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

89. The Board has an annual performance evaluation process, carried out by the Nominating Committee, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contributions of individual Directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year.
90. An external party is engaged every three years to facilitate the Board evaluation process and to provide the Board with an independent perspective of the Board's performance, including benchmarks against peer boards and industry best practices.
91. The 2020 Board evaluation questionnaire focused on areas such as competency and independence, information quality and timeliness, conduct of meetings, corporate social responsibility, managing performance, succession planning, Directors' development, internal controls and risk management, and Board Committees. With regard to the individual Director's assessment criteria, this would include attributes such as each Director's contribution, integrity, knowledge and abilities. The Board Chairman and/or Nominating Committee Chairman will act upon the feedback provided to enhance the Board's performance.
92. The purpose of the evaluation is to increase the overall effectiveness of the Board. The Board has found the evaluation process useful and constructive since its implementation more than ten years ago. This collective process has also provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board.

## REMUNERATION MATTERS Principle 6: Procedures for Developing Remuneration Policies

**The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

93. The objective of the Group's remuneration policy is to attract, motivate, reward and retain quality personnel.
94. In considering its recommendations to the Board and in approving remuneration, the Remuneration Committee ensures that remuneration policies are in line with the Group's strategic objectives and corporate values, and do not give rise to conflicts between the objectives of the Company and interests of individual Directors and key executives.
95. The Remuneration Committee is tasked to review and recommend to the Board the general remuneration framework as well as the specific remuneration for each Director and for each key executive. The composition and summary terms of reference of the Remuneration Committee are provided on Page 84 of this Annual Report. No Director is involved in the deliberations regarding any remuneration, compensation or any form of benefits to be granted to himself/herself.
96. The Remuneration Committee members are well-versed in executive compensation matters, given their extensive experience in senior corporate positions and major appointments. They also have access to expert advice from external independent remuneration consultants, where necessary. The Remuneration Committee will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
97. In 2020, Willis Towers Watson provided independent advisory services on the Group's executive compensation framework to ensure greater alignment of pay policies and practices with market and regulatory standards. Willis Towers Watson is not related to the Company and the Company is not aware of any business or personal relationship between Willis Towers Watson and the Company's Directors and key management executives.

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98. The Company does not provide any termination, retirement and post-employment benefits to its key management personnel.

## Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

### Remuneration of non-executive Directors

99. The non-executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at meetings and the frequency of meetings, the respective responsibilities of the Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors.
100. The Remuneration Committee performs an annual review of the structure for Directors' fees and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure, before recommending any proposed changes to the Board for endorsement. The Directors' fees proposed by the Board each year are subject to shareholders' approval at the Company's AGM.
101. In its review of the non-executive Directors' remuneration, the Remuneration Committee can seek expert advice, if necessary. No consultant was engaged in 2020 to provide advice on the remuneration of non-executive Directors.
102. The Remuneration Committee has considered the market practices for non-executive Directors' compensation and, on its recommendation, the Board has decided to use the same fee structure for computing the fee for each non-executive Director for FY2020 as that used in the previous financial year (in the following table):

		Annual retainer
<b>Board</b>	Chairman	\$300,000
	Member	\$75,000
<b>Board Committees</b>	Chairman: • Audit Committee • Executive Committee • Risk Management Committee	\$60,000
	Chairman: • Nominating Committee • Remuneration Committee • Sustainability Committee	\$30,000
	Member: • Audit Committee • Executive Committee • Risk Management Committee	\$30,000
	Member: • Nominating Committee • Remuneration Committee • Sustainability Committee	\$15,000
<b>Attendance fees per Board or Board Committee meeting</b>		<b>\$3,000</b>

Attendance fees are paid to non-executive Directors to recognise their contributions and time spent in attending meetings.

### Remuneration policy in respect of Key Senior Management Executives

103. The remuneration of the Group CEO and the key senior management executives who report directly to the Group CEO are reviewed annually by the Remuneration Committee, based on the overall remuneration framework approved by the Board.
104. In such annual reviews, the Remuneration Committee takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with individual performance and contribution. The Remuneration Committee also takes into account the time horizon of risks, such as ensuring that all variable compensation payments shall not be fully paid over short periods when risks are realised over longer periods.



105. As part of the Company's continuous efforts to create sustainable value for stakeholders through broad-based growth across its core markets, delivering sustained earnings, driving core competencies of disciplined risk management, prudent investment and continued upgrading of technology and people, and ensuring sustainable business practices, the performance measures set for each business unit embeds these objectives, which match their functions and are consistent with the Group's risk appetite. In determining the remuneration of key senior management executives, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing their overall performance, in addition to their achievement in business and operation performance. Executives are remunerated based on the achievements of their own performance measures, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles.
109. As a consequence of the financial crisis in recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has adopted compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it also continues to review its compensation practices on an on-going basis to further ensure that decisions made are conducive for sustained business performance. In its deliberations, the Remuneration Committee also takes into account the remuneration principles, practices and standards that may be specified by MAS from time to time.

#### Principle 8: Disclosure on Remuneration

**The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

106. To ensure that its remuneration packages are competitive, the Company regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys on comparative groups in the financial sector. The determination of the Company's variable bonus pool is fully discretionary and the factors taken into consideration include financial and non-financial metrics such as the Company's performance, audit ratings, risk indicators and compliance issues, market conditions and competitive market practices.
107. The total compensation packages for key senior management executives comprise basic salary, various performance bonus, allowances, deferred share awards and benefits. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Remuneration Committee and the Board.
108. The annual budget for salary increment and performance-related variable bonus, reviewed and approved by the Remuneration Committee, is submitted to the Board for endorsement and approval.
110. The Company has identified a group of senior executives whose authorities and actions are deemed to have a major influence on the long term performance of the Company. This group, identified as "Material Risk Takers" comprises the Group CEO and his direct reports, key personnel at business units and senior control staff. Employees who are not senior staff but are identified as "Material Risk Takers" are also included in this group. For the "Material Risk Takers" with performance bonuses exceeding \$100,000 in Singapore, at least 40% of their entire bonuses are deferred in the form of shares.

#### Share-based incentives

111. The Company does not have any share option scheme or share plan in place. Instead, the Company's holding company, OCBC Bank, grants share awards pursuant to the OCBC Deferred Share Plan to selected senior executives of the Group, based on recommendations of the Remuneration Committee. The Company has ceased granting OCBC share options to eligible executives with effect from FY2019 for FY2018 performance.
112. Details of the share options (granted previously) and the award of deferred shares to the Company's eligible executives are disclosed in the financial statements. Further details of the above share option scheme and share plan are set out in Note 29 of the Notes to the Financial Statements and in OCBC Bank's Annual Report.
113. All grants and awards are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Company's risk profile/rating.

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## Disclosure on Directors' and the Group CEO's remuneration

114. The remuneration of each individual Director and the Group CEO in respect of FY2020 is shown in the table below. Non-executive Directors will be paid Directors' fees totalling \$2,359,000 in respect of FY2020, subject to shareholders' approval at the 2021 AGM. For the financial year ended 31 December 2019, non-executive Directors were paid Directors' fees totalling \$2,181,000.

### Directors' and the Group CEO's remuneration for FY2020

Name	Total Remuneration (Great Eastern Group)	Directors' Fees (GEH)	Directors' Fees (Subsidiaries)	Salary	Bonuses <sup>(1)</sup>	Long-term incentives <sup>(2)</sup>	Benefits-in-kind <sup>(3)</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Directors</b>							
Koh Beng Seng	553	541	–	–	–	–	12
Norman Ip <sup>(4)</sup>	370	177	193	–	–	–	–
Law Song Keng	259	259	–	–	–	–	–
Lee Fook Sun	239	239	–	–	–	–	–
Kyle Lee <sup>(5)</sup>	245	204	41	–	–	–	–
Soon Tit Koon	187	187	–	–	–	–	–
Teoh Lian Ee	172	172	–	–	–	–	–
Thean Nam Yew	212	212	–	–	–	–	–
Samuel N. Tsien <sup>(6)</sup>	219	219	–	–	–	–	–
Wee Joo Yeow	150	150	–	–	–	–	–
<b>Group CEO</b>							
Khor Hock Seng	4,374	–	–	1,100	1,650	1,203	421

Notes:

- (1) Bonuses comprise variable bonus paid in 2020.
- (2) Represents the award of deferred shares under the OCBC Deferred Share Plan.
- (3) Represents non-cash component and comprises housing allowance, car, club, insurance benefits and employer's contribution to the Central Provident Fund.
- (4) Mr Norman Ip received Director's fees for his board service in respect of GEH subsidiaries in Singapore and Malaysia.
- (5) Mr Kyle Lee received Director's fees for his board service in respect of a GEH subsidiary in Singapore.
- (6) The Director's fees attributable to Mr Samuel N. Tsien is payable to OCBC Bank.

## Remuneration of Top Five Key Management Personnel in 2020

115. The Code recommends the disclosure of the individual remuneration of the Company's top five key management personnel as well as their aggregate remuneration. The Board has considered this matter carefully and has decided against such a disclosure for the time being as it is not a standard business practice to do so, having taken into account the highly competitive conditions for talent in the industry.

## Remuneration of Immediate Family of Directors / Group CEO / Substantial Shareholder

116. None of the Directors or the Group CEO of the Company had immediate family members who were employees of the Company in 2020. As the Company's substantial shareholder, OCBC Bank, is not an individual, the disclosure on remuneration of employees who are immediate family of substantial shareholders is not applicable.

## ACCOUNTABILITY AND AUDIT

### Principle 9: Risk Management and Internal Controls

**The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

117. The Board is responsible for the governance of risk. It sets the tone for the Company's risk culture and monitors, through the Risk Management Committee, the effectiveness and adequacy of the risk management processes and systems of the Company and its principal subsidiaries. The Board approves the Company's risk appetite and has oversight of the risk activities to ensure that the Company's strategic intent, operating environment, internal control mechanisms and capital sufficiency are consistent with the Company's risk appetite and regulatory standards. Further details of the Enterprise Risk Management Framework implemented by the Company are set out in Note 33 of the Notes to the Financial Statements.

118. The Board of Directors emphasises the importance of institutionalising a strong risk culture within the Company. As a subset of the broader organisational culture, a strong risk culture supports appropriate risk awareness, bolsters effective risk management and promotes sound risk taking to ensure the Company's risk profile remains within its risk appetite. The Board also approves the risk culture principles and, along with it, the set of desired risk culture behaviours to support the target risk culture throughout the Company.

## Accountability

119. The Company has in place a process for Management to represent to the Board on the integrity of the Company's and the Group's financial statement and internal control system in relation to the requirement under the listing manual of the SGX-ST for the Board to issue an assurance statement that accompanies the Company's announcements of its interim and full year financial results. Following Singapore Exchange Regulation's removal of mandatory quarterly reporting from 7 February 2020, the Company provided abridged financial disclosures for its first and third quarters for FY2020. These disclosures supplemented the mandatory reporting of its half year and full year financial statements.
120. The Board is kept apprised of material changes in legislations and regulatory requirements, including requirements under the listing manual of the SGX-ST. The Board takes necessary steps to ensure that the Company complies with these requirements. In compliance with the SGX-ST Listing Rule 720(1), the Company has procured undertakings from its Directors and key executive officers in the form prescribed by the SGX-ST.
121. To keep Board members informed and updated, Management provides the Board with monthly financial updates on the performance and position of the Group. The Board is also updated on any significant events that have occurred or affected the industry during the year.

## Internal Controls

122. The Board is responsible for ensuring that the Company's system of internal controls is adequate to safeguard shareholders' interests and the Company's assets. The Company has in place, self-assessment processes for all business units to assess the adequacy and effectiveness of their systems and processes of internal controls, and their level of compliance with applicable rules and regulations. The results of evaluations are reviewed by senior management executives. The Board has received assurance from the Group CEO (which includes assurance provided by key management personnel to the Group CEO) on the effectiveness of the Company's risk management and internal control systems. The Board also received assurance from the Group CEO and Group CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and financial position.
123. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and various Board Committees, the Board, with the concurrence of the Audit and Risk Management Committees, is of the view that the system of internal controls, including financial, operational, compliance and information technology controls as well as risk management systems, were adequate and effective as at 31 December 2020, to address the risks which the Group considers relevant and material to its operations.
124. The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

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## Principle 10: Audit Committee

### The Board has an Audit Committee which discharges its duties objectively.

125. The composition of the Audit Committee is provided under the caption “Audit Committee” on Page 84 of this Annual Report. The Audit Committee adopts, where appropriate, relevant best practices set out in the Guidebook for Audit Committees in Singapore.
126. The responsibilities of the Audit Committee are set out in its Board-approved terms of reference. The functions performed by the Audit Committee and details of the Audit Committee’s activities during FY2020 included the following:
- 126.1 Reviewed with internal auditors:
- 126.1.1 their audit plans, evaluation of the system of internal controls and audit reports;
- 126.1.2 the scope and results of internal audits; and
- 126.1.3 the assistance given by the officers of the Company and the Group to the auditors.
- 126.2 Reviewed with the external auditor:
- 126.2.1 the audited financial statements of the Company and the Group for the financial year, which are prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and SFRS(I) Interpretations, for submission to the Board for consideration and approval thereafter;
- 126.2.2 their scope and overall audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them;
- 126.2.3 the implications and impact on the financial statements of proposed implementation of new financial reporting standards and any changes in accounting policies and regulatory requirements; and
- 126.2.4 any significant financial reporting issues, to ensure the integrity of the financial statements of the Company and the Group.
- 126.3 Reviewed the audited financial statements and draft announcement relating to the financial performance of the Company and the Group with Management, including discussion on the accounting policies applied and significant judgments affecting the financial statements. The following key audit matters highlighted in the Independent Auditor’s Report on Pages 112 to 114 of this Annual Report were also discussed with Management and the external auditor:
- 126.3.1 Valuation of life insurance contract liabilities – The Audit Committee has reviewed the life insurance contract liabilities, and the key assumptions and judgments made in valuing these liabilities. The Committee considered information on key assumptions such as mortality, morbidity, lapse, expense, and interest rates. The review included the methodology used in the valuation of the liabilities, rationale for changes to key assumptions during the year and explanation on the variances against past trends.
- 126.3.2 Valuation of provision for current income tax and deferred tax – The Audit Committee has reviewed Management’s analysis of the changes in tax and deferred tax provision during the year. The Committee also considered the input from Management on the adequacy of the provision.

No significant issue arose in respect of these items.

- 126.4 Reviewed the findings of internal and external auditors on their reviews of the adequacy and effectiveness of the internal controls and risk management systems of the Company and its principal subsidiaries, including financial, operational, compliance and information technology controls and systems established by Management.
- 126.5 Reviewed the assurance from the Group CEO and Group CFO on the financial records and financial statements.
- 126.6 Assessed the adequacy and effectiveness of the internal audit functions of the Company and its principal subsidiaries.
- 126.7 Assessed the independence of external and internal auditors.
- 126.8 Made recommendations to the Board on the re-appointment of the external auditor and approved the remuneration and terms of engagement of the external auditor.
- 126.9 Reviewed material and/or special related party transactions and the write-off of material related party transactions as may be required by the relevant regulatory authorities, and recommend to the Board for approval.
- 126.10 Reviewed interested person transactions as may be required by the relevant regulatory authorities as well as transactions that will be disclosed in the Annual Report.
127. The Audit Committee undertook a review of all relationships between the Group and the external auditor (including non-audit services provided by the external auditor) for FY2020, and is satisfied that the provision of such non-audit services would not, in its opinion, affect the independence of the external auditor. Please refer to Note 7 of the Notes to the Financial Statements for details of fees payable to the external auditor in respect of audit and non-audit services.
128. Taking into account the aforesaid and other factors such as the size and complexity of the Group and the adequacy of resources and experience of the external auditor, the Audit Committee has recommended the re-appointment of PwC as the external auditor at the 2021 AGM. The Company has complied with Rules 712 and 715 of the listing manual of the SGX-ST in relation to its external auditor.
129. The Audit Committee, in performing its functions, met at least annually with the internal and external auditors in separate sessions without the presence of Management, to consider any other matters which may be raised privately. The auditors, both internal and external, have unrestricted access to the Audit Committee, and to information and such persons within the Group as necessary to conduct the audit.

#### Whistle-Blowing Policy

130. The Group has a whistle-blowing policy in place whereby staff of the Group and external parties may raise concerns on possible improprieties in matters of financial reporting or other matters in confidence. The whistle-blowing policy and procedures for raising such concerns are disclosed and clearly communicated to employees. All whistle-blowing incidents will be reported to the Audit Committee. Concerns expressed anonymously will be considered and investigated on the basis of their merits. The Audit Committee ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. If fraud is determined, appropriate remedial action will be taken and the Audit Committee will be updated regularly on its status. The whistle-blower will have protection against reprisals provided he/she has acted in good faith.

#### Internal Audit

131. The internal audit function ("Group Internal Audit") serves to provide the Board and Management with an independent appraisal of the reliability, adequacy and effectiveness of the system of internal controls established by Management, to ensure that transactions are promptly and accurately recorded and that the Group's assets are safeguarded. Group Internal Audit resides in-house and is independent of the activities it audits. The Audit Manual and Audit Frequency Matrix are approved by the Audit Committee.

# CORPORATE GOVERNANCE REPORT

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132. Group Internal Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of risk exposures, including not only financial risks, but operational, technology, compliance and strategic risks as well. The work undertaken by Group Internal Audit involves the assessment of the adequacy and effectiveness of the Group's risk management and internal control framework, including ascertaining if the internal controls are sufficient in ensuring prompt and accurate recording of transactions and the adequate safeguarding of assets. Reviews conducted by Group Internal Audit also focus on the Group's compliance with relevant laws and regulations, adherence to established policies and processes and whether Management has taken appropriate measures to address control deficiencies.
133. The Group Chief Internal Auditor reports to the Chairman of the Audit Committee and administratively to the Group CEO. His annual remuneration, evaluation, appointment, resignation and removal are approved by the Audit Committee.
134. Group Internal Audit is staffed by executives with the relevant qualifications and experience, and the Audit Committee ensures that Group Internal Audit is adequately resourced. Group Internal Audit has unfettered access to the Board, the Audit Committee and senior management executives, where necessary, and has the right to seek information and explanations, as well as access to all the Company's documents, records, properties and personnel. Group Internal Audit meets or exceeds the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.
135. Group Internal Audit reports to the Audit Committee its annual or periodic plan and the proposed areas of audit focus, factors that may adversely affect the Group Internal Audit's independence, objectivity or effectiveness and material findings from audits conducted. During the year, Group Internal Audit carried out audits on selected significant business units in the Group, including an audit review of the IT systems. Group Internal Audit's summary of major findings and recommendations and Management's related responses were discussed at Audit Committee meetings. The Audit Committee ensures that procedures are in place to follow-up on the recommendations by Group Internal Audit in a timely manner and to closely monitor any outstanding issues. The Audit Committee also reviews annually the adequacy, independence and effectiveness of the internal audit function.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11: Shareholder Rights and Conduct of General Meetings

**The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

136. The Board is responsible for the provision of a balanced and understandable assessment of the performance, position and prospects of the Company and the Group, including financial statements and other reports.
137. In FY2020, the Board provided to shareholders, on a quarterly basis, the abridged financial disclosures for its first and third quarters and the financial statements of the Company and the Group for the half year and full year, as applicable, together with a balanced review of the Company and the Group's performance, position and prospects. These financial reports and other price-sensitive information were disseminated to shareholders through announcements via SGXNET to the SGX-ST, then posted on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com) and also made available in media releases.

### Communication with Shareholders

138. Shareholders may download the Company's Annual Report (printed copies are available upon request) from the Company's website [www.greateasternlife.com](http://www.greateasternlife.com). All registered shareholders of the Company will receive the Notice of AGM within the statutory timeline before the AGM. The Notice of AGM is also announced via SGXNET and published in the press. At the AGM, shareholders are given the opportunity to participate effectively by providing feedback and raising questions. Shareholders may vote in person at the Company's AGM or at any extraordinary general meeting ("EGM") or by proxy if they are unable to attend.

139. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company adjourned and held its AGM (originally scheduled to be held on 15 April 2020) by way of electronic means on 14 May 2020. The notice of the adjourned AGM, new proxy form and details of the alternative arrangements for the adjourned AGM were published via SGXNET and were also made available on the Company's website. Due to the Covid-19 restriction orders in Singapore, shareholders were not able to attend the adjourned AGM in person. Shareholders participated by observing and/or listening to the proceedings of the AGM via live audio-visual webcast or live audio-only stream and their questions were submitted to the Company in advance of the adjourned AGM.
140. The Company's Constitution provides that shareholders may appoint not more than two proxies to attend and speak at the Company's AGM and/or EGM and to vote in their stead. Relevant intermediaries (which has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50)) may appoint more than two proxies to attend, speak and vote at the Company's AGM and/or EGM. This will enable indirect investors, including Central Provident Fund Board's investors to be appointed as proxies to participate at general meetings. To ensure authenticity of shareholder identity and other related security issues, the Company currently does not allow voting in absentia by mail, email or fax. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, voting at the adjourned AGM in 2020 was by proxy only. Shareholders who wished to exercise their voting rights at the adjourned AGM appointed the Chairman of the AGM as their proxy by completing and submitting the proxy form 72 hours before the time for holding the adjourned AGM.
141. Since 2012, the Company has conducted electronic poll voting for all resolutions passed at the AGM, for greater transparency in the voting process. Shareholders are informed of the rules, including voting procedures that govern the proceedings of general meetings of shareholders. Detailed results of the votes, showing the number of votes cast for and against each resolution and the respective percentages, are instantaneously displayed at the Company's AGM and subsequently announced via SGXNET on the same day. An independent scrutineer is engaged to review the voting process and address shareholders' queries on the voting procedures.
142. For the Company's AGM, separate resolutions are set out on distinct issues, such as the proposed re-election of Directors, proposed Directors' fees and recommendation of final dividend. For the Company's EGM, the proposed corporate action or transaction, as applicable, and the rationale and other pertinent details for such proposal are set out in a separate circular to shareholders, with the proposed resolution set out for approval by shareholders at the EGM. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.
143. At the Company's previous AGMs, the Chairman and Directors, the chairpersons of all Board Committees, Group CEO, Management and the Company's professional advisers would be present and available to address queries from shareholders. The external auditor would also be present to address any shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report. At the Company's 2020 AGM which was conducted via electronic means, the Chairman and Directors, the chairpersons of all Board Committees, Group CEO, Management and the Company's professional advisers and external auditor were either present in person or attended via electronic means. Questions submitted by shareholders in advance of the 2020 AGM were addressed during the 2020 AGM.
144. The Company Secretary prepares minutes of general meetings that include responses from the Board and Management to the relevant comments or queries from shareholders. The minutes are made available on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com).

# CORPORATE GOVERNANCE REPORT

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## Dividend Policy

145. The Company is committed to maintaining a sustainable dividend policy that will enhance long-term shareholder value. In determining the dividend pay-out, the Board will take into consideration the Company's financial position, business expansion plans, market conditions and capital requirements. The past four years' dividend pay-out and the current year's proposed dividend are respectively set out in the Financial Highlights on Page 36 of this Annual Report and Note 35 of the Notes to the Financial Statements.

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

**The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

146. The Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company. The Company announces its abridged financial results for the first and third quarters and its financial results for the half-year and full year within the time frames prescribed in the listing manual of the SGX-ST. The Company conducts calls with analysts on its quarterly results and briefings to the media on its full year results. All pertinent material and price-sensitive information are disclosed promptly via SGXNET and posted on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com). No unpublished price-sensitive information is disclosed on a selective basis.

147. The Company's Annual Report containing the financial statements of the Company and the Group for the financial year also contains other pertinent information and disclosures, including a review of the annual operations and activities, to enable shareholders and investors to have a better understanding of the Group's business and performance.

148. Shareholders and the public can access the Company's website [www.greateasternlife.com](http://www.greateasternlife.com) for the latest media releases, financial results, financial results presentation materials, annual reports and other corporate information on the Company. The Group's corporate structure and the Company's vision and mission statements can also be found in the Company's website. Investors can submit feedback and queries to the Company's Investor Relations Unit through the contact details provided on the Company's website. The Investor Relations personnel communicate with the Company's investors and respond to their queries on published information promptly and effectively. One of the key roles of the Group's Group Corporate Communications and Investor Relations Departments is to keep the market and investors apprised of the Group's major corporate developments and financial performance through regular media releases, briefings and meetings with the media, analysts and fund managers.

## MANAGING STAKEHOLDER RELATIONSHIPS

### Principle 13: Engagement with Stakeholders

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

149. The Company recognises the importance of maintaining positive stakeholder relationships, and adopts an inclusive approach in the management and engagement of its stakeholders – namely shareholders, customers, employees, regulators and other government agencies, community and financial representatives. The Sustainability Report on Pages 61 to 80 of this Annual Report sets out the Company's approach to stakeholder engagement including key areas of focus and how it responds to stakeholder concerns.

150. The Company maintains a corporate website – [www.greateasternlife.com](http://www.greateasternlife.com) – to communicate and engage with its stakeholders.



## DEALINGS IN SECURITIES

151. The Company has adopted internal codes and policies on dealings in the Company's securities in line with the relevant rules set out in the listing manual of the SGX-ST. As an enhancement of our policies and controls on insider trading, the Company has included the trading of securities of OCBC Bank during the black-out period. The Directors, executives and employees of the Company and of the Group are periodically reminded not to deal in the securities of the Company and OCBC Bank for the period commencing one month before the Company's announcement of its half-year and full year financial results (to the date of the announcement of the relevant results of OCBC Bank); and for the period commencing two weeks before the announcement of the Company's quarterly abridged financial disclosures for its first and third quarters of the financial year (to the date of the announcement of the relevant results of OCBC Bank). The Company will notify Directors, executives and employees of the Company and of the Group of each black-out period. Directors, executives and employees of the Company and of the Group are regularly reminded not to deal in securities of the Company, OCBC Bank and/or other listed companies at all times if they are privy to unpublished material price-sensitive information and not to deal in the securities of the Company and OCBC Bank on short-term considerations. Employees in departments deemed to have access to price-sensitive information are instructed to conduct all personal securities transactions through OCBC Bank's stockbroking subsidiary for transaction monitoring purposes.

## RELATED PARTY TRANSACTIONS

152. The Company has implemented policies and procedures on related party transactions covering the definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving, monitoring and, where necessary, writing off such transactions. All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The terms and conditions of such transactions are carried out on an arm's length basis. Directors with conflicts of interest are excluded from the approval process of granting and managing related party transactions. Material and/or special related party transactions and the write-off of material and/or special related party transactions are reported to the Audit Committee for review and to the Board for approval.

153. The Company also complies with the listing manual of the SGX-ST on interested person transactions ("IPT"). All IPTs are conducted on reasonable commercial terms and carried out on an arm's length basis.

154. Details of the Company's related party transactions and IPTs during FY2020 are respectively set out in Note 31 of the Notes to the Financial Statements and Page 245 of this Annual Report.

## ETHICAL STANDARDS

155. The Directors and Management are committed to promoting and maintaining values, which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Group. The Company has adopted a Code of Conduct that sets out the guiding principles and minimum standards expected of its employees such as the highest standards of conduct and professional integrity. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company's staff intranet. The Group Human Capital Department provides an annual attestation to the Audit Committee that the Code of Conduct has been properly disseminated to all staff.

156. The Company has a suite of policies in place for proper governance and management that staff have to comply with. All policies are prepared in accordance with the Company's risk management and internal control systems and processes, including Management self-assessment and independent audits.

157. The Company treats feedback and complaints from its customers seriously, and has instituted channels whereby customers may provide feedback or complaints. The Company aims to resolve feedback and complaints professionally and fairly in accordance with the service standards indicated on its website [www.greateasternlife.com](http://www.greateasternlife.com).

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## SUMMARY OF DISCLOSURES

Express disclosure requirements in the provisions of the Code.

Provisions	Paragraph Number in Corporate Governance Report
<b>Provision 1.2</b> The induction, training and development provided to new and existing directors.	57 to 60
<b>Provision 1.3</b> Matters that require Board approval.	4 and 5
<b>Provision 1.4</b> Names of the Board Committee members, the terms of reference, delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	6 to 48
<b>Provision 1.5</b> The number of Board and Board Committee meetings and each individual director's attendance at such meetings.	51
<b>Provision 2.4</b> The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	76 to 78
<b>Provision 4.3</b> Process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	84 to 86
<b>Provision 4.4</b> If the Board determines that a director is independent notwithstanding the existence of a relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his/her independence, the relationships and the Board's reasons for considering him/her as independent.	68 and 69
<b>Provision 4.5</b> (a) Listed company directorships and principal commitments of each director.	88 and Pages 18 to 28 under the section "Board of Directors" of this Annual Report
(b) Where a director holds significant number of such directorships and principal commitments, the Nominating Committee and Board should disclose reasoned assessment of the director's ability to diligently discharge his/her duties.	88
<b>Provision 5.2</b> How the assessments of the Board, its Board Committees and each director have been conducted, including the identity of any external facilitator and its connection (if any) with the Company or any of its directors.	89 to 91
<b>Provision 6.4</b> The engagement of any remuneration consultants and their independence.	97
<b>Provision 8.1</b> Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:	
(a) Each individual director and the CEO.	103 to 114
(b) At least the top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.	103 to 113 and 115

Provisions	Paragraph Number in Corporate Governance Report
<b>Provision 8.2</b> Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	116
<b>Provision 8.3</b> All forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company and details of employee share schemes.	107 to 115
<b>Provision 9.2</b> Whether the Board received assurance from:	
(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and	122
(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	122
<b>Provision 11.3</b> Directors' attendance at general meetings of shareholders held during the financial year.	143
<b>Provision 12.1</b> The steps the Board has taken to solicit and understand the views of shareholders.	139, 140, 143, 146 to 148
<b>Provision 13.2</b> The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	149 and 150

Express disclosure requirements in the supplementary guidelines of the MAS CG Guidelines.

Supplementary Guidelines	Paragraph Number in Corporate Governance Report
<b>Guideline 1.16</b> An assessment of how the induction, orientation and training provided to new and existing directors meet the requirements as set out by the Nominating Committee to equip the Board and the respective Board Committees with relevant knowledge and skills in order to perform their roles effectively.	57 to 60
<b>Guideline 2.13</b> Names of the members of the Executive Committee and the key terms of reference of the Executive Committee, explaining its role and the authority delegated to it by the Board.	8 to 12
<b>Guideline 4.13</b> Resignation or dismissal of key appointment holders.	17 and 39
<b>Guideline 4.14</b> Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10.	88
<b>Guideline 11.14</b> Names of the members of the Risk Management Committee and the key terms of reference of the Risk Management Committee, explaining its role and the authority delegated to it by the Board.	34 to 43
<b>Guideline 17.4</b> Material related party transactions.	152 to 154

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NOTES TO THE  
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The Directors are pleased to present this statement to the members together with the audited consolidated financial statements of Great Eastern Holdings Limited (“GEH” or the “Company”) and its subsidiaries (collectively the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

## 1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. DIRECTORS

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

Mr Koh Beng Seng, Chairman  
Mr Norman Ip  
Mr Law Song Keng  
Mr Lee Fook Sun  
Mr Kyle Lee  
Mr Soon Tit Koon  
Mrs Teoh Lian Ee  
Mr Thean Nam Yew  
Mr Samuel N. Tsien  
Mr Wee Joo Yeow

## 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangements whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

## DIRECTORS' STATEMENT

### 4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings, the Director who held office at the end of the financial year had an interest in shares in, or debentures of, the Company as at the end of the financial year and as at 21 January 2021, is as follows:

	Holdings registered in the name of Directors or in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 1.1.2020 or date of appointment	As at 31.12.2020	As at 1.1.2020 or date of appointment	As at 31.12.2020

#### Ordinary shares in the capital of the Company

Mrs Teoh Lian Ee	–	–	5,000 <sup>(1)</sup>	5,000 <sup>(1)</sup>
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The interests in shares in, or debentures of, the Company's holding company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and its related corporations, of Directors who held office at the end of the financial year, were as follows:

	Holdings registered in the name of Directors or in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 1.1.2020 or date of appointment	As at 31.12.2020	As at 1.1.2020 or date of appointment	As at 31.12.2020

#### Ordinary shares in the capital of OCBC Bank

Mr Koh Beng Seng	–	1,543	–	–
Mr Norman Ip	4,493	4,585	–	10,204 <sup>(1)</sup>
Mr Law Song Keng	122,100	124,586	15,249 <sup>(1)</sup>	15,249 <sup>(1)</sup>
Mr Lee Fook Sun	186,363	–	–	190,158 <sup>(2)</sup>
Mr Kyle Lee	130,683	133,334	–	–
Mr Soon Tit Koon	472	472	–	–
Mrs Teoh Lian Ee	24,711	24,711	299 <sup>(1)</sup>	299 <sup>(1)</sup>
Mr Samuel N. Tsien	1,758,786	2,025,154	691,216 <sup>(3)</sup>	919,203 <sup>(4)</sup>
Mr Wee Joo Yeow	69,000	76,527	4,794 <sup>(1)</sup>	4,892 <sup>(1)</sup>

#### Notes:

<sup>(1)</sup> Held by spouse.

<sup>(2)</sup> Held under Halden Joy Ventures Trust.

<sup>(3)</sup> Comprises deemed interest in 684,933 ordinary shares subject to award(s) granted under the OCBC Deferred Share Plan and subscription rights over 6,283 ordinary shares granted under the OCBC Employee Share Purchase Plan.

<sup>(4)</sup> Comprises deemed interest in 912,015 ordinary shares subject to award(s) granted under the OCBC Deferred Share Plan and subscription rights over 7,188 ordinary shares granted under the OCBC Employee Share Purchase Plan.

#### 4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

##### Share options

According to the register of Directors' shareholdings, as at the beginning and as at the end of the financial year, the following Directors had interests in share options to subscribe for ordinary shares in the capital of OCBC Bank under the OCBC Share Option Scheme 2001, as follows:

	Options held by Directors		Options in which Directors are deemed to have an interest	
	As at 1.1.2020 or date of appointment	As at 31.12.2020	As at 1.1.2020 or date of appointment	As at 31.12.2020
Mr Samuel N. Tsien	5,034,060	<b>4,596,480</b>	–	–

Save as disclosed above, the Directors holding office at the end of the financial year did not have any interest in shares in, or debentures of, the Company or any related corporation either at the beginning of the financial year, date of appointment, or at the end of the financial year.

