



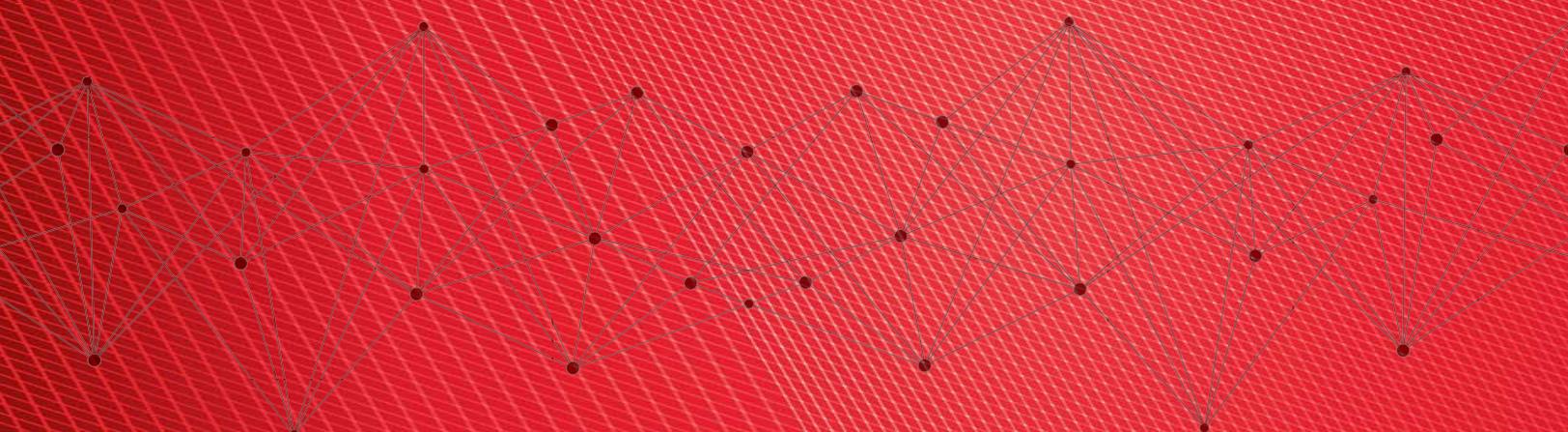
# DOING GREAT FOR YOU

GREAT EASTERN HOLDINGS LIMITED  
ANNUAL REPORT 2019





# DOING GREAT FOR YOU



At Great Eastern, we believe in delivering our best because You deserve nothing less. We are committed to developing innovative solutions and empowering our customers to LIVE THE GREAT LIFE.

The digital elements featured in this year's annual report reflect our ongoing effort to harness the power of technology to transform the company, and the way in which we live, work and play.

## WHO WE ARE

We are a LIFE company.

## WHAT WE BELIEVE IN

Our customers are at the heart of all that we do.

## WHAT WE DO

Inspiring people to  
LIVE GREAT.

