

**THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED
– BRUNEI BRANCH**

(Incorporated in the Republic of Singapore)
(Company Registration No. AGO/RFC/228)

Audited Financial Statements

For the Financial Year ended 31 December 2022



Independent Auditor's Report

To the Board of Directors and Management of
The Great Eastern Life Assurance Company Limited - Brunei Branch
(Established in Brunei Darussalam)
BD 47727 Lot No. 55967
Kampong Kiarong, Mukim Gadong,
Muara District, Brunei Darussalam

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements of The Great Eastern Life Assurance Company Limited - Brunei Branch (the "Branch") give a true and fair view of the financial position of the Branch as at 31 December 2022, and its financial performance, changes in head office account and cash flows for the year then ended, as shown in the books maintained in Brunei Darussalam, in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act") and the International Financial Reporting Standards.

What we have audited

The financial statements of the Branch comprise:

- the balance sheet as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the financial year ended 31 December 2022;
- the statement of changes in head office account for the financial year ended 31 December 2022;
- the statement of cash flows for the financial year ended 31 December 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 Branch in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the "Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

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Independent Auditor's Report
To the Board of Directors and Management of
The Great Eastern Life Assurance Company Limited - Brunei Branch

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Act and the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch'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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report
To the Board of Directors and Management of
The Great Eastern Life Assurance Company Limited - Brunei Branch

- 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 Branch'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 Branch 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.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Branch have been properly kept in accordance with the provisions of the Act. We have obtained all the information and explanations that we required.

PricewaterhouseCoopers Services

A handwritten signature in blue ink, appearing to read 'Xiang Yuin', is written over a faint, illegible stamp.

Chai Xiang Yuin
Partner

Brunei Darussalam
21 February 2023

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December

in Brunei Dollars	Note	2022	2021
Income			
Gross premiums		32,403,991	23,391,621
Premiums ceded to reinsurers		(315,305)	(312,773)
Net premiums		32,088,686	23,078,848
Commissions received from reinsurers		9,816	11,186
Investment income, net	3	5,182,343	5,032,893
Loss on sale of investments and changes in fair value	4	(46,295,962)	(7,005,054)
Gain/(loss) on exchange differences		24	(18)
		(9,015,093)	21,117,855
Less: Expenses			
Gross claims, maturities, surrenders and annuities		11,195,660	10,370,185
Claims, maturities, surrenders and annuities recovered from reinsurers		(142,357)	(210,269)
Commissions and distribution expenses		2,251,396	2,425,061
Management and other expenses	5	1,827,699	1,466,793
Depreciation	16	124,036	69,216
Gross change in insurance contract liabilities	9	8,900,293	15,520,480
Change in insurance contract liabilities ceded	9	(104,594)	(2,101)
		24,052,133	29,639,365
Loss before income tax		(33,067,226)	(8,521,510)
Income tax	6	(24,039)	(249,109)
Loss after income tax		(33,091,265)	(8,770,619)
Total comprehensive loss for the year		(33,091,265)	(8,770,619)

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

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

BALANCE SHEET

As at 31 December

in Brunei Dollars	Note	2022	2021
LIABILITIES			
Insurance payables	7	8,076,386	8,024,803
Other creditors	8	15,259,039	17,164,037
Income tax payable		1,623,735	1,846,612
Derivative financial liabilities	13	660,410	188,445
Amount due to Head Office	17	-	267,203
Insurance contract liabilities	9	253,064,707	244,164,414
TOTAL LIABILITIES		278,684,277	271,655,514
ASSETS			
Cash and cash equivalents		39,020,226	43,849,476
Other debtors	10	3,620,959	3,217,591
Insurance receivables	11	20,895,959	21,109,688
Reinsurers' share of insurance contract liabilities	9	165,650	61,056
Investments	14	291,823,530	315,573,028
Derivative financial assets	13	467,346	73,321
Amount due from Head Office	17	1,417,791	-
Property, plant and equipment	16	903,043	977,418
TOTAL ASSETS		358,314,504	384,861,578
NET ASSETS		79,630,227	113,206,064
Represented by:			
Unallocated surplus		79,630,227	113,206,064
		79,630,227	113,206,064



Mr Koh Beng Seng
Chairman



Mr Leo Mun Wai
Director

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

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT

For the financial year ended 31 December

in Brunei Dollars	Note	Unallocated Surplus
Balance at 1 January 2022		113,206,064
Total comprehensive loss for the year		(33,091,265)
Transfer to Head Office	17	(484,572)
Balance at 31 December 2022		79,630,227
Balance at 1 January 2021		122,471,233
Total comprehensive loss for the year		(8,770,619)
Transfer to Head Office	17	(494,550)
Balance at 31 December 2021		113,206,064

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

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

STATEMENT OF CASH FLOWS

For the financial year ended 31 December

In Brunei Dollars	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(33,067,226)	(8,521,510)
<i>Adjustment for non-cash items:</i>			
Surplus transferred to Head Office but not yet remitted	17	(484,572)	(494,550)
Loss on sale of investments and changes in fair value	4	46,295,962	7,005,054
Unrealised gain in exchange differences		(35,154)	(99,164)
Write off of property, plant and equipment		2,818	-
Change in life insurance contract liabilities	9	8,900,293	15,520,480
Change in insurance contract liabilities ceded to reinsurers	9	(104,594)	(2,101)
Depreciation	16	124,036	69,216
Interest income	3	(6,256,924)	(6,301,595)
Dividend income	3	(27,322)	(155,691)
Interest expense on policy benefits	5	176,806	188,284
		15,524,123	7,208,423
<i>Changes in working capital:</i>			
Insurance receivables		213,729	1,189,358
Other debtors		(274,540)	(2,944)
Insurance payables		51,583	(308,479)
Other creditors		(1,904,998)	(579,161)
Amount due from/to Head Office		(1,684,994)	(394,666)
Cash generated from operations		11,924,903	7,112,531
Interest paid on policy benefits		(176,806)	(188,284)
Income tax (paid)/refunded		(246,916)	339,495
Net cash flows generated from operating activities		11,501,181	7,263,742
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities and sales of investments		81,295,761	115,658,004
Purchase of investments		(103,729,131)	(119,233,050)
Purchase of property, plant and equipment	16	(52,479)	(80,629)
Interest income received		6,128,096	6,100,745
Dividend income received		27,322	155,691
Net cash flows (used in)/generated from investing activities		(16,330,431)	2,600,761
Net (decrease)/increase in cash and cash equivalents		(4,829,250)	9,864,503
Cash and cash equivalents at the beginning of the year		43,849,476	33,984,973
Cash and cash equivalents at the end of the year		39,020,226	43,849,476
Cash and cash equivalents comprise:			
Cash and bank balances		27,202,561	36,293,609
Cash on deposit		6,244,344	6,356,700
Short term instruments		5,573,321	1,199,167
		39,020,226	43,849,476

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Great Eastern Life Assurance Company Limited – Brunei Branch (the “Branch” or “GELB”) is a branch of The Great Eastern Life Assurance Company Limited, a company which is incorporated and domiciled in the Republic of Singapore. The principal place of business of the Branch is located at Brunei Darussalam 47727 Lot No 55967 Kampung Kiarong, Mukim Gadong, Brunei Muara District.

The principal activity of the Branch is to engage in life assurance business. There have been no significant changes in the nature of this activity during the financial year.

The holding company is Great Eastern Holdings Limited (“GEH”), a public listed company, incorporated in the Republic of Singapore. GEH’s immediate and ultimate holding company is Oversea-Chinese Banking Corporation Limited (“OCBC Bank”), which prepares financial statements for public use.