There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2021.

#### 5. SHARE OPTIONS

The Company does not have any share option scheme in place.

#### 6. AUDIT COMMITTEE

The Audit Committee ("AC") comprises four non-executive Directors. The AC members at the date of this statement are Mr Kyle Lee (AC Chairman), Mr Law Song Keng, Mrs Teoh Lian Ee and Mr Thean Nam Yew. The AC convened four meetings during the financial year under review.

The AC performs the functions specified under Section 201B(5) of the Companies Act, Chapter 50, including reviewing with the auditor its audit plan, its evaluation of the system of internal accounting controls and its audit report, reviewing the assistance given by the Company's officers to the auditor, reviewing the scope and results of the internal audit procedures, reviewing the financial statements of the Company and of the Group and the auditor's report thereon prior to their submission to the Company's Board of Directors. Details of the functions performed by the AC, including functions specified in the SGX-ST Listing Manual, Banking (Corporate Governance) Regulations 2005, Banking (Corporate Governance) (Amendment) Regulations 2010, MAS Guidelines on Corporate Governance and the Code of Corporate Governance 2018, are set out in the Report on Corporate Governance included in the Company's Annual Report for the financial year ended 31 December 2020.

The AC has nominated PricewaterhouseCoopers LLP for reappointment as auditor at the forthcoming Annual General Meeting of the Company.

# DIRECTORS' STATEMENT

## 7. AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the Board of Directors



**Koh Beng Seng**  
Chairman



**Kyle Lee**  
Director

Singapore  
22 February 2021



# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OUR OPINION

In our opinion, the accompanying consolidated financial statements of Great Eastern Holdings Limited (“the Company”) and its subsidiaries (“the Group”), the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (“the Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

#### *What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated profit or loss statement of the Group for the year ended 31 December 2020;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2020;
- the statements of changes in equity of the Group and of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

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

#### *Independence*

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### OTHER MATTER

The financial statements for the preceding financial year were reported on by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 18 February 2020 issued by the predecessor audit firm on the financial statements for the financial year ended 31 December 2019 was unqualified.

### OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of life insurance contract liabilities</b></p> <p>Refer to the following notes in the consolidated financial statements: Note 2.10.3 <i>Life Insurance Contract Liabilities</i>, Note 2.30(a) <i>Critical accounting estimates and judgments on liabilities of insurance business</i>, Note 15.1 <i>Life Insurance Contracts</i> and Note 33 <i>Insurance Risk</i>.</p> <p>As at 31 December 2020, the Group has life insurance contract liabilities of S\$85,687.8 million representing approximately 88% of the Group's total liabilities.</p>	<p>We performed the following audit procedures to address this matter:</p> <ul style="list-style-type: none"> <li>We understood the actuarial valuation process, including model changes and assumptions setting;</li> <li>We tested the design and operating effectiveness of controls over the accuracy and completeness of the data used;</li> <li>We understood the valuation methodologies used, identified changes in methodologies from previous valuation and assessed the reasonableness and impact for material changes identified. We carried out these procedures by applying our industry knowledge and experience and assessed whether the methodologies and changes to those methodologies are consistent with recognised actuarial practices and expectations derived from market experience;</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### OUR AUDIT APPROACH (CONTINUED)

*Key Audit Matters (continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of life insurance contract liabilities (continued)</b></p> <p>Management's valuation of life insurance contract liabilities uses complex actuarial methods and models. The valuation process involves significant judgment about the assumptions of uncertain future events, including: mortality, morbidity, expense, lapse, surrender and interest rates.</p> <p>In addition to historical experience, management judgment is involved in the application of these assumptions. Changes in these assumptions used could result in a material impact to the valuation of the life insurance contract liabilities and the related movements in the consolidated profit or loss statement of the Group.</p>	<ul style="list-style-type: none"><li>• We performed an independent review of model points on a sample basis to assess that the methodologies and assumptions have been applied appropriately;</li><li>• We assessed the reasonableness of the key assumptions used by management including: mortality, morbidity, expense, lapse, surrender and interest rates, by comparing against the Group's historical experiences and market observable data, where applicable;</li><li>• We reviewed the reasonableness of the movement analysis of the insurance contract liabilities prepared by management. The movement analysis provides a reconciliation of the balance as at 31 December 2019 to 31 December 2020, showing the key drivers of the changes during the year; and</li><li>• We assessed the appropriateness of the disclosures in the financial statements.</li></ul> <p>Based on the work performed and the evidence obtained, we found the methodologies and assumptions used by management to be appropriate. Our audit procedures on the disclosures showed that they were in accordance with the relevant SFRS(I) disclosure requirements.</p>
<p><b>Valuation of provision for current income tax and deferred tax</b></p> <p>Refer to the following notes in the consolidated financial statements: Note 2.12.1 <i>Current Income Tax</i>, Note 2.12.2 <i>Deferred Tax</i>, Note 2.30(b) <i>Critical accounting estimates and judgments on income taxes</i> and Note 8 <i>Income Tax</i>.</p>	<p>We performed the following audit procedures to address this matter:</p> <ul style="list-style-type: none"><li>• We reviewed the reasonableness of the current income tax and deferred tax liabilities determined by management and evaluated the judgments and assumptions applied by management to estimate the probabilities and amounts;</li><li>• We examined the correspondences with the tax authority to identify potential tax exposures; and</li></ul>

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### OUR AUDIT APPROACH (CONTINUED)

*Key Audit Matters (continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of provision for current income tax and deferred tax (continued)</b></p> <p>As at 31 December 2020, the Group has recognised a current income tax payable of S\$225.5 million and net deferred tax liabilities of S\$1,484.6 million.</p> <p>The Group operates in various countries and is subject to income taxes in those jurisdictions. There is an inherent uncertainty involved in the calculation of current income tax and deferred tax. There are significant open tax positions. The final tax outcome determined by the tax authority may be different from the amounts initially recorded, resulting in changes in the tax provisions made in prior periods.</p>	<ul style="list-style-type: none"> <li>We assessed the appropriateness of the disclosures in the financial statements.</li> </ul> <p>Based on the work performed and the evidence obtained, we found management's assessment of the current income tax payable and net deferred tax liabilities is reasonable. Our audit procedures on the disclosures showed that they were in accordance with the relevant SFRS(I) disclosure requirements.</p>

### OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement, Sustainability Report and List of Major Properties (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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

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

The engagement partner on the audit resulting in this independent auditor's report is Hans Koopmans.

The logo for PricewaterhouseCoopers LLP, featuring the company name in a stylized, cursive script.

**PricewaterhouseCoopers LLP**

Public Accountants and Chartered Accountants  
Singapore, 22 February 2021

# CONSOLIDATED PROFIT OR LOSS STATEMENT

For the financial year ended 31 December

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in Singapore Dollars (millions)	Note	2020	2019
<b>Income</b>			
Gross premiums		15,507.1	11,769.5
Premiums ceded to reinsurers		(706.3)	(592.3)
Increase in premium liabilities	15	(1.3)	(12.6)
Net premiums		14,799.5	11,164.6
Commissions received from reinsurers		136.9	76.8
Investment income, net <sup>(1)</sup>	4	2,594.9	2,765.5
Rental income, net <sup>(1)</sup>		23.9	31.5
Fees and other income <sup>(1)</sup>		27.9	22.9
Gain on sale of investments and changes in fair value	5	3,898.6	4,601.8
Change in third-party interests in consolidated investment funds		(14.3)	(10.3)
Gain on disposal of interest in associate		1.4	–
Gain on disposal of subsidiary		8.4	3.5
Gain/(loss) on exchange differences		0.5	(37.7)
<b>Total income</b>		<b>21,477.7</b>	<b>18,618.6</b>
<b>less: Expenses</b>			
Gross claims, maturities, surrenders and annuities		10,371.9	6,810.9
Claims, maturities, surrenders and annuities recovered from reinsurers		(696.2)	(297.7)
Commissions and distribution expenses <sup>(1)</sup>		1,301.8	1,143.8
Increase in provision for impairment of assets	7	4.8	28.5
Management and other expenses <sup>(1)</sup>	7	1,403.8	648.2
Interest expense		18.3	18.3
Increase in provision for agents' retirement benefits	6	25.9	42.3
Depreciation and amortisation expenses	7	78.1	73.5
Gross change in insurance contract liabilities <sup>(1)</sup>	15	8,416.4	8,942.3
Change in insurance contract liabilities ceded to reinsurers <sup>(1)</sup>	15	(185.8)	(389.1)
<b>Total expenses</b>		<b>20,739.0</b>	<b>17,021.0</b>
<b>Profit before share of loss of associates</b>		<b>738.7</b>	<b>1,597.6</b>
Share of loss after income tax of associates		–	(0.3)
<b>Profit before income tax</b>	7	<b>738.7</b>	<b>1,597.3</b>
Income tax credit/(expense) attributable to policyholders' returns	8	216.9	(403.8)
Profit before tax attributable to shareholders' profits		955.6	1,193.5
<b>Income tax credit/(expense)</b>		<b>249.7</b>	<b>(575.2)</b>
less: Income tax (credit)/expense attributable to policyholders' returns		(216.9)	403.8
Income tax credit/(expense) attributable to shareholders' profits	8	32.8	(171.4)
<b>Profit after income tax</b>		<b>988.4</b>	<b>1,022.1</b>
<b>Attributable to:</b>			
Shareholders		960.6	1,003.8
Non-controlling interests		27.8	18.3
		<b>988.4</b>	<b>1,022.1</b>
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	9	<b>\$2.03</b>	<b>\$2.12</b>

<sup>(1)</sup> Comparatives have been restated to conform to current year's presentation. Refer to Note 36 for details.

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December

in Singapore Dollars (millions)	2020	2019
<b>Profit after income tax for the year</b>	<b>988.4</b>	1,022.1
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to the Profit or Loss Statement:</b>		
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	–	(0.1)
Revaluation gain on equity instruments at fair value through other comprehensive income	<b>32.6</b>	174.4
Income tax related to the above	<b>(7.3)</b>	(31.4)
<b>Items that may be reclassified subsequently to the Profit or Loss Statement:</b>		
Exchange differences arising on translation of overseas entities	<b>(1.8)</b>	1.2
Debt instruments at fair value through other comprehensive income:		
Changes in fair value	<b>393.6</b>	502.9
Changes in allowance for expected credit losses	<b>4.6</b>	0.9
Reclassification of realised gain on disposal of investments to the Profit or Loss Statement	<b>(335.6)</b>	(130.4)
Income tax related to the above	<b>(12.2)</b>	(63.3)
<b>Other comprehensive income for the year, after tax</b>	<b>73.9</b>	454.2
<b>Total comprehensive income for the year</b>	<b>1,062.3</b>	1,476.3
<b>Total comprehensive income attributable to:</b>		
Shareholders	<b>1,034.5</b>	1,458.0
Non-controlling interests	<b>27.8</b>	18.3
	<b>1,062.3</b>	1,476.3

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.



# BALANCE SHEETS

As at 31 December

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in Singapore Dollars (millions)	Note	Group		Company	
		2020	2019	2020	2019
<b>Share capital</b>	10	<b>152.7</b>	152.7	<b>152.7</b>	152.7
<b>Reserves</b>					
Merger reserve	11	–	–	<b>419.2</b>	419.2
Currency translation reserve	11	<b>6.6</b>	8.4	–	–
Fair value reserve	11	<b>464.9</b>	338.3	–	–
Other reserve	11	–	0.2	–	–
Retained earnings		<b>8,736.8</b>	8,111.1	<b>3,130.7</b>	3,337.6
<b>SHAREHOLDERS' EQUITY</b>		<b>9,361.0</b>	8,610.7	<b>3,702.6</b>	3,909.5
<b>NON-CONTROLLING INTERESTS</b>		<b>113.5</b>	90.9	–	–
<b>TOTAL EQUITY</b>		<b>9,474.5</b>	8,701.6	<b>3,702.6</b>	3,909.5
<b>LIABILITIES</b>					
<b>Insurance payables</b>	12	<b>5,841.7</b>	5,205.0	–	–
<b>Other creditors</b>	13	<b>2,705.4</b>	3,945.6	<b>7.9</b>	7.1
<b>Debt issued</b>	14	<b>400.0</b>	399.9	–	–
<b>Income tax payable</b>		<b>225.5</b>	558.0	–	0.1
<b>Derivative financial liabilities</b>	21	<b>273.2</b>	195.6	–	–
<b>Provision for agents' retirement benefits</b>	6	<b>295.5</b>	294.0	–	–
<b>Deferred tax</b>	8	<b>1,484.6</b>	1,543.0	–	–
<b>Insurance contract liabilities<sup>(1)</sup></b>	15	<b>86,227.3</b>	77,760.9	–	–
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>106,927.7</b>	98,603.6	<b>3,710.5</b>	3,916.7
<b>ASSETS</b>					
<b>Cash and cash equivalents</b>		<b>9,649.8</b>	6,215.9	<b>19.3</b>	17.3
<b>Other debtors<sup>(1)</sup></b>	16	<b>1,028.4</b>	1,103.4	<b>0.3</b>	0.2
<b>Insurance receivables<sup>(1)</sup></b>	17	<b>3,072.9</b>	2,857.6	–	–
<b>Reinsurers' share of insurance contract liabilities<sup>(1)</sup></b>	18	<b>2,487.6</b>	2,293.0	–	–
<b>Amount due from subsidiaries</b>	19	–	–	<b>2,692.8</b>	3,005.2
<b>Loans</b>	20	<b>890.5</b>	1,071.5	–	–
<b>Derivative financial assets</b>	21	<b>764.2</b>	417.2	–	–
<b>Investments</b>	22	<b>86,407.2</b>	82,117.5	–	–
<b>Investment in associates</b>	23	<b>96.9</b>	1.7	–	–
<b>Investment in subsidiaries</b>	24	–	–	<b>998.0</b>	893.9
<b>Intangible assets</b>	26	<b>31.2</b>	31.7	–	–
<b>Investment properties</b>	27	<b>1,767.2</b>	1,785.5	–	–
<b>Property, plant and equipment</b>	28	<b>731.8</b>	708.6	<b>0.1</b>	0.1
<b>TOTAL ASSETS</b>		<b>106,927.7</b>	98,603.6	<b>3,710.5</b>	3,916.7

<sup>(1)</sup> Comparatives have been restated to conform to current year's presentation. Refer to Note 36 for details.

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	Attributable to shareholders of the Company					Total	Non-Controlling Interests	Total Equity
		Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings			
Balance at 1 January 2020		152.7	8.4	338.3	0.2	8,111.1	8,610.7	90.9	8,701.6
Profit for the year		-	-	-	-	960.6	960.6	27.8	988.4
<b>Other comprehensive income</b>									
Exchange differences arising on translation of overseas entities		-	(1.8)	-	-	-	(1.8)	-	(1.8)
Net revaluation gain on equity instruments at fair value through other comprehensive income		-	-	25.3	-	-	25.3	-	25.3
<b>Debt instruments at FVOCI:</b>									
Changes in fair value		-	-	393.6	-	-	393.6	-	393.6
Changes in allowance for expected credit losses	33	-	-	4.6	-	-	4.6	-	4.6
Reclassification of realised gain on disposal of investments to the Profit or Loss Statement		-	-	(335.6)	-	-	(335.6)	-	(335.6)
Income tax related to the above		-	-	(12.2)	-	-	(12.2)	-	(12.2)
Other comprehensive income for the year, after tax		-	(1.8)	75.7	-	-	73.9	-	73.9
Total comprehensive income for the year		-	(1.8)	75.7	-	960.6	1,034.5	27.8	1,062.3
Reclassification of net change in fair value of equity instruments upon derecognition	22	-	-	50.9	-	(50.9)	-	-	-
<b>Distributions to shareholders</b>									
<b>Dividends paid during the year:</b>									
Final one-tier tax exempt dividend for the previous year	35	-	-	-	-	(236.7)	(236.7)	-	(236.7)
Interim one-tier tax exempt dividend	35	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(9.1)	(9.1)
Total distributions to shareholders		-	-	-	-	(284.0)	(284.0)	(9.1)	(293.1)
<b>Changes in ownership interests in subsidiaries</b>									
Disposal of subsidiary		-	-	-	(0.2)	-	(0.2)	-	(0.2)
Transaction with non-controlling interests without a change in control		-	-	-	-	-	-	3.9	3.9
Total changes in ownership interests in subsidiaries		-	-	-	(0.2)	-	(0.2)	3.9	3.7
Total transactions with shareholders in their capacity as shareholders		-	-	-	(0.2)	(284.0)	(284.2)	(5.2)	(289.4)
Balance at 31 December 2020		152.7	6.6	464.9	-	8,736.8	9,361.0	113.5	9,474.5

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December

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in Singapore Dollars (millions)	Note	Attributable to shareholders of the Company						Non-Controlling Interests	Total Equity
		Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings	Total		
Balance at 1 January 2019		152.7	7.4	(214.2)	0.2	7,490.8	7,436.9	84.6	7,521.5
Profit for the year		–	–	–	–	1,003.8	1,003.8	18.3	1,022.1
<u>Other comprehensive income</u>									
Exchange differences arising on translation of overseas entities		–	1.2	–	–	–	1.2	(0.1)	1.1
Net revaluation gain on equity instruments at fair value through other comprehensive income		–	–	143.0	–	–	143.0	–	143.0
<u>Debt instruments at FVOCI:</u>									
Changes in fair value		–	–	502.8	–	–	502.8	0.1	502.9
Changes in allowance for expected credit losses	33	–	–	0.9	–	–	0.9	–	0.9
Reclassification of realised gain on disposal of investments to the Profit or Loss Statement		–	–	(130.4)	–	–	(130.4)	–	(130.4)
Income tax related to the above		–	–	(63.3)	–	–	(63.3)	–	(63.3)
Other comprehensive income for the year, after tax		–	1.2	453.0	–	–	454.2	–	454.2
Total comprehensive income for the year		–	1.2	453.0	–	1,003.8	1,458.0	18.3	1,476.3
Reclassification of net change in fair value of equity instruments upon derecognition	22	–	–	99.5	–	(99.5)	–	–	–
<u>Distributions to shareholders</u>									
<u>Dividends paid during the year:</u>									
Final one-tier tax exempt dividend for the previous year	35	–	–	–	–	(236.7)	(236.7)	–	(236.7)
Interim one-tier tax exempt dividend	35	–	–	–	–	(47.3)	(47.3)	–	(47.3)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(10.7)	(10.7)
Total distributions to shareholders		–	–	–	–	(284.0)	(284.0)	(10.7)	(294.7)
<u>Changes in ownership interests in subsidiaries</u>									
Acquisition of subsidiary		–	–	–	–	–	–	2.0	2.0
Disposal of subsidiary		–	(0.2)	–	–	–	(0.2)	(3.3)	(3.5)
Total changes in ownership interests in subsidiaries		–	(0.2)	–	–	–	(0.2)	(1.3)	(1.5)
Total transactions with shareholders in their capacity as shareholders		–	(0.2)	–	–	(284.0)	(284.2)	(12.0)	(296.2)
Balance at 31 December 2019		152.7	8.4	338.3	0.2	8,111.1	8,610.7	90.9	8,701.6

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY – COMPANY

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	Share Capital	Merger Reserve	Retained Earnings	Total Equity
<b>Balance at 1 January 2020</b>		152.7	419.2	3,337.6	3,909.5
<b>Profit for the year</b>		-	-	77.1	77.1
<b>Total comprehensive income for the year</b>		-	-	77.1	77.1
<b><u>Distributions to shareholders</u></b>					
<b>Dividends paid during the year:</b>					
Final one-tier tax exempt dividend for the previous year	35	-	-	(236.7)	(236.7)
Interim one-tier tax exempt dividend	35	-	-	(47.3)	(47.3)
<b>Total distributions to shareholders</b>		-	-	(284.0)	(284.0)
<b>Total transactions with shareholders in their capacity as shareholders</b>		-	-	(284.0)	(284.0)
<b>Balance at 31 December 2020</b>		152.7	419.2	3,130.7	3,702.6
Balance at 1 January 2019		152.7	419.2	3,014.6	3,586.5
<b>Profit for the year</b>		-	-	607.0	607.0
<b>Total comprehensive income for the year</b>		-	-	607.0	607.0
<b><u>Distributions to shareholders</u></b>					
<b>Dividends paid during the year:</b>					
Final one-tier tax exempt dividend for the previous year	35	-	-	(236.7)	(236.7)
Interim one-tier tax exempt dividend	35	-	-	(47.3)	(47.3)
<b>Total distributions to shareholders</b>		-	-	(284.0)	(284.0)
<b>Total transactions with shareholders in their capacity as shareholders</b>		-	-	(284.0)	(284.0)
<b>Balance at 31 December 2019</b>		152.7	419.2	3,337.6	3,909.5

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December

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in Singapore Dollars (millions)	Note	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		738.7	1,597.3
<i>Adjustments for non-cash items:</i>			
Share of loss after income tax of associates		–	0.3
Gain on sale of investments and changes in fair value	5	(3,898.6)	(4,601.8)
Gain on disposal of subsidiary		(8.4)	(3.5)
Gain on disposal of interest in associate		(1.4)	–
Increase in provision for impairment of assets	7	4.8	28.5
Increase in provision for agents' retirement benefits	6	25.9	42.3
Loss on disposal of property, plant and equipment	7	0.1	0.1
Depreciation and amortisation expenses	7	78.1	73.5
Unrealised (gain)/loss on exchange differences		(0.5)	37.7
Gross change in insurance contract liabilities <sup>(1)</sup>	15	8,416.4	8,942.3
Change in insurance contract liabilities ceded to reinsurers <sup>(1)</sup>	15	(185.8)	(389.1)
Change in premium liabilities	15	1.3	12.6
Dividend income	4	(579.5)	(601.5)
Interest income	4	(2,216.6)	(2,251.8)
Interest expense		18.3	18.3
Interest expense on policy benefits and lease liabilities	7	211.0	190.4
Share-based payments	7	6.6	6.3
Others		(0.3)	0.1
		<b>2,610.1</b>	<b>3,102.0</b>
<i>Changes in working capital:</i>			
Insurance receivables <sup>(1)</sup>		(212.2)	(224.8)
Other debtors <sup>(1)</sup>		62.5	20.4
Insurance payables		645.9	579.2
Other creditors		(1,165.7)	586.0
Cash generated from operations		<b>1,940.6</b>	<b>4,062.8</b>
Income tax paid		(172.5)	(203.0)
Interest paid on policy benefits and lease liabilities		(211.0)	(190.4)
Agents' retirement benefits paid	6	(25.0)	(23.7)
<b>Net cash flows generated from operating activities</b>		<b>1,532.1</b>	<b>3,645.7</b>

<sup>(1)</sup> Comparatives have been restated to conform to current year's presentation. Refer to Note 36 for details.

The accompanying significant accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturities and sale of investments		42,029.0	34,761.6
Purchase of investments		(42,479.8)	(40,323.4)
Net cash outflow from acquisition of associate		(93.4)	–
Net cash inflow from disposal of associate		3.5	–
Net cash inflow from disposal of subsidiary		32.5	1.9
Net cash inflow from acquisition of subsidiary		–	16.5
Proceeds from sale of property, plant and equipment		0.1	0.4
Purchase of property, plant and equipment and investment properties	27,28	(99.1)	(81.9)
Acquisition of intangible assets	26	–	(4.0)
Interest income received		2,262.9	2,215.9
Interest expense paid		(18.4)	(18.2)
Dividends received		566.8	602.1
<b>Net cash flows provided by/(used in) investing activities</b>		<b>2,204.1</b>	<b>(2,829.1)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	35	(284.0)	(284.0)
Dividends paid to non-controlling interests		(9.1)	(10.7)
Changes in non-controlling interests		3.9	–
Principal element of lease payments	28	(13.1)	(11.1)
<b>Net cash flows used in financing activities</b>		<b>(302.3)</b>	<b>(305.8)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,433.9</b>	<b>510.8</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6,215.9</b>	<b>5,705.1</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>9,649.8</b>	<b>6,215.9</b>
<b>Cash and cash equivalents comprise:</b>			
<b>Cash and bank balances</b>		<b>1,764.5</b>	<b>1,433.1</b>
<b>Cash on deposit</b>		<b>3,504.8</b>	<b>2,863.3</b>
<b>Short term instruments</b>		<b>4,380.5</b>	<b>1,919.5</b>
		<b>9,649.8</b>	<b>6,215.9</b>

Included in the cash and cash equivalents are bank deposits amounting to \$8.9 million (31 December 2019: \$8.8 million) which are lodged with the regulator as statutory deposits, which are not available for use by the Group.

The changes in liabilities arising from financing activities for the year ended 31 December 2020 and 2019 were not material.

## 1 GENERAL

Great Eastern Holdings Limited (the “Company” or “GEH”) is a limited liability company which is incorporated and domiciled in the Republic of Singapore. The notes refer to the Company and the Group unless otherwise stated. The registered office and principal place of business of the Company is located at 1 Pickering Street, #16-01, Great Eastern Centre, Singapore 048659.

The principal activity of the Company is that of an investment holding company. The principal activities of the significant subsidiaries within the Group are stated in Note 3. There have been no significant changes in the nature of these activities during the financial year.

The Company’s immediate and ultimate holding company is Oversea-Chinese Banking Corporation Limited (“OCBC Bank”), which prepares financial statements for public use.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and SFRS(I) Interpretations as issued by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest \$0.1 million except as otherwise stated.

### 2.2 Changes in Accounting Policies

#### 2.2.1 New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual financial periods beginning on or after 1 January 2020.

SFRS(I)	Title	Effective date (Annual periods beginning on or after)
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020
SFRS(I) 3	Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020

The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in Accounting Policies (continued)

#### 2.2.2 SFRS(I) not yet effective

The Group and the Company have not applied the following SFRS(I) that have been issued but which are not yet effective:

SFRS(I)	Title	Effective date (Annual periods beginning on or after)
SFRS(I) 16	Amendments to SFRS(I) 16: Covid-19 – Related Rent Concessions	1 June 2020
Various	Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
SFRS(I) 3	Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various	Annual improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 17	Insurance Contracts	1 January 2023
SFRS(I) 1-1	Amendments to SFRS(I)1-1: Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors expect that the adoption of the new standards above will not have any material impact on the financial statements in the year of initial application, except as below.

#### SFRS(I) 17 Insurance Contracts

SFRS(I) 17 was issued in March 2018 as replacement for SFRS(I) 4 Insurance Contracts. The Accounting Standards Council Singapore (“ASC”) has issued Amendments to SFRS(I) 17 on 27 November 2020 to defer the effective date to annual reporting periods beginning on or after 1 January 2023.

It is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. SFRS(I) 17 requires a general model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and
- a contractual service margin representing the unearned profit of the contract which is recognised as revenue over the coverage period.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in Accounting Policies (continued)

#### 2.2.2 SFRS(I) not yet effective (continued)

The general model is supplemented by:

- a simplified approach (the premium allocation approach) mainly for short duration contracts; and
- a modification of the general measurement model (the variable fee approach) for contracts with direct participation features.

SFRS(I) 17 is effective for annual periods beginning on or after 1 January 2023, with comparative figures required. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Group plans to adopt SFRS(I) 17 on the required effective date and a Project Steering Committee was formed to oversee the implementation of the standard. The Group expects that SFRS(I) 17 will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with the Group's financial statements' presentation and disclosures.

#### Interest Rate Benchmark Reform ("IBOR") – Phase 2

The amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 was issued in November 2020 by the ASC to address issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark rate with an alternative one.

The key reliefs provided by the Phase 2 amendments are as follows:

- **Changes to contractual cash flow:** When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform (that is, are necessary as a direct consequence of IBOR reform and are economically equivalent) will not result in an immediate gain or loss in the income statement.
- **Hedge accounting:** The hedge accounting reliefs will allow most SFRS(I) 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

The amendments should be applied for annual periods beginning on or after 1 January 2021. The Group is in the process of identifying the financial instruments that are affected, and working with the companies on making IBOR-related amendments to contracts.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of Consolidation and Business Combinations

#### 2.3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances, except for insurance contract liabilities (note 2.10). A list of the Company's significant subsidiaries is shown in Note 3.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of Consolidation and Business Combinations (continued)

#### 2.3.2 Business Combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.22. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.4 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, if any.

### 2.5 Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

For the purpose of disclosure, the Group would be considered to sponsor a structured entity if it has a key role in establishing the structured entity or its name appears in the overall structure of the structured entity.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interests in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in a joint venture is set out in Note 2.7.

### 2.7 Associates and Joint Ventures

Associates are entities over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture. If the investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the Group may elect to measure that investment at fair value through profit or loss in accordance with SFRS(I) 9. The Group will make this election separately for each associate, at initial recognition of the associate or joint venture.

On acquisition of the investment, an excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and the respective carrying value and recognises the amount in the profit or loss.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Associates and Joint Ventures (continued)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures the retained investment at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 2.8 Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to shareholders of the Company, and is presented separately in the Consolidated Profit or Loss Statement, Consolidated Statement of Comprehensive Income and within equity in the Consolidated Balance Sheet, separately from Shareholders' Equity. An exception to this occurs when non-controlling interests arise through minority unit holders' interest in consolidated investment funds, when they are recognised as a liability, reflecting the net assets of the consolidated entity. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash. Changes in these liabilities are recognised in the Consolidated Profit or Loss Statement as expenses.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

### 2.9 Foreign Currency Conversion and Translation

#### 2.9.1 Functional and Presentation Currency

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

#### 2.9.2 Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the Profit or Loss Statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation. Exchange differences on items such as equity investments classified as fair value through other comprehensive income financial assets are included in the fair value reserve in equity.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Foreign Currency Conversion and Translation (continued)

#### 2.9.3 Consolidated Financial Statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period. The Profit or Loss Statement is translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising from the translation are recognised in the Statement of Comprehensive Income as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences recognised in other comprehensive income relating to that particular foreign operation is recognised in the Profit or Loss Statement as gain or loss on disposal of the operation.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in Profit or Loss Statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the Profit or Loss Statement.

### 2.10 INSURANCE CONTRACTS

#### 2.10.1 Product Classification

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are contracts that may transfer financial risk but do not transfer significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

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, unless all rights and obligations are extinguished or expired.

Insurance and investment contracts are further classified as being either with or without discretionary participating features (“DPF”). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the issuer; and contractually based on the:
  - Performance of a specified pool of contracts or a specified type of contract,
  - Realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
  - The profit or loss of the company, fund or other entity that issues the contract.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Insurance Contracts (continued)

#### 2.10.1 Product Classification (continued)

For financial options and guarantees which are not closely related to the host insurance contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through the Profit or Loss Statement. However, bifurcation is not required if the embedded derivative is itself an insurance contract with DPF, or if the host insurance contract itself is measured at fair value through the Profit or Loss Statement.

For the purpose of SFRS(I) 4, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value or discounted maturity value as the proxy for realisable value of the insurance contract. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at inception of the insurance contract. Based on this definition, all policy contracts issued by insurance subsidiaries within the Group are considered insurance contracts as at the balance sheet date.

The insurance subsidiaries within the Group write insurance contracts in accordance with the local Insurance Regulations prevailing in the jurisdictions in which the insurance subsidiaries operate.

#### 2.10.2 Types of Insurance Contracts

Insurance contract liabilities are classified into principal components as follows:

- (a) Life Insurance contract liabilities; comprising
  - Participating Fund contract liabilities;
  - Non-Participating Fund contract liabilities; and
  - Investment Linked Fund contract liabilities.
- (b) Non-life Insurance contract liabilities.
- (c) Reinsurance contracts.

#### 2.10.3 Life Insurance Contract Liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by the respective insurance regulations. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the Profit or Loss Statement.

The valuation of insurance contract liabilities is determined according to the Insurance Regulations:

- (a) Singapore Insurance Act (Chapter 142), Insurance (Valuation and Capital) Regulations 2004 for insurance funds regulated in Singapore (“MAS Regulations”); and
- (b) Risk-Based Capital Framework for Insurers for insurance funds regulated in Malaysia.

Life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the present value of future guaranteed and, where relevant, appropriate level of non-guaranteed benefits and expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate risk margin allowance for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies and liabilities of non-unit investment-linked policies.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Insurance Contracts (continued)

#### 2.10.3 Life Insurance Contract Liabilities (continued)

The liability in respect of participating insurance contract is based on the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above. Refer to Table 2.10 for details.

In the case of life policies where part of, or all the premiums are accumulated in a fund, the accumulated amounts, as declared to policyholders are shown as liabilities if the accumulated amounts are higher than the amounts as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, together with provision for claims outstanding, including an estimate of the incurred claims that have not yet been reported to the Group.

#### *Risk transfer*

The Group issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Group to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Group.

For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Contracts which transfer insurance risk alone from policyholders to the Group are commonly known as investment linked policies. As part of the pricing for these contracts, the insurance subsidiaries within the Group include certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholders accrue directly to the policyholders.

The Group issues investment linked contracts as an insurance contract which insure human life events such as death or survival over a long duration; coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investments within the investment linked fund set up by the insurance subsidiary. As an embedded derivative meets the definition of an insurance contract it need not be separately accounted for from the host insurance contract. The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequencies in accordance with the terms and conditions of the insurance contracts.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Insurance Contracts (continued)

#### 2.10.3 Life Insurance Contract Liabilities (continued)

TABLE 2.10 below provide the key underlying assumptions used for valuation of life insurance contract liabilities.