## VISION

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

## MISSION

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

## CORE VALUES

- INTEGRITY
- INITIATIVE
- INVOLVEMENT

## ETHOS

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

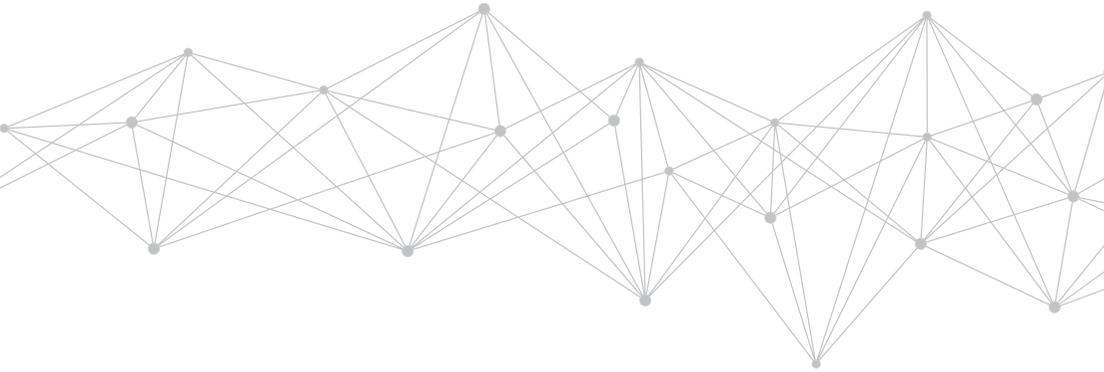
## KEY FIGURES

PERFORMANCE HIGHLIGHTS FY2019



<sup>1</sup> This is calculated using Shares Outstanding of 473,319,069 shares and last traded price in FY2019 of S\$21.75 (31 December 2019).

<sup>2</sup> This includes the interim one-tier tax exempt dividend of 10 cents per ordinary share and a final one-tier tax exempt dividend of 50 cents per ordinary share for the financial year ended 31 December 2019.



# GREAT SOLUTIONS FOR EVERY NEED



## Putting Our Customers First

We place our customers at the heart of all that we do. Guided by our core values of integrity, initiative and involvement, we provide insurance solutions to meet their needs and goals through innovation and technology.





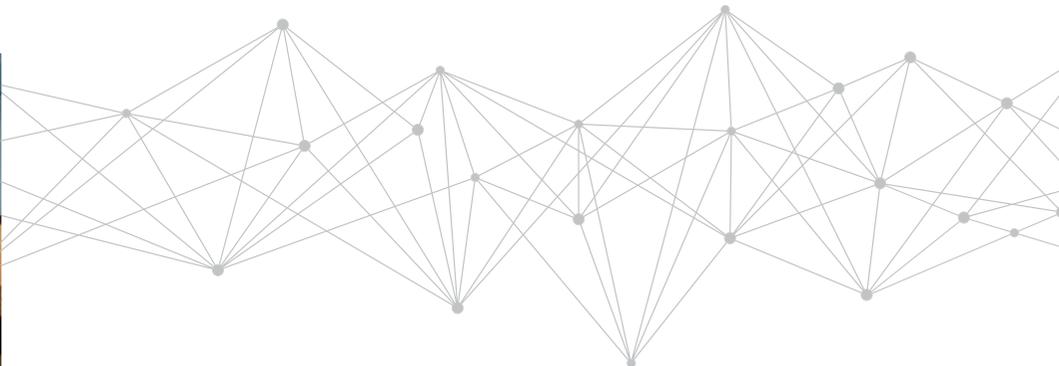
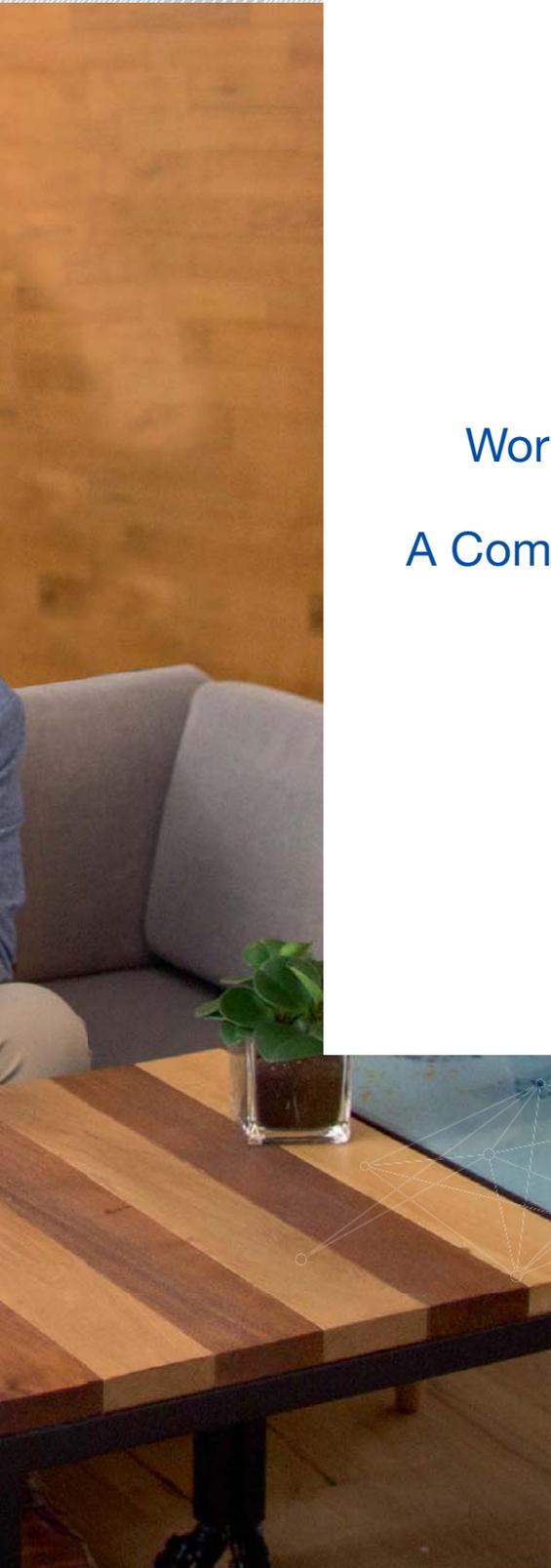