Under the Brunei Darussalam Insurance Order 2006 (“Insurance Order, 2006”), the Branch is required to establish and maintain an insurance fund in respect of its insurance business relating to Brunei Darussalam policies such that the assets comprised in the fund shall be applicable only to meet such part of the Branch’s liabilities and expenses as is properly so attributable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39, and the International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The accounting policies have been consistently applied by the Branch and are consistent with those used in the previous financial year, except as disclosed below.

The financial statements are presented in Brunei Dollars (BND or \$) except as otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies

The Branch has adopted the relevant new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022.

2.2.1 New and revised standards

The Branch has applied the following amendments to International Accounting Standards (“IAS”)/IFRS for the first time for the annual financial periods beginning 1 January 2022.

IFRS	Title	Effective date (Annual periods beginning on)
IAS 16	Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
IAS 37	Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

The adoption of these amendments did not have any material effect on the financial statements of the Branch.

2.2.2 IAS/IFRS not yet effective

IFRS	Title	Effective date (Annual periods beginning on or after)
IFRS 17	Insurance Contracts	1 January 2023
IFRS 17, IFRS 9	Initial Application of IFRS 17 and IFRS 9 - Comparative Information	1 January 2023
IAS 8	Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
IAS 12	Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Various	Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Various	Amendments to IFRS 17	1 January 2023
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2024
IFRS 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Various	Amendments to IFRS 1-1: Non-current Liabilities with Covenants	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

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.

IFRS 17 Insurance Contracts

The Branch will apply IFRS 17 for the first time on 1 January 2023. It is a comprehensive new accounting standard for insurance and reinsurance contracts covering recognition, measurement, presentation and disclosure, and is expected to have a material impact on the Branch's financial statements in the period of initial application.

A. IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 *Insurance Contracts* and is effective for annual periods beginning on or after 1 January 2023. The nature and effects of the changes in the Branch accounting policies are summarised below.

i. Identifying contracts in the scope of IFRS 17

IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Branch.

The key principles of IFRS 17 are that the Branch:

- Identifies insurance contracts as those under which the Branch accepts significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards; and
- Divides the insurance and reinsurance contracts into groups they will recognise and measure.

ii. Level of aggregation

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into quarterly cohorts (by quarter of issuance) into three groups based on the expected profitability of the contracts:

- (i) any contracts that are onerous at initial recognition;
- (ii) any contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- (iii) any remaining contracts in the portfolio.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

ii. Level of aggregation (continued)

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The profitability groupings are not reassessed under subsequent measurement.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Branch aggregates reinsurance contracts into quarterly cohorts (by quarter of issuance) for life reinsurance treaties into groups of:

- (i) contracts for which there is a net gain at initial recognition, if any;
- (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual reinsurance treaty basis.

The level of aggregation requirements of IFRS 17 limits the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin (“CSM”), against losses on groups of onerous contracts, which are recognised immediately.

iii. Contract Boundary

Under IFRS 17, the measurement of a group of insurance contracts includes all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Branch can compel the policyholder to pay the premiums, or in which the Branch has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Branch has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:
 - The Branch has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

iii. Contract Boundary (continued)

Fulfilment cash flows relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For contracts with renewal periods, the Branch assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Branch by considering all the risks covered for the policyholder by the Branch, that the Branch would consider when underwriting equivalent contracts on the renewal dates for the remaining service. Therefore, the cash flows related to renewals of insurance contracts will not be included in the contract boundary.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Branch that exist during the reporting period in which the Branch is compelled to pay amounts to the reinsurer or in which the Branch has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

The Branch reassesses contract boundaries of each group at the end of each reporting period.

Cash flows that are not directly attributable to a portfolio of insurance contracts, are recognised in other operating expenses as incurred.

iv. Measurement

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Branch fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (“CSM”). For an explanation of how the Branch will apply the measurement model, see Note 2.2.2A(v).

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

iv. Measurement – contracts not measured under the PAA

On initial recognition, the Branch measures a group of insurance contracts as the total of (a) the fulfilment cash flows, and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Branch's non-performance risk.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Branch requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Branch fulfils insurance contracts.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

Fulfilment Cash Flows ("FCF")

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Branch expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) are based on a probability-weighted mean of the full range of possible outcomes;
- (b) are determined from the perspective of the Branch, provided that the estimates are consistent with observable market prices for market variables; and
- (c) reflect conditions existing at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

v. Measurement – contracts not measured under the PAA (continued)

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows.

Contractual Service Margin (“CSM”)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Branch will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

- (a) the initial recognition of the FCF;
- (b) cash flows arising from the contracts in the group at that date;
- (c) the derecognition of any insurance acquisition cash flows asset; and
- (d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

Subsequent Measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

v. Measurement – contracts not measured under the PAA (continued)

Changes relating to future service	Adjusted against CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated cash flows	Recognised as insurance finance income or expenses in profit or loss, except for certain portfolios measured using the GMM where the OCI option is applied.

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

Reinsurance contracts

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

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

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

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Branch to the reinsurer.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

v. Measurement – contracts not measured under the PAA (continued)

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Branch recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Branch will recognise as a reinsurance income or expense as it receives insurance contract services from the reinsurer in the future.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Branch expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group; and to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts.

IFRS 17 will require the Branch to assess at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

v. Measurement – contracts not measured under the PAA (continued)

Impact assessment

Under IFRS 17, all profits will be recognised in profit or loss over the life of the contracts, and this will primarily be driven by the timing of the recognition in profit or loss of the CSM as services are provided and the risk adjustment for non-financial risk as the related risk expires. The Branch expects that, even though the total profit recognised over the lifetime of the contracts will not change, it will emerge differently under IFRS 17.

The increase in liabilities for Life contracts on transition to IFRS 17 can mainly be attributed to the following.

Key changes from IFRS 4	Impact on equity on transition to IFRS 17 at 1 January 2022
The estimates of the present value of future cash flows will increase as a result of a reduction in the discount rates because of the IFRS 17 requirements to measure future cash flows using current discount rates.	Decrease
The risk adjustment for non-financial risk under IFRS 17 will be lower than the risk margin under IFRS 4 as a result of recalibration of the measurement techniques to conform with the IFRS 17 requirements.	Increase
A CSM, determined using the transition approaches described under (2.2.2B), will be recognised for the unearned profit for these contracts.	Decrease

vi. Measurement – Significant Judgments and Estimates

The Branch makes estimates, assumptions and judgments in its estimates of future cash flows, discount rates used, risk adjustments for non-financial risk, and CSM. At the date of these financial statements, the Branch is still in the midst of finalising the judgments and estimation techniques employed, which are subject to change until the Branch reports IFRS 17 for the first time in calendar year 2023.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

vi. Measurement – Significant Judgments and Estimates (continued)

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Branch's degree of risk aversion. The Branch estimates an adjustment for non-financial risk separately from all other estimates. The Branch does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The confidence level technique was used to derive the overall risk adjustment for non-financial risk. Applying a confidence level technique, the Branch will estimate the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associate risks over all future years. The target confidence level will be at 85th percentile.

Estimates of future cash flows

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

vi. Measurement – Significant Judgments and Estimates (continued)

When estimating future cash flows, the Branch will take into account current expectations of future events that might affect cash flows. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Branch has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

vii. Presentation and disclosure

Under IFRS 17, for presentation in the balance sheet, the Branch will aggregate portfolios of insurance and reinsurance contracts held and present separately:

- Portfolios of insurance contracts that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The descriptions of the line items in the statement of profit or loss will change significantly compared with the Branch's current practice. Under IFRS 4, the Branch reports the following line items: premiums, claims, maturities, surrenders and annuities and change in insurance contract liabilities. IFRS 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expense;
- Insurance finance income or expense; and
- Income or expenses from reinsurance contracts held.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

vii. Presentation and disclosure (continued)

The Branch will provide disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts and reinsurance contracts; and
- Significant judgments, and changes in those judgments made when applying the standard.