	SINGAPORE	MALAYSIA
<b>Valuation Method</b>	<p>Gross Premium Valuation</p> <p>For Participating Fund, the method that produces the higher reserves of:</p> <ul style="list-style-type: none"> <li>(i) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation;</li> <li>(ii) Guaranteed cashflows discounted using the interest rate outlined below; and</li> <li>(iii) Total assets less all liabilities except insurance contract liabilities of the Participant fund.</li> </ul>	<p>Gross Premium Valuation</p> <p>For Participating Fund, the method that produces the higher reserves of:</p> <ul style="list-style-type: none"> <li>(i) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and</li> <li>(ii) Guaranteed cashflows discounted using Malaysia Government Securities zero coupon spot yields (as outlined below).</li> </ul>
<b>Discount Rate</b>	<p>For policies denominated in SGD / USD:</p> <ul style="list-style-type: none"> <li>(i) Singapore Government Securities / US Treasury yields for cash flows up to 20 years and 30 years respectively;</li> <li>(ii) Ultimate forward rate of 3.8% applicable for cash flows beyond 60 years;</li> <li>(iii) Extrapolated yields in between; and</li> <li>(iv) Adjustments for matching adjustment and illiquidity premium according to MAS Notice 133, if any.</li> </ul>	<p>Malaysia Government Securities yields determined based on the following:</p> <ul style="list-style-type: none"> <li>(i) For cashflows with duration less than 15 years, Malaysia Government Securities zero coupon spot yields of matching duration.</li> <li>(ii) For cashflows with duration 15 years or more, Malaysia Government Securities zero coupon spot yields of 15 years to maturity.</li> </ul>
<b>Mortality, Disability, Dread disease, Expenses, Lapse and surrenders</b>	<p>Participating Fund:</p> <ul style="list-style-type: none"> <li>– Best estimates for Gross Premium Valuation method (i);</li> <li>– Best estimates plus provision for adverse deviation (PAD) for Gross Premium Valuation method (ii).</li> </ul> <p>Non-Participating and Non-Unit reserves of Investment Linked Fund: Best estimates plus provision for adverse deviation (PAD).</p>	<p>Participating Fund:</p> <ul style="list-style-type: none"> <li>– Best estimates for Gross Premium Valuation method (i);</li> <li>– Best estimates plus provision for risk of adverse deviation (PRAD) for Gross Premium Valuation method (ii).</li> </ul> <p>Non-Participating and Non-Unit reserves of Investment Linked Fund: Best estimates plus provision for risk of adverse deviation (PRAD).</p>

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Insurance Contracts (continued)

#### 2.10.3 Life Insurance Contract Liabilities (continued)

##### Subsequent measurement of life insurance contract liabilities

Adjustments to liabilities at each reporting date are recorded in the Profit or Loss Statements. Profits originating from the release in margins for adverse deviations are recognised in the Profit or Loss Statements over the lives of the contracts, whereas losses are fully recognised in the Profit or Loss Statements during the first year.

##### Derecognition of life insurance contract liabilities

The liability is extinguished when the contract expires, is discharged or is cancelled.

##### Benefits and claims

Insurance contract benefits reflect the cost of all maturities, surrenders, withdrawals and claims arising during the period, as well as policyholder dividends accrued in anticipation of dividend declarations. Accident and health claims incurred include all losses occurring during the period, whether reported or not, related handling costs, a reduction for recoveries, and any adjustments to claims outstanding from previous years.

Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims, and are included in operating expenses.

##### Insurance contracts and investment contracts with DPF

A significant portion of insurance contracts issued by subsidiaries within the Group contain discretionary participating features. These contracts are classified as participating policies. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contracts entitle the policyholder to receive benefits, which could vary according to investment performance of the fund. The Group does not recognise the guaranteed components separately from the discretionary participating features.

Profits to shareholders from the participating fund are allocated from the surplus or surplus capital, determined from the results of the annual actuarial valuation (such valuation also determines the liabilities relating to all the policyholders' benefits of the participating fund) parameters which are set out in the Insurance Regulations of the respective jurisdiction in which the insurance subsidiaries operate. The provisions in the Articles of Association of the insurance subsidiaries within the Group are applied in conjunction with the prescriptions in the respective Insurance regulations, such that the distribution for any year to policyholders of the participating fund and shareholders approximate 90% and 10% respectively of total distribution from the participating fund. Any surplus that is not allocated is recognised as unallocated surplus. The unallocated surplus forms part of the life insurance contract liabilities. The annual declaration of the quantum of policyholder bonus and correspondingly the profits to shareholders to be distributed out of the participating fund is approved by the Board of Directors of each insurance subsidiary under the advice of the Appointed Actuary of the respective insurance subsidiary, in accordance with the Insurance Regulations and the Articles of Association of the respective insurance subsidiaries.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Insurance Contracts (continued)

#### 2.10.3 Life Insurance Contract Liabilities (continued)

##### Liability adequacy test

Each insurance subsidiary within the Group is required by the Insurance Regulations and accounting standards to carry out a liability adequacy test using current estimates of future cash flows relating to its insurance contracts; the process is referred to as the gross premium valuation or bonus reserve valuation, depending on the jurisdiction in which the insurance subsidiary operates.

The liability adequacy test is applied to both the guaranteed benefits and the discretionary participating features; the assumptions are based on best estimates, the basis adopted is prescribed by the Insurance Regulations of the respective jurisdiction in which the insurance subsidiary operates. The Group performs liability adequacy tests on its actuarial reserves to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the Profit or Loss Statement.

#### 2.10.4 Non-life Insurance Contract Liabilities

The Group issues short term property and casualty contracts which protect the policyholder against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contracts and/or business interruption contracts; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contracts. The Group also issues short term medical and personal accident non-life insurance contracts.

Non-life insurance contract liabilities include claim liabilities and premium liabilities.

##### Claim liabilities

Claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when contracts expire, are discharged or are cancelled.

The valuation of non-life insurance claim liabilities at balance sheet date is based on best estimates of the ultimate settlement cost of claims plus a provision for adverse deviation. The provision of adverse deviation is set at 75% level of sufficiency for Singapore, Malaysia and Indonesia. The valuation methods used include the Paid and Incurred Loss Development methods (also known as the Link Ratio methods), the Paid and Incurred Bornhuetter-Ferguson methods and the Expected Loss Ratio method. For Singapore and Malaysia, the claim liabilities are not discounted for the time value of money. However, for Indonesia, the claim liabilities are discounted for the time value of money.

##### Premium liabilities

Premium liabilities are the provision of unearned premiums representing premiums received for risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the terms of the contracts and is recognised as premium income. Further provisions are made if expected future cash flow of unexpired insurance contracts exceed the unearned premiums of these contracts.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Insurance Contracts (continued)

#### 2.10.5 Reinsurance Contracts

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent amounts receivable in respect of ceded insurance liabilities. These amounts are estimated in a manner consistent with the reinsured insurance contract liabilities, the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets arising from ceding of in-force book and gross onerous contracts are recognised in the same period when the gross liabilities are accrued.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive part or all outstanding amounts under the terms of the contract. The impairment loss is recorded in the Profit or Loss Statement. Gains or losses on reinsurance are recognised in the Profit or Loss Statement immediately at the date of contract and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

### 2.11 Recognition of Income and Expense

#### 2.11.1 Premiums and Commissions

##### Life Insurance Business

First year premiums of insurance policies are recognised from inception date and subsequent renewal premiums are recognised when due. Single premiums are recognised on the dates on which the policies are effective. Premiums from the investment-linked business, universal life and certain Takaful Non-participating products are recognised as revenue when payment is received. Commission is recognised as an expense when incurred.

##### Non-Life Insurance Business

Premiums from the non-life insurance business are recognised as revenue upon commencement of insurance cover, in the Profit or Loss Statement. Premiums pertaining to periods outside of the financial reporting period are adjusted through the movement in premium liabilities. Commission is recognised as an expense when incurred, typically upon the risk underwritten as reflected in the premium recognised.

Premiums ceded out and the corresponding commission income from non-life insurance contracts are recognised in the Profit or Loss Statement upon receipt of acceptance confirmation from the ceding company or in accordance with provisions incorporated in the treaty contracts. Premiums ceded out pertaining to periods outside of the financial reporting period are adjusted through the movement in unexpired risk reserve.

#### 2.11.2 Interest Income

Interest income is recognised using the effective interest method.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Recognition of Income and Expense (continued)

#### 2.11.3 Dividend Income

Dividend income is recognised as investment income when the Group's right to receive the payment is established. Dividend income from the Company's subsidiaries is recognised when the dividend is declared payable.

#### 2.11.4 Rental Income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

#### 2.11.5 Gain/Loss on Sale of Investments

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.

#### 2.11.6 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment test for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the Profit or Loss Statement.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the Profit or Loss Statement. Unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### 2.11.7 Impairment of Financial Assets

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- (i) Debt instruments measured at FVOCI;
- (ii) Loans and receivables measured at amortised cost; and
- (iii) Loan commitments.

The Group assesses on a forward looking basis the ECL associated with its loans and debt instruments carried at amortised cost and FVOCI and its loan commitments. For trade and insurance receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. The Group recognises a loss allowance for ECL at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Recognition of Income and Expense (continued)

#### 2.11.7 Impairment of Financial Assets (continued)

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represents the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Note 33(h) provides more details on how the expected loss allowance is measured.

##### Not credit-impaired financial assets

For financial assets that are not credit-impaired at the reporting date, the ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

##### Modified financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected modification will not result in derecognition of the existing asset then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

##### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group considers factors such as probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For financial assets that are credit-impaired at the reporting date, the ECL is the difference between the gross carrying amount and the present value of estimated future cash flows.

##### Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Recognition of Income and Expense (continued)

#### 2.11.8 Fees and Other Income

Fees and other income comprise mainly management and advisory fee income. Management and advisory fee income includes income earned from the provision of administration services, investment management services, surrenders and other contract fees. This fee income is recognised as revenue over the period in which the services are rendered. If the fees are for services to be provided in future periods, then they are deferred and recognised over those periods.

#### 2.11.9 Employee Benefits

##### *Defined Contribution Plans under Statutory Regulations*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Malaysia companies in the Group make contributions respectively to the Central Provident Fund and Employees' Provident Fund, which are defined contribution pension schemes. These contributions are recognised as an expense in the period in which the service is rendered.

##### *Employee Leave Entitlements*

An employee's entitlement to annual leave and long-service leave is estimated and accrued according to the Group's Human Resource policy.

##### *Share Options*

Senior executives of the Group are granted share options in the OCBC Bank's Share Option Scheme as consideration for services rendered. Options granted are exercisable for up to 10 years. The options may be exercised after the first anniversary of the date of the grant, and generally vest in one-third increments over a 3-year period. The cost of these options is recognised as expense in the Profit or Loss Statement based on the fair value of the options at the date of the grant. The share options are cash-settled share-based payment transactions. The expense is recognised over the vesting period of the grant, with a corresponding increase in liabilities.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the senior executives, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the Profit or Loss Statement upon cancellation.

##### *Deferred Share Plan*

In addition to the OCBC Bank's Share Option Scheme, certain employees within the Group are granted OCBC shares under the OCBC Deferred Share Plan ("DSP"). The deferred share awards are granted as part of variable performance bonus. Half of the share awards will vest two years from the grant date and the remaining half will vest at the end of three years from the grant date. The cost of the DSP is recognised in the Profit or Loss Statement on the straight-line basis over the vesting period of the DSP.

At each balance sheet date, the cumulative expense is adjusted for the estimated number of shares granted under the DSP that have vested and/or lapsed.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Recognition of Income and Expense (continued)

#### 2.11.10 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 involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

#### As Lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the 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 lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group generally uses its incremental borrowing rate as the discount rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modifications or reassessments.

The Group presents its right-of-use assets in 'property, plant and equipment' and lease liabilities in 'other creditors' in the balance sheet.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### As Lessor

The Group classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in 'rental income, net'.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Taxes

#### 2.12.1 Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 2.12.2 Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Exceptions include:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Taxes (continued)

#### 2.12.2 Deferred Tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to taxable income in the year when the asset is realised or the liability is settled, based on tax rates (and applicable tax laws and jurisdictions) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

#### 2.12.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.14 Policy Benefits

Policy benefits are recognised when the policyholder exercises the option to deposit the survival benefits with the life insurance subsidiary companies when the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the life insurance subsidiary companies. Interest payable on policy benefits is recognised in the Profit or Loss Statement as incurred.

### 2.15 Claims Admitted or Intimated

Full provision is made for the estimated cost of all life insurance claims notified but not settled at balance sheet date. Provision is made for estimated claims incurred but not reported for all classes of non-life insurance business written.

### 2.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments with maturity of three months or less from the date of acquisition, or are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

### 2.17 Insurance Receivables

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. A loss allowance is measured at an amount equal to lifetime expected credit losses, with the impairment loss recognised in the Profit or Loss Statement. Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.18 has been met. The Group's insurance receivables include outstanding premium, policy loan and reinsurance receivables. Policy loans are loans and advances made to policyholders, and are collateralised by the underlying policies.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Financial Assets

#### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial asset. The Group determines the classification of its financial assets at initial recognition. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets carried at fair value through profit or loss are recognised as expense in the Profit or Loss Statement.

#### *Classification*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as measured at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity security that is not held for trading may, by irrevocable election, be designated as measured at FVOCI. This election is made on an investment-by-investment basis. The Group has designated certain equity securities held for strategic purposes as measured at FVOCI.

A financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI may, by irrevocable election, be designated as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group has designated certain debt securities which are held with the intent to collect contractual cash flows and sell as measured at FVTPL.

All other financial assets are classified as measured at FVTPL.

#### *Business model assessment*

The Group assesses the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Financial Assets (continued)

#### *Business model assessment (continued)*

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If the cash flows after initial recognition are realised in a way that is different from the Group’s original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers the following key aspects:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group’s claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

#### *Subsequent measurement*

##### 2.18.1 Debt Instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

- (i) **Amortised cost**  
Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the Profit or Loss Statement. Gains or losses are also recognised in profit or loss when the assets are derecognised.
- (ii) **Fair value through other comprehensive income (FVOCI)**  
Debt instruments that are held for collection of contractual cash flows and for sale, where the assets’ cash flows represent solely payments of principal and interest, are classified as FVOCI. Any gains or losses from changes in fair value are recognised in other comprehensive income and accumulated in fair value reserve. Impairment, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss when the financial asset is derecognised.
- (iii) **Fair value through profit or loss (FVTPL)**  
Debt instruments that do not meet the criteria for classification as amortised cost or FVOCI are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Financial Assets (continued)

#### *Subsequent measurement (continued)*

##### 2.18.2 Equity Instruments

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of equity instruments at FVTPL are recognised in profit or loss.

##### 2.18.3 Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group applies hedge accounting for hedges of net investments in foreign operations. At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For hedges of net investments in foreign operations, gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the Profit or Loss Statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the Profit or Loss Statement.

The Group uses forward currency contracts as hedges of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

#### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

#### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or has been transferred such that substantially all of the risks and rewards of ownership of the financial asset are transferred.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Financial Assets (continued)

On derecognition of a financial asset, except for equity securities measured at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI, is recognised in Profit or Loss Statement.

On derecognition of equity securities measured at FVOCI, any cumulative gain/loss recognised in OCI is not recognised in Profit or Loss Statement, but retained in OCI.

#### *Regular way purchase or sale of a financial asset*

All regular way purchases and sales of financial assets are recognised or derecognised on trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

### 2.19 Financial Liabilities

#### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when the Group becomes a party to the contractual obligations of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

The Group's financial liabilities include other creditors, provision for agents' retirement benefits, debt issued and derivative liabilities.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

#### 2.19.1 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term and include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the Profit or Loss Statement.

#### 2.19.2 Financial Liabilities at Amortised Cost

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Profit or Loss Statement.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The financial assets and financial liabilities that are offset are immaterial.

### 2.21 Determination of Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted or published bid prices on the balance sheet date. If quoted prices are not available over the counter, broker or dealer price quotations are used.

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid-values.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates based on market's perspective and the discount rate is a market-related rate for a similar instrument. Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual, and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the balance sheet date.

### 2.22 Intangible Assets

#### 2.22.1 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Profit or Loss Statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Intangible Assets

#### 2.22.1 Goodwill (continued)

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

#### 2.22.2 Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit or Loss Statement.

### 2.23 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and is not depreciated. No depreciation is provided for 999-year leasehold land. No depreciation is provided on capital works in progress as the assets are not yet available for use.

Depreciation of an asset begins when it is available for use and is calculated on a straight-line basis over the estimated useful life of an asset. The useful lives are as follows:

Buildings	50 years
Office furniture, fittings and equipment	5 to 10 years
Renovation	3 to 5 years
Computer equipment and software development costs	3 to 10 years
Motor vehicles	5 years

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.23 Property, Plant and Equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate. This is to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the Profit or Loss Statement in the year the asset is derecognised.

#### 2.24 Investment Properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Profit or Loss Statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the retirement or disposal of an investment property are recognised in the Profit or Loss Statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.23 up to the date of change in use.

#### 2.25 Provision for Agents' Retirement Benefits

Provision for agents' retirement benefits is set aside for agents of the Malaysian operations and is calculated in accordance with the terms and conditions in the respective agent's agreement ("the Agreement"). The terms and conditions of the Agreement stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the agent shall be allocated a deferred benefit/retirement benefit. The deferred benefit/retirement benefit accumulated at Balance Sheet date includes accrued interest. The accrued deferred benefit shall only become payable provided the Agreement has been in force for certain continuous contract years and the agent has attained the minimum retirement age stipulated in the Agreement. The carrying amount is based on amortised cost.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.26 Related Parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
  
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In the Company's financial statements, loans to subsidiaries are interest-free and stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in the Profit or Loss Statement over the expected repayment period.

### 2.27 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.28 Share Capital and Share Issuance Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.29 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

#### 2.30 Critical Accounting Estimates and Judgments

In the preparation of the Group's financial statements, management makes estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Estimates, assumptions and judgments are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### (a) Liabilities of insurance business

The estimation of the ultimate liability arising from claims made under life and non-life insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, morbidity, disabilities, lapses, voluntary terminations, investment returns, administration expenses and discount rates (note 2.10). The Group relies on standard industry and national mortality and morbidity tables which represent historical experience, and makes appropriate adjustments for its respective risk exposures and portfolio experience in deriving the mortality and morbidity estimates. These estimates provide the basis for the valuation of the future benefits to be paid to policyholders and to ensure adequate provisions which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures. Each year, these estimates are assessed for adequacy and changes will be reflected as adjustments to insurance contract liabilities. The carrying value of life insurance contract liabilities, gross as at 31 December 2020 amounted to \$82,906.1 million (31 December 2019: \$74,159.8 million).

For non-life insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at the balance sheet date ("IBNR").

It can take a significant time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet liability. The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques such as Chain Ladder and Bornhuetter-Ferguson methods.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.30 Critical Accounting Estimates and Judgments (continued)

#### (a) Liabilities of insurance business (continued)

The main assumption underlying these techniques is that a company's past development experience can be used to project future claims development and hence, ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors, economic conditions as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all uncertainties involved. The carrying value of non-life insurance contract liabilities – claims liabilities, gross as at 31 December 2020 amounted to \$351.0 million (31 December 2019: \$280.2 million).

#### (b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. Certain subsidiaries within the Group have significant open tax positions, which represent the positions that have not been finalised with the tax authorities. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made. The carrying amount of the income tax and deferred tax provisions as at 31 December 2020 amounted to \$1,710.1 million (31 December 2019: \$2,101.0 million).

#### (c) Impairment of goodwill

The Group conducts impairment tests on the carrying value of goodwill in accordance with the accounting policy stated in Note 2.22. The recoverable amounts of cash-generating units are determined based on the value-in-use method, which adopts a discounted cash flow approach on projections, budgets and forecasts over a 5-year period. Cash flows beyond the fifth year are extrapolated using estimated terminal growth rates not exceeding the long-term average growth of the industry and country in which the cash-generating unit operates. The discount rates applied to the cash flow projections are derived from the Group's weighted average cost of capital at the date of assessment. Changes to the assumptions, particularly the discount rate and terminal growth rate, may significantly affect the results of the impairment test. Further details of the key assumptions applied in the impairment assessment of goodwill are provided in Note 26.

#### (d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 33(h).

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.30 Critical Accounting Estimates and Judgments (continued)

(e) **Insurance contract classification**

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Group. The Group exercises judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether upon the insured event the Group is required to pay significant additional benefits. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

(f) **Property classification**

Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased separately under a finance lease), the Group would account for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

## 3 SUBSIDIARIES AND ASSOCIATES

	Country of Incorporation	Principal Activities	Effective interest held by GEH	
			2020 %	2019 %
<b>(i) SIGNIFICANT SUBSIDIARIES</b>				
<b><u>Held by the Company</u></b>				
The Great Eastern Life Assurance Company Limited <sup>(3.1)</sup>	Singapore	Life assurance	100.0	100.0
Great Eastern General Insurance Limited <sup>(3.1)</sup>	Singapore	Composite insurance	100.0	100.0
Lion Global Investors Limited <sup>(3.1)</sup>	Singapore	Asset management	70.0	70.0
The Great Eastern Trust Private Limited <sup>(3.1)</sup>	Singapore	Investment holding	100.0	100.0
<b><u>Held through subsidiaries</u></b>				
Great Eastern Life Assurance (Malaysia) Berhad <sup>(3.2)</sup>	Malaysia	Life assurance	100.0	100.0
Great Eastern General Insurance (Malaysia) Berhad <sup>(3.2)</sup>	Malaysia	General insurance	100.0	100.0
P.T. Great Eastern Life Indonesia <sup>(3.2)</sup>	Indonesia	Life assurance	99.5	99.5
P.T. Great Eastern General Insurance Indonesia <sup>(3.2)</sup>	Indonesia	General insurance	95.0	95.0
Straits Eastern Square Private Limited <sup>(3.1)</sup>	Singapore	Property investment	100.0	100.0
218 Orchard Private Limited <sup>(3.1)</sup>	Singapore	Property investment	100.0	100.0
Great Eastern Takaful Bhd <sup>(3.2)</sup>	Malaysia	Family Takaful business	70.0	70.0
LGlobal Funds-Asia High Dividend Equity <sup>(3.1),(3.3)</sup>	Luxembourg	Collective portfolio investment fund	20.3	15.2
Affin Hwang Wholesale Income Fund <sup>(3.2)</sup>	Malaysia	Wholesale fixed income fund	100.0	100.0
Aminstitutional Income Bond Fund <sup>(3.2)</sup>	Malaysia	Wholesale fixed income fund	100.0	100.0
<b>(ii) SIGNIFICANT ASSOCIATES</b>				
<b><u>Held through subsidiaries</u></b>				
Lion Indian Real Estate Fund	Cayman Islands	Real Estate Investment Trust	–	45.5
Boost Holdings Sdn Bhd	Malaysia	Digital Financial Services	21.9	–

<sup>(3.1)</sup> Audited by PricewaterhouseCoopers("PwC") LLP, Singapore.

<sup>(3.2)</sup> Audited by firms within the worldwide network of PricewaterhouseCoopers firms and entities.

<sup>(3.3)</sup> Under Members' Voluntary Liquidation

## NOTES TO THE FINANCIAL STATEMENTS

### 4 INVESTMENT INCOME, NET

in Singapore Dollars (millions)	Group	
	2020	2019
Dividend income		
– Investments		
Financial assets measured at FVOCI	71.3	68.7
Financial assets mandatorily measured at FVTPL	508.2	532.8
	579.5	601.5
Interest income		
– Investments		
Financial instruments measured at FVOCI	246.7	270.6
Financial instruments mandatorily measured at FVTPL	170.4	146.4
Financial instruments designated as at FVTPL	1,507.7	1,495.0
– Financial assets at amortised cost	291.8	339.8
	2,216.6	2,251.8
	2,796.1	2,853.3
less: Investment related expenses <sup>(1)</sup>	(201.2)	(87.8)
	2,594.9	2,765.5

During the year ended 31 December 2020, \$5.1 million (2019: \$12.6million) of the dividend income relates to equity investments measured at FVOCI which were derecognised during the reporting year.

<sup>(1)</sup> Comparative has been restated to conform to current year's presentation. Refer to Note 36 for details.

### 5 GAIN ON SALE OF INVESTMENTS AND CHANGES IN FAIR VALUE

in Singapore Dollars (millions)	Note	Group	
		2020	2019
Changes in fair value of investment properties	27	(19.1)	14.3
Net gain on sale of debt securities measured at FVOCI		337.0	130.4
Changes in fair value of investments			
– mandatorily measured at FVTPL		1,709.3	2,720.1
– designated as at FVTPL		1,871.4	1,737.0
		3,580.7	4,457.1
		3,898.6	4,601.8

### 6 PROVISION FOR AGENTS' RETIREMENT BENEFITS

in Singapore Dollars (millions)	Group	
	2020	2019
Balance at the beginning of the year	294.0	276.1
Currency translation reserve adjustment	0.6	(0.7)
Increase in provision for the year	25.9	42.3
Paid during the year	(25.0)	(23.7)
Balance at the end of the year	295.5	294.0

As at 31 December 2020, \$127.4 million (31 December 2019: \$115.1 million) of the above provision for agents' retirement benefits is payable within one year.



## 7 ADDITIONAL PROFIT OR LOSS DISCLOSURES

in Singapore Dollars (millions)	Note	Group	
		2020	2019
Fees paid to auditors		2.6	10.8
Audit fees paid to Auditor of the Company		1.9	1.6
Audit fees paid to other auditors		0.5	0.7
Non-audit fees paid to Auditor of the Company		0.2	5.4
Non-audit fees paid to other auditors		–	3.1
Staff costs and related expenses <sup>(1),(4)</sup>		372.3	395.0
Salaries, wages, bonuses and other costs net of government grant		328.4	353.8
Central Provident Fund / Employee Provident Fund		37.3	34.9
Share-based payments		6.6	6.3
Fee income		26.7	59.5
Fund management fee <sup>(2)</sup>		24.5	58.2
Financial advisory fee		2.2	1.3
Loss on disposal of property, plant and equipment		0.1	0.1
Depreciation and amortisation expenses		78.1	73.5
Depreciation	28	77.6	73.4
Amortisation	26	0.5	0.1
Interest expense		211.0	190.4
On policy benefits		207.4	189.3
On lease liability	28	3.6	1.1
Provision for impairment of assets	33	4.8	28.5
Donation to the National B40 Protection Trust Fund <sup>(3),(4)</sup>		785.3	–

<sup>(1)</sup> The Jobs Support Scheme (“JSS”) was announced at Singapore Budget 2020, and further enhanced at the Resilience and Solidarity Budgets. The JSS will provide wage support to employers, helping enterprises retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty.

As at 31 December 2020, the Group has received \$11.3 million of JSS from the Government. The grant was recognised in the Profit or Loss Statement, as net of staff cost and related expenses.

<sup>(2)</sup> Comparatives have been restated to conform to current year’s presentation. Refer to Note 36 for details.

<sup>(3)</sup> On 5 March 2020, in line with the objectives of the Malaysian authorities, the Group contributed RM2.37 billion (S\$785.3 million) to the National B40 Protection Trust Fund in satisfaction and in lieu of the local shareholder requirement imposed on its subsidiary, Great Eastern Life Assurance (Malaysia) Berhad.

<sup>(4)</sup> Material items within management and other expenses.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 INCOME TAX

### Major components of income tax expense

The major components of income tax expense for the year ended 31 December 2020 and 2019 are:

in Singapore Dollars (millions)	Group	
	2020	2019
<b>(a) Income tax attributable to policyholders' returns:</b>		
Current income tax:		
– Current income taxation	159.7	168.6
– Over provision in respect of previous years	(230.3)	(73.1)
	(70.6)	95.5
Deferred income tax:		
– Origination and reversal of temporary differences	(146.3)	308.3
	(146.3)	308.3
	(216.9)	403.8
<b>(b) Income tax attributable to shareholders' profits</b>		
Current income tax:		
– Current income taxation	108.3	201.9
– Over provision in respect of previous years	(188.0)	(23.5)
	(79.7)	178.4
Deferred income tax:		
– Origination and reversal of temporary differences	46.9	(7.0)
	46.9	(7.0)
	(32.8)	171.4
<b>Total tax (credit)/charge for the year recognised in the Profit or Loss Statement</b>	<b>(249.7)</b>	<b>575.2</b>
Deferred tax liabilities for the year, on fair value changes of fair value through other comprehensive income investments, charged directly to other comprehensive income:		
– equity	(29.2)	(115.3)

### Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

Profit before tax attributable to shareholders' profits	955.6	1,193.5
Tax at the domestic rates applicable to profits in the countries where the Group operates	226.8	228.5
Adjustments:		
Foreign tax paid not recoverable	4.9	4.1
Permanent differences	83.2	100.5
Tax exempt income	(159.7)	(128.5)
Over provision in respect of previous years	(188.0)	(23.5)
Deferred tax recognised for prior years' losses	–	(9.7)
<b>Income tax (credit)/expense recognised in the Profit or Loss Statement</b>	<b>(32.8)</b>	<b>171.4</b>

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 INCOME TAX (CONTINUED)

in Singapore Dollars (millions)	Note	Group	
		2020	2019
<b>Deferred Tax</b>			
Balance at the beginning of the year		1,543.0	1,132.1
Currency translation reserve adjustment		2.1	(0.9)
Acquisition of subsidiary	24	–	(4.7)
Deferred tax charge taken to the Profit or Loss Statement:			
Other temporary differences		60.2	(0.3)
Fair value changes		(96.8)	91.0
Reversal of provision against future policyholders' returns	15	(62.8)	220.2
Deferred tax on fair value changes of investments at FVOCI		29.2	115.3
Deferred tax recognised for prior years' losses		–	(9.7)
Others		9.7	–
Balance at the end of the year		1,484.6	1,543.0

### Deferred taxes at 31 December related to the following:

	Balance Sheets	
<u>Deferred tax liabilities:</u>		
Differences in depreciation for tax purposes	13.0	11.5
Accrued investment income	1.2	1.3
Net unrealised gains on investments	232.5	279.7
Net accretion on fixed income investments	47.4	45.9
Provision against future policyholders' returns	1,109.6	1,181.3
Differences in insurance items	88.1	40.9
<b>Deferred tax liabilities</b>	<b>1,491.8</b>	<b>1,560.6</b>
<u>Deferred tax assets:</u>		
Net unrealised loss on investments	–	0.3
Unutilised tax losses carried forward	1.3	10.6
Net amortisation on fixed income investments	0.3	–
Other accruals and provisions	5.4	6.6
Leases	0.2	0.1
<b>Deferred tax assets</b>	<b>7.2</b>	<b>17.6</b>
<b>Net deferred tax liabilities</b>	<b>1,484.6</b>	<b>1,543.0</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 8 INCOME TAX (CONTINUED)

in Singapore Dollars (millions)	Note	Group	
		2020	2019
<b>Profit or Loss Statement</b>			
<u>Deferred tax liabilities:</u>			
Differences in depreciation for tax purposes		1.5	0.7
Accrued investment income		(0.1)	(0.1)
Net unrealised gain/(loss) on investments		(87.4)	51.5
Net accretion on fixed income investments		1.5	(1.7)
Provision against future policyholders' returns	15	(62.8)	220.2
Differences in insurance items		47.2	–
<u>Deferred tax assets:</u>			
Net unrealised gain/(loss) on investments		0.3	40.1
Unutilised tax losses carried forward		(0.4)	(7.7)
Net amortisation on fixed income investments		(0.3)	1.8
Other accruals and provisions		1.2	(3.4)
Leases		(0.1)	(0.1)
<b>Deferred tax (credit)/expense</b>		<b>(99.4)</b>	<b>301.3</b>

### Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately \$30.1 million (31 December 2019: \$28.3 million) expiring in 2021 - 2024 (31 December 2019: 2020-2023) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

## 9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted and basic earnings per share are the same as there are no dilutive potential ordinary shares.

The following reflects the profit for the year attributable to ordinary shareholders and the weighted average number of shares outstanding during the year, used in the computation of basic and diluted earnings per share for the years ended 31 December:

		Group	
		2020	2019
Profit attributable to ordinary shareholders for computation of basic and diluted earnings per share	(in millions of Singapore Dollars)	<b>960.6</b>	1,003.8
Weighted average number of ordinary shares on issue applicable to basic and diluted earnings per share	(in millions)	<b>473.3</b>	473.3
Basic and diluted earnings per share	(in Singapore Dollars)	<b>\$2.03</b>	\$2.12

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

## 10 SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	Amount \$'mil	Number of shares	Amount \$'mil
Ordinary shares: Issued and fully paid				
Balance at the beginning and end of the year	<b>473,319,069</b>	<b>152.7</b>	473,319,069	152.7

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

In accordance with the Companies Act Cap. 50, the shares of the Company have no par value.

## NOTES TO THE FINANCIAL STATEMENTS

### 11 RESERVES

Merger reserve represents the difference between the fair value and nominal value of shares issued for the acquisition of a subsidiary. The merger reserve had been utilised in part in prior years to write-off the goodwill on acquisition of the subsidiary.

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The currency translation reserve is also used to record the effect of hedging of net investment in foreign operations.

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at FVOCI and the related loss allowance recognised in the Profit or Loss Statement until the assets are derecognised, net of tax.

The other reserve represents the gain or loss on disposal of interest in subsidiary, without loss of control, reclassified to equity.

### 12 INSURANCE PAYABLES

in Singapore Dollars (millions)	Group	
	2020	2019
Claims admitted or intimated	386.7	336.7
Policy benefits	5,067.4	4,672.1
Reinsurance liabilities	387.6	196.2
	<b>5,841.7</b>	<b>5,205.0</b>

The carrying amounts disclosed above approximate fair value at the balance sheet date.

Policy benefits bear interest at 3% per annum (2019: 3% per annum) for the Group's insurance subsidiaries in Singapore and at 5% per annum (2019: 5% per annum) for the Group's insurance subsidiaries in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

## 13 OTHER CREDITORS

Other creditors comprise the following:

in Singapore Dollars (millions)	Group		Company	
	2020	2019	2020	2019
Accrued expenses and other creditors	1,506.4	1,484.9	7.9	7.1
Amount due to Ministry of Health <sup>(1)</sup>	40.8	1,572.3	–	–
Investment creditors	1,007.4	705.5	–	–
Interest payable	9.1	9.2	–	–
Amount due to holding company <sup>(2)</sup>	2.1	2.8	–	–
Third-party interests in consolidated investment funds <sup>(3)</sup>	0.1	27.9	–	–
Lease liabilities	87.2	95.6	–	–
Premiums in suspense	49.5	44.1	–	–
Provision for reinstatement costs	2.8	3.3	–	–
	<b>2,705.4</b>	<b>3,945.6</b>	<b>7.9</b>	<b>7.1</b>

<sup>(1)</sup> On 28th December 2018, The Great Eastern Life Assurance Company Limited (“GEL”) entered into an Agreement To Transfer with Ministry of Health (“MOH”) for the Government to take over the administration of the ElderShield scheme. During the year, GEL has obtained approval from Ministry of Health (MOH) to commence the ring-fencing of assets backing these liabilities. As at 31 December 2020, GEL has derecognised S\$1,679.7 million of assets and corresponding amount due to MOH.