# GREAT MINDS THINK ALIKE

Working Together  
To Achieve  
A Common Purpose



We are passionate about empowering our people. We believe in creating a conducive environment that supports personal and professional development, where everyone can grow with the company to realise their full potential.

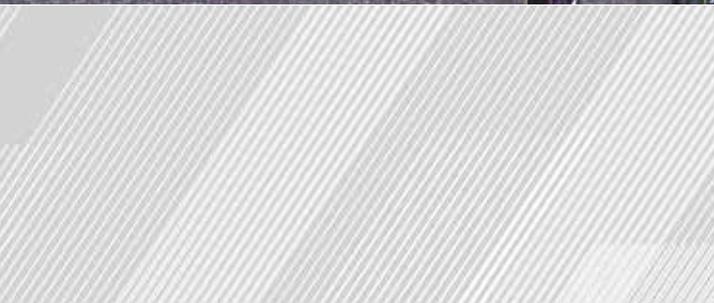


# GOING TO GREAT LENGTHS

## Doing good in the community

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





## LETTER TO SHAREHOLDERS

**KOH BENG SENG**  
Chairman



Dear Shareholders,

In 2019, the world economy weakened as rising trade barriers and geopolitical risks weighed on business sentiments and activities globally. Economic uncertainties, political standoffs and social upheavals including the US-China trade war, rising tensions in the Middle East, and protests in Hong Kong impacted the global economy and Southeast Asia.

Despite the lacklustre global economic backdrop, Great Eastern delivered a strong performance. We continue to maintain leadership positions in our core markets of Singapore and Malaysia. Our takaful business in Malaysia and life operations in Indonesia also performed well during the past year. We have in place strategic initiatives to enhance customer satisfaction.

However, the low global interest rates continue to pose a significant challenge for the Group to generate the investment returns required to structure the relevant insurance products to meet the needs of our customers.

Across the Group, we remained on course with our digital transformation journey to deliver improved customer experiences, differentiated insurance solutions and enhanced productivity - leveraging data analytics, artificial intelligence tools and robotics process automation.

We digitally empowered our financial representatives for better customer engagement and deepened our

bancassurance partnership with OCBC Bank to broaden our distribution reach and increase our customer base. This was further complemented by our digital affinity partnership strategy. In tapping on synergies with our partners, we have been able to grow our business by reaching into new customer segments.

Through these efforts, we aim to strengthen our business model to build a resilient and sustainable business for the long term.

### FINANCIAL PERFORMANCE

The Group ended FY2019 with a S\$1,003.8 million profit attributable to shareholders, a 36% increase from FY2018, led by growth in profit from the insurance business and shareholders' fund. Our operating profit from the insurance business grew 4% to S\$659.8 million. The strong performance in non-operating profit and profit from shareholders' fund was due to favourable market conditions resulting in the higher investment valuation.