Insurance service result comprises insurance revenue and insurance service expenses.

Insurance revenue

As the Branch provides insurance contract services under the insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Branch expects to be entitled to in exchange for those services.

The requirements of IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Branch's current practice of recognising revenue when the related premiums are written. Many insurance premiums include an investment (that is, deposit) component – an amount that will be paid to policyholders or their beneficiaries in all circumstances, regardless of whether an insured event occurs. The receipt and repayment of these non-distinct investment components do not relate to the provision of insurance services; therefore, such amounts are not presented as part of the Branch revenue or insurance service expenses.

Insurance service expense

Amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

Other expenses that relate directly to the fulfillment of insurance contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment contracts are included in other operating expenses in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

A. IFRS 17 Insurance Contracts (continued)

vii. Presentation and disclosure (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- (a) the effect of the time value of money and changes in the time value of money; and
- (b) the effect of financial risk and changes in financial risk.

The Branch disaggregates changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income or expenses.

The Branch includes all insurance finance income or expenses for the period in profit or loss, except for certain portfolios measured using the GMM where the Other Comprehensive Income (“OCI”) option is applied.

The Branch systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Branch reclassifies the insurance finance income or expenses to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

Disclosure

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in Accounting Policies (continued)

2.2.2 IAS/IFRS not yet effective (continued)

B. Transition

The Branch will restate the comparative information based on the transition approaches taken on adoption of IFRS 17.

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using the full retrospective approach to the extent practicable. The full retrospective approach was applied to insurance contracts that were originated less than one year prior to the effective date. The fair value approach will be applied to the remaining insurance contracts in force at transition date.

2.3 Foreign Currency Conversion and Translation

2.3.1 Functional and Presentation Currency

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements of the Branch are presented in Brunei dollars, which is the Branch’s functional currency.

2.3.2 Transactions and Balances

Transactions in foreign currency are measured in the functional currency of the Branch and are recorded on initial recognition in the functional currency at the 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 Statement of Profit or Loss and Other Comprehensive Income.

2.4 Insurance Contracts

2.4.1 Product Classification

Insurance contracts are those contracts where the Branch (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 Branch 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Insurance Contracts (continued)

2.4.1 Product Classification (continued)

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 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;
- That are contractually based on:
 - 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 Branch that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract, bifurcation is required to measure these embedded derivatives separately at fair value through the Statement of Profit or Loss and Other Comprehensive Income. However, bifurcation is not required if the embedded derivative is itself an insurance contract or if the host insurance contract itself is measured at fair value through the Statement of Profit or Loss and Other Comprehensive Income.

For the purpose of IFRS 4, the Branch 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 Branch 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 the Branch are considered insurance contracts as at the balance sheet date.

The Branch writes insurance contracts in accordance with Insurance Order 2006.

2.4.2 Types of Insurance Contracts

Insurance contract liabilities are classified into principal components as follows:

- (a) Life Insurance contract liabilities, comprising
 - Participating Fund contract liabilities; and
 - Non-Participating Fund contract liabilities
- (b) Reinsurance contracts

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Insurance Contracts (continued)

2.4.3 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 Insurance Order 2006. 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 Statement of Profit or Loss and Other Comprehensive Income.

The valuation of insurance contract liabilities is determined in accordance with Insurance Order 2006.

Life insurance 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 and the guaranteed benefit liabilities of participating life policies.

The liability in respect of a 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 2.4 below 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 Branch.

Adjustments to liabilities at each reporting date are recorded in the Statement of Profit or Loss and Other Comprehensive Income. Profits originating from the release in margins for adverse deviations are recognised in the Statement of Profit or Loss and Other Comprehensive Income over the lives of the contracts, whereas losses are fully recognised in the Statement of Profit or Loss and Other Comprehensive Income during the first year.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Insurance Contracts (continued)

2.4.3 Life Insurance Contract Liabilities (continued)

The Branch issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Branch 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 Branch.

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.

Participating contracts

A significant portion of insurance contracts issued by the Branch 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 Branch does not recognise the guaranteed components separately from the discretionary participating features.

Liability adequacy testing

The Branch is required by the Insurance Order 2006 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.

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 Order 2006. The Branch 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 Branch discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Insurance Contracts (continued)

2.4.3 Life Insurance Contract Liabilities (continued)

TABLE 2.4 below provide the key underlying assumptions used for valuation of life insurance contract liabilities.

	BRUNEI
Valuation Method	<p><u>Gross Premium Valuation</u></p> <p>For Participating Fund, the method that produces the higher reserves of:</p> <ul style="list-style-type: none"> (i) Guaranteed and non-guaranteed cash flows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (ii) Guaranteed cash flows discounted using the interest rate outlined below. (iii) Total assets less all liabilities except insurance contract liabilities of the Participating Fund
Discount Rate	<p>For policies denominated in BND / SGD:</p> <ul style="list-style-type: none"> (i) Singapore Government Securities for cash flows up to 20 years; (ii) Ultimate forward rate of 3.8% applicable for cash flows beyond 60 years; (iii) Extrapolated yields in between
Mortality, Disability, Dread disease, Expenses, Lapse and surrenders	<p>Participating Policies:</p> <ul style="list-style-type: none"> (i) Best estimates for Gross Premium Valuation method (i); and (ii) Best estimates plus provision for adverse deviation (PAD) for Gross Premium Valuation method (ii). <p>Non-Participating Policies: Best estimates plus provision for adverse deviation (PAD).</p> <p><i>Data source: Internal experience studies</i></p>

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Insurance Contracts (continued)

2.4.4 Reinsurance Contracts

The Branch cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurers. These amounts are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

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 an objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Branch may not receive part or all of the outstanding amounts under the terms of the contract. The impairment loss is recorded in the Statement of Profit or Loss and Other Comprehensive Income. Gains or losses on reinsurance are recognised in the Statement of Profit or Loss and Other Comprehensive Income immediately at the date of contract and are not amortised. Ceded reinsurance arrangements do not relieve the Branch from its obligations to policyholders.

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.

2.5 Profit from Insurance Fund

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 Order 2006. The provisions in the Articles of Association of the Head Office are applied in conjunction with the Insurance Order 2006, 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. 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 under the advice of the Appointed Actuary of the Branch, in accordance with the Insurance Order 2006 and the Articles of Association of the Head Office.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Recognition of Income and Expense

2.6.1 Premiums and Commissions

First year premiums of insurance policies are recognised from the inception date and subsequent renewal premiums are recognised when due. Single premiums are recognised on the dates on which the policies are effective. Commission is recognised as an expense when incurred.

2.6.2 Interest Income

Interest income is recognised using the effective interest rate method.

2.6.3 Dividend Income

Dividend income is recognised as investment income when the Branch's right to receive the payment is established.

2.6.4 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.

2.6.5 Impairment of Non-Financial Assets

The Branch assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment test for an asset is required, the Branch 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 on continuing operations are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Recognition of Income and Expense (continued)

2.6.5 Impairment of Non-Financial Assets (continued)

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 Statement of Profit or Loss and Other Comprehensive Income. Unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.6.6 Impairment of Financial Assets

The Branch recognises loss allowances for expected credit losses ("ECL") on receivables measured at amortised cost. For insurance receivables, the Branch measures the loss allowance at an amount equal to the lifetime expected credit losses, except for financial instruments on which credit risk has not increased significantly since their initial recognition. The Branch 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.