<sup>(2)</sup> Amount due to holding company is non-trade related, unsecured, interest-free, repayable upon demand and is to be settled in cash.

<sup>(3)</sup> Third-party interests in consolidated investment funds consist of third-party unit holders’ interests in consolidated investment funds which are reflected as a liability since they can be put back to the Group for cash.

## 14 DEBT ISSUED

in Singapore Dollars (millions)	Issue Date	Maturity Date	Group	
			2020	2019
<b>Issued by The Great Eastern Life Assurance Company Limited:</b>				
\$400.0 million 4.6% subordinated fixed rate notes	19 Jan 2011	19 Jan 2026	400.0	399.9
			<b>400.0</b>	<b>399.9</b>

On 19 January 2011, one of the Group’s subsidiaries issued \$400.0 million subordinated fixed rate notes (“Notes”) due 2026 callable in 2021. The Notes will initially bear interest at the rate of 4.6% per annum, payable semi-annually on 19 January and 19 July each year up to 19 January 2021. If the Notes are not redeemed or purchased and cancelled on 19 January 2021, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing 5-year SGD Swap Offer Rate and 1.35%, payable semi-annually in arrears. The subordinated notes qualify as Tier 2 capital for the Group.

Subsequent to year ended 31 December 2020, the Group’s subsidiary has issued a Notice of Redemption on 19 January 2021, to the holders of the Notes. All outstanding Notes have been fully redeemed on 19 January 2021.

If debt issued were carried at fair value, the carrying amounts would be as follows:

in Singapore Dollars (millions)	Group	
	2020	2019
Debt issued	400.5	411.4

# NOTES TO THE FINANCIAL STATEMENTS

## 15 INSURANCE CONTRACT LIABILITIES

in Singapore Dollars (millions)	Note	Group		
		Gross	Reinsurance	Net
<b>31 December 2020</b>				
Life insurance contracts	15.1	85,687.8	(2,209.0)	83,478.8
Non-life insurance contracts	15.2	539.5	(278.6)	260.9
		<b>86,227.3</b>	<b>(2,487.6)</b>	<b>83,739.7</b>
<b>31 December 2019</b>				
Life insurance contracts		77,301.7	(2,097.3)	75,204.4
Non-life insurance contracts		459.2	(195.7)	263.5
		<b>77,760.9</b>	<b>(2,293.0)</b>	<b>75,467.9</b>

### 15.1 Life insurance contracts

in Singapore Dollars (millions)	Group		
	Gross	Reinsurance	Net
<b>31 December 2020</b>			
Life insurance contract liabilities	82,906.1	(2,209.0)	80,697.1
Unallocated surplus	2,781.7	–	2,781.7
	<b>85,687.8</b>	<b>(2,209.0)</b>	<b>83,478.8</b>
<b>31 December 2019</b>			
Life insurance contract liabilities	74,159.8	(2,097.3)	72,062.5
Unallocated surplus	3,141.9	–	3,141.9
	<b>77,301.7</b>	<b>(2,097.3)</b>	<b>75,204.4</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

### 15.1 Life insurance contracts (continued)

in Singapore Dollars (millions)	Note	Group		
		Gross	Reinsurance	Net
<b>Movement in life insurance contract liabilities</b>				
Balance at 1 January 2020		77,301.7	(2,097.3)	75,204.4
Currency translation reserve adjustment		41.5	(0.3)	41.2
<b>Change in life insurance contract liabilities</b>				
- Due to assumptions change		(30.9)	(2.9)	(33.8)
- Due to change in discount rate		3,369.7	2.3	3,372.0
- Due to movement during the year		5,323.1	(110.8)	5,212.3
Provision for deferred tax on future policyholders' bonus	8	62.8	-	62.8
Unallocated surplus		(379.9)	-	(379.9)
Others		(0.2)	-	(0.2)
<b>Balance at 31 December 2020</b>		<b>85,687.8</b>	<b>(2,209.0)</b>	<b>83,478.8</b>
Balance at 1 January 2019		68,432.4	(172.1)	68,260.3
Currency translation reserve adjustment		(44.7)	0.2	(44.5)
<b>Change in life insurance contract liabilities</b>				
- Due to assumptions change		109.7	(61.7)	48.0
- Due to change in discount rate		363.1	(21.1)	342.0
- Due to movement during the year		8,183.4	(270.3)	7,913.1
Provision for deferred tax on future policyholders' bonus		(220.2)	-	(220.2)
Amount in relation to Eldersshield portfolio		-	(1,572.3)	(1,572.3)
Unallocated surplus		473.8	-	473.8
Others		4.2	-	4.2
<b>Balance at 31 December 2019</b>		<b>77,301.7</b>	<b>(2,097.3)</b>	<b>75,204.4</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

#### 15.1 Life insurance contracts (continued)

in Singapore Dollars (millions)	Group		
	Gross	Reinsurance	Net
<b>31 December 2020</b>			
Contracts with Discretionary Participating Features ("DPF")	59,829.5	(51.9)	59,777.6
Contracts without Discretionary Participating Features ("DPF")	14,248.6	(2,142.8)	12,105.8
Investment-linked contracts	8,828.0	(14.3)	8,813.7
	<b>82,906.1</b>	<b>(2,209.0)</b>	<b>80,697.1</b>
<b>31 December 2019</b>			
Contracts with Discretionary Participating Features ("DPF")	53,573.8	(75.5)	53,498.3
Contracts without Discretionary Participating Features ("DPF")	13,332.2	(2,010.0)	11,322.2
Investment-linked contracts	7,253.8	(11.8)	7,242.0
	<b>74,159.8</b>	<b>(2,097.3)</b>	<b>72,062.5</b>

As there is no legally enforceable right to set off, reinsurers' share of insurance contract liabilities of \$2,293.0 million as at 31 December 2019 have been reclassified from insurance contract liabilities and insurance receivables (insurance contract liabilities: \$2,097.3 million; insurance receivables: \$195.7 million) on the balance sheet; and the change in gross insurance contract liabilities of \$8,942.3 million and reinsurance assets of \$389.1 million for the financial year ended 31 December 2019 are now separately presented in the Profit or Loss Statement. The comparatives have been reclassified to conform to the current year presentation. Refer to Note 36.

#### 15.2 Non-life insurance contracts

in Singapore Dollars (millions)	Note	Group		
		Gross	Reinsurance	Net
<b>31 December 2020</b>				
Claim Liabilities	17	351.0	(206.5)	144.5
Premium liabilities	17	188.5	(72.1)	116.4
Total		<b>539.5</b>	<b>(278.6)</b>	<b>260.9</b>
<b>31 December 2019</b>				
Claim Liabilities	17	280.2	(132.0)	148.2
Premium liabilities	17	179.0	(63.7)	115.3
Total		<b>459.2</b>	<b>(195.7)</b>	<b>263.5</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

### 15.2 Non-life insurance contracts (continued)

in Singapore Dollars (millions)	Note	Group		Net
		Gross	Reinsurance	
<b><u>Movement in claims liabilities</u></b>				
Balance at 1 January 2020		280.2	(132.0)	148.2
Currency translation reserve adjustment		(0.8)	(0.1)	(0.9)
Movement during the year		71.6	(74.4)	(2.8)
Balance at 31 December 2020		<b>351.0</b>	<b>(206.5)</b>	<b>144.5</b>
Balance at 1 January 2019		236.7	(120.4)	116.3
Currency translation reserve adjustment		(24.3)	24.4	0.1
Acquisition of subsidiary	24	35.3	–	35.3
Movement during the year		32.5	(36.0)	(3.5)
Balance at 31 December 2019		280.2	(132.0)	148.2
<b><u>Movement in premium liabilities</u></b>				
Balance at 1 January 2020		179.0	(63.7)	115.3
Currency translation reserve adjustment		0.2	(0.4)	(0.2)
Movement during the year		9.3	(8.0)	1.3
Balance at 31 December 2020		<b>188.5</b>	<b>(72.1)</b>	<b>116.4</b>
Balance at 1 January 2019		146.8	(51.1)	95.7
Currency translation reserve adjustment		(0.6)	(0.4)	(1.0)
Acquisition of subsidiary	24	8.0	–	8.0
Movement during the year		24.8	(12.2)	12.6
Balance at 31 December 2019		179.0	(63.7)	115.3

## NOTES TO THE FINANCIAL STATEMENTS

### 16 OTHER DEBTORS

in Singapore Dollars (millions)	Note	Group	
		2020	2019
Other debtors comprise the following:			
Financial Assets:			
Accrued interest and dividend receivable		<b>616.3</b>	626.7
Investment debtors		<b>344.1</b>	409.8
Other receivables <sup>(1)</sup>		<b>16.0</b>	11.4
Deposits collected		<b>7.3</b>	7.5
	20	<b>983.7</b>	1,055.4
Non-Financial Assets:			
Prepayments and others		<b>44.7</b>	48.0
		<b>1,028.4</b>	1,103.4

As at 31 December 2020, the Company had prepayments of \$0.3 million (31 December 2019: \$0.2 million).

<sup>(1)</sup> Comparative has been restated to conform to current year's presentation. Refer to Note 36 for details.

### 17 INSURANCE RECEIVABLES

in Singapore Dollars (millions)	Note	Group	
		2020	2019
Insurance receivables comprise the following:			
Financial Assets:			
Due from policyholders:			
Outstanding premiums	33	<b>563.7</b>	416.7
Policy loans		<b>2,386.8</b>	2,387.0
Due from reinsurers:			
Amounts due from reinsurers		<b>122.4</b>	53.9
	20	<b>3,072.9</b>	2,857.6

# NOTES TO THE FINANCIAL STATEMENTS

## 18 REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES

in Singapore Dollars (millions)	Note	Group	
		2020	2019
Reinsurance share of:			
Insurance contract liabilities <sup>(1)</sup>	15	2,209.0	2,097.3
Premium liabilities	15	72.1	63.7
Claims liabilities	15	206.5	132.0
		<b>2,487.6</b>	<b>2,293.0</b>

<sup>(1)</sup> Comparative has been restated to conform to current year's presentation. Refer to Note 36 for details.

## 19 AMOUNTS DUE FROM SUBSIDIARIES

in Singapore Dollars (millions)	Note	Company	
		2020	2019
Amounts due from subsidiaries		2,690.7	3,003.1
Loans to subsidiaries		9.1	9.1
Provision for impairment of unsecured loan to subsidiary		(7.0)	(7.0)
	20	<b>2,692.8</b>	<b>3,005.2</b>

The amounts due from subsidiaries and loans to subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

## 20 LOANS AND OTHER FINANCIAL ASSETS AT AMORTISED COST

in Singapore Dollars (millions)	Note	Group		Company	
		2020	2019	2020	2019
<b>Loans comprise the following:</b>					
Secured loans		<b>687.6</b>	874.1	-	-
Unsecured loans		<b>250.1</b>	245.0	-	-
		<b>937.7</b>	1,119.1	-	-
less: Provision for impairment of secured loans	33	<b>43.2</b>	43.4	-	-
Provision for impairment of unsecured loans	33	<b>4.0</b>	4.2	-	-
		<b>890.5</b>	1,071.5	-	-

If loans were carried at fair value, the carrying amounts would be as follows:

Loans	<b>949.3</b>	1,083.0	-	-
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### Loans and other financial assets at amortised cost:

Cash and cash equivalents		<b>9,649.8</b>	6,215.9	<b>19.3</b>	17.3
Other debtors	16	<b>983.7</b>	1,055.4	-	-
Insurance receivables	17	<b>3,072.9</b>	2,857.6	-	-
Loans		<b>890.5</b>	1,071.5	-	-
Debt securities	22	<b>172.9</b>	126.5	-	-
Amounts due from subsidiaries	19	-	-	<b>2,692.8</b>	3,005.2
<b>Total loans and financial assets at amortised cost</b>		<b>14,769.8</b>	11,326.9	<b>2,712.1</b>	3,022.5

### 20.1 Loans analysed by Interest Rate Sensitivity and Geography

#### Fixed

Singapore	<b>219.9</b>	221.9	-	-
Malaysia	<b>281.7</b>	442.6	-	-
	<b>501.6</b>	664.5	-	-

#### Floating

Singapore	<b>388.9</b>	407.0	-	-
<b>Total</b>	<b>890.5</b>	1,071.5	-	-

The analysis by interest rate sensitivity is based on where the transactions are booked and where the credit risk resides.

## 21 DERIVATIVE FINANCIAL INSTRUMENTS

in Singapore Dollars (millions)	Notional Principal	Derivative Financial Assets	Derivative Financial Liabilities
<b>31 December 2020</b>			
<b>Foreign exchange:</b>			
Forwards	25,442.2	311.3	(155.9)
Currency swaps	5,127.1	78.7	(102.9)
Options	2,094.3	14.2	(6.3)
<b>Interest rates:</b>			
Swaps	1,740.1	91.6	(0.5)
Exchange traded futures	438.2	1.0	(0.2)
<b>Equity:</b>			
Swaps	1,123.5	233.6	(2.2)
Futures	655.8	6.2	(5.2)
Options	149.0	27.6	–
	<b>36,770.2</b>	<b>764.2</b>	<b>(273.2)</b>
<b>31 December 2019</b>			
<b>Foreign exchange:</b>			
Forwards	19,288.8	187.6	(68.7)
Currency swaps	6,842.1	147.3	(123.4)
Options	484.1	0.5	(0.1)
<b>Interest rates:</b>			
Swaps	1,217.1	51.8	(0.4)
Exchange traded futures	467.7	0.5	(1.6)
<b>Equity:</b>			
Futures	202.8	0.2	(1.4)
Options	39.0	4.2	–
<b>Credit:</b>			
Swaps	327.3	25.1	–
	<b>28,868.9</b>	<b>417.2</b>	<b>(195.6)</b>

The table above shows the fair value of derivative financial instruments, recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and the basis upon which changes in the value of derivatives are measured.

The fair value of derivatives shown above represents the current risk exposure but not the maximum risk exposure that would arise in the future as a result of the changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

## 22 INVESTMENTS

### 22.1 Financial assets at FVOCI

in Singapore Dollars (millions)	Group	
	2020	2019
Equity securities designated at FVOCI		
(i) Quoted equity securities	<b>1,993.5</b>	1,554.6
– Singapore Exchange	<b>389.5</b>	358.8
– Hong Kong Stock Exchange	<b>322.9</b>	407.1
– Australian Stock Exchange	<b>224.8</b>	233.7
– Taiwan Stock Exchange	<b>297.8</b>	206.1
– Others	<b>758.5</b>	348.9
(ii) Unquoted equity securities	<b>28.8</b>	34.5
	<b>2,022.3</b>	1,589.1
Debt securities		
(iii) Quoted debt securities <sup>(1)</sup>	<b>4,840.5</b>	6,758.0
(iv) Unquoted debt securities	<b>1,710.8</b>	1,908.5
	<b>6,551.3</b>	8,666.5
Total securities measured at FVOCI	<b>8,573.6</b>	10,255.6

During the financial year ended 31 December 2020, the Group sold listed equity securities as the underlying investments are no longer aligned with the Group's long-term investment strategy. These investments had a fair value of \$274.5 million (2019: \$1,275.7 million) at the date of disposal. The cumulative loss on disposal of \$50.9 million (2019: \$99.5 million) was reclassified from fair value reserve to retained earnings.

### 22.2 Financial assets at FVTPL

#### Mandatorily measured at FVTPL

##### Equity securities

(i) Quoted equity securities	<b>13,494.8</b>	12,593.9
(ii) Unquoted equity securities	<b>808.4</b>	648.3
	<b>14,303.2</b>	13,242.2

##### Debt securities

(iii) Quoted debt securities	<b>3,458.8</b>	1,822.0
(iv) Unquoted debt securities	<b>2,173.3</b>	1,869.2
	<b>5,632.1</b>	3,691.2

##### Other investments

(v) Collective investment schemes <sup>(2)</sup>	<b>13,235.5</b>	12,086.3
Total financial assets mandatorily measured at FVTPL	<b>33,170.8</b>	29,019.7



# NOTES TO THE FINANCIAL STATEMENTS

## 22 INVESTMENTS (CONTINUED)

### 22.2 Financial assets at FVTPL (continued)

in Singapore Dollars (millions)	Group	
	2020	2019
<b>Designated as at FVTPL</b>		
Debt securities		
(i) Quoted debt securities	<b>29,307.5</b>	28,044.8
(ii) Unquoted debt securities	<b>15,182.4</b>	14,670.9
Total financial assets designated at FVTPL <sup>(3)</sup>	<b>44,489.9</b>	42,715.7
Total financial assets at FVTPL	<b>77,660.7</b>	71,735.4

<sup>(1)</sup> Included in quoted debt securities are quoted government securities amounting to \$20.4 million (2019: \$8.9 million) which are lodged with the regulator as statutory deposits.

<sup>(2)</sup> Collective investment schemes include but are not limited to unit trusts, hedge funds and real estate investment funds.

<sup>(3)</sup> These securities are designated as fair value through the Profit or Loss Statement on initial recognition. The amount of change, during the year and cumulatively, in the fair value of these assets that are attributable to changes in the credit risk is not material.

### 22.3 Financial assets at Amortised Cost

Debt securities		
(ii) Quoted debt securities	<b>172.9</b>	126.5
Total financial assets at Amortised Cost <sup>(1)</sup>	<b>172.9</b>	126.5
<b>TOTAL INVESTMENTS</b>	<b>86,407.2</b>	82,117.5

<sup>(1)</sup> If these financial assets are measured using market value, the carrying amount would be as follows:

in Singapore Dollars (millions)	Group	
	2020	2019
Quoted Debt Securities	<b>202.1</b>	143.7

# NOTES TO THE FINANCIAL STATEMENTS

## 23 INVESTMENT IN ASSOCIATES

in Singapore Dollars (millions)	Group	
	2020	2019
Investment in shares, at cost	–	14.6
Share of post-acquisition results	–	(13.9)
Currency translation reserve adjustment	–	1.0
	–	(12.9)
Investment in shares, at fair value	<b>96.9</b>	–
<b>Carrying amount at 31 December</b>	<b>96.9</b>	<b>1.7</b>

The Group's principal associates are as follows:

Name of associate	Principal place of business	Nature of the relationship with the Group	Effective % interest held	
			2020	2019
Boost Holdings Sdn Bhd	Malaysia	Strategic investment in digital payment solutions	<b>21.9</b>	–

Following the redemption of the Group's associate, Lion Indian Real Estate Fund ("LIREF") in 2020, the Group ceased to account for LIREF as its associate.

The Group has elected to measure its investment in associate, Boost Holdings Sdn Bhd, at fair value through profit or loss in accordance with SFRS (I) 9 as it is held through its venture capital organisation.

Aggregate information about the Group's investment in associates that are not individually material are as follows:

in Singapore Dollars (millions)	Group	
	2020	2019
Loss after tax from continuing operations	<b>(99.2)</b>	(0.3)
Total comprehensive income	<b>(99.2)</b>	(0.3)

## 24 INVESTMENT IN SUBSIDIARIES

in Singapore Dollars (millions)	Company	
	2020	2019
Investment in shares, at cost	1,279.8	1,175.7
Distribution from pre-acquisition reserve	(281.8)	(281.8)
	<b>998.0</b>	<b>893.9</b>

### Significant restrictions:

The ability of insurance subsidiaries to transfer funds to the Group in the form of cash dividends is subject to local insurance laws and regulations and solvency requirements in certain jurisdictions in which the subsidiaries operate. These requirements do not constitute a material limitation on the ability of the subsidiaries to transfer funds to the Group.

### 24.1 Interest in subsidiary with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that is material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting year	Accumulated NCI at the end of the reporting year	Dividends paid to NCI
in Singapore Dollars (millions)					
<b>31 December 2020:</b>					
Lion Global Investors Limited	Singapore	30%	26.9	97.2	9.1
31 December 2019:					
Lion Global Investors Limited	Singapore	30%	18.2	79.4	10.7

### Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

## NOTES TO THE FINANCIAL STATEMENTS

### 24 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### 24.2 Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before inter-company eliminations of subsidiaries with material non-controlling interests are as follows:

#### Summarised balance sheets

in Singapore Dollars (millions)	Lion Global Investors Ltd	
	2020	2019
<b>Current</b>		
Assets	373.8	260.5
Liabilities	(47.3)	(39.8)
Net current assets	326.5	220.7
<b>Non-current</b>		
Assets	1.6	48.4
Liabilities	-	0.1
Net non-current assets	1.6	48.5
Net assets	328.1	269.2

#### Summarised statement of comprehensive income

Revenue	104.2	95.8
Profit before income tax	98.8	69.3
Income tax expense	(9.2)	(8.7)
Profit after tax – continuing operations	89.6	60.6
Total comprehensive income	89.6	60.6

#### Other summarised information

Net cash flows from operations	50.9	43.1
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## 24 SUBSIDIARIES (CONTINUED)

### 24.3 Acquisition of subsidiary

On 2 May 2019 (the “acquisition date”), the Group’s subsidiary company, Great Eastern General Insurance Limited (“GEG”) acquired 95% of the share capital of PT QBE General Insurance Indonesia (“PT QBE”), a general insurance company in Indonesia, for a cash consideration of USD 29.9 million (approximately S\$40.7 million). Upon the acquisition, PT QBE became a subsidiary of the Group.

On 17 May 2019, PT QBE changed its name to PT Great Eastern General Insurance Indonesia (“GEGI”).

The Group has acquired GEGI to be better positioned to comprehensively provide both general and life insurance solutions to the business community and consumers and deepen its footprint in Indonesia.

The Group has elected to measure the non-controlling interest at the non-controlling interest’s proportionate share of GEGI’s net identifiable assets.

The fair value of the identifiable assets and liabilities of GEGI as at the acquisition date were:

in Singapore Dollars (millions)	Note	Fair value recognised on acquisition
Property, plant and equipment	28	1.3
Deferred tax asset	8	4.7
Other debtors		3.2
Insurance receivables		10.2
Investments		16.0
Cash and cash equivalents		57.2
		92.6
Insurance payables		(6.6)
Other creditors		(1.7)
Income tax payable		(0.6)
Insurance contract liabilities	15	(43.3)
		(52.2)
Total net identifiable net assets at fair value		40.4
Non-controlling interest measured at the non-controlling interest’s proportionate share of GEGI’s net identifiable assets		(2.0)
Goodwill arising from acquisition		2.3
Cash consideration paid		40.7
<u>Effect of the acquisition of PT QBE on cash flows</u>		
Total consideration for 95% equity interest acquired settled in cash		40.7
Less: cash and cash equivalents of subsidiary acquired		(57.2)
Net cash inflow on acquisition		(16.5)

# NOTES TO THE FINANCIAL STATEMENTS

## 24 SUBSIDIARIES (CONTINUED)

### 24.3 Acquisition of subsidiary (continued)

#### Acquisition-related costs

Acquisition-related costs of \$1.4 million have been recognised in the “Management and other expenses” line item in the Group’s Profit or Loss Statement for the year ended 31 December 2019.

#### Other debtors acquired

Other debtors acquired comprise of trade and other receivables with a fair value of \$3.2 million. The gross amount is \$3.4 million. At the acquisition date, \$0.2 million of the contractual cash flows pertaining to trade and other receivables are not expected to be collected.

#### Goodwill arising from acquisition

The goodwill of \$2.3 million arises from the excess of the fair value of the consideration over the fair value of the identifiable net asset less the non-controlling interest’s proportionate share of PT QBE’s net identifiable assets. Goodwill is allocated entirely to the individual entity which is also the cash-generating unit. None of the goodwill recognised is expected to be deductible for income tax purposes.

#### Impact of the acquisition on the Profit or Loss Statement

From the acquisition date, PT QBE has contributed has contributed \$8.8 million of revenue and \$5.3 million to the Group’s profit in year 2019, net of tax. If the business combination had taken place at the beginning of the year 2019, the revenue from continuing operations would have been \$14.3 million and the Group’s profit from continuing operations, net of tax would have been \$5.4 million in 31 December 2019.

### 24.4 Loss of control in subsidiaries

On 16 November 2020, a resolution was passed to commence member’s voluntary liquidation of LGlobal Funds – Asia High Dividend Equity and Lglobal Funds – Asia High Dividend Equity (which are subsidiaries of GEH).

On 29 November 2019, Lion Global Investors Limited (“LGI”) divested its entire equity stake in Pacific Mutual fund Berhad (“PMF”) for a cash consideration of RM24.9 million (approximately S\$8.1 million). The stake represented 70% of the total issued and paid up capital of PMF.

The value of assets and liabilities of Lglobal Funds recorded in the consolidate financial statements as at 29 November 2019, and the cash flow effect of the liquidation were:

in Singapore Dollars (millions)	Note	2019
Other debtors		3.6
Goodwill		2.0
Property, plant and equipment	28	0.6
Cash and cash equivalents		6.2
		<u>12.4</u>
Other creditors		(4.5)
Provision for income tax		0.2
Carrying value of net assets		<u>8.1</u>
Total consideration		8.1
Cash and cash equivalents of the subsidiary		<u>(6.2)</u>
Net cash inflow on disposal of a subsidiary		<u>1.9</u>

## 24 SUBSIDIARIES (CONTINUED)

### 24.4 Loss of control in subsidiaries (continued)

in Singapore Dollars (millions)	2019
<u>Gain on disposal:</u>	
Cash received	8.1
Net asset derecognised	(8.1)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on disposal	0.2
Non controlling interest reversed on disposal	3.3
Gain on disposal	<u>3.5</u>

## 25 INTERESTS IN STRUCTURED ENTITIES

A structured entity is defined as 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, or when the relevant activities are directed by means of contractual arrangements. The Group has interests in unconsolidated structured entities as described below.

The Group holds shares or units in investment vehicles, which consist of:

- Debt securities which comprise: Mortgage-Backed-Securities (MBS), Asset Backed Securities (ABS) and Structured Deposits (SD).
- Collective Investment Schemes which comprise: hedge funds, private equity funds, unit trusts, Real Estate Investment Trusts (REITs), Exchange Traded Funds (ETF) and Open Ended Investment Companies (OEIC).

The Group's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles.

The investment vehicles in the investment portfolio are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee, and is reflected in the valuation of the investment vehicles.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

#### 25.1 Interests in unconsolidated structured entities

As part of its investment activities, the Group invests in unconsolidated structured entities. As at 31 December 2020, the Group's total interest in unconsolidated structured entities was \$13,994.9 million (31 December 2019: \$13,081.3 million) on the Group's balance sheet.

The Group does not sponsor any of the unconsolidated structured entities.

A summary of the Group's interest in unconsolidated structured entities is as follows:

in Singapore Dollars (millions)	Interest in Associates		Financial Investments		Total Assets	
	2020	2019	2020	2019	2020	2019
<b>Debt securities</b>						
<i>Analysed as:</i>						
MBS	-	-	214.5	172.8	214.5	172.8
ABS	-	-	178.1	222.5	178.1	222.5
SD	-	-	366.8	598.0	366.8	598.0
<b>Collective investment schemes</b>						
<i>Analysed as:</i>						
Hedge funds	-	-	1,429.0	1,310.6	1,429.0	1,310.6
Private equity funds	-	1.7	1,401.8	1,312.6	1,401.8	1,314.3
Unit trusts	-	-	4,060.1	3,514.3	4,060.1	3,514.3
REITs	-	-	866.2	811.1	866.2	811.1
ETF	-	-	487.2	452.1	487.2	452.1
OEIC	-	-	4,991.2	4,685.6	4,991.2	4,685.6
<b>Total</b>	-	1.7	<b>13,994.9</b>	13,079.6	<b>13,994.9</b>	13,081.3

The Group's maximum exposure to loss on the interests presented above is the carrying amount of the Group's investments.

The Group has not provided any financial or other support to the unconsolidated structured entities as at the reporting date, and there are no intentions to provide support in the foreseeable future.



## 25 INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

### 25.2 Other interests in unconsolidated structured entities

The Group receives management fees in respect of its asset management business. The Group does not sponsor any of the funds or investment vehicles from which it receives fees. Management fees received for investments that the Group manages but does not have a holding in also represent an interest in unconsolidated structured entities. As these investments are not held by the Group, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees. The table below shows the assets under management of entities that the Group manages but does not have a holding in and the fees earned from those entities.

in Singapore Dollars (millions)	Assets under Management		Investment Management Fees	
	2020	2019	2020	2019
Collective investment schemes	3,190.5	3,108.9	30.9	32.5
<b>Total</b>	<b>3,190.5</b>	<b>3,108.9</b>	<b>30.9</b>	<b>32.5</b>

## 26 INTANGIBLE ASSETS

in Singapore Dollars (millions)	Note	Group	
		2020	2019
Goodwill	26.1	27.3	27.3
Other intangible assets	26.3	3.9	4.4
<b>Carrying amount at 31 December</b>		<b>31.2</b>	<b>31.7</b>
<b>26.1 Goodwill</b>			
<b>Cost:</b>			
At 1 January		34.1	38.4
Acquisition of a subsidiary		-	2.3
Disposal of subsidiary		-	(6.7)
Currency translation reserve adjustment		-	0.1
At 31 December		<b>34.1</b>	34.1
<b>Impairment:</b>			
At 1 January		(6.8)	(11.5)
Reversal upon disposal of subsidiary		-	4.7
At 31 December		<b>(6.8)</b>	(6.8)
<b>Net carrying amount:</b>			
At 31 December	26	<b>27.3</b>	27.3

## NOTES TO THE FINANCIAL STATEMENTS

### 26 INTANGIBLE ASSETS (CONTINUED)

#### 26.2 Impairment test for goodwill

##### Subsidiary – Lion Global Investors Limited

Carrying value of capitalised goodwill as at 31 December 2020	\$18.9 million
Basis on which recoverable values are determined <sup>(1)</sup>	Value in use
Terminal growth rate <sup>(2)</sup>	2%
Discount rate <sup>(3)</sup>	5%

##### Business acquired – Tahan Insurance Malaysia Berhad

Carrying value of capitalised goodwill as at 31 December 2020	\$6 million
Basis on which recoverable values are determined <sup>(1)</sup>	Value in use
Terminal growth rate <sup>(2)</sup>	9%
Discount rate <sup>(3)</sup>	9%

##### Subsidiary – PT Great Eastern General Insurance Indonesia

Carrying value of capitalised goodwill as at 31 December 2020	\$2.3 million
Basis on which recoverable values are determined <sup>(1)</sup>	Value in use
Terminal growth rate <sup>(2)</sup>	11%
Discount rate <sup>(3)</sup>	11%

<sup>(1)</sup> The value-in-use calculation applies a discounted cash flow model using cash flow projections based on financial budget and forecast approved by management covering a five-year period. Cash flows beyond the fifth year are extrapolated using the terminal growth rate stated above.

<sup>(2)</sup> The terminal growth rates used do not exceed the long term average past growth rates of the industries and countries in which Lion Global Investors Limited, Great Eastern General Insurance (Malaysia) Berhad and PT Great Eastern General Insurance Indonesia operate.

<sup>(3)</sup> The discount rate applied to the cash flow projections is pre-tax and is derived from the cost of capital plus a reasonable risk premium. This is the benchmark used by management to assess the operating performance.

No impairment loss (2019: nil) was recognised for the financial year ended 31 December 2020 against the amounts of goodwill recorded above to write down the carrying value to recoverable value. A reasonably possible change in key assumptions will not cause the carrying values above to materially exceed the recoverable amounts.

## 26 INTANGIBLE ASSETS (CONTINUED)

### 26.3 Other intangible assets

in Singapore Dollars (millions)	Note	Group		Total
		Club Membership	Distribution Platform	
<b>Cost</b>				
At 1 January 2019		0.6	–	0.6
Additions		–	4.0	4.0
At 31 December 2019		0.6	4.0	4.6
<b>At 31 December 2020</b>		<b>0.6</b>	<b>4.0</b>	<b>4.6</b>
<b>Accumulated amortisation</b>				
At 1 January 2019		(0.1)	–	(0.1)
Amortisation		–	(0.1)	(0.1)
At 31 December 2019		(0.1)	(0.1)	(0.2)
<b>Amortisation</b>	7	<b>–</b>	<b>(0.5)</b>	<b>(0.5)</b>
<b>At 31 December 2020</b>		<b>(0.1)</b>	<b>(0.6)</b>	<b>(0.7)</b>
<b>Net book value</b>				
At 31 December 2019	26	0.5	3.9	4.4
<b>At 31 December 2020</b>	26	<b>0.5</b>	<b>3.4</b>	<b>3.9</b>

Other intangible assets comprise a portal developed to sell or distribute the Group's products digitally. This Distribution Platform is recognised at cost on initial recognition. Following initial recognition, this Distribution Platform is amortised on a straight line basis over its estimated useful life of 6.5 years.

# NOTES TO THE FINANCIAL STATEMENTS

## 27 INVESTMENT PROPERTIES

in Singapore Dollars (millions)	Note	Group	
		2020	2019
<b>Balance sheet:</b>			
At 1 January		1,785.5	1,771.3
Additions (subsequent expenditure)		–	0.3
Net (loss)/gain from fair value adjustments	5	(19.1)	14.3
Reclassification from property, plant and equipment	28	0.1	0.4
Currency translation reserve adjustment		0.7	(0.8)
At 31 December		<u>1,767.2</u>	<u>1,785.5</u>
<b>Profit or Loss Statement:</b>			
Rental income from investment properties:			
– Minimum lease payments		<u>46.1</u>	44.5
Direct operating expenses (including repairs and maintenance) arising from:			
– Rental generating properties		(16.2)	(17.2)
– Non-rental generating properties		(0.1)	(0.2)
		<u>(16.3)</u>	<u>(17.4)</u>

Investment properties collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life insurance business.