The Group's Total Weighted New Sales rose by 1% to S\$1,256.2 million compared to the same period a year ago, and New Business Embedded Value - a measure of long-term economic profitability - increased 14% to S\$612.0 million, a reflection of the successful execution of our product and distribution management strategy to optimise product mix.

**KHOR HOCK SENG**

Group Chief Executive Officer

**S\$1,003.8**  
MILLIONPROFIT ATTRIBUTABLE  
TO SHAREHOLDERS

The Board has recommended the payment of a final one-tier tax-exempt dividend of 50 cents per ordinary share. Upon shareholders' approval, the final dividend will be paid on 8 May 2020. Including the interim one-tier tax-exempt dividend of 10 cents per ordinary share paid in August 2019, total dividends for the financial year 2019 would amount to 60 cents per ordinary share.

**STRENGTHENING OUR DISTRIBUTION CAPABILITIES**

The year 2019 saw the Group embark on a growth strategy to better serve the insurance needs of our customers across markets.

In Singapore, we strengthened our distribution capabilities to provide a better advisory experience to customers with the Great Digital Advantage - a full suite of digital and management tools developed to empower our financial representatives. This included GreatAdvice - a highly interactive financial planning tool based on a Life Storyboard concept - to help financial representatives engage customers better and provide value-added guidance to help them make informed decisions, and GreatPlanner - to help financial representatives manage their customer relationships and sales activities seamlessly.

To support the financial representatives' continuous learning and build skillsets crucial for a successful career with the Company, our Centre for Excellence delivered a best-in-class experiential learning system covering product knowledge, regulatory updates and skills in communication, sales and leadership. This enabled our financial representatives to pursue learning through online e-learning modules delivered to their digital devices, in addition to face-to-face class lectures.

To tap into the growing segment of affluent customers, we launched Prestige Partners with a team of elite financial representatives to provide value-added financial solutions to this customer segment. In order to better serve our customers, we opened a new office in Paya Lebar Quarter, where workspaces are equipped with the latest technology for better operational efficiency, and flexible spaces to host large-scale customer events.

During the year, our financial advisory firm Great Eastern Financial Advisers (GEFA) reached out to customers through events and seminars, and online through GEFA Studios to share the merits of our wealth, investment and legacy propositions, and to proactively educate them on financial topics.

## LETTER TO SHAREHOLDERS

In Malaysia, the launch of Great Link, a mobile communicator application, strengthened agency communication and improved agent productivity and efficiency.

Combining the various business communication channels into one single omni-channel platform, our financial representatives can report and track their performance against their individual Balanced Score Cards. They can also receive updates of newly-launched agency contests, nationwide and regional events, agency news and interactive sales materials.

### LEVERAGING GROUP SYNERGIES

The strong partnership between OCBC Bank and Great Eastern has been pivotal to capturing new growth opportunities and growing our regional footprint.

In Singapore, we provided products such as *GreatAssurance Endowment Insurance*, *PremierLife Generation* and *PremierLife Heritage* to support OCBC Bank's Life Goals - a programme that helps customers plan for their financial future.

In Malaysia, *MaxEmpower* and *Max Step-up* were two products that expanded our savings and protection solutions in line with OCBC Bank's goal-based advisory proposition. *MaxSure*, an innovative regular premium product, helped increase customer footfall at its bank branches. To capture the rising family takaful trend in Malaysia, we launched *Supreme-i*, the first-of-its-kind legacy takaful product, giving OCBC Al Amin a first-mover advantage into the takaful family base.

In Indonesia, we launched *Great Treasure Assurance* and two new riders, *Great Health Cover* and *Great Term Cover* through OCBC Bank NISP and *LiveSmart Protector* through its digital platform ONe Mobile. With our new company Great Eastern General Insurance Indonesia, we are now well-positioned to offer both life and general insurance products to serve the needs of consumers and the business community through OCBC Bank NISP.