The 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Recognition of Income and Expense (continued)

2.6.6 Impairment of Financial Assets (continued)

- 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 Branch assesses whether financial assets measured at amortised cost 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 Branch 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.

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 Branch expects to receive).

Write-off

Debt financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Branch 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 Branch's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Recognition of Income and Expense (continued)

2.6.7 Employee Benefits

Defined Contribution Plans under Statutory Regulations

The Branch is required to make contributions on the basis of its employees' wages in accordance with the Tabung Amanah Pekerja Act, Cap. 167 and Supplemental Contributory Pension Scheme, Supplemental Contributory Pension Order, 2009. 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 Branch's Human Resource policy.

2.7 Income Taxes

2.7.1 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 country where the Branch 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 the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.7.2 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 or except when the deferred tax arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Income Taxes (continued)

2.7.2 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, if any, 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 that have been enacted or substantively enacted at the balance sheet date.

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.

2.8 Provisions

Provisions are recognised when the Branch 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 the 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 provision due to the passage of time is recognised as a finance cost.

2.9 Policy Benefits

Policy benefits are recognised when the policyholder exercises the option to deposit the survival benefits with the Branch when the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the Branch. Interest payable on policy benefits is recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

2.10 Claims Admitted or Intimated

Full provision is made for the estimated cost of all life assurance claims notified but not settled at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term, highly liquid investments, or are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 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 rate method. A loss allowance is measured at an amount equal to lifetime expected credit losses, with the impairment loss recognised in the Statement of Profit or Loss and Other Comprehensive Income. Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.13 have been met. The Branch's insurance receivables include outstanding premium, policy loans and reinsurance assets. Policy loans are loans and advances made to policyholders and are collateralised by the underlying policies.

2.13 Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial asset. The Branch determines the classification of its financial assets at initial recognition. At initial recognition, the Branch 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 Statement of Profit or Loss and Other Comprehensive Income.

Classification

On initial recognition, a financial asset is classified as measured at amortised cost 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial Assets (continued)

Classification (continued)

Financial assets at amortised cost include cash and cash equivalents (Note 2.11), insurance receivables (Note 2.12) and receivable from other debtors.

A financial asset that otherwise meets the requirements to be measured at amortised cost by irrevocable election, be designated as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Branch has designated all 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 Branch 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 Branch'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 Branch'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 financial assets.

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 Branch's original expectations, the Branch 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial Assets (continued)

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 Branch 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 Branch 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 Branch'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

2.13.1 Debt Instruments

Subsequent measurement of debt instruments depends on the Branch's business model for managing the asset and the contractual cash flow characteristics of the asset. The debt instruments are measured as follows:

(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 rate method. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Gains or losses are also recognised in profit or loss when the assets are derecognised.

(ii) Fair value through profit or loss ("FVTPL")

Debt instruments that do not meet the criteria for classification as amortised cost 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)

2.13 Financial Assets (continued)

Subsequent measurement (continued)

2.13.2 Equity Instruments

The Branch subsequently measures all equity instruments at fair value. Changes in fair value of equity instruments at FVTPL are recognised in profit or loss.

2.13.3 Derivatives

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.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Branch 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.

On derecognition of a financial asset, 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 Statement of Profit or Loss and Other Comprehensive Income.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Branch is recognised as a separate asset or liability.

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 Branch 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when the Branch becomes a party to the contractual obligations of the financial instrument. The Branch 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 and FVTPL, directly attributable transaction costs.

The Branch's financial liabilities include other creditors, amount due to Head Office and derivative financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

2.14.1 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at FVTPL 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 Branch 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 Statement of Profit or Loss and Other Comprehensive Income.

2.14.2 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 Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight line basis over estimated useful life of the assets as follows:

Buildings	50 years
Office furniture, fittings and equipment	4 years
Computer equipment	4 years

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 Statement of Profit or Loss and Other Comprehensive Income in the year the asset is derecognised.

2.18 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 Branch if that person:
 - (i) Has control or joint control over the Branch;
 - (ii) Has significant influence over the Branch; or
 - (iii) Is a member of the key management personnel of the Branch.

- (b) An entity is related to the Branch if any of the following conditions applies:
 - (i) The entity and the Branch 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;

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Related Parties (continued)

- (v) The entity is a post-employment benefit plan for the benefit of the employees of either the Branch or an entity related to the Branch. If the Branch is itself such a plan, the sponsoring employers are also related to the Branch;
- (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.

2.19 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 Branch; 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 Branch.

Contingent liabilities and assets are not recognised on the balance sheet of the Branch.

2.20 Events after the reporting period

Post year-end events that provide additional information about the Branch's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Critical Accounting Estimates and Judgments

In the preparation of the Branch'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 or 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.

2.21.1 Critical Accounting Estimates and Assumptions

(a) Liabilities of insurance business

The estimation of the ultimate liability arising from claims made under life insurance contracts is the Branch's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Branch will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, morbidity, lapses, voluntary terminations, investment returns and administration expenses and discount rates (note 2.4). The Branch relies on standard industry reinsurance of insurance contract liabilities 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 life insurance contract liabilities. The carrying value of life insurance contract liabilities, gross as at 31 December 2022 amounted to \$253,064,707 (31 December 2021: \$244,164,414).

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Critical Accounting Estimates and Judgments (continued)

(b) **Income taxes**

Significant judgment is required in determining the capital allowances and deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Branch 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 payable as at 31 December 2022 amounted to \$1,623,735 (2021: \$1,846,612).

(c) **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Branch uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Branch's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(d) **Insurance contract classification**

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Branch. The Branch exercises judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Branch is required to pay significant additional benefits in excess of amounts payable if the insured event did not occur. 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.

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

In Brunei Dollars	2022	2021
3. INVESTMENT INCOME, NET		
Dividend income:		
- Investments		
Financial assets mandatorily measured at FVTPL	27,322	155,691
Interest income:		
- Investments		
Financial assets designated as at FVTPL	5,141,699	5,090,302
- Financial assets at amortised cost	1,115,225	1,211,293
	6,256,924	6,301,595
	6,284,246	6,457,286
Less: Investment related expenses	1,101,903	1,424,393
	5,182,343	5,032,893
4. LOSS ON SALE OF INVESTMENTS AND CHANGES IN FAIR VALUE		
Changes in fair value of investments		
- mandatorily measured at FVTPL	(22,253,517)	11,041,057
- designated as at FVTPL	(24,042,445)	(18,046,111)
	(46,295,962)	(7,005,054)
5. ADDITIONAL PROFIT OR LOSS DISCLOSURES		
Staff costs and related expenses		
Salaries, wages, bonuses and other costs	740,803	466,620
Employee Provident Fund	38,493	30,206
	779,296	496,826
Interest expense on policy benefits	176,806	188,284

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

In Brunei Dollars 2022 2021

6. INCOME TAX

Major components of income tax expense

The major component of income tax expense for the years ended 31 December 2022 and 2021 is:

Current income taxation	24,039	249,109
Total tax expense recognised for the year	24,039	249,109

Relationship between income tax expense and accounting loss

The reconciliation between income tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 is as follows:

Loss before income tax	(33,067,226)	(8,521,510)
Tax at statutory rate of 18.5% (2021: 18.5%)	(6,117,437)	(1,576,479)
<u>Adjustments:</u>		
Foreign tax paid not recoverable	24,039	249,109
Effect of being taxed on a different basis	6,117,437	1,576,479
Income tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income	24,039	249,109

7. INSURANCE PAYABLES

Policy benefits	7,433,414	7,209,050
Claims admitted or intimated	509,400	703,044
Reinsurance liabilities	133,572	112,709
	8,076,386	8,024,803

The carrying amounts disclosed above approximate fair value at the balance sheet date. Policy benefits bear interest at 2.5% per annum (2021: 2.5% per annum).