Investment properties are stated at fair value, which has been determined based on objective valuation undertaken by independent valuers as at the balance sheet date. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued.

## 28 PROPERTY, PLANT AND EQUIPMENT

in Singapore Dollars (millions)	Note	Group							Total
		Right-Of-Use Assets		Property, Plant and Equipment Owned					
		Leasehold Land <sup>(1)</sup> and Office	Other Right- Of-Use Assets	Freehold Land <sup>(1)</sup>	Capital Works in Progress	Buildings <sup>(1)</sup>	Computer Equipment and Software Development Costs	Other Assets <sup>(2)</sup>	
<b>Cost</b>									
At 1 January 2019		46.5	0.2	60.6	9.4	609.2	451.3	89.1	1,266.3
Additions		89.3	0.9	–	17.6	–	54.0	10.0	171.8
Acquisition of subsidiary	24	0.9	–	–	–	–	0.2	0.2	1.3
Disposal of subsidiary	24	(0.5)	–	–	–	–	(1.3)	(0.5)	(2.3)
Disposals/assets written off		–	–	–	(0.1)	–	(1.6)	(1.2)	(2.9)
Reclassification		–	–	–	(5.9)	–	–	5.9	–
Remeasurement		10.6	–	–	–	–	–	–	10.6
Reclassification to investment properties	27	–	–	–	(0.4)	–	–	–	(0.4)
Currency translation reserve adjustment		–	–	–	–	(0.3)	(0.2)	(0.1)	(0.6)
At 31 December 2019 and 1 January 2020		146.8	1.1	60.6	20.6	608.9	502.4	103.4	1,443.8
<b>Additions</b>		<b>2.5</b>	<b>–</b>	<b>–</b>	<b>19.4</b>	<b>–</b>	<b>76.7</b>	<b>4.3</b>	<b>102.9</b>
<b>Disposals/assets written off</b>		<b>(1.1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2.0)</b>	<b>(0.5)</b>	<b>(3.6)</b>
<b>Reclassification</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(8.2)</b>	<b>–</b>	<b>–</b>	<b>8.2</b>	<b>–</b>
<b>Remeasurement</b>		<b>(7.5)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(7.5)</b>
<b>Reclassification to investment properties</b>	27	<b>–</b>	<b>–</b>	<b>–</b>	<b>(0.1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(0.1)</b>
<b>At 31 December 2020</b>		<b>140.7</b>	<b>1.1</b>	<b>60.6</b>	<b>31.7</b>	<b>608.9</b>	<b>577.1</b>	<b>115.4</b>	<b>1,535.5</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 28 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

in Singapore Dollars (millions)	Note	Group							Total
		Right-Of-Use Assets		Property, Plant and Equipment Owned					
		Leasehold Land <sup>(1)</sup> and Office	Other Right- Of-Use Assets	Freehold Land <sup>(1)</sup>	Capital Works in Progress	Buildings <sup>(1)</sup>	Computer Equipment and Software Development Costs	Other Assets <sup>(2)</sup>	
<b>Accumulated Depreciation and Impairment Loss</b>									
At 1 January 2019		(2.1)	–	(1.4)	–	(266.8)	(335.4)	(60.8)	(666.5)
Depreciation charge for the year	7	(10.3)	(0.3)	–	–	(12.3)	(42.9)	(7.6)	(73.4)
Disposal of subsidiary	24	0.2	–	–	–	–	1.2	0.3	1.7
Disposals/assets written off		–	–	–	–	–	1.4	1.0	2.4
Currency translation reserve adjustment		–	–	–	–	0.1	0.3	0.2	0.6
At 31 December 2019 and 1 January 2020		(12.2)	(0.3)	(1.4)	–	(279.0)	(375.4)	(66.9)	(735.2)
<b>Depreciation charge for the year</b>	<b>7</b>	<b>(11.4)</b>	<b>(0.3)</b>	<b>–</b>	<b>–</b>	<b>(12.2)</b>	<b>(45.7)</b>	<b>(8.0)</b>	<b>(77.6)</b>
<b>Disposals/assets written off</b>		<b>0.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1.8</b>	<b>0.3</b>	<b>2.5</b>
<b>Remeasurement</b>		<b>6.3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6.3</b>
<b>Currency translation reserve adjustment</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
<b>At 31 December 2020</b>		<b>(16.9)</b>	<b>(0.6)</b>	<b>(1.4)</b>	<b>–</b>	<b>(291.2)</b>	<b>(419.2)</b>	<b>(74.4)</b>	<b>(803.7)</b>
<b>Net Book Value</b>									
At 31 December 2019		134.6	0.8	59.2	20.6	329.9	127.0	36.5	708.6
<b>At 31 December 2020</b>		<b>123.8</b>	<b>0.5</b>	<b>59.2</b>	<b>31.7</b>	<b>317.7</b>	<b>157.9</b>	<b>41.0</b>	<b>731.8</b>

As at year end, the Company held other assets with a net book value of \$0.1 million (31 December 2019: other assets with a net book value of \$0.1 million). Depreciation for the year on computer equipment was \$0.1 million (31 December 2019: \$0.1 million).

<sup>(1)</sup> If the freehold land, leasehold land and buildings were measured using market value, the carrying amount would be as follows:

in Singapore Dollars (millions)	Group	
	2020	2019
Freehold land, Leasehold land and Buildings	<b>835.3</b>	844.0

<sup>(2)</sup> Other assets include motor vehicles, office furniture, fittings and equipment.

## 28 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 28.1 Leases

This note provides information for leases where the group is a lessee.

The Group has entered into operating lease agreements for computer equipment and office rental. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 4 years. There are several lease contracts that include extension and termination options.

The Group also has certain leases of office rental with lease terms of 12 months or less and leases of computer equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in the Profit or Loss Statement:

in Singapore Dollars (millions)	Note	Group	
		2020	2019
Depreciation expense of right-of-use assets		11.7	10.6
Interest expense on lease liabilities		3.6	1.1
Expense relating to short-term leases		3.0	2.3
Expense relating to leases of low-value assets		0.3	0.4
Total amount recognised in the Profit or Loss Statement		18.6	14.4

The total cash outflow for leases in 2020 was \$13.1 million (2019: \$11.1 million).

## 29 EXECUTIVES' SHARE OPTION SCHEME

### 29.1 OCBC Share Option Scheme

In April 2005, the GEH Optionholders were nominated to participate in the OCBC Bank Share Option Scheme (2001) ("OCBC Option Scheme"). The acquisition price of the options granted is equal to the average of the last dealt price of the ordinary shares of OCBC Bank over five consecutive trading days immediately prior to the date of the grant. The options vest in one-third increments over a period of three years, and are exercisable after the first anniversary of the date of grant up to the date of expiration of the options. The share options have a validity period of 10 years from date of grant.

The fair value of the share options is recognised by the GEH Group as staff costs in the Profit or Loss Statement. The Group uses the binomial model to derive the fair value of share options granted by OCBC Bank. The value of the share options is recognised in the Profit or Loss Statement over the vesting period of the share options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable, and the impact of the change to the original estimates, if any, is recognised in the Profit or Loss Statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 29 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

#### 29.1 OCBC Share Option Scheme (continued)

At the Extraordinary General Meeting of OCBC Bank held on 19 April 2007, certain alterations proposed by OCBC Bank's Remuneration Committee to OCBC Option Scheme were approved by its shareholders. These alterations enable option holders to select one of the following alternatives when exercising their options:

- (i) All share election – an election to receive in full the number of ordinary shares upon full payment of the aggregate acquisition cost in respect of options exercised;
- (ii) Partial share election – an election to receive ordinary shares representing the notional profit which would have been derived if the ordinary shares in respect of the options exercised had been sold; or
- (iii) Cash election – an election to receive in cash the profit derived from the sale of OCBC Bank's share in respect of the options exercised.

For the financial year ended 31 December 2020, there were no options granted under the OCBC Share Option Scheme (2019: nil) to GEH Optionholders to acquire ordinary shares in OCBC Bank ("OCBC shares") pursuant to 2001 scheme, and no options were granted to a director of the Company (2019: nil).

Information with respect to the number of options granted under the OCBC Option Scheme to GEH Optionholders is as follows:

	2020		2019	
	Number of Options	Average Price	Number of Options	Average Price
Number of shares comprised in options:				
At beginning of year	3,611,247	\$10.014	3,979,675	\$9.916
Lapsed during the year	(51,729)	\$12.443	(34,281)	\$10.552
Exercised during the year	(182,107)	\$8.996	(334,147)	\$8.792
Outstanding at end of year	3,377,411	\$10.031	3,611,247	\$10.014
Exercisable at end of year	3,213,314	\$9.862	2,941,133	\$9.664
Average share price underlying the options exercised during the financial year		\$9.936		\$11.344



## 29 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

### 29.1 OCBC Share Option Scheme (continued)

Details of the options outstanding as at 31 December 2020 are as follows:

Grant Year	Grant Date	Exercise Period	Acquisition Price	2020	
				Outstanding	Exercisable
2011	14.03.2011	15.03.2012 – 13.03.2021	\$9.093	88,927	88,927
2012	14.03.2012	15.03.2013 – 13.03.2022	\$8.556	300,856	300,856
2013	14.03.2013	15.03.2014 – 13.03.2023	\$10.018	714,978	714,978
2014	14.03.2014	15.03.2015 – 13.03.2024	\$9.169	604,266	604,266
2015	16.03.2015	16.03.2016 – 15.03.2025	\$10.378	181,080	181,080
2016	16.03.2016	16.03.2017 – 15.03.2026	\$8.814	211,272	211,272
2017	23.03.2017	23.03.2018 – 22.03.2027	\$9.598	793,499	793,499
2018	22.03.2018	22.03.2019 – 21.03.2028	\$13.340	482,533	318,436
				<b>3,377,411</b>	<b>3,213,314</b>

The carrying amount of the liability recognised on the Group's balance sheet related to the above options at 31 December 2020 is \$2.3 million (31 December 2019: \$2.9 million).

As at 31 December 2020, the weighted average remaining contractual life of outstanding options was 4.2 years (2019: 5.1 years). There were no outstanding options held by directors of the Company as at 31 December 2020 (2019: nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 29 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

#### 29.2 OCBC Deferred Share Plan ("DSP")

The DSP is a share-based plan implemented in 2003 and administered by the OCBC Remuneration Committee. The DSP is a discretionary share-based incentive and retention award program extended to executives of OCBC's subsidiaries at the discretion of the Remuneration Committee. The awards are granted at no cost to the grantees, on a deferred basis as part of their performance bonus. Such awards shall lapse by reason of cessation of service but may be preserved at the discretion of the Remuneration Committee. The DSP does not involve the issue of new shares. Instead, existing shares will be purchased from the market for release to the grantees at the end of the respective vesting periods.

During the financial year, 631,571 (2019: 313,495) OCBC ordinary shares were granted to eligible executives of GEH Group under the DSP, of which none (2019: nil) were granted to a director of the Company. The fair value of the shares at grant date was \$6.0 million (2019: \$3.5 million). In addition, 46,388 OCBC shares (of which none were granted to directors of the Company) were awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2020 (2019: 28,753 OCBC shares (of which none were granted to directors of the Company) awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2018).

#### 29.3 OCBC Employee Share Purchase Plan ("ESP")

All employees of OCBC Bank and their subsidiaries who have attained the age of 21 years and have been employees for a period of not less than six months are eligible to participate in the ESP Plan unless they are also controlling shareholders of the Bank or their associates. The purpose of the ESP Plan is to provide employees with an opportunity to increase their personal equity interest in the Bank. The Bank will either issue new shares or transfer treasury shares to employees upon the exercise or conversion of acquisition rights. The ESP Plan is administered by the OCBC Bank Remuneration Committee.

The acquisition price is equal to the average of the last traded price of the ordinary shares of OCBC Bank on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the price fixing date for the acquisition price of the ordinary shares (as determined by the OCBC Bank Remuneration Committee).

A participant may participate in the ESP Plan for an offering period by making contributions in cash by means of monthly deductions from his monthly base salary and/or his designated account; and/or by monthly debits from his CPF Ordinary Account to his ESP Plan account.

In June 2020, the fifteenth offering of the ESP Plan was launched for employees to acquire the shares of OCBC Bank at \$8.98 per share. The plan commenced on 1 July 2020 and will expire on 30 June 2022. Under the offering, OCBC Bank granted 1,466,659 (2019: 980,689) rights to acquire ordinary shares in the Bank. The fair value of the rights, determined using the binomial valuation model was \$1.6 million (2019: \$0.8 million). Significant inputs to the valuation model are set out below.

	2020	2019
Acquisition price (\$)	8.98	11.32
Share price (\$)	9.24	10.78
Expected volatility based on last 250 days historical price volatility as of acceptance date (%)	24.62	17.57
Risk-free rate based on 2-year swap rate (%)	0.31	1.72
Expected dividend yield (%)	5.19	3.62

## 29 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

### 29.3 OCBC Employee Share Purchase Plan ("ESP") (continued)

A summary of the movement in the number of acquisition rights of the ESP Plan issued to GEH Group's employees is as follows:

	2020		2019	
	Number of Subscription Rights	Weighted Average Subscription Price	Number of Subscription Rights	Weighted Average Subscription Price
At 1 January	1,615,867	\$11.441	1,627,967	\$11.221
Subscriptions on commencement of plan	1,466,659	\$8.980	980,689	\$11.320
Exercised	(1,500)	\$11.600	(684,853)	\$10.772
Lapsed / Forfeited	(1,022,622)	\$11.270	(307,936)	\$11.384
At 31 December	<b>2,058,404</b>	<b>\$9.772</b>	1,615,867	\$11.441
Average share price underlying acquisition rights exercised during the financial year		<b>\$9.571</b>		\$11.539

As at 31 December 2020, the weighted average remaining contractual life of outstanding acquisition rights was 1.2 years (2019: 1.1 year). No director of GEH Group has acquisition rights under the ESP Plan (2019: nil).

## 30 OTHER MATTERS

### 30.1 Capital commitments

in Singapore Dollars (millions)	Group	
	2020	2019
Commitments for capital expenditure not provided for in the financial statements:		
– investment properties	14.8	28.0
– property, plant and equipment	94.2	72.3
	<b>109.0</b>	100.3

### 30.2 Minimum Lease Receivable

in Singapore Dollars (millions)	Group	
	2020	2019
Future minimum lease payments receivable under non-cancellable operating leases are as follows as of 31 December:		
Within one year	39.5	40.1
After one year but not more than five years	17.8	20.7
	<b>57.3</b>	60.8

## NOTES TO THE FINANCIAL STATEMENTS

### 31 RELATED PARTY TRANSACTIONS

The Group enters into transactions with its related parties in the normal course of business.

#### 31.1 Significant related party transactions

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

in Singapore Dollars (millions)	Group		Company	
	2020	2019	2020	2019
Fees and commission and other income received from:				
– holding company	8.2	7.9	–	–
– related parties of the holding company	21.2	37.7	–	–
Premiums received from key management personnel	9.4	1.1	–	–
Fees and commission expense paid to:				
– holding company	181.6	177.1	–	–
– related parties of the holding company	65.1	67.9	–	–
Interest income received from:				
– holding company	0.6	3.2	–	–
– related parties of the holding company	25.5	35.4	–	–
Rental income received from:				
– related parties of the holding company	0.3	0.3	–	–
Other expenses paid to:				
– holding company	6.1	6.3	–	–
– related parties of the holding company	15.3	11.9	–	–

# NOTES TO THE FINANCIAL STATEMENTS

## 31 RELATED PARTY TRANSACTIONS (CONTINUED)

### 31.2 Balance sheet balances with related parties

in Singapore Dollars (millions)	Group		Company	
	2020	2019	2020	2019
Balance sheet balances with related parties as at 31 December are as follows:				
Cash and cash equivalents held with:				
– holding company	633.8	480.1	19.3	17.3
– related parties of the holding company	302.0	485.6	–	–
Amount due to holding company	200.4	110.0	–	–
Investments in debt securities of:				
– related parties of the holding company	78.1	380.0	–	–
Derivative financial assets held with:				
– holding company	315.7	237.8	–	–
– related parties of the holding company	2.9	–	–	–
Derivative financial liabilities held with:				
– holding company	83.3	73.6	–	–

Outstanding balances at balance sheet date are unsecured and interest free. Settlement will take place in cash.

There was no provision for doubtful debts at the balance sheet date and no bad debt expense for the year (2019: nil).

### 31.3 Compensation of key management personnel

in Singapore Dollars (millions)	Group		Company	
	2020	2019	2020	2019
Short-term employee benefits	31.4	22.4	1.8	1.8
Other long-term benefits	1.1	0.7	–	–
Central Provident Fund/Employee Provident Fund	1.8	1.3	–	–
Share-based payments	3.6	3.0	–	–
	<b>37.9</b>	<b>27.4</b>	<b>1.8</b>	<b>1.8</b>
Comprise amounts paid to:				
Directors of the Company	2.8	2.8	1.8	1.8
Other key management personnel	35.1	24.6	–	–
	<b>37.9</b>	<b>27.4</b>	<b>1.8</b>	<b>1.8</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 32 SEGMENTAL INFORMATION

### Business Segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products for the different markets. The Group's principal operations are organised into the Life Insurance, Non-life Insurance and Shareholders segments. The results of these segments are reported separately in internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

a. Life Insurance Segment

The Life Insurance segment provides different types of products, comprising life insurance, long-term health and accident insurance, annuity business written and includes the unit-linked business. All revenues in the Life Insurance segment are from external customers.

b. Non-life Insurance Segment

Under the Non-life Insurance business, the Group issues short term property and casualty contracts which protect the policyholder against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contract and/or business interruption contract; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contract. The Group also issues short term medical and personal accident non-life insurance contracts.

c. Shareholders Segment

The Shareholders segment provides fund management services for absolute return/balanced mandates with different risk-return characteristics and manages a range of products, including Asia Pacific equities, Asian and global fixed income securities portfolios. Clients include Singapore statutory boards, government-linked corporations, public and private companies, insurance companies and charity organisations.

The Shareholders segment also comprises activities not related to the core business segments, and includes general corporate income and expense items.

### Geographical Segments

The Group's risks and rewards are affected by operating conditions in different countries and geographical areas. Therefore, for management purposes, the Group is also organised on a geographical basis into Singapore, Malaysia and Other Asia, based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the respective location of its customers.

### Segment Accounting Policies, Allocation Basis and Transfer Pricing

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, interest-bearing loans and related expenses. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to an unrelated third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

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## 32 SEGMENTAL INFORMATION (CONTINUED)

### (1) By Business Segments

in Singapore Dollars (millions)	Group									
	Shareholders		Non-life Insurance		Life Insurance		Adjustments and Eliminations <sup>(2)</sup>		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net premiums	-	-	208.3	201.0	14,592.4	10,964.9	(1.2)	(1.3)	14,799.5	11,164.6
Commissions received from reinsurers	-	-	31.2	32.9	105.7	43.9	-	-	136.9	76.8
Investment income, net <sup>(1)</sup>	153.8	166.1	16.0	19.5	2,352.8	2,513.5	72.3	66.4	2,594.9	2,765.5
Rental income, net <sup>(1)</sup>	-	-	-	-	52.0	53.5	(28.1)	(22.0)	23.9	31.5
Fees and other income <sup>(1)</sup>	100.4	89.3	-	-	-	-	(72.5)	(66.4)	27.9	22.9
Gain/(loss) on sale of investments and changes in fair value	97.3	234.2	3.2	2.3	3,798.1	4,365.3	-	-	3,898.6	4,601.8
Change in third-party interests in consolidated investment funds	(14.3)	(10.3)	-	-	-	-	-	-	(14.3)	(10.3)
Gain on disposal of interest in associate	-	-	-	-	1.4	-	-	-	1.4	-
Gain on disposal of subsidiary	8.4	3.5	-	-	-	-	-	-	8.4	3.5
(Loss)/ gain on exchange differences	9.9	(0.3)	(0.5)	(0.6)	(8.9)	(36.8)	-	-	0.5	(37.7)
<b>Total income</b>	<b>355.5</b>	<b>482.5</b>	<b>258.2</b>	<b>255.1</b>	<b>20,893.5</b>	<b>17,904.3</b>	<b>(29.5)</b>	<b>(23.3)</b>	<b>21,477.7</b>	<b>18,618.6</b>
Gross claims, surrenders and annuities	(1.7)	-	203.9	174.3	10,169.7	6,636.6	-	-	10,371.9	6,810.9
Claims, surrenders and annuities recovered from reinsurers	-	-	(100.3)	(65.6)	(595.9)	(232.1)	-	-	(696.2)	(297.7)
Commissions and distribution expenses <sup>(1)</sup>	37.5	27.3	60.0	61.5	1,209.9	1,061.7	(5.6)	(6.7)	1,301.8	1,143.8
Increase/(decrease) in provision for impairment of assets	1.4	0.6	0.1	-	3.3	27.9	-	-	4.8	28.5
Management and other expenses <sup>(1)</sup>	847.2	121.4	58.7	55.9	521.8	487.5	(23.9)	(16.6)	1,403.8	648.2
Interest expense	18.3	18.3	-	-	-	-	-	-	18.3	18.3
Agents' retirement benefits	-	-	-	-	25.9	42.3	-	-	25.9	42.3
Depreciation and amortisation expenses	4.8	5.4	3.3	3.0	70.0	65.1	-	-	78.1	73.5
Gross change in insurance contract liabilities <sup>(1)</sup>	(785.3)	-	71.6	32.5	9,130.1	8,909.8	(0.0)	-	8,416.4	8,942.3
Change in insurance contract liabilities ceded to reinsurers <sup>(1)</sup>	-	-	(74.4)	(36.0)	(111.4)	(353.1)	-	-	(185.8)	(389.1)
<b>Total expenses</b>	<b>122.2</b>	<b>173.0</b>	<b>222.9</b>	<b>225.6</b>	<b>20,423.4</b>	<b>16,645.7</b>	<b>(29.5)</b>	<b>(23.3)</b>	<b>20,739.0</b>	<b>17,021.0</b>
<b>Profit before share of loss of associates</b>	<b>233.3</b>	<b>309.5</b>	<b>35.3</b>	<b>29.5</b>	<b>470.1</b>	<b>1,258.6</b>	<b>-</b>	<b>-</b>	<b>738.7</b>	<b>1,597.6</b>
Share of loss after income tax of associates	-	-	-	-	-	(0.3)	-	-	-	(0.3)
<b>Profit before income tax</b>	<b>233.3</b>	<b>309.5</b>	<b>35.3</b>	<b>29.5</b>	<b>470.1</b>	<b>1,258.3</b>	<b>-</b>	<b>-</b>	<b>738.7</b>	<b>1,597.3</b>
Tax attributable to policyholders' returns	-	-	-	-	216.9	(403.8)	-	-	216.9	(403.8)
Profit before income tax attributable to shareholders' returns	233.3	309.5	35.3	29.5	687.0	854.5	-	-	955.6	1,193.5
<b>Income tax credit/(expense)</b>	<b>74.9</b>	<b>(24.1)</b>	<b>(3.4)</b>	<b>(3.4)</b>	<b>178.2</b>	<b>(547.7)</b>	<b>-</b>	<b>-</b>	<b>249.7</b>	<b>(575.2)</b>
less: Income tax attributable to policyholders' returns	-	-	-	-	(216.9)	403.8	-	-	(216.9)	403.8
Income tax credit/ (expense) attributable to shareholders' profits	74.9	(24.1)	(3.4)	(3.4)	(38.7)	(143.9)	-	-	32.8	(171.4)
<b>Profit after income tax</b>	<b>308.2</b>	<b>285.4</b>	<b>31.9</b>	<b>26.1</b>	<b>648.3</b>	<b>710.6</b>	<b>-</b>	<b>-</b>	<b>988.4</b>	<b>1,022.1</b>

<sup>(1)</sup> Comparatives have been restated to conform to current year's presentation. Refer to Note 36 for details.

<sup>(2)</sup> Inter-segment income and expenses comprising mainly dividend and management fee income are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

## 32 SEGMENTAL INFORMATION (CONTINUED)

### (1) By Business Segments (continued)

in Singapore Dollars (millions)	Group									
	Shareholders		Non-life Insurance		Life Insurance		Adjustments and Eliminations <sup>(2)</sup>		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Other material items:</b>										
Interest income	109.2	112.4	16.8	20.3	2,090.6	2,119.1	-	-	2,216.6	2,251.8
Staff costs and related expenses (including executive directors and key management personnel compensation)	28.5	60.3	37.6	36.9	305.0	298.6	1.2	(0.8)	372.3	395.0
Rental expense	2.2	2.3	2.1	1.1	23.7	22.0	(23.2)	(15.7)	4.8	9.7
Interest expense	18.3	18.3	-	-	-	-	-	-	18.3	18.3
Interest expense on policy benefits	-	-	-	-	207.4	189.3	-	-	207.4	189.3
<b>Non-cash items:</b>										
Depreciation and amortisation expenses	4.8	5.4	3.3	3.0	70.0	65.1	-	-	78.1	73.5
Increase/(decrease) in provision for impairment of assets	1.4	0.6	0.1	-	3.3	27.9	-	-	4.8	28.5
Changes in fair value of investments:										
- through the Profit or Loss Statement	62.0	228.0	0.5	1.9	3,518.2	4,227.2	-	-	3,580.7	4,457.1
- through equity	118.7	155.1	10.5	5.3	297.0	516.9	-	-	426.2	677.3
<b>Assets and liabilities:</b>										
Segment assets	10,279.1	9,573.9	896.9	833.5	99,289.4	91,373.3	(3,634.6)	(3,178.8)	106,830.8	98,601.9
Investments in associates	96.9	-	-	-	-	1.7	-	-	96.9	1.7
<b>Total assets</b>	<b>10,376.0</b>	<b>9,573.9</b>	<b>896.9</b>	<b>833.5</b>	<b>99,289.4</b>	<b>91,375.0</b>	<b>(3,634.6)</b>	<b>(3,178.8)</b>	<b>106,927.7</b>	<b>98,603.6</b>
Segment liabilities	495.2	575.2	903.8	832.8	97,978.6	89,571.8	(3,634.5)	(3,178.8)	95,743.1	87,801.0
Income tax and deferred tax liabilities	274.4	311.5	(0.8)	(3.3)	1,436.5	1,792.8	-	-	1,710.1	2,101.0
<b>Total liabilities</b>	<b>769.6</b>	<b>886.7</b>	<b>903.0</b>	<b>829.5</b>	<b>99,415.1</b>	<b>91,364.6</b>	<b>(3,634.5)</b>	<b>(3,178.8)</b>	<b>97,453.2</b>	<b>89,902.0</b>
<b>Other segment information:</b>										
Additions to non-current assets										
- property, plant and equipment	6.5	9.1	7.8	1.0	88.6	161.7	-	-	102.9	171.8
- investment properties	-	-	-	-	-	0.3	-	-	-	0.3
- goodwill and intangible assets	-	4.0	-	1.7	-	0.6	-	-	-	6.3

<sup>(2)</sup> Inter-segment income and expenses comprising mainly dividend and management fee income are eliminated on consolidation.



## 32 SEGMENTAL INFORMATION (CONTINUED)

### (2) By Geographical Segments

in Singapore Dollars (millions)	Group									
	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenue from external customers	<b>16,401.6</b>	13,226.7	<b>4,823.1</b>	5,130.4	<b>275.2</b>	285.0	<b>(22.2)</b>	(23.5)	<b>21,477.7</b>	18,618.6
Dividend from subsidiaries	<b>60.2</b>	225.7	–	–	–	–	<b>(60.2)</b>	(225.7)	–	–
Total revenue	<b>16,461.8</b>	13,452.4	<b>4,823.1</b>	5,130.4	<b>275.2</b>	285.0	<b>(82.4)</b>	(249.2)	<b>21,477.7</b>	18,618.6
Profit/(loss) after income tax	<b>607.2</b>	950.6	<b>423.1</b>	279.4	<b>5.4</b>	10.0	<b>(47.3)</b>	(217.9)	<b>988.4</b>	1,022.1
Non-current assets	<b>1,943.0</b>	1,953.9	<b>579.4</b>	563.2	<b>7.8</b>	8.7	–	–	<b>2,530.2</b>	2,525.8

Non-current assets information presented above consist of intangible assets, investment properties and property, plant and equipment as presented in the consolidated balance sheet.

## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES

### Governance framework

Managing risk is an integral part of the Group's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Group shall:

- Operate within parameters and limits that are calibrated to the risk appetite approved by the Board; and
- Pursue appropriate risk-adjusted returns.

Group Risk Management department spearheads the development and implementation of the ERM Framework for the Group.

The Board is responsible for overseeing the Group's risk management initiatives. The Board may delegate this responsibility to the Risk Management Committee ("RMC"). At the Group level, detailed risk management and oversight activities are undertaken by the following Group Management committees, all of which are chaired by the Group Chief Executive Officer and comprise key Senior Management Executives:

- Group Management Committee ("GMC")
- Group Asset-Liability Committee ("Group ALC")
- Group Investment Committee ("Group IC")
- Group Product Management and Approval Committee ("Group PMAC")
- Group Technology Strategy Committee ("Group TSC")

GMC is responsible for providing leadership, direction and functional oversight on all matters of the Group. In addition to complying with regulatory requirements, the GMC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. The GMC is supported by the Group IC, Group ALC, Group PMAC, Group TSC, Local Senior Management Team ("SMT"), Local ALC, Local Product Development Committee ("PDC") and Local TSC.

Group IC is responsible for overseeing all investment management activities of the Group and ensuring that the interests and rights of policyholders are not compromised.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### ***Governance framework (continued)***

Group ALC is responsible for balance sheet management. Specifically, Group ALC reviews and formulates technical frameworks, policies, processes and methodologies relating to balance sheet management. Group ALC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. Group ALC is supported by the Local ALC.

Group TSC is responsible for assisting GMC in providing the overall strategic direction and approval of all IT related issues and initiatives, including the digitalisation and transformation programs to support the Group's strategic growth into the future. Group TSC is supported by local TSC.

Group PMAC is responsible for reviewing, approving and managing new and existing products, ensuring the business operates within the risk appetite to deliver the annual business targets. Local PDC is responsible for reviewing and endorsing new products at the local operating subsidiaries.

#### ***Regulatory framework***

Insurers are required to comply with the Insurance Act and Regulations, as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the investment policy rests with the respective Board of Directors ("Board"). The Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

#### ***Capital management***

The objectives of GEH's capital management policy are to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

The Group had no significant changes in the policies and processes relating to its capital structure during the year.

#### **Regulatory Capital**

The Group and its insurance subsidiaries are required to comply with the capital ratios prescribed by the Insurance Regulations of the jurisdictions in which they operate. The Capital Adequacy Ratios of the Group and its subsidiaries in Singapore, Malaysia and Indonesia remained well above the regulatory minimum ratios under the Risk-based Capital Frameworks established by the Monetary Authority of Singapore, Bank Negara Malaysia and Otoritas Jasa Keuangan, Indonesia respectively.

The Group's approach to capital management aims to maintain an adequate level of capital to meet regulatory requirements, including any additional amounts required by the regulators of the Group and its insurance subsidiaries. This involves managing assets, liabilities and risks in a coordinated way by assessing and monitoring available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking appropriate actions to adjust the capital position of the Group and/or its subsidiaries in light of changes in economic conditions and risk characteristics.

The primary sources of capital of the Group are shareholders' equity and issued subordinated debt. The Group defines available capital as the amount of assets in excess of liabilities measured in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operate.

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### ***Capital management (continued)***

##### Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

The following sections provide details of the Group's and Company's exposure to insurance and key financial risks, as well as the objectives, policies and processes for managing these risks.

There has been no change to the Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

#### ***Insurance Risk***

The principal activity of the Group is the provision of insurance products and related financial advisory services. The products cover risks such as mortality, morbidity (health, disability, critical illness, personal accident) and property and casualty, and meet customer needs in investment and retirement provision.

The Group's underwriting strategy is designed to ensure that risks are well diversified across the types of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes into account of current health conditions and family medical history, regular review of actual claims experience, as well as detailed claims handling procedures. Underwriting limits are also established to enforce appropriate risk selection criteria. For example, the Group has the right to reject renewal of insurance policy, impose deductibles and reject payment of fraudulent claims.

Risks inherent in the Group's activities include but are not limited to the following:

#### **Insurance Risks of Life Insurance Contracts**

Insurance risks arise when the Group underwrites insurance contracts. While insurance risks may not vary significantly across the geographical locations in which the Group currently operates, the types of risks insured, assumptions used in pricing the insurance products and subsequent setting aside of the technical provisions may give rise to potential shortfalls in provision for future claims and expenses when actual claims experience are worse than projections. Assumptions that may cause insurance risks to be underestimated include assumptions on policy lapses, mortality, morbidity and expenses.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance risk (continued)*

#### **Insurance Risks of Life Insurance Contracts (continued)**

The Group utilises reinsurance to manage the mortality and morbidity risks. The Group's reinsurance management strategy and policy are reviewed annually by RMC and Group ALC. Reinsurance is structured according to the type of risk insured. Catastrophe reinsurance is procured to limit catastrophic losses. The Group's exposure to group insurance business is not significant and there is no material concentration risk.

In general, reinsurers must have a minimum credit rating of S&P A- or equivalent to be considered for reinsurance business. The Group limits its risk to any one reinsurer by ceding different products to different reinsurers or to a panel of reinsurers.

Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses and ensures that the policies, guidelines and limits established for managing the risks remain adequate and appropriate.

A substantial portion of the Group's life insurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment portfolios perform below expectations, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for the Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

Stress Testing is performed at least once a year to assess the solvency of the life insurance fund under various stress scenarios. The stress scenarios include regulatory prescribed scenarios, as well as scenarios depicting drastic changes in key parameters such as new business volume, market volatilities, expense patterns, mortality/morbidity patterns and lapse rates.