8. OTHER CREDITORS

Accrued expenses	1,751,160	1,670,038
Investment creditors	1,160,200	678,984
Other creditors	12,288,696	14,754,280
Premiums in suspense	58,983	60,735
	15,259,039	17,164,037

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

In Brunei Dollars	Note	2022			2021		
9. INSURANCE CONTRACT LIABILITIES							
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at the beginning of the year		244,164,414	(61,056)	244,103,358	228,643,934	(58,955)	228,584,979
Change in life insurance contract liabilities							
- Due to assumptions change		760,755	(55,886)	704,869	3,350,141	774	3,350,915
- Due to change in discount rate		(18,390,245)	(9,001)	(18,399,246)	(4,038,136)	48,491	(3,989,645)
- Due to movement during the year		26,529,783	(39,707)	26,490,076	16,208,475	(51,366)	16,157,109
		8,900,293	(104,594)	8,795,699	15,520,480	(2,101)	15,518,379
Balance at the end of the year		253,064,707	(165,650)	252,899,057	244,164,414	(61,056)	244,103,358
Life insurance contract liabilities at 31 December comprised the following:							
Contracts with Discretionary Participating Features		239,468,027	-	239,468,027	231,026,347	-	231,026,347
Contracts without Discretionary Participating Features		13,596,680	(165,650)	13,431,030	13,138,067	(61,056)	13,077,011
		253,064,707	(165,650)	252,899,057	244,164,414	(61,056)	244,103,358

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

In Brunei Dollars	2022	2021
10. OTHER DEBTORS		
Financial Assets:		
Accrued interest receivable	1,978,723	1,849,895
Investment debtors	627,672	350,189
Deposit collected	1,003,250	1,003,250
Other debtors	1,314	1,314
	12	
	3,610,959	3,204,648
Non-Financial Assets:		
Prepayments	10,000	12,943
	3,620,959	3,217,591
11. INSURANCE RECEIVABLES		
Due from policyholders:		
Outstanding premiums	915,054	801,555
Policy loans	19,976,881	20,213,515
Due from reinsurers:		
Amounts due from reinsurers	4,024	94,618
	12	
	20,895,959	21,109,688
12. FINANCIAL ASSETS AT AMORTISED COST		
Cash and cash equivalents	39,020,226	43,849,476
Insurance receivables	11	21,109,688
Other debtors	10	3,204,648
	63,527,144	68,163,812

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

13. DERIVATIVE FINANCIAL INSTRUMENTS

In Brunei Dollars		Notional Principal 2022	Derivative Financial Assets 2022	Derivative Financial Liabilities 2022	Notional Principal 2021	Derivative Financial Assets 2021	Derivative Financial Liabilities 2021
<u>Derivatives</u>							
Foreign exchange:	Forwards	14,799,922	317,961	20,904	7,949,866	67,610	7,941
Interest rates:	Swaps	35,640,000	149,385	507,188	19,640,000	-	3,706
	Exchange traded futures	89,140	-	132,318	15,952,043	5,711	176,798
		50,529,062	467,346	660,410	43,541,909	73,321	188,445

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 at 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

14. INVESTMENTS

In Brunei Dollars	2022	2021
Mandatorily measured at FVPTL		
Collective investment schemes ⁽¹⁾	96,739,776	123,990,217
Total financial assets mandatorily measured at FVTPL	96,739,776	123,990,217
Designated at FVTPL		
Debt securities		
(i) Quoted debt securities	186,943,666	180,506,009
(ii) Unquoted debt securities	8,140,088	11,076,802
Total financial assets designated at FVTPL ⁽²⁾	195,083,754	191,582,811
TOTAL INVESTMENTS	291,823,530	315,573,028

⁽¹⁾ Collective investment schemes include but are not limited to Hedge funds, Exchange-Traded funds and Open Ended Investment Companies.

⁽²⁾ These securities are designated at fair value through the Profit or Loss statement on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN UNCONSOLIDATED 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 Branch has an interest in unconsolidated structured entities as described below.

The Branch holds shares or units in investment vehicles, which consist of:

- Collective Investment Scheme which comprise: Hedge funds, Exchange-Traded funds (“ETF”) and Open Ended Investment Companies (“OEIC”).

The Branch's holding 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.

As part of its investment activities, the Branch invests in unconsolidated structured entities. As at 31 December 2022, the Branch's total interest in unconsolidated structured entities was \$96,739,776 (31 December 2021: \$123,990,217) on the Branch's balance sheet.

The Branch does not sponsor any of the unconsolidated structured entities.

A summary of the Branch's interest in unconsolidated structured entities is as follows:

in Brunei Dollars	Financial investments	
	2022	2021
Collective Investment Scheme		
<i>Analysed as:</i>		
Hedge funds	42	202
ETF	6,266,562	9,101,579
OEIC	90,473,172	114,888,436
Total	96,739,776	123,990,217

The Branch's maximum exposure to the loss on the interests presented above is the carrying amount of the Branch's investments.

The Branch has not provided any financial or other support to the unconsolidated structured entities as at the reporting date, and there are no intention to provide support in the foreseeable future.

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

in Brunei Dollars	Computer Equipment	Building	Other Assets ⁽¹⁾	Total
Cost				
At 1 January 2021	329,487	890,000	759,401	1,978,888
Additions	77,335	-	3,294	80,629
At 31 December 2021	406,822	890,000	762,695	2,059,517
Additions	52,479	-	-	52,479
Reclassification	(69,420)	-	69,420	-
Disposals / assets written off	(2,818)	-	(687,049)	(689,867)
At 31 December 2022	387,063	890,000	145,066	1,422,129
Accumulated Depreciation				
At 1 January 2021	(126,591)	(142,400)	(743,892)	(1,012,883)
Depreciation charge for the year	(42,885)	(17,800)	(8,531)	(69,216)
At 31 December 2021	(169,476)	(160,200)	(752,423)	(1,082,099)
Depreciation charge for the year	(32,261)	(17,800)	(73,975)	(124,036)
Disposals / assets written off	-	-	687,049	687,049
At 31 December 2022	(201,737)	(178,000)	(139,349)	(519,086)
Net Book Value				
At 31 December 2021	237,346	729,800	10,272	977,418
At 31 December 2022	185,326	712,000	5,717	903,043

⁽¹⁾ Other assets include office furniture, fittings and equipment

NOTES TO THE FINANCIAL STATEMENTS

17. AMOUNT DUE FROM/TO HEAD OFFICE

The amount due from/to Head Office is non-trade related, unsecured, interest-free, repayable on demand and is to be settled in cash. During the financial year, an amount of \$484,572 (2021: \$494,550) was transferred from Unallocated Surplus to Amount due from/to Head Office.

18. RELATED PARTY TRANSACTIONS

The Branch enters into transactions with their related parties in the normal course of business.

18.1 Significant related party transactions

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

in Brunei Dollars	2022	2021
Management and performance fees paid to a related company	965,780	1,334,676
Compensation of key management personnel paid to:		
- Head office	-	24,861
Other expenses paid to:		
- Head office	446,757	708,724

18.2 Balance sheet balances with related parties

Balance sheet balances with related parties as at 31 December are as follows:

in Brunei Dollars	2022	2021
Cash and cash equivalents held with:		
- Ultimate holding company	6,135,242	2,062,345
Amount due (from)/to Head Office	(1,417,791)	267,203

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 (2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES

Governance framework

Managing risk is an integral part of the Branch's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Branch shall:

- Operate within parameters and limits that are calibrated to the risk appetite approved by the Board, and
- Pursue appropriate risk-adjusted returns.