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Insurance risk (continued)

#### Insurance Risks of Life Insurance Contracts (continued)

**TABLE 33(A):** The table below sets out the concentration of insurance contract liabilities by type of contract and country as at the balance sheet date:

#### (i) by Class of business:

in Singapore Dollar (millions)	Gross			Reinsurance			Net total
	With DPF <sup>(1)</sup>	Without DPF	Total	With DPF	Without DPF	Total	
<b>2020</b>							
Whole life	37,089.0	10,287.0	47,376.0	14.0	(32.5)	(18.5)	47,357.5
Endowment	22,579.8	7,768.3	30,348.1	(64.7)	(120.3)	(185.0)	30,163.1
Term	0.5	806.2	806.7	(0.1)	(124.5)	(124.6)	682.1
Accident and health	1.9	2,357.0	2,358.9	–	(1,859.8)	(1,859.8)	499.1
Annuity	27.2	497.0	524.2	–	–	–	524.2
Others	131.1	1,361.1	1,492.2	(1.1)	(20.0)	(21.1)	1,471.1
<b>Total</b>	<b>59,829.5</b>	<b>23,076.6</b>	<b>82,906.1</b>	<b>(51.9)</b>	<b>(2,157.1)</b>	<b>(2,209.0)</b>	<b>80,697.1</b>
<b>2019</b>							
Whole life	32,246.8	8,749.5	40,996.3	(7.1)	(56.6)	(63.7)	40,932.6
Endowment	21,114.3	7,946.1	29,060.4	(68.1)	(488.4)	(556.5)	28,503.9
Term	0.4	530.8	531.2	–	(32.4)	(32.4)	498.8
Accident and health	2.0	1,813.4	1,815.4	–	(1,443.6)	(1,443.6)	371.8
Annuity	26.6	480.4	507.0	–	–	–	507.0
Others	182.9	1,066.6	1,249.5	(0.5)	(0.6)	(1.1)	1,248.4
<b>Total</b>	<b>53,573.0</b>	<b>20,586.8</b>	<b>74,159.8</b>	<b>(75.7)</b>	<b>(2,021.6)</b>	<b>(2,097.3)</b>	<b>72,062.5</b>

<sup>(1)</sup> DPF is defined as Contracts with Discretionary Participating Features.

#### (ii) by Country:

in Singapore Dollar (millions)	Gross			Reinsurance			Net total
	With DPF <sup>(1)</sup>	Without DPF	Total	With DPF	Without DPF	Total	
<b>2020</b>							
Singapore	43,512.5	16,744.4	60,256.9	(46.0)	(1,901.3)	(1,947.3)	58,309.6
Malaysia	15,966.5	5,772.9	21,739.4	(7.0)	(253.1)	(260.1)	21,479.3
Others	350.5	559.3	909.8	1.1	(2.7)	(1.6)	908.2
<b>Total</b>	<b>59,829.5</b>	<b>23,076.6</b>	<b>82,906.1</b>	<b>(51.9)</b>	<b>(2,157.1)</b>	<b>(2,209.0)</b>	<b>80,697.1</b>
<b>2019</b>							
Singapore	37,444.6	15,440.6	52,885.2	(67.8)	(1,899.7)	(1,967.5)	50,917.7
Malaysia	15,828.0	4,658.3	20,486.3	(8.0)	(119.7)	(127.7)	20,358.6
Others	300.4	487.9	788.3	0.1	(2.2)	(2.1)	786.2
<b>Total</b>	<b>53,573.0</b>	<b>20,586.8</b>	<b>74,159.8</b>	<b>(75.7)</b>	<b>(2,021.6)</b>	<b>(2,097.3)</b>	<b>72,062.5</b>

<sup>(1)</sup> DPF is defined as Contracts with Discretionary Participating Features.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### **Insurance Risks of Life Insurance Contracts (continued)**

The sensitivity analysis below shows the impact of changes in key parameters on the value of policy liabilities, and hence on the Profit or Loss Statement and Shareholders' Equity.

Sensitivity analysis produced are based on parameters set out as follows:

	<b>Change in assumptions</b>
(a) Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b) Scenario 2 – Mortality and Major Illness	- 25% for all future years
(c) Scenario 3 – Health and Disability	+ 25% for all future years
(d) Scenario 4 – Health and Disability	- 25% for all future years
(e) Scenario 5 – Lapse and Surrender rates	+ 25% for all future years
(f) Scenario 6 – Lapse and Surrender rates	- 25% for all future years
(g) Scenario 7 – Expenses	+ 30% for all future years

**TABLE 33(B1):** Profit/(Loss) After Tax and Shareholders' Equity sensitivity for the Singapore segment:

Impact on 1-year's Profit/(Loss) After Tax and Shareholders' Equity

<b>in Singapore Dollars (millions)</b>	<b>Life Insurance Contracts</b>					
	<b>31 December 2020</b>			<b>31 December 2019</b>		
	<b>Gross impact</b>	<b>Reinsurance ceded</b>	<b>Net impact</b>	<b>Gross impact</b>	<b>Reinsurance ceded</b>	<b>Net impact</b>
Scenario 1 – Mortality and Major Illness	<b>(621.7)</b>	<b>282.1</b>	<b>(339.6)</b>	(317.1)	139.3	(177.8)
Scenario 2 – Mortality and Major Illness	<b>433.8</b>	<b>(195.6)</b>	<b>238.2</b>	144.2	(46.4)	97.8
Scenario 3 – Health and Disability	<b>(328.5)</b>	<b>201.2</b>	<b>(127.3)</b>	(88.4)	1.4	(87.0)
Scenario 4 – Health and Disability	<b>204.0</b>	<b>(89.3)</b>	<b>114.7</b>	35.7	(0.2)	35.5
Scenario 5 – Lapse and Surrender rates	<b>107.4</b>	<b>(16.7)</b>	<b>90.7</b>	76.8	(8.1)	68.7
Scenario 6 – Lapse and Surrender rates	<b>(147.3)</b>	<b>26.1</b>	<b>(121.2)</b>	(81.9)	2.8	(79.1)
Scenario 7 – Expenses	<b>(44.8)</b>	<b>6.4</b>	<b>(38.4)</b>	(12.8)	0.8	(12.0)

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### Insurance Risks of Life Insurance Contracts (continued)

**TABLE 33(B2):** Profit/(Loss) After Tax and Shareholders' Equity sensitivity for the Malaysia segment:

in Singapore Dollars (millions)	Life Insurance Contracts					
	31 December 2020			31 December 2019		
	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
Scenario 1 – Mortality and Major Illness	<b>(131.3)</b>	<b>7.5</b>	<b>(123.8)</b>	(102.6)	7.6	(95.0)
Scenario 2 – Mortality and Major Illness	<b>117.1</b>	<b>(7.3)</b>	<b>109.8</b>	93.5	(7.6)	85.9
Scenario 3 – Health and Disability	<b>(18.8)</b>	<b>0.8</b>	<b>(18.0)</b>	(18.7)	0.9	(17.8)
Scenario 4 – Health and Disability	<b>16.9</b>	<b>(0.8)</b>	<b>16.1</b>	13.9	(0.8)	13.1
Scenario 5 – Lapse and Surrender rates	<b>(0.6)</b>	<b>(0.2)</b>	<b>(0.8)</b>	1.4	(0.2)	1.2
Scenario 6 – Lapse and Surrender rates	<b>4.5</b>	<b>0.2</b>	<b>4.7</b>	1.2	0.2	1.4
Scenario 7 – Expenses	<b>(32.4)</b>	–	<b>(32.4)</b>	(28.1)	–	(28.1)

The tables above demonstrate the sensitivity of the Group's Profit or Loss After Tax to possible changes in individual actuarial valuation assumptions on an individual basis with all other variables held constant.

The method used, including the significant assumptions made, for performing the above sensitivity analysis did not change from the previous year.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### **Insurance Risk of Non-Life Insurance Contracts**

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claims liabilities, as set out under Note 15 of the financial statements. The premium liabilities comprise a reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

**TABLE 33(C1):** The table below sets out the distribution of the various categories of the non-life insurance risk as at the balance sheet date:

#### (i) by Class of business:

in Singapore Dollars (millions)	Non-life Insurance Contracts					
	As at 31 December 2020			As at 31 December 2019		
	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities
Fire	32.3	(14.1)	18.2	27.4	(10.1)	17.3
Motor	37.5	(3.6)	33.9	38.3	(2.7)	35.6
Marine & aviation	11.5	(6.7)	4.8	10.7	(6.0)	4.7
Workmen's compensation	22.0	(6.9)	15.1	26.8	(10.8)	16.0
Personal accident & health	23.5	(2.3)	21.2	23.7	(1.4)	22.3
Miscellaneous	61.7	(38.5)	23.2	52.1	(32.7)	19.4
<b>Total</b>	<b>188.5</b>	<b>(72.1)</b>	<b>116.4</b>	<b>179.0</b>	<b>(63.7)</b>	<b>115.3</b>

in Singapore Dollars (millions)	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities
	Fire	54.9	(37.4)	17.5	50.2	(33.4)
Motor	52.3	(7.1)	45.2	56.2	(5.5)	50.7
Marine & aviation	33.8	(25.0)	8.8	51.1	(36.3)	14.8
Workmen's compensation	27.3	(10.2)	17.1	28.4	(10.5)	17.9
Personal accident & health	22.9	(2.6)	20.3	22.3	(2.6)	19.7
Miscellaneous	159.8	(124.2)	35.6	72.0	(43.7)	28.3
<b>Total</b>	<b>351.0</b>	<b>(206.5)</b>	<b>144.5</b>	<b>280.2</b>	<b>(132.0)</b>	<b>148.2</b>



### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### **Insurance Risk of Non-Life Insurance Contracts (continued)**

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claims liabilities, as set out under Note 15 of the financial statements. The premium liabilities comprise a reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

**TABLE 33(C1):** The table below sets out the distribution of the various categories of the non-life insurance risk as at the balance sheet date (continued):

#### (ii) by Country:

in Singapore Dollars (millions)	Non-life Insurance Contracts					
	As at 31 December 2020			As at 31 December 2019		
	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities
Singapore	98.0	(44.1)	53.9	94.6	(43.1)	51.5
Malaysia	74.0	(22.3)	51.7	71.1	(18.8)	52.3
Indonesia	16.5	(5.7)	10.8	13.3	(1.8)	11.5
<b>Total</b>	<b>188.5</b>	<b>(72.1)</b>	<b>116.4</b>	<b>179.0</b>	<b>(63.7)</b>	<b>115.3</b>

in Singapore Dollars (millions)	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities
	Singapore	190.5	(137.1)	53.4	111.4	(61.3)
Malaysia	128.3	(55.6)	72.7	126.9	(55.1)	71.8
Indonesia	32.2	(13.8)	18.4	41.9	(15.6)	26.3
<b>Total</b>	<b>351.0</b>	<b>(206.5)</b>	<b>144.5</b>	<b>280.2</b>	<b>(132.0)</b>	<b>148.2</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

##### **Key Assumptions**

Non-life insurance contract liabilities are determined based on claims experience, knowledge of existing events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, trends in historical claims, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by achieving a large and well-diversified portfolio of insurance contracts across various industries and geographical areas. The risks are further mitigated by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Comprehensive assessment of new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to further reduce the risk exposure of the Group. In addition, the Group further enforces a policy of active management and prompt pursuit of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events such as hurricanes, earthquakes and flood damages.

The sensitivity analysis below shows the impact of changes in key assumptions on gross and net liabilities, profit before tax and equity.

in Singapore Dollars (millions)	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
<b>As at 31 December 2020</b>					
Provision for adverse deviation margin	+20%	8.3	3.6	(3.6)	(3.0)
Loss ratio <sup>(1)</sup>	+20%	78.3	36.7	(36.7)	(29.6)
Claim handling expenses	+20%	2.0	1.7	(1.7)	(1.4)
<b>As at 31 December 2019</b>					
Provision for adverse deviation margin	+20%	7.2	2.4	(2.4)	(1.9)
Loss ratio <sup>(1)</sup>	+20%	66.9	40.5	(40.5)	(31.8)
Claim handling expenses	+20%	1.7	1.1	(1.1)	(0.9)

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

<sup>(1)</sup> Best estimate reserves and current accident year payments.





### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### **Market and Credit Risk**

Market risk arises when market values of assets and liabilities are adversely affected by changes in financial markets. Changes in interest rates, foreign exchange rates, equity prices and prices of alternative investment assets can impact present and future earnings of the insurance operations, as well as shareholders' equity.

The Group is exposed to market risk through its investment portfolios, as well as in the mismatches between assets and liabilities of the Insurance Funds. In the case of the third-party funds managed by Lion Global Investors, investment risks are borne by investors and the Group does not assume any liability in the event of occurrence of loss or write-down in market valuations.

Group ALC, Group IC and Local ALCs actively manage market risks through the setting of investment policies and asset allocations, approving portfolio construction, risk measurement methodologies, as well as hedging and alternative risk transfer strategies. Investment limits are monitored at various levels to ensure that all investment activities are conducted within the Group's risk appetite and in line with the Group's management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by the Group in managing the various types of risk, including interest rate risk, foreign exchange risk, equity price risk, credit risk, alternative investment risk and liquidity risk, is briefly described below:

- (a) **Interest rate risk (including asset liability mismatch).** The Group is exposed to interest rate risk through (i) investments in fixed income instruments and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur economic losses when interest rates rise. Given the long duration of policy liabilities and the uncertainties in the cash flows of Insurance Funds, it is not possible to hold assets with duration that perfectly matches the duration of the policy liabilities. This results in interest rate risk and asset liability mismatch risk, and these risks are managed and monitored by Group ALC and Local ALCs. The Insurance Funds will incur an economic loss when interest rates drop as the duration of policy liabilities is generally longer than the duration of fixed income assets.

Under Singapore regulations governed by the Monetary Authority of Singapore (MAS), the discounting rate used for discounting liability cash flows may include a positive adjustment in the form of Matching Adjustment, or Illiquidity Premium, subject to certain conditions being met. As a result, the Singapore non-participating funds could have losses when the magnitude of the adjustment decreases.

Under Malaysia regulations governed by Bank Negara Malaysia (BNM), liability cash flows with durations less than 15 years are discounted using zero-coupon spot yields of Malaysia Government Securities (MGS) with matching durations, while liability cash flows with durations of 15 years or more are discounted using zero-coupon spot yield of MGS with a 15-year term to maturity. As a result, the Malaysia non-participating fund could have losses when the zero-coupon spot yields of MGS decrease.

# NOTES TO THE FINANCIAL STATEMENTS

## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Market and Credit Risk (continued)

- (b) **Foreign exchange risk.** The foreign exchange risk inherent in foreign currency fixed income portfolio is typically hedged using currency forwards and swaps wherever practical and cost-effective. Foreign exchange instruments are also used for efficient portfolio management.

The SGD and RM positions predominately arose from the entities within the Group with the same respective functional currencies. The Group has no significant concentration of foreign exchange risk.

Limits are set on the total amount of foreign currency (net of liabilities) to cap the Group's foreign exchange risk.

**TABLE 33(D):** The tables below show the foreign exchange position of the Group's financial and insurance-related assets and liabilities by major currencies:

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
<b>As at 31 December 2020</b>					
<b>FINANCIAL AND INSURANCE-RELATED ASSETS</b>					
<b>Financial assets at FVOCI</b>					
Equity securities	392.4	307.8	142.5	1,179.6	2,022.3
Debt securities	2,707.3	1,006.1	2,449.2	388.7	6,551.3
<b>Financial assets at FVTPL</b>					
Equity securities	1,347.8	7,768.4	1,402.2	3,784.8	14,303.2
Debt securities	17,951.8	14,873.1	11,504.0	5,793.1	50,122.0
Other investments	5,886.2	150.8	5,160.9	2,037.6	13,235.5
<b>Financial assets at amortised cost</b>					
Debt securities	–	–	159.1	13.8	172.9
Derivative financial assets	467.8	2.9	249.5	44.0	764.2
Loans	587.4	281.7	1.6	19.8	890.5
<b>Reinsurers' share of insurance contract liabilities</b>					
Insurance receivables	1,946.1	338.1	190.2	13.2	2,487.6
Other debtors	1,045.3	2,004.7	7.6	15.3	3,072.9
Cash and cash equivalents	424.1	282.5	201.2	75.9	983.7
	7,408.1	1,387.4	515.8	338.5	9,649.8
	<b>40,164.3</b>	<b>28,403.5</b>	<b>21,983.8</b>	<b>13,704.3</b>	<b>104,255.9</b>
<b>FINANCIAL AND INSURANCE-RELATED LIABILITIES</b>					
Other creditors	1,898.8	460.4	181.0	25.7	2,565.9
Insurance payables	1,819.2	4,010.1	2.9	9.5	5,841.7
Derivative financial liabilities	30.2	–	29.3	213.7	273.2
Provision for agents' retirement benefits	–	295.5	–	–	295.5
Debt issued	400.0	–	–	–	400.0
Insurance contract liabilities	58,145.1	21,941.6	2,689.9	669.0	83,445.6
	<b>62,293.3</b>	<b>26,707.6</b>	<b>2,903.1</b>	<b>917.9</b>	<b>92,821.9</b>

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (b) Foreign exchange risk. (continued)

**TABLE 33(D):** The tables below show the foreign exchange position of the Group's financial and insurance-related assets and liabilities by major currencies (continued):

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
<u>As at 31 December 2019</u>					
<u>FINANCIAL AND INSURANCE-RELATED</u>					
<u>ASSETS</u>					
Financial assets at FVOCI					
Equity securities	364.5	220.5	–	1,004.1	1,589.1
Debt securities	4,833.6	815.6	2,616.3	401.0	8,666.5
Financial assets at FVTPL					
Equity securities	1,434.7	7,017.0	1,161.3	3,629.2	13,242.2
Debt securities	16,432.5	14,351.9	9,993.4	5,629.1	46,406.9
Other investments	5,645.7	213.3	4,375.0	1,852.3	12,086.3
Financial assets at Amortised Cost					
Debt securities	–	–	111.8	14.7	126.5
Derivative financial assets	375.4	–	25.0	16.8	417.2
Loans	607.9	442.6	1.6	19.4	1,071.5
Reinsurers' share of insurance contract liabilities					
	2,072.1	201.1	9.5	10.3	2,293.0
Insurance receivables	1,016.5	1,803.1	6.9	31.1	2,857.6
Other debtors	751.1	221.4	33.4	49.5	1,055.4
Cash and cash equivalents	3,768.4	1,760.7	294.8	392.0	6,215.9
	<u>37,302.4</u>	<u>27,047.2</u>	<u>18,629.0</u>	<u>13,049.5</u>	<u>96,028.1</u>
<u>FINANCIAL AND INSURANCE-RELATED</u>					
<u>LIABILITIES</u>					
Other creditors	3,375.3	295.8	95.8	35.7	3,802.6
Insurance payables	1,620.9	3,565.1	2.7	16.3	5,205.0
Derivative financial liabilities	18.6	–	68.3	108.7	195.6
Provision for agents' retirement benefits	–	294.0	–	–	294.0
Debt issued	399.9	–	–	–	399.9
Insurance contract liabilities	51,181.7	20,683.9	2,129.5	623.9	74,619.0
	<u>56,596.4</u>	<u>24,838.8</u>	<u>2,296.3</u>	<u>784.6</u>	<u>84,516.1</u>

The financial assets and financial liabilities of the Company are not material.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

- (c) **Equity price risk.** Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity, equity derivatives and fund investments, where the Group, through investments, bears all or most of the equity volatility and investment risks. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the performances of underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of total equity holdings.
- (d) **Credit spread risk.** Exposure to credit spread risk exists in the Group's bond investments. Credit spread is the difference between the quoted yields of a credit and a government bond of the same maturity. Credit spreads widen when the default risk of credit bonds increases. Hence, widening credit spreads will result mark-to-market losses in the Group's bond portfolio.
- (e) **Alternative investment risk.** The Group is exposed to alternative investment risk through investments in real estate that it owns in Singapore and Malaysia, and through real estate funds, private equities, infrastructure and hedge funds with exposures in other countries. A monitoring process is established to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RMC and Group IC.
- (f) **Commodity risk.** The Group does not have any direct exposure to commodity risk.
- (g) **Liquidity risk.** Liquidity risk arises when the Group is unable to meet its cash flow demands, or if the assets backing the liabilities cannot be sold quickly enough without incurring significant losses. For an insurance company, the greatest liquidity needs typically arise from its insurance liabilities. Demands for funds can usually be met through ongoing normal operations via premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, adverse news on other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are regularly monitored, and a reasonable amount of liquid assets are maintained at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although these have been quite stable over the past several years.

Unexpected liquidity demands are mitigated through a combination of product design, risk diversification, investment strategies and systematic monitoring. Surrender penalty in insurance contracts also protects the Group from losses due to unexpected surrender trends and reduces the sensitivity of surrenders to changes in interest rates.



## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Market and Credit Risk (continued)

#### (g) Liquidity risk. (continued)

##### Maturity Profile

**TABLE 33(E1):** The following tables show the expected recovery or settlement of financial and insurance-related assets and maturity profile of the Group's financial and insurance related liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on discounted cash outflows resulting from recognised liabilities.

in Singapore Dollars (millions)	Carrying Amount	< 1 Year	1 - 5 Years	> 5 Years	No maturity date	Total
<b>As at 31 December 2020</b>						
<b>FINANCIAL AND INSURANCE-RELATED ASSETS</b>						
<b>Financial assets at FVOCI</b>						
Equity securities	2,022.3	–	–	–	2,022.3	2,022.3
Debt securities	6,551.3	280.2	2,346.0	5,950.1	–	8,576.3
<b>Financial assets at FVTPL</b>						
Equity securities	14,303.2	–	–	–	14,303.2	14,303.2
Debt securities	50,122.0	3,460.3	14,737.6	44,211.4	1,851.8	64,261.1
Other investments	13,235.5	–	–	–	13,235.5	13,235.5
<b>Financial assets at Amortised Cost</b>						
Debt securities	172.9	8.9	35.6	297.5	–	342.0
Derivative financial assets	764.2	584.0	80.5	99.7	–	764.2
Loans	890.5	201.6	622.8	180.8	–	1,005.2
<b>Reinsurers' share of insurance contract liabilities</b>						
Insurance receivables	2,487.6	1,933.2	389.0	165.4	–	2,487.6
Other debtors	3,072.9	640.7	1.7	19.9	2,410.6	3,072.9
Cash and cash equivalents	983.7	982.7	0.8	–	0.2	983.7
	9,649.8	9,649.8	–	–	–	9,649.8
	<b>104,255.9</b>	<b>17,741.4</b>	<b>18,214.0</b>	<b>50,924.8</b>	<b>33,823.6</b>	<b>120,703.8</b>
<b>FINANCIAL AND INSURANCE-RELATED LIABILITIES</b>						
Other creditors	2,565.9	2,550.0	6.6	–	0.1	2,556.7
Insurance payables	5,841.7	5,815.8	6.5	–	19.4	5,841.7
Derivative financial liabilities	273.2	190.4	82.7	0.1	–	273.2
Provision for agents' retirement benefits	295.5	127.4	60.5	107.6	–	295.5
Debt issued	400.0	409.2	–	–	–	409.2
Insurance contract liabilities	83,445.6	16,832.4	17,227.5	49,376.3	9.4	83,445.6
	<b>92,821.9</b>	<b>25,925.2</b>	<b>17,383.8</b>	<b>49,484.0</b>	<b>28.9</b>	<b>92,821.9</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Market and Credit Risk (continued)

#### (g) Liquidity risk. (continued)

##### Maturity Profile (continued)

**TABLE 33(E1):** The following tables show the expected recovery or settlement of financial and insurance-related assets and maturity profile of the Group's financial and insurance related liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on discounted cash outflows resulting from recognised liabilities (continued).

in Singapore Dollars (millions)	Carrying Amount	< 1 Year	1 - 5 Years	> 5 Years	No maturity date	Total
<u>As at 31 December 2019</u>						
<u>FINANCIAL AND INSURANCE-RELATED ASSETS</u>						
Financial assets at FVOCI						
Equity securities	1,589.1	–	–	–	1,589.1	1,589.1
Debt securities	8,666.5	516.2	3,817.2	7,637.9	–	11,971.3
Financial assets at FVTPL						
Equity securities	13,242.2	–	–	–	13,242.2	13,242.2
Debt securities	46,406.9	3,862.3	14,368.4	41,665.9	2,330.1	62,226.7
Other investments	12,086.3	–	–	–	12,086.3	12,086.3
Financial assets at Amortised Cost						
Debt securities	126.5	6.8	27.2	234.8	–	268.8
Derivative financial assets	417.2	240.6	120.1	56.5	–	417.2
Loans	1,071.5	291.2	795.6	103.5	–	1,190.3
Reinsurers' share of insurance						
contract liabilities	2,293.0	1,992.4	209.7	90.9	–	2,293.0
Insurance receivables	2,857.6	468.6	2.0	–	2,387.0	2,857.6
Other debtors	1,055.4	1,033.5	–	18.1	3.8	1,055.4
Cash and cash equivalents	6,215.9	6,215.9	–	–	–	6,215.9
	<u>96,028.1</u>	<u>14,627.5</u>	<u>19,340.2</u>	<u>49,807.6</u>	<u>31,638.5</u>	<u>115,413.8</u>
<u>FINANCIAL AND INSURANCE-RELATED LIABILITIES</u>						
Other creditors	3,802.6	3,765.4	0.1	–	27.9	3,793.4
Insurance payables	5,205.0	5,180.1	13.3	–	11.6	5,205.0
Derivative financial liabilities	195.6	98.1	90.1	7.4	–	195.6
Provision for agents' retirement benefits	294.0	115.1	59.0	119.9	–	294.0
Debt issued	399.9	18.4	409.2	–	–	427.6
Insurance contract liabilities	74,619.0	14,504.3	15,268.7	44,835.6	10.4	74,619.0
	<u>84,516.1</u>	<u>23,681.4</u>	<u>15,840.4</u>	<u>44,962.9</u>	<u>49.9</u>	<u>84,534.6</u>

The Company's financial assets and financial liabilities are not material.

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (g) Liquidity risk. (continued)

**TABLE 33(E2):** The following tables show the current/non-current classification of assets and liabilities:

in Singapore Dollars (millions)	Current*	Non-Current	Unit-linked	Total
<b>As at 31 December 2020</b>				
<b>ASSETS</b>				
Cash and cash equivalents	9,262.0	–	387.8	9,649.8
Other debtors	861.8	28.7	137.9	1,028.4
Insurance receivables	1,608.8	1,464.1	–	3,072.9
Reinsurers' share of insurance contract liabilities	1,925.9	547.4	14.3	2,487.6
Loans	141.4	749.1	–	890.5
Derivative financial assets	577.2	179.2	7.8	764.2
Investments	12,929.4	65,529.7	7,948.1	86,407.2
Associates	–	96.9	–	96.9
Intangible assets	–	31.2	–	31.2
Property, plant and equipment	67.6	664.2	–	731.8
Investment properties	–	1,767.2	–	1,767.2
	<b>27,374.1</b>	<b>71,057.7</b>	<b>8,495.9</b>	<b>106,927.7</b>
<b>LIABILITIES</b>				
Insurance payables	5,835.3	6.4	–	5,841.7
Other creditors	2,228.4	90.2	386.8	2,705.4
Derivative financial liabilities	183.6	81.5	8.1	273.2
Income tax payable	225.5	–	–	225.5
Provision for agents' retirement benefits	25.1	270.4	–	295.5
Amount due to joint venture	–	–	–	–
Deferred tax	26.8	1,443.8	14.0	1,484.6
Debt issued	400.0	–	–	400.0
Insurance contract liabilities	8,167.9	69,231.6	8,827.8	86,227.3
	<b>17,092.6</b>	<b>71,123.9</b>	<b>9,236.7</b>	<b>97,453.2</b>

\* expected recovery or settlement within 12 months from the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (g) Liquidity risk. (continued)

**TABLE 33(E2):** The following tables show the current/non-current classification of assets and liabilities (continued):

in Singapore Dollars (millions)	Current*	Non-Current	Unit-linked	Total
<u>As at 31 December 2019</u>				
<u>ASSETS</u>				
Cash and cash equivalents	5,900.5	–	315.4	6,215.9
Other debtors	995.3	47.1	61.0	1,103.4
Insurance receivables	1,371.5	1,486.1	–	2,857.6
Reinsurers' share of insurance contract liabilities	1,986.5	294.5	12.0	2,293.0
Loans	216.5	855.0	–	1,071.5
Derivative financial assets	241.5	170.8	4.9	417.2
Investments	11,195.2	64,644.9	6,277.4	82,117.5
Associates	–	1.7	–	1.7
Intangible assets	–	31.7	–	31.7
Property, plant and equipment	70.4	638.2	–	708.6
Investment properties	–	1,785.5	–	1,785.5
	<u>21,977.4</u>	<u>69,955.5</u>	<u>6,670.7</u>	<u>98,603.6</u>
<u>LIABILITIES</u>				
Insurance payables	5,188.4	16.6	–	5,205.0
Other creditors	3,750.4	112.6	82.6	3,945.6
Derivative financial liabilities	93.0	97.6	5.0	195.6
Income tax payable	553.6	–	4.4	558.0
Provision for agents' retirement benefits	25.0	269.0	–	294.0
Deferred tax	22.3	1,519.0	1.7	1,543.0
Debt issued	–	399.9	–	399.9
Insurance contract liabilities	5,398.9	65,120.2	7,241.8	77,760.9
	<u>15,031.6</u>	<u>67,534.9</u>	<u>7,335.5</u>	<u>89,902.0</u>

\* expected recovery or settlement within 12 months from the balance sheet date.

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

(h) **Credit risk.** Credit risk is the risk of loss arising from an obligor failing to discharge an obligation. The Group is mainly exposed to credit risk through (i) investments in cash and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a downgrading of credit rating or credit default by the borrower or counterparty.

The task of evaluating and monitoring credit risk is undertaken by Local ALCs. Group-wide credit risk is managed by Group ALC. The Group establishes internal limits by issuer, counterparty and investment grade which are actively monitored to manage the credit and concentration risk and reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is mitigated through counterparty limits that are reviewed and approved on an annual basis.

Credit risk arising from customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

The Group issues unit-linked investment policies in which the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk or market risk on unit-linked financial assets.

The loans in the Group's portfolio are generally secured by collateral, with a maximum loan-to-value ratio of 70%. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines on the collateral eligibility of collateral have been established, and all collaterals are revalued on a regular basis. Management monitors the market values of collaterals, requests additional collaterals when needed and performs an impairment valuation when applicable. The fair values of collaterals, held by the Group as lender, for which it is entitled to sell or pledge in the event of default is as tabulated below:

in Singapore Dollars (millions)	Type of Collateral	Carrying Amount	Fair Value
<b><u>As at 31 December 2020</u></b>			
<b>Secured loans</b>	<b>Properties</b>	<b>643.4</b>	<b>1,216.9</b>
	<b>Others</b>	<b>1.0</b>	<b>0.8</b>
<b>Policy loans</b>	<b>Cash value of policies</b>	<b>2,386.8</b>	<b>5,024.1</b>
		<b>3,031.2</b>	<b>6,241.8</b>
<b><u>As at 31 December 2019</u></b>			
Secured loans	Properties	730.9	1,342.9
	Others	99.8	0.7
Policy loans	Cash value of policies	2,387.0	4,862.5
		3,217.7	6,206.1

# NOTES TO THE FINANCIAL STATEMENTS

## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Market and Credit Risk (continued)

#### (h) Credit risk. (continued)

There were no securities lending arrangements as at 31 December 2020 (31 December 2019: nil).

As at the balance sheet date, no investments (2019: nil) were placed as collateral for currency hedging purposes.

The following table sets out information about the credit quality of loans and debt securities measured at amortised cost and debt securities measured at FVOCI. The maximum exposure is shown on a gross basis, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives.

For explanation of the terms: '12-month ECL', 'lifetime ECL' and 'credit-impaired', refer to Note 2.11.7.

in Singapore Dollars (millions)	Note	31 December 2020			Total
		12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<b>Loans at amortised cost</b>					
Investment Grade* (BBB to AAA)		661.7	125.4	–	787.1
Non Investment Grade* (C to BB)		–	–	147.1	147.1
Not Rated		1.3	–	2.2	3.5
		<b>663.0</b>	<b>125.4</b>	<b>149.3</b>	<b>937.7</b>
Loss allowance	20	(1.4)	(3.5)	(42.3)	(47.2)
Carrying amount		<b>661.6</b>	<b>121.9</b>	<b>107.0</b>	<b>890.5</b>
<b>Debt securities at amortised cost</b>					
Investment Grade* (BBB to AAA)		169.1	–	–	169.1
Non Investment Grade* (C to BB)		5.1	–	–	5.1
		<b>174.2</b>	<b>–</b>	<b>–</b>	<b>174.2</b>
Loss allowance		(1.3)	–	–	(1.3)
Carrying amount		<b>172.9</b>	<b>–</b>	<b>–</b>	<b>172.9</b>
<b>Debt securities at FVOCI</b>					
Investment Grade* (BBB to AAA)		6,238.0	33.8	–	6,271.8
Non Investment Grade* (C to BB)		204.2	6.1	1.8	212.1
Not Rated		67.4	–	–	67.4
		<b>6,509.6</b>	<b>39.9</b>	<b>1.8</b>	<b>6,551.3</b>

\* Based on internal ratings grades which are equivalent to grades of external rating agencies.

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (h) Credit risk. (continued)

in Singapore Dollars (millions)	Note	31 December 2019			Total
		12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
<u>Loans at amortised cost</u>					
Investment Grade* (BBB to AAA)		716.7	–	–	716.7
Non Investment Grade* (C to BB)		66.4	225.2	109.4	401.0
Not Rated		1.4	–	–	1.4
		784.5	225.2	109.4	1,119.1
Loss allowance	20	(0.7)	(4.6)	(42.3)	(47.6)
Carrying amount		783.8	220.6	67.1	1,071.5
<u>Debt securities at amortised cost</u>					
Investment Grade* (BBB to AAA)		121.6	–	–	121.6
Non Investment Grade* (C to BB)		5.6	–	–	5.6
		127.2	–	–	127.2
Loss allowance		(0.7)	–	–	(0.7)
Carrying amount		126.5	–	–	126.5
<u>Debt securities at FVOCI</u>					
Investment Grade* (BBB to AAA)		7,892.9	18.6	–	7,911.5
Non Investment Grade* (C to BB)		714.4	40.6	–	755.0
		8,607.3	59.2	–	8,666.5

\* Based on internal ratings grades which are equivalent to grades of external rating agencies.

# NOTES TO THE FINANCIAL STATEMENTS

## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Market and Credit Risk (continued)

#### (h) Credit risk. (continued)

The following table sets out the credit analysis for financial assets that are not subjected to ECL:

in Singapore Dollars (millions)	Investment Grade* (BBB to AAA)	Non Investment Grade* (C to BB)	Not Rated	Unit-linked	Not subject to credit risk	Total carrying amount
<b>As at 31 December 2020</b>						
<b>Financial assets at FVOCI</b>						
Equity securities	-	-	-	-	2,022.3	2,022.3
<b>Financial assets at FVTPL</b>						
Equity securities	-	-	-	3,304.7	10,998.5	14,303.2
Debt securities	40,845.5	2,024.1	5,645.1	1,607.3	-	50,122.0
Other investments	-	-	-	3,403.8	9,831.7	13,235.5
Derivative financial assets	747.0	-	9.6	7.6	-	764.2
Reinsurers' share of insurance contract liabilities	-	-	2,487.6	-	-	2,487.6
Insurance receivables	6.6	-	3,058.5	7.8	-	3,072.9
Other debtors	5.1	0.5	721.4	256.7	-	983.7
Cash and cash equivalents	9,129.3	-	96.4	424.1	-	9,649.8
	<b>50,733.5</b>	<b>2,024.6</b>	<b>12,018.6</b>	<b>9,012.0</b>	<b>22,852.5</b>	<b>96,641.2</b>
<b>As at 31 December 2019</b>						
<b>Financial assets at FVOCI</b>						
Equity securities	-	-	-	-	1,589.1	1,589.1
<b>Financial assets at FVTPL</b>						
Equity securities	-	-	-	2,665.4	10,576.8	13,242.2
Debt securities	37,332.4	1,970.6	5,715.8	1,388.1	-	46,406.9
Other investments	-	-	-	2,743.7	9,342.6	12,086.3
Derivative financial assets	411.7	-	0.3	5.2	-	417.2
Reinsurers' share of insurance contract liabilities	-	-	2,293.0	-	-	2,293.0
Insurance receivables	47.0	-	2,804.3	6.3	-	2,857.6
Other debtors	2.7	-	992.4	60.3	-	1,055.4
Cash and cash equivalents	5,769.0	-	84.9	362.0	-	6,215.9
	<b>43,562.8</b>	<b>1,970.6</b>	<b>11,890.7</b>	<b>7,231.0</b>	<b>21,508.5</b>	<b>86,163.6</b>

The Company's financial assets are not material.



## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### *Market and Credit Risk (continued)*

#### (h) *Credit risk. (continued)*

##### **Amounts arising from ECL**

ECL is recognised for credit-impaired and non-credit impaired exposure in accordance to SFRS (I) 9 through a forward-looking ECL models.

##### **Measurement of ECL – Explanation of inputs, assumptions and estimation techniques**

The key inputs into the measurement of ECL are the following variables:

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are derived from statistical models internally developed by the Group.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ('12M PD'), or over the remaining lifetime ('Lifetime PD') of the obligation. PD estimates are derived from PD models that incorporate both quantitative and qualitative inputs, which are in turn derived from internal and external compiled data.

LGD is the magnitude of the likely loss incurred during a default. LGD is expressed as a percentage of loss per unit of exposure at the time of default and represents an estimate of the economic loss in the event of the default of the counterparty. Factors in determining LGDs include claim seniority, availability and quality of collateral, legal enforceability processes in the jurisdiction and industry of borrower and prevailing market conditions. They are estimates at a certain date and are derived using statistical models. These statistical models are developed using internally compiled data and incorporate both quantitative and qualitative factors. The model outputs are adjusted to reflect forward-looking information whenever appropriate.

EAD represents the expected exposure in the event of a default. The Group derives the EAD based on the current exposure to the counterparty and potential future exposure.

The ECL is determined by projecting PD, LGD and EAD for each individual exposure. The ECLs are first determined from the product of these three components, which are then adjusted for forward-looking information. The ECLs are finally discounted to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

##### (h) *Credit risk. (continued)*

###### **Significant increase in credit risk**

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information, which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

A movement of an obligor's credit rating along the rating scale represents a change in the credit risk as measured by the change in PD.

The criteria for assessing whether credit risk has increased significantly will be determined by both quantitative changes in 12M PDs and qualitative factors. The credit risk of an obligor is deemed to have increased significantly since initial recognition if, based on the Group's quantitative model, the 12M PD is determined to have more than doubled since origination, except when the obligor remains within the investment grade ratings.

Using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an obligor has undergone a significant increase in credit risk based on qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The Group uses the watch-list as an additional trigger for the identification of significant increase in credit risk.

The Group considers an obligor to have "low credit risk" if it is of investment grade, taking into account both internal and external credit ratings.

## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### *Market and Credit Risk (continued)*

#### (h) **Credit risk. (continued)**

##### **Credit risk grades**

The Group assigns each obligor to a credit risk grade that reflects the PD of the obligor. Credit risk grades are established based on qualitative and quantitative factors that are indicative of default risk. These factors vary depending on the nature of the exposure and the type of counterparty.

Credit risk grades are defined and calibrated such that the default risk increases as credit risk deteriorates. Each exposure is assigned with a credit risk grade at initial recognition, based on available information on the borrower. Obligor's are subject to ongoing monitoring and review, and may be assigned with new credit risk grades based on latest available information that better reflects their creditworthiness. The monitoring typically involves the use of information obtained during periodic review, including published financial statements, external rating (where available), as well as qualitative information on an obligor's industry characteristics, competitive positioning, management, financial policy and financial flexibility.

##### **Definition of default**

The Group considers a financial asset to be in default by assessing the following criteria:

##### Quantitative criteria

For insurance receivables, the obligor is said to be in default if it fails to make contractual payments within 12 months after it falls due. For bonds and loans, the obligor is said to be in default if it fails to meet its contractual obligation and there are non-payments on another debt obligation of the same issuer to the Group.

##### Qualitative criteria

The counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption or breach of material loan covenants not rectified within a given timeframe, restructuring with expected principal haircut or a breach in material loan covenant that is not rectified within given timeframe.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss calculations.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

##### (h) *Credit risk. (continued)*

###### **Incorporating of forward-looking information**

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its ECL measurement. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECLs for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, after which, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on PDs, EADs and LGDs has been determined via regression analyses.

In addition to the base economic scenario, the Group uses multiple scenarios to ensure non-linear risks are captured. The number of scenarios and their attributes are reviewed at each reporting date. At 31 December 2020, for all portfolios, the Group concluded that two particular scenarios are capable of capturing non-linear risks inherent in all portfolios. The scenario weightings are determined by expert credit judgement, taking into account the range of possible outcomes the chosen scenario is representative of. The assessment of significant increase in credit risk is performed using the 12M PD under each of the scenarios multiplied by the associated scenario weights. This determines whether the whole financial instrument is in Stage 1, 2 or 3, and hence whether 12M or lifetime ECL should be applied. Following this assessment, the Group measures ECL as either a probability-weighted 12M ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and the actual outcomes may be significantly different from projected outcomes. The Group considers these forecasts being representative of the best estimates of the possible outcomes and has analysed the non-linear risks and asymmetries within the various portfolios of the Group to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Group for the year ended 31 December 2020.

## 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Market and Credit Risk (continued)

#### (h) Credit risk. (continued)

##### Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

in Singapore Dollars (millions)	Note	31 December 2020			Total
		12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
<b>Loans at amortised cost</b>					
Balance at the beginning of the year		0.7	4.6	42.3	47.6
Transfer to 12-month ECL		0.5	(0.5)	-	-
(Decrease)/increase in losses due to transfer		(0.3)	-	-	(0.3)
Net remeasurement of loss allowance		(0.1)	(0.6)	-	(0.7)
New financial assets purchased		0.1	1.1	-	1.2
Financial assets that have been derecognised		(0.2)	(0.3)	-	(0.5)
Changes in models/risk parameters		0.7	(0.8)	-	(0.1)
Balance at the end of the year	20	1.4	3.5	42.3	47.2
<b>Debt securities at Amortised Cost</b>					
Balance at the beginning of the year		0.7	-	-	0.7
New financial assets purchased		0.2	-	-	0.2
Changes in models/risk parameters		0.4	-	-	0.4
Balance at the end of the year		1.3	-	-	1.3
<b>Debt securities at FVOCI</b>					
Balance at the beginning of the year		5.8	1.6	2.8	10.2
Transfer to 12-month ECL		0.1	(0.1)	-	-
Additional losses due to transfer		(0.2)	0.2	-	-
Net remeasurement of loss allowance		0.2	(0.2)	-	-
New financial assets purchased		5.7	-	-	5.7
Financial assets that have been derecognised		(6.7)	(0.2)	-	(6.9)
Changes in models/risk parameters		5.9	(0.1)	-	5.8
Balance at the end of the year		10.8	1.2	2.8	14.8
Increase/(decrease) in provision for impairment of financial assets for the year		6.3	(1.5)	-	4.8

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (h) Credit risk. (continued)

#### Loss allowance (continued)

in Singapore Dollars (millions)	Note	31 December 2019			Total
		12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
<u>Loans at amortised cost</u>					
Balance at the beginning of the year		0.5	6.5	13.7	20.7
Net remeasurement of loss allowance		–	(0.9)	28.6	27.7
New financial assets purchased		0.3	–	–	0.3
Financial assets that have been derecognised		(0.2)	(1.1)	–	(1.3)
Foreign exchange and other movements		0.1	0.1	–	0.2
Balance at the end of the year	20	0.7	4.6	42.3	47.6
<u>Debt securities at Amortised Cost</u>					
Balance at the beginning of the year		–	–	–	–
New financial assets purchased		0.6	–	–	0.6
Changes in models/risk parameters		0.1	–	–	0.1
Balance at the end of the year		0.7	–	–	0.7
<u>Debt securities at FVOCI</u>					
Balance at the beginning of the year		4.6	1.9	2.8	9.3
Additional loss due to transfer		–	0.3	–	0.3
Net remeasurement of loss allowance		–	(0.3)	–	(0.3)
New financial assets purchased		2.0	–	–	2.0
Financial assets that have been derecognised		(1.7)	(0.3)	–	(2.0)
Changes in models/risk parameters		0.9	–	–	0.9
Balance at the end of the year		5.8	1.6	2.8	10.2
Increase/(decrease) in provision for impairment of financial assets for the year		2.1	(2.2)	28.6	28.5

The carrying amount of outstanding premiums as at 31 December 2020 is \$553.5 million (31 December 2019: \$416.7 million). The ECL relating to outstanding premiums as at 31 December 2020 was \$18.7 million (2019: \$4.7 million) for the Group. The changes in credit loss recognised in the Profit or Loss Statement during the period was \$14.4 million (31 December 2019: \$1.6 million).

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

- (i) **Concentration risk.** An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Group's exposures are within the concentration limits set by the respective local regulators.

The Group actively manages its investment mix to ensure that there is no significant concentration in market and credit risk.

- (j) **Sensitivity analysis on financial risks.** The sensitivity analysis below shows the impact on the Group's net profit after tax by applying possible shocks to each key variables, with all other variables constant. Co-movement of key variables can significantly affect the fair values and/or amortised cost of financial assets. To demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the Profit or Loss Statement, and changes in valuation of insurance contract liabilities. The equity sensitivity represents the impact on net profit after tax and the effect on changes in fair value of financial assets measured at FVOCI.

Market risk sensitivity analysis:

in Singapore Dollars (millions)	Impact on Profit After Tax		Impact on Equity	
	2020	2019	2020	2019
<b>Change in variables:</b>				
<b>(a) Interest rate</b>				
+ 50 basis points	113.6	38.2	(112.2)	(233.4)
- 50 basis points	(190.2)	(95.0)	53.4	199.1
<b>(b) Foreign Currency</b>				
5% increase in market value of MYR denominated assets	0.1	0.4	0.1	0.4
5% decrease in market value of MYR denominated assets	(0.1)	(0.4)	(0.1)	(0.4)
5% increase in market value of USD denominated assets	(0.1)	(1.2)	(0.1)	(1.2)
5% decrease in market value of USD denominated assets	0.1	1.2	0.1	1.2

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (j) Sensitivity analysis on financial risks. (continued)

Market risk sensitivity analysis (continued):

in Singapore Dollars (millions)	Impact on Profit After Tax		Impact on Equity	
	2020	2019	2020	2019
<b>(c) Equity</b>				
20% increase in market indices:				
– STI	50.0	51.3	114.2	111.0
– KLCI	11.6	6.0	52.4	30.7
20% decrease in market indices:				
– STI	(50.0)	(51.3)	(114.2)	(111.0)
– KLCI	(11.6)	(6.0)	(52.4)	(30.7)
<b>(d) Credit</b>				
Spread + 100 basis points	(129.9)	(204.2)	(454.8)	(605.8)
Spread - 100 basis points	160.5	221.9	540.1	693.6
<b>(e) Alternative Investments<sup>(1)</sup></b>				
10% increase in market value of all alternative investments	74.8	69.9	76.6	71.6
10% decrease in market value of all alternative investments	(74.8)	(69.9)	(76.6)	(71.6)

<sup>(1)</sup> Alternative Investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The method for deriving sensitivity information and significant variables did not change from the previous year.



### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### ***Operational and Compliance Risk***

Operational risk is an event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed internal processes and systems, human factors, or external events.

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives, as a result of its failure to comply with the following applicable laws, regulations and standards:

- local laws, regulations and rules governing licensed activities undertaken by Great Eastern;
- foreign laws, regulations and rules that have extraterritorial jurisdiction over Great Eastern's licensed activities;
- codes of practice promoted by industry associations of which Great Eastern are members of; and
- any other applicable regulations which do not specifically govern the licensed activities undertaken by Great Eastern but can expose the organisation to legal, regulatory or reputational loss.

The day-to-day management of operational and compliance risk is through the maintenance of comprehensive internal control frameworks, supported by an infrastructure of systems and procedures to monitor processes and transactions. GMC reviews operational and compliance issues on a group basis at its monthly meetings while local level issues are managed and monitored by the local SMTs. The Internal Audit team reviews the systems of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to the Audit Committee.

#### ***Technology, Information and Cyber Risks***

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, system/hardware failure, capacity deficiency arising from the use of technologies such as electronic hardware/devices, software, online networks and telecommunications systems.

Information Risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber Risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies.

Great Eastern adopts a risk based approach in managing technology, information and cyber risks relating to cyber-attacks, data loss/leakage, deficiency in change management, emerging technology, inadequate vendor management, inferior system acquisition and development, network security vulnerability, privilege access misuse, system security vulnerability, system unavailability and technology obsolescence. Key risk indicators related to technology, information and cyber risks are reported to the Board on a regular basis. Independent assessment is performed by Internal Audit for its adequacy and effectiveness.

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES

#### 34.1 Fair Value Hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly, quotes from brokers and market makers, cash flow discounting and other valuation techniques commonly used by market participants, and

Level 3 – Unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement would be categorised in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement (with Level 3 being the lowest).

#### Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

# NOTES TO THE FINANCIAL STATEMENTS

## 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### 34.2 Assets and Liabilities Measured at Fair Value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year:

in Singapore Dollars (millions)	Group			Total
	2020			
	Fair value measurements at the end of the reporting year using			
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>As at 31 December 2020</b>				
<b>Recurring Fair Value Measurements</b>				
<b>FINANCIAL ASSETS</b>				
<b>Derivative financial assets</b>				
Foreign exchange				
Forwards	–	311.3	–	311.3
Currency swaps	–	78.7	–	78.7
Options	–	14.2	–	14.2
Interest rates				
Swaps	–	91.6	–	91.6
Exchange traded futures	1.0	–	–	1.0
Equity				
Swaps	–	233.6	–	233.6
Futures	6.2	–	–	6.2
Options	–	27.6	–	27.6
	7.2	757.0	–	764.2
<b>Financial assets at FVOCI</b>				
Equity securities	1,993.5	–	28.8	2,022.3
Debt securities	4,256.3	2,295.0	–	6,551.3
	6,249.8	2,295.0	28.8	8,573.6
<b>Financial assets at FVTPL</b>				
Equity securities	13,494.8	4.2	804.2	14,303.2
Debt securities	27,883.7	22,238.3	–	50,122.0
Other investments	7,926.1	3,907.6	1,401.8	13,235.5
	49,304.6	26,150.1	2,206.0	77,660.7
<b>Financial assets as at 31 December 2020</b>	<b>55,561.6</b>	<b>29,202.1</b>	<b>2,234.8</b>	<b>86,998.5</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

in Singapore Dollars (millions)	Group			Total
	2020			
	Fair value measurements at the end of the reporting year using			
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>As at 31 December 2020</b>				
<b>Recurring Fair Value Measurements</b>				
<b>NON-FINANCIAL ASSETS</b>				
Investment properties	-	-	1,767.2	1,767.2
<b>Non-financial assets as at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>1,767.2</b>	<b>1,767.2</b>
<b>FINANCIAL LIABILITIES</b>				
Derivative financial liabilities				
Foreign exchange				
Forwards	-	155.9	-	155.9
Currency swaps	-	102.9	-	102.9
Options	-	6.3	-	6.3
Interest rates				
Swaps	-	0.5	-	0.5
Exchange traded futures	0.2	-	-	0.2
Equity				
Swaps	-	2.2	-	2.2
Futures	5.2	-	-	5.2
<b>Financial liabilities as at 31 December 2020</b>	<b>5.4</b>	<b>267.8</b>	<b>-</b>	<b>273.2</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### 34.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

in Singapore Dollars (millions)	Group			Total
	2019			
	Fair value measurements at the end of the reporting year using			
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>As at 31 December 2019</b>				
<b>Recurring Fair Value Measurements</b>				
<b>FINANCIAL ASSETS</b>				
Derivative financial assets				
Foreign exchange				
Forwards	–	187.6	–	187.6
Currency swaps	–	147.3	–	147.3
Options	–	0.5	–	0.5
Interest rates				
Swaps	–	51.8	–	51.8
Exchange traded futures	0.5	–	–	0.5
Equity				
Futures	0.2	–	–	0.2
Options	4.2	–	–	4.2
Credit derivatives:				
Swaps	–	25.1	–	25.1
	4.9	412.3	–	417.2
Financial assets at FVOCI				
Equity securities	1,554.6	–	34.5	1,589.1
Debt securities	6,511.6	2,154.9	–	8,666.5
	8,066.2	2,154.9	34.5	10,255.6
Financial assets at FVTPL				
Equity securities	12,593.9	8.0	640.3	13,242.2
Debt securities	27,593.3	18,813.6	–	46,406.9
Other investments	7,255.5	3,518.3	1,312.5	12,086.3
	47,442.7	22,339.9	1,952.8	71,735.4
Financial assets as at 31 December 2019	55,513.8	24,907.1	1,987.3	82,408.2

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

in Singapore Dollars (millions)	Group			Total
	2019			
	Fair value measurements at the end of the reporting year using			
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<u>As at 31 December 2019</u>				
<u>Recurring Fair Value Measurements</u>				
<u>NON-FINANCIAL ASSETS</u>				
Investment properties	–	–	1,785.5	1,785.5
Non-financial assets as at 31 December 2019	–	–	1,785.5	1,785.5
<u>FINANCIAL LIABILITIES</u>				
<u>Derivative financial liabilities</u>				
<u>Foreign exchange</u>				
Forwards	–	68.7	–	68.7
Currency swaps	–	123.4	–	123.4
Options	–	0.1	–	0.1
<u>Interest rates</u>				
Swaps	–	0.4	–	0.4
Exchange traded futures	1.6	–	–	1.6
<u>Equity</u>				
Futures	1.4	–	–	1.4
Financial liabilities as at 31 December 2019	3.0	192.6	–	195.6

# NOTES TO THE FINANCIAL STATEMENTS

## 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### 34.3 Level 3 Fair Value Measurements

(i) **Information about significant unobservable inputs used in Level 3 fair value measurements:**

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December 2020	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties	1,767.2	Income approach	Rental per square foot ("psf") per month Rental growth rate Long-term vacancy rate Discount rate	\$0.77 to \$1.91  12.50% 7.5% 6.00% to 6.25%
		Comparison approach	Estimated psf	\$11 to \$4,806
Investments Unquoted equities	833.0	Net asset value <sup>(1)</sup>	not applicable	not applicable
Collective Investment Schemes	1,401.8	Net asset value <sup>(1)</sup>	not applicable	not applicable

Description	Fair value as at 31 December 2019	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties	1,785.5	Income approach	Rental psf per month Rental growth rate Long-term vacancy rate Discount rate	\$0.77 to \$1.91  12.50% 7.5% 6.00% to 6.50%
		Comparison approach	Estimated psf	\$15 to \$5,823
Investments Unquoted equities	674.8	Net asset value <sup>(1)</sup>	not applicable	not applicable
Collective Investment Schemes	1,312.5	Net asset value <sup>(1)</sup>	not applicable	not applicable

<sup>(1)</sup> These investments are valued using net asset value. Accordingly, these investments are classified as Level 3 investments within the fair value hierarchy.

For investment properties, a significant increase/(decrease) in unobservable inputs would result in a significantly higher/(lower) fair value measurement.

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.3 Level 3 Fair Value Measurements (continued)

(ii) **Valuation process:**

Valuation of financial instruments are performed by custodian and the valuation of investment properties are performed by external valuer. The valuations of investment properties are based primarily on the comparable method, the income method and the residual method. The valuation by custodian is verified and assessed reasonableness by Group Investment Management department against available market condition. The major inputs of investment properties are verified against independent valuation reports and assessed reasonableness against property value of other comparable properties. Property department also held discussions with external valuer on the fluctuation noted.

(iii) **Movements in Level 3 assets and liabilities measured at fair value:**

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

in Singapore Dollars (millions)	Group			
	Fair value measurements using significant unobservable inputs (Level 3)			
	31 December 2020			
	Investments			Total
Unquoted equities	Collective Investment Schemes	Investment Properties		
<b>Opening balance</b>	674.8	1,312.5	1,785.5	3,772.8
Total gain/(loss) for the year:				
Included in the Profit or Loss Statement				
– Gain/(loss) on sale of investments and changes in fair value	81.3	(3.1)	(19.1)	59.1
Included in other comprehensive income				
– Changes in fair value	(5.7)	–	–	(5.7)
Purchases and sales for the year:				
Purchases	163.8	128.4	–	292.2
Sales	(81.2)	(36.0)	–	(117.2)
Reclassification from property, plant and equipment	–	–	0.1	0.1
Currency translation reserve adjustment	–	–	0.7	0.7
<b>Closing balance</b>	<b>833.0</b>	<b>1,401.8</b>	<b>1,767.2</b>	<b>4,002.0</b>



## 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### 34.3 Level 3 Fair Value Measurements (continued)

#### (iii) Movements in Level 3 assets and liabilities measured at fair value (continued):

in Singapore Dollars (millions)	Group			
	Fair value measurements using significant unobservable inputs (Level 3)			
	31 December 2019			
	Investments			Total
Unquoted equities	Collective Investment Schemes	Investment Properties		
Opening balance	578.4	871.8	1,771.3	3,221.5
Total gain/(loss) for the year:				
Included in the Profit or Loss Statement				
– Gain/(loss) on sale of investments and changes in fair value	19.8	(17.7)	14.3	16.4
Included in other comprehensive income				
– Changes in fair value	2.2	–	–	2.2
Purchases and sales for the year:				
Purchases	152.6	612.2	0.3	765.1
Sales	(78.2)	(153.8)	–	(232.0)
Reclassification from property, plant and equipment	–	–	0.4	0.4
Currency translation reserve adjustment	–	–	(0.8)	(0.8)
Closing balance	674.8	1,312.5	1,785.5	3,772.8

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.4 Assets and Liabilities Not Carried at Fair Value but for which Fair Value is Disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

in Singapore Dollars (millions)	Group			Total	Carrying Amount
	31 December 2020				
	Fair value measurements at the end of the reporting year using				
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)		
<b>Assets</b>					
Loans	–	949.3	–	949.3	890.5
Freehold land, leasehold land and buildings	–	–	835.3	835.3	500.7
<b>Liabilities</b>					
Debt issued	400.5	–	–	400.5	400.0

in Singapore Dollars (millions)	Group			Total	Carrying Amount
	31 December 2019				
	Fair value measurements at the end of the reporting year using				
	Quoted prices in active markets for identical assets and liabilities (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)		
<b>Assets</b>					
Loans	–	1,083.0	–	1,083.0	1,071.5
Freehold land, leasehold land and buildings	–	–	844.0	844.0	523.7
<b>Liabilities</b>					
Debt issued	411.4	–	–	411.4	399.9

## 35 DIVIDENDS

in Singapore Dollars (millions)	Group and Company	
	31 Dec 2020	31 Dec 2019
Final one-tier tax exempt dividend for the previous year of 50 cents per ordinary share (2019: 50 cents per ordinary share)	236.7	236.7
Interim one-tier tax exempt dividend of 10 cents per ordinary share (2019: 10 cents per ordinary share)	47.3	47.3
	<b>284.0</b>	<b>284.0</b>

The Directors proposed a final one-tier tax exempt dividend of 50 cents per ordinary share amounting to \$236.7 million (2019: \$236.7 million) be paid in respect of the financial year ended 31 December 2020. These have not been recognised as distributions to shareholders.

There are no income tax consequences attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

## 36 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with current year's presentation.

in Singapore Dollars (millions)	Group		
	31 December 2019		
	As restated	As previously reported	Increase / (decrease)
<b>Profit or Loss Statement</b>			
<b>Income</b>			
Investment income, net	2,765.5	2,712.2	53.3
Fees and other income	22.9	76.2	(53.3)
Rental income, net	31.5	53.3	(21.8)
<b>Expenses</b>			
Commissions and distribution expenses	1,143.8	1,150.4	(6.6)
Management and other expenses	648.2	663.4	(15.2)
Gross change in insurance contract liabilities	8,942.3	8,553.2	389.1
Change in insurance contract liabilities ceded to reinsurers	(389.1)	–	(389.1)
<b>Balance Sheet</b>			
<b>Assets</b>			
Insurance receivables	2,857.6	3,031.8	(174.2)
Reinsurers' share of insurance contract liabilities	2,293.0	–	2,293.0
Other debtors	1,103.4	1,124.9	(21.5)
<b>Liabilities</b>			
Insurance contract liabilities	77,760.9	75,663.6	2,097.3
<b>Statement of Cash Flows</b>			
<b>Adjustments for non-cash items:</b>			
Gross change in insurance contract liabilities	8,942.3	8,553.2	389.1
Change in insurance contract liabilities ceded to reinsurers	(389.1)	–	(389.1)
<b>Changes in working capital:</b>			
Insurance receivables	(224.8)	(203.3)	(21.5)
Other debtors	20.4	(1.1)	21.5

## NOTES TO THE FINANCIAL STATEMENTS

### 37 EVENTS AFTER THE REPORTING PERIOD

We view the COVID-19 pandemic as an evolving situation with continued uncertainties that could impact the performance of the Group. There are still many unknowns surrounding the pandemic and the timing of its eradication remains uncertain. The impact to our business operations would hinge on each government's response to manage the health and economic effects of the pandemic.

We expect continued volatility in the financial markets, resulting in fluctuations in the mark-to-market valuation of our assets and liabilities, which will impact our profit. Key factors are the direction of interest rates, credit spreads and equity prices. As our bonds are mostly investment grade, the default risk is likely to be low.

### 38 AUTHORISATION OF FINANCIAL STATEMENTS

At the Board of Directors' Meeting held on 22 February 2021, the Board authorised these financial statements for issue and that two Directors of the Board, Mr Koh Beng Seng and Mr Kyle Lee, sign the Directors' Report on behalf of the Board.

# LIST OF MAJOR PROPERTIES

Location	Tenure	Site Area (sq m)	Gross Floor Area (sq m)	Purpose
<b>SINGAPORE PROPERTIES – 100% HELD BY THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED:</b>				
Great Eastern Centre 1 Pickering Street	99 years leasehold (Expiry date: 31 August 2096)	6,600	21,515 (strata area excluding voids)	Commercial – Offices
Great Eastern @ Changi 200 Changi Road	Freehold	2,997	10,891	Commercial – Offices
Holland GEMS 1, 3 & 5 Taman Nakhoda	Freehold	8,685	13,895	Residential – 64-unit condominium
Gallop Court 6, 6A, 6B Gallop Road	Freehold	8,225	5,565	Residential – 25-unit condominium
Gallop Gardens 1, 1A, 1B, 1C, 3, 3A, 3B, 3C Tyersall Road	Freehold	12,636	4,805	Residential – 8-unit-Good Class Bungalows
Newton GEMS 50, 52 & 54 Newton Road Lot 660 TS 28, Newton Road  and Lot 56 TS 28, Lincoln Road	Freehold   999 years leasehold (Expiry date: 12 February 2884)	2,809  6,945	28,819	Residential – 190-unit condominium
3 Pickering Street	99 years leasehold (Expiry date: 31 August 2096)	7,086		
Orchard Gateway @ Emerald 216 & 218 Orchard Road	Freehold	1,444	15,004 (strata area excluding voids) 9,733	Commercial – Retail & Offices 65-unit shophouses  Commercial – Retail & Offices (including adjoining conservation shophouse)
<b>MALAYSIA PROPERTIES – 100% HELD BY GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD:</b>				
Menara Great Eastern/ Great Eastern Mall 303 Jalan Ampang, Kuala Lumpur	Freehold	25,600	149,464	Commercial – Retail & Offices
40, 44, 50 & 68 Jalan Ampang Kuala Lumpur	Freehold	2,880	10,673	Commercial – Offices
Seri Hening Residence 28, Jalan Ampang Hilir, Kuala Lumpur	Freehold	21,484	53,111	Residential – Condominiums
Shell Garden, Port Dickson, Negeri Sembilan	Freehold	16,349	–	Residential land
65 Jalan Gaya, Kota Kinabalu, Sabah	99 years leasehold (Expiry date: 31 December 2093)	718	8,853	Commercial – Offices
25, Light Street, Penang	Freehold	4,842	14,629	Commercial – Offices
No. 103, 105, 107 & 109 Jalan Yam Tuan, Seremban Negeri Sembilan	Freehold	980	5,821	Commercial – 5-storey Retail & Offices
Lot Q169-Q173 Plz Mahkota Melaka	99 years leasehold (Expiry date: 18 July 2101)	531	2,127	Commercial – 4-storey Retail & Offices

## LIST OF MAJOR PROPERTIES

Location	Tenure	Site Area (sq m)	Gross Floor Area (sq m)	Purpose
<b>MALAYSIA PROPERTIES – 100% HELD BY GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD:</b>				
25 Jalan Dato Lim Hoe Lek Kuantan	99 years leasehold (Expiry date: 2 September 2093)	507	1,525	Commercial – 3-storey shopoffice
Menara Weld/The Weld 76 Jalan Raja Chulan, Kuala Lumpur	Freehold	6,404	75,126	Commercial – 30-storey building with a 4-level basement, 5 levels of shopping & 26 floors of office
113, Jalan Tun Haji Openg, Kuching, Sarawak	837 years leasehold (Expiry date: 31 December 2774)	3,359	335	Residential – 1-storey detached house
Nos. 10a to 10i, Jalan Brooks Drive, Sibul, Sarawak	Leasehold (Expiry date: 31 December 2923)	1,015	3,850	9 units of 4-storey shophouses
Lot 48, 49, 50 & 51 Greentown Avenue, Ipoh	99 years leasehold (Title pending)	strata title	3,095	4 units of 4-storey shopoffices
Lot 72342 Mutiara Damansara	Freehold	4,490	–	Vacant commercial land
52 & 54 Jalan Ampang Kuala Lumpur	Freehold	1,209	3,268	Commercial – Offices
Blok A, Komersil Southkey Mozek, Persiaran Southkey 1, Kota Southkey, Johor Bahru	99 years leasehold	strata title	5,565	Commercial – 4-storey shopoffice
Equatorial Plaza Office Kuala Lumpur	Freehold	strata title	51,873	Commercial – Offices
<b>INDONESIA PROPERTIES – 100% HELD BY P.T. GREAT EASTERN LIFE INDONESIA:</b>				
Menara Karya Building Jl. HR. Rasuna Said Blok X-5, Kav. 1-2, Setiabudi Kuningan, Jakarta Selatan 12950	Freehold	6,109	1,318	Commercial – Offices

# ADDITIONAL INFORMATION

Required under the Listing Manual of the Singapore Exchange Securities Trading Limited

## 1. INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year under review:-

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$ million	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$ million
<b>OCBC Group of Companies</b>			
- E2 Power Pte. Ltd. – Data centre facilities, analytics collaboration services and data analytics services	Each interested person is an associate of GEH's controlling shareholder, Oversea-Chinese Banking Corporation Limited	10.935	NA
- E2 Power Sdn. Bhd. – Data centre facilities, network facilities and shared services	Overseas-Chinese Banking Corporation Limited	1.968	NA
- LGlobal Funds –			
• Redemption of Asian High Dividend Equity		20.162	NA
• Sales of holdings		11.320	NA
• Return of advanced liquidation proceeds		10.122	NA
- Lion Global Investors Limited – Redemption of Asian High Conviction Equity		14.705	NA
- OCBC Property Services Private Limited – Lease of premises at OCBC Center		1.290	NA
- Overseas-Chinese Banking Corporation Limited –	Controlling shareholder of GEH		
• Subsidy fee payment to OCBC Bank for Agency Premium Financing applications		0.805	NA
• Cyber Security Operation Center		0.183	NA
• DA-Video consultation facilities and WOGI-Grab Food vouchers		0.116	NA
• Share of Financial Protection Specialists and Bancassurance Specialists costs		0.262	NA

## 2. MATERIAL CONTRACTS

Since the end of the previous financial year, no material contract involving the interest of any Director or any controlling shareholder of the Company has been entered into by the Company or any of its subsidiary companies, and no such contract subsisted as at 31 December 2020, save as disclosed above, in the Directors' Statement and in the financial statements for FY2020.