Head Office and its subsidiaries are collectively known as the "Group". The Branch Risk Management department spearheads the development and implementation of the ERM Framework for the Branch.

The Board is responsible for overseeing the Branch's risk management initiatives. The Board may delegate this responsibility to the Risk Management Committee ("RMC") and Senior Management for the execution of these initiatives. At the Branch level, detailed risk management and oversight activities are undertaken by the following Group Management committees, all of which are chaired by the Branch 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 Branch. 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 Branch 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 Branch and ensuring that the interests and rights of policyholders are not compromised.

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 Branch's strategic growth into the future. Group TSC is supported by Local TSC.

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Governance framework (continued)

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

The Branch is required to comply with the Insurance Order, 2006 and Regulations. as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the policy for the investment of the funds 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 the Branch’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 Branch had no significant changes in the policies and processes relating to its capital structure during the year.

The following sections provide details of the Branch'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 Branch'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 Branch 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), investment saving protection and wealth accumulation guarantees.

The Branch's underwriting strategy is designed to ensure that these 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 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 Branch has the right to reject renewal of insurance policy, impose deductibles and reject payment of fraudulent claims.

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk (continued)

Risks inherent in the Branch's activities include but are not limited to the following:

Insurance Risks of Life Insurance Contracts

Insurance risks arise when the Branch underwrites insurance contracts. While insurance risks may not vary significantly across the geographical locations in which the Branch currently operates, the types of risks insured, assumptions used in pricing the insurance products and subsequent setting of 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.

The Branch utilises reinsurance to manage the mortality and morbidity risks. The Branch'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 Branch'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 Branch 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 at least annually, and ensures that the policies, guidelines and limits established for managing the risks remain adequate and appropriate.

A substantial portion of the Branch's life assurance 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.

Stress testing is performed at least once a year to assess the solvency of the life 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.

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk (continued)

TABLE 19(A): The table below sets out the distribution of the various life insurance risk as at the balance sheet date:

in Brunei Dollars	Insurance contract liabilities		
	Gross	Reinsurance	Net
2022			
Whole life	170,549,422	-	170,549,422
Endowment	69,911,059	-	69,911,059
Term	628,530	(151,503)	477,027
Accident and health	452,443	-	452,443
Others	11,523,253	(14,147)	11,509,106
Total	253,064,707	(165,650)	252,899,057
2021			
Whole life	167,839,784	-	167,839,784
Endowment	64,231,677	-	64,231,677
Term	546,430	(55,901)	490,529
Accident and health	431,810	-	431,810
Others	11,114,713	(5,155)	11,109,558
Total	244,164,414	(61,056)	244,103,358

The sensitivity analysis below shows the impact of changes in key parameters on the value of insurance contract liabilities, and hence on the Statement of Profit or Loss and Other Comprehensive Income.

Sensitivity analysis produced is based on parameters set out as follows:

	Change in assumptions
Scenario 1 – Mortality and Major Illness	+ 25% for all future years
Scenario 2 – Mortality and Major Illness	- 25% for all future years
Scenario 3 – Health and Disability	+ 25% for all future years
Scenario 4 – Health and Disability	- 25% for all future years
Scenario 5 – Lapse and Surrender rates	+ 25% for all future years
Scenario 6 – Lapse and Surrender rates	- 25% for all future years
Scenario 7 – Expenses	+ 30% for all future years

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Insurance Risk (continued)

TABLE 19(B): Profit / (Loss) After Tax sensitivity:

Impact on one-year's profit / (loss) after tax

in Brunei Dollars	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
<u>2022</u>							
Gross impact	(2,811,431)	2,583,632	(118,512)	106,128	1,059,496	(1,356,154)	(114,047)
Reinsurance ceded	481,175	(152,904)	6,138	(4,460)	(60,836)	94,581	23,601
Net impact	(2,330,256)	2,430,728	(112,374)	101,668	998,660	(1,261,573)	(90,446)
 <u>2021</u>							
Gross impact	(2,603,122)	2,480,295	(111,197)	97,547	972,537	(1,221,802)	(92,638)
Reinsurance ceded	279,095	(50,008)	5,236	(2,822)	(24,407)	71,775	13,327
Net impact	(2,324,027)	2,430,287	(105,961)	94,725	948,130	(1,150,027)	(79,311)

The tables above demonstrate the sensitivity of the Branch's profit or loss after tax to possible changes in individual actuarial valuation assumptions, 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

19. 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.

The Branch is exposed to market risk through its investment portfolios, as well as in the mismatches between assets and liabilities.

Group ALC, Group IC and Local ALCs actively manages market risk through 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 Branch's risk appetite and in line with the Branch's risk 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 Branch 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 Branch is exposed to interest rate risk through (i) investments in fixed income instruments and (ii) insurance contract liabilities. Given the long duration of insurance contract liabilities and the uncertainties in the cash flows of the Branch, it is not possible to hold assets with duration perfectly matches the duration of the insurance contract 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 Fund will incur an economic loss when interest rates drop as the duration of insurance contract liabilities is generally longer than the duration of fixed income assets.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBOR) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Branch does not have any exposure to IBORs on its financial instruments that will be reformed as part of this market-wide initiative.

- (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.

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(b) Foreign exchange risk (continued)

TABLE 19(C): The tables below show the foreign exchange position of the Branch's financial and insurance-related assets and liabilities by major currencies:

in Brunei Dollars	BND	SGD	USD	Others	Total
<u>As at 31 December 2022</u>					
<u>FINANCIAL AND INSURANCE-RELATED ASSETS</u>					
Financial assets at FVTPL					
Debt securities	-	180,302,319	6,845,489	7,935,946	195,083,754
Other investments	-	-	74,006,429	22,733,347	96,739,776
Derivative financial assets	-	467,346	-	-	467,346
Insurance receivables	20,661,108	234,851	-	-	20,895,959
Reinsurers' share of insurance contract liabilities	165,650	-	-	-	165,650
Amount due from Head office	1,417,791	-	-	-	1,417,791
Other debtors	1,870,492	1,697,293	20,563	22,611	3,610,959
Cash and cash equivalents	9,870,157	27,117,047	1,655,920	377,102	39,020,226
	33,985,198	209,818,856	82,528,401	31,069,006	357,401,461
<u>FINANCIAL AND INSURANCE-RELATED LIABILITIES</u>					
Insurance payables	7,942,814	133,572	-	-	8,076,386
Other creditors	14,039,855	1,160,201	-	-	15,200,056
Derivative financial liabilities	-	511,252	149,158	-	660,410
Insurance contract liabilities	253,064,707	-	-	-	253,064,707
	275,047,376	1,805,025	149,158	-	277,001,559

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(b) Foreign exchange risk (continued)

in Brunei Dollars	BND	SGD	USD	Others	Total
<u>As at 31 December 2021</u>					
<u>FINANCIAL AND INSURANCE-RELATED ASSETS</u>					
Financial assets at FVTPL					
Debt securities	-	176,851,541	5,241,965	9,489,305	191,582,811
Other investments	-	-	104,353,890	19,636,327	123,990,217
Derivative financial assets	-	67,610	5,711	-	73,321
Insurance receivables	20,956,537	153,151	-	-	21,109,688
Reinsurers' share of insurance contract liabilities	61,056	-	-	-	61,056
Other debtors	1,368,745	1,783,276	28,521	24,106	3,204,648
Cash and cash equivalents	20,669,807	21,729,113	849,363	601,193	43,849,476
	<u>43,056,145</u>	<u>200,584,691</u>	<u>110,479,450</u>	<u>29,750,931</u>	<u>383,871,217</u>
 <u>As at 31 December 2021</u>					
<u>FINANCIAL AND INSURANCE-RELATED LIABILITIES</u>					
Insurance payables	7,912,094	112,709	-	-	8,024,803
Other creditors	16,424,317	678,985	-	-	17,103,302
Derivative financial liabilities	5,182	-	140,153	43,110	188,445
Amount due to Head Office	267,203	-	-	-	267,203
Insurance contract liabilities	244,164,414	-	-	-	244,164,414
	<u>268,773,210</u>	<u>791,694</u>	<u>140,153</u>	<u>43,110</u>	<u>269,748,167</u>

The Branch has no significant concentration of foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS

19. 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 investment assets through direct equity investment, where the Branch, through investments, bears all or most of the limits set for single security holdings as a percentage of total equity holdings.
- (d) **Credit spread risk.** Exposure to credit spread risk exists in the Branch'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 in mark-to-market losses in the Branch's bond portfolio.
- (e) **Alternative investment risk.** The Branch is exposed to alternative investment risk through investments in real estate and hedge funds. 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 Branch does not have any exposure to commodity risk.
- (g) **Liquidity risk.** Liquidity risk arises when the Branch 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 Branch, 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 surrender of insurance policies due to 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 product design, risk diversification, investment strategies and systematic monitoring. Surrender penalty in insurance contracts also protects the Branch from losses due to unexpected surrender trends and reduces the sensitivity of surrenders to changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(g) Liquidity risk (continued)

Maturity Profile

TABLE 19(D): The following tables show the expected recovery or settlement of financial assets and maturity profile of the Branch's financial and insurance related liabilities which are presented based on a contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on net cash outflows resulting from recognised liabilities :

in Brunei Dollars	Carrying Amount	< 1 Year	1 - 5 Years	> 5 Years	No maturity date	Total
<u>As at 31 December 2022</u>						
<u>FINANCIAL AND INSURANCE-RELATED ASSETS</u>						
Financial assets at FVTPL						
Debt securities	195,083,754	2,211,277	30,117,280	259,825,290	-	292,153,847
Other investments	96,739,776	-	-	-	96,739,776	96,739,776
Insurance receivables	20,895,959	20,895,959	-	-	-	20,895,959
Reinsurers' share of insurance contract liabilities	165,650	5,922	5,665	154,063	-	165,650
Amount due from Head office	1,417,791	1,417,791	-	-	-	1,417,791
Other debtors	3,610,959	2,607,709	-	-	1,003,250	3,610,959
Derivative financial assets	467,346	467,346	-	-	-	467,346
Cash and cash equivalents	39,020,226	39,020,226	-	-	-	39,020,226
	357,401,461	66,626,230	30,122,945	259,979,353	97,743,026	454,471,554

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(g) Liquidity risk (continued)

Maturity Profile (continued)

in Brunei Dollars	Carrying Amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
As at 31 December 2022						
<u>FINANCIAL AND INSURANCE-RELATED LIABILITIES</u>						
Other creditors	15,200,056	15,200,056	-	-	-	15,200,056
Insurance payables	8,076,386	7,996,171	29,963	-	50,252	8,076,386
Derivative financial liabilities	660,410	660,410	-	-	-	660,410
Insurance contract liabilities	253,064,707	(6,643,194)	(3,188,211)	262,896,112	-	253,064,707
	277,001,559	17,213,443	(3,158,248)	262,896,112	50,252	277,001,559

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(g) Liquidity risk (continued)

Maturity Profile

in Brunei Dollars	Carrying Amount	< 1 Year	1 - 5 Years	> 5 Years	No maturity date	Total
<u>As at 31 December 2021</u>						
<u>FINANCIAL AND INSURANCE-RELATED ASSETS</u>						
Financial assets at FVTPL						
Debt securities	191,582,811	6,075,332	10,247,462	244,682,282	-	261,005,076
Other investments	123,990,217	-	-	-	123,990,217	123,990,217
Insurance receivables	21,109,688	21,112,209	(2,521)	-	-	21,109,688
Reinsurers' share of insurance contract liabilities	61,056	5,027	3,342	52,687	-	61,056
Other debtors	3,204,648	2,201,398	-	-	1,003,250	3,204,648
Derivative financial assets	73,321	73,321	-	-	-	73,321
Cash and cash equivalents	43,849,476	43,849,476	-	-	-	43,849,476
	383,871,217	73,316,763	10,248,283	244,734,969	124,993,467	453,293,482

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(g) Liquidity risk (continued)

Maturity Profile (continued)

in Brunei Dollars	Carrying Amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
<u>As at 31 December 2021</u>						
<u>FINANCIAL AND INSURANCE-RELATED LIABILITIES</u>						
Other creditors	17,103,302	17,103,302	-	-	-	17,103,302
Insurance payables	8,024,803	7,959,074	15,477	-	50,252	8,024,803
Derivative financial liabilities	188,445	188,445	-	-	-	188,445
Amount due to Head Office	267,203	267,203	-	-	-	267,203
Insurance contract liabilities	244,164,414	(6,876,243)	(8,809,602)	259,850,259	-	244,164,414
	<u>269,748,167</u>	<u>18,641,781</u>	<u>(8,794,125)</u>	<u>259,850,259</u>	<u>50,252</u>	<u>269,748,167</u>

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(g) Liquidity risk (continued)

TABLE 19(E): The following tables show the current/non-current classification of assets and liabilities:

in Brunei Dollars	Current*	Non-Current	Total
<u>As at 31 December 2022</u>			
<u>ASSETS</u>			
Cash and cash equivalents	39,020,226	-	39,020,226
Other debtors	2,617,709	1,003,250	3,620,959
Insurance receivables	20,895,959	-	20,895,959
Reinsurers' share of insurance contract liabilities	5,922	159,728	165,650
Amount due from Head office	1,417,791	-	1,417,791
Derivative financial assets	467,346	-	467,346
Investments	2,161,546	289,661,984	291,823,530
Property, plant and equipment	-	903,043	903,043
	66,586,499	291,728,005	358,314,504
<u>LIABILITIES</u>			
Other creditors	15,259,039	-	15,259,039
Insurance payables	7,996,171	80,215	8,076,386
Derivative financial liabilities	660,410	-	660,410
Income tax payable	1,623,735	-	1,623,735
Insurance contract liabilities	(6,643,194)	259,707,901	253,064,707
	18,896,161	259,788,116	278,684,277

THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED – BRUNEI BRANCH

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(g) Liquidity risk (continued)

in Brunei Dollars	Current*	Non-Current	Total
<u>As at 31 December 2021</u>			
<u>ASSETS</u>			
Cash and cash equivalents	43,849,476	-	43,849,476
Other debtors	2,214,341	1,003,250	3,217,591
Insurance receivables	21,112,209	(2,521)	21,109,688
Reinsurers' share of insurance contract liabilities	5,027	56,029	61,056
Derivative financial assets	73,321	-	73,321
Investments	6,009,299	309,563,729	315,573,028
Property, plant and equipment	-	977,418	977,418
	<u>73,263,673</u>	<u>311,597,905</u>	<u>384,861,578</u>
<u>LIABILITIES</u>			
Other creditors	17,164,037	-	17,164,037
Insurance payables	7,959,074	65,729	8,024,803
Derivative financial liabilities	184,739	3,706	188,445
Income tax payable	1,846,612	-	1,846,612
Amount due to Head Office	267,203	-	267,203
Insurance contract liabilities	(6,876,243)	251,040,657	244,164,414
	<u>20,545,422</u>	<u>251,110,092</u>	<u>271,655,514</u>

* Expected recovery or settlement within 12 months from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

19. 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 Branch is mainly exposed to credit risk through (i) investments in cash and bonds, and (ii) exposure to counterparty's credit risk in derivative transactions and reinsurance contracts. For both 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 the Branch ALC. The Branch 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 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.

in Brunei Dollars	Type of Collaterals	Carrying Amount of Loans	Fair Value of Collateral
As at 31 December 2022			
Policy loans	Cash value of policies	19,976,881	47,916,024
Total		19,976,881	47,916,024
As at 31 December 2021			
Policy loans	Cash value of policies	20,213,515	46,605,250
Total		20,213,515	46,605,250

There were no securities lending arrangements as at 31 December 2022 (31 December 2021: nil).