# SHAREHOLDING STATISTICS

As at 1 March 2021

## CLASS OF SHARES

Ordinary shares

## VOTING RIGHTS

1 vote per share (other than treasury shares and subsidiary holdings, which are treated as having no voting rights)

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
1 – 99	41	1.54	783	0.00
100 – 1,000	1,494	56.12	931,077	0.20
1,001 – 10,000	870	32.68	3,051,705	0.64
10,001 – 1,000,000	248	9.32	19,943,763	4.21
1,000,001 and above	9	0.34	449,391,741	94.94
<b>Total</b>	<b>2,662</b>	<b>100.00</b>	<b>473,319,069</b>	<b>100.00</b>

Number of issued shares	:	473,319,069
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares	:	Nil

Note:

"Subsidiary holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% <sup>(1)</sup>
1	Citibank Nominees Singapore Pte Ltd	421,673,291	89.09
2	HSBC (Singapore) Nominees Pte Ltd	10,851,639	2.29
3	DBS Nominees (Private) Limited	4,665,023	0.99
4	Wong Hong Sun	3,188,000	0.67
5	Kuchai Development Berhad	3,032,000	0.64
6	Wong Hong Yen	2,007,868	0.42
7	Sungei Bagan Rubber Company (Malaya) Berhad	1,733,120	0.37
8	Shaw Vee Meng	1,204,000	0.25
9	Shaw Vee Foong	1,036,800	0.22
10	Raffles Nominees (Pte.) Limited	951,073	0.20
11	Maybank Kim Eng Securities Pte Ltd	820,500	0.17
12	Yeo Kok Seng	750,800	0.16
13	Lee Hak Heng	728,150	0.15
14	United Overseas Bank Nominees (Private) Limited	604,489	0.13
15	OCBC Securities Private Limited	515,402	0.11
16	Yeo Wei Yan	489,200	0.10
17	Yeap Holdings (Pte.) Limited	487,238	0.10
18	Svasti Daniel Yoke Kwong Patanadej	469,540	0.10
19	The Estate of Alan Loke (Deceased)	455,094	0.10
20	Svasti Penny Baninadh Ping Yean	443,220	0.09
<b>Total</b>		<b>456,106,447</b>	<b>96.35</b>

Note:

(1) Based on 473,319,069 issued shares as at 1 March 2021.



# SHAREHOLDING STATISTICS

As at 1 March 2021

Substantial Shareholder	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Interest No. of Shares	% of Issued Shares <sup>(1)</sup>
Oversea-Chinese Banking Corporation Limited	416,010,959 <sup>(2)</sup>	74,000 <sup>(3)</sup>	416,084,959	87.91

Notes:

(1) Based on 473,319,069 issued shares as at 1 March 2021.

(2) Shares registered in the name of Citibank Nominees Singapore Pte Ltd.

(3) Oversea-Chinese Banking Corporation Limited is deemed to have an interest in 7,000 shares held by its subsidiary, BOS Trustee Limited, as trustee of Kudz Trust, and 67,000 shares held by its subsidiary, BOS Trustee Limited as trustee of The SOME Trust.

Based on information available to the Company as at 1 March 2021, approximately 12% of the issued ordinary shares of the Company are held by the public, and therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

# MANAGEMENT TEAM

## GROUP AND SINGAPORE

### Great Eastern Holdings Limited The Great Eastern Life Assurance Company Limited Great Eastern General Insurance Limited

Khor Hock Seng  
Group Chief Executive Officer

Ronnie Tan  
Group Chief Financial Officer

Dato Koh Yaw Hui  
Chief Executive Officer (Malaysia)

Jimmy Tong  
Managing Director, General and Group  
Insurance

Patrick Peck  
Managing Director, Regional Agency/  
FA and Bancassurance

Clement Lien  
Chief Executive Officer (Indonesia)

Ryan Cheong  
Managing Director, Digital for Business

Colin Chan  
Managing Director, Group Marketing

Wee Ai Ning  
Group Chief Investment Officer

Leslie Teo  
Managing Director, Data and Strategic  
Transformation

Jennifer Wong Pakshong  
Group Company Secretary and  
General Counsel

Gary Teh  
Managing Director,  
Group Information Technology

James Lee  
Managing Director,  
Group Human Capital

Patrick Kok  
Managing Director, Group Operations

Jeffrey Lowe  
Group Chief Internal Auditor

Jesslyn Tan  
Chief Executive Officer,  
Great Eastern Financial Advisers

Tan Eng Yau  
Appointed Actuary

Leslie Chow  
Head, Singapore Group Insurance

Hong Siu Ming  
Head, People, Culture and Group  
Reward  
Group Human Capital

Wendy Anne Teo  
Deputy General Counsel

## MALAYSIA

### Great Eastern Life Assurance (Malaysia) Berhad

Dato Koh Yaw Hui  
Chief Executive Officer

Loke Chang Yueh  
Chief Financial Officer

Jeffrey Yem  
Chief Operations Officer

Nicholas Kua  
Chief Marketing Officer

Alexis Jong  
Chief Investment Officer

Audra Chung  
Chief Internal Auditor

Chan Chee Wei  
Head, Bancassurance

Foong Chee Kwan  
Head, Group Insurance – Affinity

Chan Chia Khaw  
Appointed Actuary

Vincent Chin  
Head, Information Technology

Liza Hanim Binti Zainal Abidin  
Head, Company Secretary and Legal

Dennis Tan  
Head, Human Capital

Teo Chun Seng  
Head, Risk Management

Helen Quat  
Head, Compliance

# MANAGEMENT TEAM

## Great Eastern General Insurance (Malaysia) Berhad

Ng Kok Kheng  
Chief Executive Officer

Khoo Sook Hooi  
Chief Financial Officer

Chong Kah Lay  
Head, Corporate Distribution

Goh Ching On  
Head, Claims Management

Wong Eng Yan  
Head, Underwriting and  
Policy Processing Management

Chong Wan Leng  
Appointed Actuary

## Great Eastern Takaful Berhad

Shahrul Azlan Shahrman  
Chief Executive Officer

Jasveen Kaur Marne  
Chief Financial Officer

Allen Tan  
Head, Operations

Norizan Yahya  
Head, Agency Distribution

Tengku Sheila Tengku Azib  
Head, Brand & Communications

Mohd Khalid Khairullah  
Appointed Actuary

Norazlin Mohd Dahari  
Head, Corporate Takaful Business

Raja Mazlena Raja Aziz  
Head, Legal, Secretarial and Shariah

Razali Kipli  
Head, Human Capital

Jennifer Ng Abdullah  
Head, Partnership Distribution

Nurul Sheila Khalib  
Head, Product and Marketing

## INDONESIA

### PT Great Eastern Life Indonesia

Clement Lien  
President Director & CEO

Fauzi Arfan  
Finance Director

Yungki Aldrin  
Compliance Director

Nina Ong  
Bancassurance Director

Hesti Handayani  
Head, Operations and Strategic  
Initiatives

R. Daniel Herjun Putranto  
Head, Group Insurance and Affinity

### PT Great Eastern General Insurance Indonesia

Aziz Adam Sattar  
President Director

Andy Soen  
Finance Director

Linggawati Tok  
Marketing Director

Lee Pooi Hor  
Operations Director

## BRUNEI

### The Great Eastern Life Assurance Company Limited

Erik Yeo  
Interim Head

## CHINA

### The Great Eastern Life Assurance Company Limited Beijing Representative Office

Ryan Cheong  
Authorised Representative

Ada Zhou  
Chief Representative

## MYANMAR

### The Great Eastern Life Assurance Co., Ltd. Great Eastern General Insurance Limited Myanmar Representative Office

Jimmy Tong  
Chief Representative

**GROUP  
NETWORK****SINGAPORE****Great Eastern Holdings Limited  
The Great Eastern Life Assurance  
Company Limited  
Great Eastern General  
Insurance Limited**

1 Pickering Street #01-01  
Great Eastern Centre  
Singapore 048659  
Tel: +65 6248 2000  
Fax: +65 6532 2214  
Website: [www.greateasternlife.com](http://www.greateasternlife.com)  
E-mail: [wecare-sg@greateasternlife.com](mailto:wecare-sg@greateasternlife.com)  
Website: [www.greateasterngeneral.com](http://www.greateasterngeneral.com)  
E-mail: [gicare-sg@greateasterngeneral.com](mailto:gicare-sg@greateasterngeneral.com)

**Customer Service Centres**

1 Pickering Street, Level 1  
Great Eastern Centre  
Singapore 048659  
Tel: +65 6248 2888  
Fax: +65 6535 2836  
E-mail: [wecare-sg@greateasternlife.com](mailto:wecare-sg@greateasternlife.com)

Great Eastern @ Paya Lebar Quarter  
2 Tanjong Katong Road,  
#13-01 PLQ 3  
Paya Lebar Quarter  
Singapore 437161

Great Eastern @ Westgate  
1 Gateway Drive  
Westgate Tower #18-00  
Singapore 608531

**Service Centres for Financial  
Representatives**

VOLTAGE @ Great Eastern Centre  
1 Pickering Street #01-03  
Great Eastern Centre  
Singapore 048659

Great Eastern House  
49 Beach Road #01-01  
Singapore 189685

Great Eastern @ Paya Lebar Quarter  
2 Tanjong Katong Road,  
#13-01 PLQ 3  
Paya Lebar Quarter  
Singapore 437161

Great Eastern @ Westgate  
1 Gateway Drive  
Westgate Tower #18-00  
Singapore 608531

**Great Eastern Financial Advisers  
Private Limited**

1 Pickering Street #01-01  
Great Eastern Centre  
Singapore 048659  
Tel: +65 6248 2121  
Fax: +65 6327 3073  
Website: [www.greateasternfa.com.sg](http://www.greateasternfa.com.sg)  
E-mail: [contact\\_us@greateasternfa.com.sg](mailto:contact_us@greateasternfa.com.sg)

**Lion Global Investors Limited**

65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513  
Tel: +65 6417 6800  
Fax: +65 6417 6801  
Website: [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)  
E-mail: [contactus@lionglobalinvestors.com](mailto:contactus@lionglobalinvestors.com)

**MALAYSIA****Great Eastern Life Assurance  
(Malaysia) Berhad**

Menara Great Eastern  
303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 8888  
Fax: +603 4259 8000  
Website: [www.greateasternlife.com/my](http://www.greateasternlife.com/my)  
E-mail: [wecare-my@greateasternlife.com](mailto:wecare-my@greateasternlife.com)

**Branch Offices****Alor Setar**

66 & 68 Jalan Teluk Wanajah  
05200 Alor Setar, Kedah  
Malaysia

**Batu Pahat**

109, Jalan Rahmat,  
83000 Batu Pahat, Johor  
Malaysia

**Bintulu**

No 313, Lot 3956, Phase 4  
Bintulu Parkcity Commerce Square  
Jalan Tun Ahmad Zaidi /  
Jalan Tanjung Batu  
97000 Bintulu, Sarawak  
Malaysia

**Ipoh**

Wisma Great Eastern  
No 16, Persiaran Tugu  
Greentown Avenue  
30450 Ipoh, Perak  
Malaysia

**Johor Bahru**

Wisma Great Eastern  
02-01, Blok A, Komersial Southkey  
Mozek,  
Persiaran Southkey 1,  
Kota Southkey  
80150 Johor Bahru  
Malaysia

**Klang**

No.8 & 10 Jalan Tiara 2A  
Bandar Baru Klang  
41150 Klang, Selangor  
Malaysia

**Kluang**

No 22 & 24  
Jalan Md Lazim Saim  
86000 Kluang, Johor  
Malaysia

**Kota Bharu**

No. S25 /5252-T & U  
Jalan Sultan Yahya Petra  
15200 Kota Bharu, Kelantan  
Malaysia

**Kota Kinabalu**

Wisma Great Eastern  
Level 4 & 5  
No. 65 Jalan Gaya  
88000 Kota Kinabalu, Sabah  
Malaysia

**Kuala Terengganu**

2nd Floor, 6F  
Bangunan Persatuan Hin Ann  
Jalan Air Jernih  
20300 Kuala Terengganu  
Terengganu  
Malaysia

**Kuantan**

A25 Jalan Dato Lim Hoe Lek  
25200 Kuantan, Pahang  
Malaysia

**Kuching**

No 51, Lot 435,  
Section 54,  
KTLD Travilion Commercial Centre  
Jalan Padungan  
93100 Kuching, Sarawak  
Malaysia

**Lahad Datu**

Ground & 1st Floor,  
MDLD 3804, Lot 66  
Fajar Centre, Jalan Segama  
91100 Lahad Datu, Sabah  
Malaysia

**Melaka**

No.23 Jalan PM 15,  
Plaza Mahkota  
75000 Melaka  
Malaysia

**Miri**

Lots 1260 & 1261, Block 10, M.C.L.D  
Jalan Melayu  
98000 Miri, Sarawak  
Malaysia

**Penang**

25, Light Street  
10200 Penang  
Malaysia

**Sandakan**

Lot 5 & 6, Block 40, Lorong Indah 15,  
Bandar Indah Phase 7, Mile 4,  
North Road,  
90000 Sandakan, Sabah  
Malaysia

**Seremban**

101 & 103  
Jalan Yam Tuan  
70000 Seremban  
Negeri Sembilan  
Malaysia

**Sibu**

Wisma Great Eastern  
No. 10 A-F, Persiaran Brooke  
96000 Sibu, Sarawak  
Malaysia

**Taiping**

133A Jalan Barrack  
34000 Taiping  
Perak  
Malaysia

**Tawau**

Wisma Great Eastern  
Ground Floor, Jalan Billian,  
91000 Tawau, Sabah  
Malaysia

**Great Eastern General Insurance  
(Malaysia) Berhad**

Menara Great Eastern  
Level 18, 303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 8888  
Fax: +603 4813 0055  
Website: [www.greateasterngeneral.com/my](http://www.greateasterngeneral.com/my)  
E-mail: [gicare-my@greateasterngeneral.com](mailto:gicare-my@greateasterngeneral.com)

**Branch Offices****Kuala Lumpur**

Menara Great Eastern  
Level 18, 303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 7888  
Fax: +603 4813 0088

**Alor Setar**

No. 69 & 70, 1st Floor,  
Jalan Teluk Wanjah  
05200 Alor Setar, Kedah  
Malaysia  
Tel: +604 734 6515  
Fax: +604 734 6516

**Ipoh**

2nd Floor, Wisma Great Eastern  
No.16, Persiaran Tugu  
Greentown Avenue  
30450 Ipoh, Perak  
Malaysia  
Tel: +605 253 6649  
Fax: +605 255 3066

**Johor Bahru**

Wisma Great Eastern  
03-01, Block A,  
Komersil Southkey Mozek  
Persiaran Southkey 1, Kota Southkey  
80150 Johor Bahru, Johor  
Malaysia  
Tel: +607 336 9899  
Fax: +607 336 9869

**Klang**

3rd Floor, No. 10, Jalan Tiara 2A  
Bandar Baru Klang  
41150 Klang, Selangor  
Malaysia  
Tel: +603 3345 1027  
Fax: +603 3345 1029

**Kota Bharu**

No. S25/5252-S, Tingkat 1  
Jalan Sultan Yahya Petra  
15200 Kota Bharu, Kelantan  
Malaysia  
Tel: +609 748 2698  
Fax: +609 744 8533

**Kota Kinabalu**

Suite 6.3, Level 6,  
Wisma Great Eastern,  
No. 65, Jalan Gaya  
88000 Kota Kinabalu, Sabah  
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Tel: +6088 235 636  
Fax: +6088 248 879

**Kuantan**

1st Floor, No. A25  
Jalan Dato' Lim Hoe Lek  
25200 Kuantan, Pahang  
Malaysia  
Tel: +609 516 2844  
Fax: +609 516 2848

**GROUP  
NETWORK*****Kuching***

No. 51, Level 3  
Level 435, Section 54, KTLD  
Travilion Commercial Centre  
Jalan Padungan  
93100 Kuching, Sarawak  
Malaysia  
Tel: +6082 420 197  
Fax: +6082 248 072

***Melaka***

No. 2-23, Jalan PM15  
Plaza Mahkota  
75000 Melaka  
Malaysia  
Tel: +606 284 3297  
Fax: +606 283 5478

***Penang***

Suite 2-3, Level 2  
No. 25, Lebu Light,  
10200 Pulau Pinang  
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Tel: +604 261 9361  
Fax: +604 261 9058

***Seremban***

No. 103-2, Jalan Yam Tuan  
70000 Seremban, Negeri Sembilan  
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Tel: +606 764 9082  
Fax: +606 761 6178

***Sibu***

2nd Floor, No. 10 A-F  
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Persiaran Brooke  
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Malaysia  
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***Great Eastern Takaful Berhad  
201001032332 (916257-H)***

Level 3, Menara Great Eastern  
303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 8338  
Fax: +603 4259 8808  
Website: [www.greateasterntakaful.com](http://www.greateasterntakaful.com)  
E-mail: [i-greatcare@greateasterntakaful.com](mailto:i-greatcare@greateasterntakaful.com)

**Agency Synergy Stations*****Alor Setar***

No. 18D-1 & 18D-2,  
Lebuhraya Darulaman,  
05100 Alor Setar, Kedah

***Kota Bharu***

Lot 360 Tingkat 1 & 2,  
Jalan Seri Cemerlang,  
Seksyen 27,  
15300 Kota Bharu Kelantan

**INDONESIA****PT Great Eastern Life Indonesia**

Menara Karya, 5th Floor  
Jl. H.R. Rasuna Said, Blok X-5 Kav. 1-2  
Jakarta Selatan 12950  
Indonesia  
Tel: +6221 2554 3888  
Website: [www.greateasternlife.com/id](http://www.greateasternlife.com/id)  
E-mail: [wecare-ID@greateasternlife.com](mailto:wecare-ID@greateasternlife.com)

**PT Great Eastern General Insurance  
Indonesia**

MidPlaza 2, 23rd Floor,  
Jalan Jenderal Sudirman Kav. 10-11  
Jakarta 10220, Indonesia  
Tel: +62-21 5723737  
Website: [www.greateasterngeneral.com/id](http://www.greateasterngeneral.com/id)  
E-mail: [wecare-id@greateasterngeneral.com](mailto:wecare-id@greateasterngeneral.com)

**Branch, Marketing and Sales Offices*****Jakarta***

Maspion Plaza 8th Floor  
Jalan Gunung Sahari Raya Kav. 18  
Jakarta 14420  
Tel: +62 21 64701278  
Fax: +62 21 64701267/8

***Surabaya***

Gedung Medan Pemuda 7th Floor  
Jalan Pemuda No. 27 – 31  
Surabaya 60271  
Tel: +62 31 5477300  
Fax: +62 31 5477370

***Medan***

Kompleks Ruko Jati Junction  
Jalan Timor No. 3 – T  
Medan 20234  
Tel: +62 61 88817009  
Fax: +62 61 88817010

***Makassar***

Jalan Jenderal Ahmad Yani  
Komplek Ruko A. Yani No. 23/25  
Blok C 46, Makassar 90174  
Tel: +62 411 3617978  
Fax: +62 411 3610434

***Bali***

Pusat Pertokoan Sudirman Agung  
Blok B12,  
Jalan Jenderal Sudirman  
Denpasar 80225  
Tel: +62 361 229894, 255149  
Fax: +62 361 255150

***Batam***

Ruko Orchard Park Blok B No. 9  
Jalan Orchard Boulevard, Belian  
Batam 294444  
Tel: +62 778 4167700, 4166700  
Fax: +62 778 4165700

***Samarinda***

Jalan Jenderal Ahmad Yani No. 12  
Samarinda 75117  
Tel: +62 541 200833  
Fax: +62 541 748878

***Semarang***

Ruko Metro Plaza Blok B-12  
Jalan MT Haryono 970  
Semarang 50242  
Tel: +62 24 8457058/9  
Fax: +62 24 8417867

***Serpong***

Sutera Niaga 3 Blok C No. 11  
Jalan Raya Serpong  
Tangerang 15325  
Tel: +62 21 53122468  
Fax: +62 21 53122431

## **Cirebon**

Komplek Ruko Pulasaren  
Jalan Pulasaren Raya No. C-5  
Cirebon 45116  
Tel: +62 231 207784, 234054  
Fax: +62 231 207784

## **Pekanbaru**

Jalan KH. Hasyim Ashari 16  
Pekanbaru 28113  
Tel: +62 761 32708  
Fax: +62 761 31427

## **MYANMAR**

### **The Great Eastern Life Assurance Company Limited Great Eastern General Insurance Limited**

(Myanmar Representative Office)  
Level 3, Unit No. 03-09  
Union Business Centre  
Nat Mauk Road, Bo Cho Quarter  
Bahan Township, Yangon  
Myanmar  
Tel/Fax: +951 860 3384

## **BRUNEI**

### **The Great Eastern Life Assurance Company Limited**

Unit 17/18, Block B  
Bangunan Habza  
Spg 150, Kpg. Kiarong  
Bandar Seri Begawan BE1318  
Negara Brunei Darussalam  
Tel: +673 223 3118  
Fax: +673 223 8118  
Website: [www.greateasternlife.com/bn](http://www.greateasternlife.com/bn)  
E-mail: [wecare-bn@greateasternlife.com](mailto:wecare-bn@greateasternlife.com)

### **Lion Global Investors Limited**

Unit 3A, Level 5  
Retail Arcade  
The Empire Hotel & Country Club  
Jerudong BG3122  
Negara Brunei Darussalam  
Tel: +673 261 0925/6  
Fax: +673 261 1823

## **CHINA**

### **The Great Eastern Life Assurance Company Limited**

(Beijing Representative Office)  
Room 901  
China Garments Mansion  
No. 99 Jianguo Rd  
Beijing 100020  
People's Republic of China  
Tel: +8610 6581 5501  
Fax: +8610 6583 8727

# NOTICE OF ANNUAL GENERAL MEETING

## GREAT EASTERN HOLDINGS LIMITED (INCORPORATED IN THE REPUBLIC OF SINGAPORE) (COMPANY REGISTRATION NO. 199903008M)

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting (“AGM”) of Great Eastern Holdings Limited (the “Company”) will be held by way of electronic means on Friday, 16 April 2021 at 3.00 p.m. (Singapore time) to transact the following business:

### AS ORDINARY BUSINESS

- 1 To receive and adopt the Directors’ Statement and the audited Financial Statements for the financial year ended 31 December 2020 and the Auditor’s Report thereon.
- 2 To approve a final one-tier tax exempt dividend of 50 cents per ordinary share in respect of the financial year ended 31 December 2020.
- 3(a) To re-elect the following Directors, who are retiring by rotation under Article 97 of the Company’s Constitution and who, being eligible, offer themselves for re-election:
  - (i) Mr Norman Ip
  - (ii) Mr Lee Fook Sun
  - (iii) Mrs Teoh Lian Ee

*Mr Samuel N. Tsien will also be retiring by rotation under Article 97 of the Company’s Constitution at the AGM but will not be offering himself for re-election.*
- 3(b) To re-elect Mr Ng Chee Peng, a Director who is retiring under Article 103 of the Company’s Constitution and who, being eligible, offers himself for re-election.
- 4 To approve Directors’ fees of S\$2,359,000 for the financial year ended 31 December 2020 (2019: S\$2,181,000).
- 5 To re-appoint PricewaterhouseCoopers LLP as the Auditor of the Company and to authorise the Directors to fix its remuneration.

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions, which will be proposed as Ordinary Resolutions:

- 6 That authority be and is hereby given to the Directors of the Company to:
  - (a) (i) issue shares of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
 

on a *pro rata* basis to shareholders of the Company, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and
  - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,



# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

- 7 That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares as may be required to be allotted and issued pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme.

By Order of the Board

**JENNIFER WONG PAKSHONG**  
Company Secretary

Singapore  
24 March 2021

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES

### Resolutions 3(a)(i), (ii) and (iii)

Resolutions 3(a)(i), (ii) and (iii) are to re-elect Directors who are retiring by rotation under Article 97 of the Company's Constitution.

Mr Norman Ip will, upon re-election, continue to serve as a Member of the Nominating Committee and the Risk Management Committee.

Mr Lee Fook Sun will, upon re-election, continue to serve as Chairman of the Nominating Committee and the Remuneration Committee, and as a Member of the Executive Committee.

Mrs Teoh Lian Ee will, upon re-election, continue to serve as a Member of the Audit Committee and Sustainability Committee.

Please refer to the "Board of Directors" section and the "Board Composition and Independence" section in the Corporate Governance Report on pages 18 and 89 respectively in the Company's Annual Report for the financial year ended 31 December 2020 ("FY2020 Annual Report") for information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

### Resolution 3(b)

Resolution 3(b) is to re-elect Mr Ng Chee Peng, a Director who is retiring under Article 103 of the Company's Constitution.

Mr Ng Chee Peng will, upon re-election, continue to serve as a Member of the Audit Committee.

Please refer to the "Board of Directors" section and the "Board Composition and Independence" section in the Corporate Governance Report on pages 18 and 89 respectively in the FY2020 Annual Report for information on Mr Ng Chee Peng (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

### Resolution 6

Resolution 6 is to authorise the Directors of the Company from the date of the AGM until the next annual general meeting to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares on a *pro rata* basis to shareholders of the Company, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings). For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) at the time this proposed Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this proposed Ordinary Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. For the avoidance of doubt, any consolidation or subdivision of shares of the Company will require shareholders' approval. The Directors will only issue shares and instruments under this Resolution if they consider it necessary and in the interests of the Company. As at 1 March 2021, the Company had no treasury shares and no subsidiary holdings.

### Resolution 7

Resolution 7 is to authorise the Directors of the Company to issue shares pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will accordingly be sent to members by electronic means via publication on the Company's website at the URL <https://www.greasternlife.com/sg/en/about-us/investor-relations/agm-and-egm.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of this Notice will also be sent by post to members.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at or before the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 24 March 2021. This announcement may be accessed at the Company's website at the URL <https://www.greasternlife.com/sg/en/about-us/investor-relations/agm-and-egm.html> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be downloaded from the Company's website at the URL <https://www.greasternlife.com/sg/en/about-us/investor-relations/agm-and-egm.html> and from the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of the proxy form will also be sent by post to members.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 6 April 2021 (Singapore time).

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited with the Company, c/o The Great Eastern Life Assurance Company Limited, 1 Pickering Street, #01-01 Great Eastern Centre, Singapore 048659; or
  - (b) if submitted electronically, be submitted via email to the Company at [GEH\\_AGM@greasternlife.com](mailto:GEH_AGM@greasternlife.com),

in either case, by **3.00 p.m. on 13 April 2021 (Singapore time)**, being 72 hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy can either use the printed copy of the proxy form which is sent to him/her/it by post or download a copy of the proxy form from the Company's website or the SGX website, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, **members are strongly encouraged to submit completed proxy forms electronically via email.**

6. The FY2020 Annual Report may be accessed at the Company's website at the URL <https://www.greasternlife.com/sg/en/about-us/investor-relations/annual-reports.html> by clicking on the "Download PDF" hyperlink under "FY2020 Annual Report". The FY2020 Annual Report will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Members may request for printed copies of the FY2020 Annual Report by completing and submitting the Request Form accompanying the printed copies of this Notice and the proxy form sent by post to members.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

## RECORD DATE AND PAYMENT DATE FOR FINAL DIVIDEND

Subject to the approval of members to the final one-tier tax exempt dividend at the AGM, the Share Transfer Books and Register of Members of the Company will be closed on 26 April 2021 for the purpose of determining the entitlement of members to the recommended final one-tier tax exempt dividend of 50 cents per ordinary share. Duly completed registrable transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 23 April 2021 will be registered to determine members' entitlements to the proposed dividend. Subject to the aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 23 April 2021 will be entitled to the proposed dividend.

The final one-tier tax exempt dividend, if approved by members, will be paid on 5 May 2021.

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**IMPORTANT:***Alternative Arrangements for Twenty-Second Annual General Meeting ("AGM")*

- The AGM of Great Eastern Holdings Limited (the "Company") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of AGM dated 24 March 2021 will accordingly be sent to members by electronic means via publication on the Company's website at the URL <https://www.greasternlife.com/sg/en/about-us/investor-relations/agma-and-egm.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of the Notice of AGM will also be sent by post to members.
- Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at or before the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 24 March 2021. This announcement may be accessed at the Company's website at the URL <https://www.greasternlife.com/sg/en/about-us/investor-relations/agma-and-egm.html>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

*Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") Investors*

- CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 6 April 2021 (Singapore time).

*Personal Data*

- By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 24 March 2021.

## PROXY FORM

### ANNUAL GENERAL MEETING

**GREAT EASTERN HOLDINGS LIMITED**  
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)  
(COMPANY REGISTRATION NO. 199903008M)

I/We, \_\_\_\_\_

NRIC/Passport/Company Registration No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Great Eastern Holdings Limited (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company ("AGM") to be convened and held by way of electronic means on Friday, 16 April 2021 at 3.00 p.m. (Singapore time) and at any adjournment thereof.

I/We have indicated with an "X" or with the number of shares in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

No.	Ordinary Resolutions:	For	Against	Abstain
<b>ORDINARY BUSINESS</b>				
1	Adoption of Directors' Statement, 2020 audited Financial Statements and Auditor's Report			
2	Approval of a final one-tier tax exempt dividend of 50 cents per ordinary share			
3(a)(i)	Re-election of Mr Norman Ip			
3(a)(ii)	Re-election of Mr Lee Fook Sun			
3(a)(iii)	Re-election of Mrs Teoh Lian Ee			
3(b)	Re-election of Mr Ng Chee Peng			
4	Approval of Directors' fees of S\$2,359,000			
5	Re-appointment of PricewaterhouseCoopers LLP as Auditor and authorisation for Directors to fix its remuneration			
<b>SPECIAL BUSINESS</b>				
6	Authority for Directors to allot and issue shares and make or grant instruments convertible into shares			
7	Authority for Directors to allot and issue shares pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme			

**Note:** Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature(s) of Member(s) or Common Seal

**Total Number of Shares held**

**IMPORTANT: PLEASE READ NOTES OVERLEAF.**

**NOTES TO PROXY FORM:**

1. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** This proxy form may be accessed at the Company's website at the URL <https://www.greasternlife.com/sg/en/about-us/investor-relations/agm-and-egm.html> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of this proxy form will also be sent by post to members. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
2. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited with the Company, c/o The Great Eastern Life Assurance Company Limited, 1 Pickering Street, #01-01 Great Eastern Centre, Singapore 048659; or
  - (b) if submitted electronically, be submitted via email to the Company at [GEH\\_AGM@greasternlife.com](mailto:GEH_AGM@greasternlife.com).in either case, by **3.00 p.m. on 13 April 2021 (Singapore time)**, being 72 hours before the time appointed for holding the AGM.

A member who wishes to submit an instrument of proxy can either use the printed copy of the proxy form which is sent to him/her/it by post or download a copy of the proxy form from the Company's website or the SGX website, and complete and sign the proxy form, before submitting it by post to the address provided above, or by scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, **members are strongly encouraged to submit completed proxy forms electronically via email.**
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

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4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument of proxy shall be deemed to relate to all the shares held by you.
5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register as at 3.00 p.m. on 13 April 2021 (Singapore time), being 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

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**Proxy Form  
Annual Report 2020**

**BUSINESS REPLY SERVICE  
PERMIT NO. 01008**



**THE COMPANY SECRETARY**  
Great Eastern Holdings Limited  
c/o The Great Eastern Life Assurance Company Limited  
1 Pickering Street  
#01-01 Great Eastern Centre  
Singapore 048659

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3<sup>rd</sup> fold and glue overleaf. Do not staple

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# CORPORATE INFORMATION

AS AT 1 MARCH 2021

## BOARD OF DIRECTORS

Koh Beng Seng, Chairman  
Norman Ip  
Law Song Keng  
Lee Fook Sun  
Kyle Lee  
Ng Chee Peng  
Soon Tit Koon  
Teoh Lian Ee  
Thean Nam Yew  
Samuel N. Tsien  
Wee Joo Yeow

## NOMINATING COMMITTEE

Lee Fook Sun, Chairman  
Norman Ip  
Koh Beng Seng  
Kyle Lee  
Samuel N. Tsien  
Wee Joo Yeow

## EXECUTIVE COMMITTEE

Koh Beng Seng, Chairman  
Law Song Keng  
Lee Fook Sun  
Thean Nam Yew  
Samuel N. Tsien

## AUDIT COMMITTEE

Kyle Lee, Chairman  
Law Song Keng  
Ng Chee Peng  
Teoh Lian Ee  
Thean Nam Yew

## REMUNERATION COMMITTEE

Lee Fook Sun, Chairman  
Koh Beng Seng  
Wee Joo Yeow

## RISK MANAGEMENT COMMITTEE

Koh Beng Seng, Chairman  
Norman Ip  
Law Song Keng  
Soon Tit Koon  
Samuel N. Tsien

## SUSTAINABILITY COMMITTEE

Soon Tit Koon, Chairman  
Koh Beng Seng  
Law Song Keng  
Teoh Lian Ee

## GROUP CHIEF EXECUTIVE OFFICER

Khor Hock Seng

## GROUP COMPANY SECRETARY

Jennifer Wong Pakshong

## REGISTERED OFFICE

1 Pickering Street  
#16-01 Great Eastern Centre  
Singapore 048659  
Telephone: (65) 6248 2000  
Facsimile: (65) 6438 3889  
Website: [www.greasternlife.com](http://www.greasternlife.com)  
Email: [wecare-sg@greasternlife.com](mailto:wecare-sg@greasternlife.com)

## SHARE REGISTRAR

M & C Services Private Limited  
112 Robinson Road #05-01  
Singapore 068902  
Telephone: (65) 6228 0505

## AUDITOR

PricewaterhouseCoopers LLP  
7 Straits View  
Marina One East Tower, Level 12  
Singapore 018936  
Partner In Charge: Koopmans Hans Bernardus  
(since financial year 2020)



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GREAT EASTERN HOLDINGS LIMITED  
(Incorporated in the Republic of Singapore)  
(Company Reg. No. 199903008M)

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# GREAT EASTERN HOLDINGS LIMITED ANNUAL REPORT 2020