As at the balance sheet date, no investments (2021: nil) were placed as collateral for currency hedging purposes.

Transactions are conducted under standard terms and conditions for securities borrowing and lending activities.

NOTES TO THE FINANCIAL STATEMENTS

19. 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 measured at FVTPL and at amortised cost:

	Neither past due nor impaired			Not subject to credit risk	Past due*	Total
	Investment Grade (BBB to AAA)	Non Investment Grade (C to BB)	Not Rated			
in Brunei Dollars						
<u>As at 31 December 2022</u>						
Financial assets at FVTPL						
Debt securities	172,580,559	-	22,503,195	-	-	195,083,754
Other investments	-	-	-	96,739,776	-	96,739,776
Derivative financial assets	461,635	-	5,711	-	-	467,346
Insurance receivables	-	-	20,895,959	-	-	20,895,959
Other debtors	-	-	3,620,959	-	-	3,620,959
Cash and cash equivalents	39,020,226	-	-	-	-	39,020,226
	212,062,420	-	47,025,824	96,739,776	-	355,828,020

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NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market and Credit Risk (continued)

(h) Credit risk (continued)

in Brunei Dollars	Neither past due nor impaired			Not subject to credit risk	Past due*	Total
	Investment Grade (BBB to AAA)	Non Investment Grade (C to BB)	Not Rated			
<u>As at 31 December 2021</u>						
Financial assets at FVTPL						
Debt securities	168,794,293	-	22,788,518	-	-	191,582,811
Other investments	-	-	-	123,990,217	-	123,990,217
Derivative financial assets	67,610	-	5,711	-	-	73,321
Insurance receivables	-	-	21,109,688	-	-	21,109,688
Other debtors	-	-	3,217,591	-	-	3,217,591
Cash and cash equivalents	43,849,476	-	-	-	-	43,849,476
	<u>212,711,379</u>	<u>-</u>	<u>47,121,508</u>	<u>123,990,217</u>	<u>-</u>	<u>383,823,104</u>

* The Branch does not hold any financial assets that are past due or impaired

NOTES TO THE FINANCIAL STATEMENTS

19. 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 Branch's exposures are within the concentration limits set by the regulator.

The Branch actively manages its product mix to ensure that there is no significant concentration in market and credit risk.

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 applicable laws, regulations and standards:

- laws, regulations and rules governing licensed activities undertaken by the Branch;
- codes of practice promoted by industry associations; and
- any other applicable regulations which do not specifically govern the licensed activities undertaken by the Branch 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. Issues are managed and monitored by the SMT. 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.

NOTES TO THE FINANCIAL STATEMENTS

19. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Technology, Information and Cyber Risks (continued)

The Branch adopts a risk-based approach in managing technology, risks relating to IT disruption, cyber threats, data loss and third parties. Key risk indicators related to technology risks are reported to the Board on a regular basis. Independent assessment is performed by Internal Audit for the adequacy and effectiveness of the technology risk controls.

Sustainability Risk

Sustainability risk is defined as any environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and enterprise value. The Branch has integrated ESG considerations into the investment and underwriting activities.

At present, the Branch manages social and governance-related risk through existing frameworks and policies. In order to build resilience as the world transits to a low-carbon economy, the Branch has formalised the Branch Environmental Risk Management Policy which sets forth guiding principles and minimum standards in managing environmental risk within the Branch. Environmental risk arises from the potential adverse impact of changes in the environment on economic activities and human well-being. Environmental issues that are of concern include climate change, loss of biodiversity, pollution and changes in land use. Environmental risk can manifest in three dimensions of risk as follows:

- Physical risk – impact of weather events and long-term or widespread environmental changes. It arises from acute (event-driven) and chronic (long term shift) climate-related events that damage property, reduce productivity and disrupt trade.
- Transition risk – arises from the process of adjustment to an environmentally sustainable economy, including change in public policies, disruptive technological developments, and shifts in consumer and investor preferences.
- Liability risk – arises from legal risk and claims on damages and losses incurred from inaction or lack of action that results in the effects of physical and transition risks.

The Branch's risk assessment considers the financial and non-financial impacts from physical and transition risks arising from climate change. With this, the Branch organisation has put in place processes, methodology, and both qualitative and quantitative tools to identify and assess environmental risk for investment and underwriting portfolios.

For underwriting portfolio, risk transfer tool such as reinsurance is used to assist in managing environmental risk. For investment portfolio, the objective is to build resilient investment portfolios whilst striking a balance between ESG considerations, impact and financial returns.

The Branch has made its first disclosures on climate-related risks aligned to the Task Force on Climate-related Financial Disclosures ("TCFD") in May 2021 as part of GEH Sustainability Report 2021. The report provides some insights into the Branch's governance approach, strategy and risk management, as well as key metrics and targets for climate-related financial risks.

NOTES TO THE FINANCIAL STATEMENTS

20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

20.1 Fair Value Hierarchy

The Branch 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 Branch 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, 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

There has been no transfers of financial assets between levels during the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

20.2 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 Brunei Dollars	Level 1 - Quoted Market Price	Level 2 - Valuation techniques - market observable inputs	Total fair value
<u>As at 31 December 2022</u>			
<u>Financial assets</u>			
Derivative financial assets			
Foreign exchange			
Forwards	-	317,961	317,961
Interest rates			
Swaps	-	149,385	149,385
Financial assets at FVTPL			
Debt securities	192,110,607	2,973,147	195,083,754
Other investments			
Collective investment schemes	96,739,734	42	96,739,776
	288,850,341	3,440,535	292,290,876
<u>Financial liabilities</u>			
Derivative financial liabilities			
Foreign exchange			
Forwards	186	20,718	20,904
Interest rates			
Swaps	-	507,188	507,188
Exchange traded futures	132,318	-	132,318
	132,504	527,906	660,410

NOTES TO THE FINANCIAL STATEMENTS

20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

20.2 Assets and Liabilities Measured at Fair Value (continued)

in Brunei Dollars	Level 1 - Quoted Market Price	Level 2 - Valuation techniques - market observable inputs	Total fair value
<u>As at 31 December 2021</u>			
<u>Financial assets</u>			
Derivative financial assets			
Foreign exchange			
Forwards	-	67,610	67,610
Interest rates			
Exchange traded futures	5,711	-	5,711
Financial assets at FVTPL			
Debt securities	186,004,703	5,578,108	191,582,811
Other investments			
Collective investment schemes	123,990,015	202	123,990,217
	<u>310,000,429</u>	<u>5,645,920</u>	<u>315,646,349</u>
<u>Financial liabilities</u>			
Derivative financial liabilities			
Foreign exchange			
Forwards	-	7,941	7,941
Interest rates			
Swaps	-	3,706	3,706
Exchange traded futures	176,798	-	176,798
	<u>176,798</u>	<u>11,647</u>	<u>188,445</u>

21 COMPARATIVES FIGURES

Certain comparatives have been reclassified to conform with current year presentations.

22 AUTHORISATION OF FINANCIAL STATEMENTS

At the Board of Directors' Meeting held on 21 February 2023, the Board authorised these financial statements for issue and that two Directors of the Board, Mr Koh Beng Seng and Mr Leo Mun Wai, sign on behalf of the Board.