### GROWING OUR GENERAL AND GROUP INSURANCE BUSINESS

Our General Insurance business delivered another year of consistent growth regionally. We invested in new business models, in addition to our agency force and bank distribution, which are mainstays to our business growth, and further strengthened our position in the commercial lines business, supported by our distribution and underwriting capabilities.

To grow our personal lines business, we strengthened our retail team, expanded our collaboration with our agency force and bancassurance partners, and enhanced our product development capabilities. This focus has enabled us to achieve good growth and improved our competitiveness in the market.

We completed the acquisition of PT QBE Insurance Indonesia in May - renamed PT Great Eastern General Insurance Indonesia - as part of our broader strategy to build our general insurance operations into a major business pillar and deepen our footprint in the region.

In Malaysia, we collaborated with Malindo Air to distribute travel insurance as part of a seamless ticketing process. By leveraging on customer insights and personalisation, we helped enhance the customer experience.

To improve overall customer experience, we enhanced our policy operating systems. The new systems also allow us to reduce product development cycles and time-to-market for new products.

### BUILDING DIGITAL AFFINITY PARTNERSHIPS

Our digital affinity strategy during the year saw us build new partnerships and strengthen existing alliances. We reached out to customers who were new to Great Eastern in the online space, through partnerships with ActiveSG, Samsung and Singtel in Singapore, and with LinkAja, Qoo10 and Garuda in Indonesia, among many others.

With Singtel, we delivered the convenience of purchasing travel insurance easily through the Singtel Dash mobile wallet. We also supported the Singtel PVP Esports League, and will continue to collaborate to bring innovation and greater value to the customers of both companies across various platforms.

We partnered Axiata Digital Capital to bring tailor-made insurance and takaful solutions to their customers across Malaysia and Indonesia and provide a seamless purchase experience through a digital financial services platform. This opens up many opportunities for us to bring our brand to new customer segments in the regional online space in the coming years.

## STRENGTHENING OUR CUSTOMER PROPOSITION

To cater to the evolving needs of our customers as they move through different life stages, we launched various innovative insurance solutions.

In Singapore, we launched *GREAT Family Care*, a critical illness term plan that protects three generations in a family within a single policy, as well as investment-linked policies *GREAT Life Advantage* and *GREAT Wealth Advantage*, and *GREAT Cancer Guard* with 100% payout for policyholders, covering all stages of cancer.

In Malaysia, we launched *SmartProtect Junior*, a child insurance plan and enhanced our investment-linked product offerings with *SmartProtect Essential 3*, *SmartProtect Legacy Max* and *SmartProtect Wealth 20*.

In Indonesia, we unveiled solutions to help policyholders grow their wealth such as the *Great Treasure Assurance*, *MaxPrestige Heritage Protector*, *Great Optima Link* and *Super Investlink Plan 101*.

A refreshed version of GETGREAT, our health and wellness app, included new features such as engaging in-app activities to incentivise users on their health and wellness journey. We introduced new merchant partners to our mobile loyalty rewards platform UPGREAT to provide more value-added redemption choices for users.

## EMBRACING CUSTOMER-CENTRICITY

As part of our ongoing efforts to put our customers first, we incorporated digital solutions into our processes to bring greater convenience and provide more personalised services to our customers.

In July, we partnered local healthtech startup Doctor Anywhere to provide digital health and wellness services for our group insurance customers. This telemedicine service offers greater convenience to their employees through easy-to-use video consultations with Singapore-registered doctors and the delivery of medication to a location of their choice.

With the successful launch of our digital policy contracts in Singapore and Malaysia, our customers can now access their policy documents online anytime and anywhere, and receive online notifications via eConnect, our self-service portal for policyholders.

Customers in Singapore can now choose to receive their insurance payouts via PayNow. Launched in March this year, this expedited the payment of insurance claims and provided instant disbursements for policy loans compared to the traditional methods such as cheque payments or funds transfer.

We offered a suite of 24/7 functions in our enhanced core systems to allow the submission of policy applications and introduced a chatbot service in Singapore and Malaysia to support our agency force in delivering service excellence to our customers.

Our dedicated team of underwriters has also collaborated with our lead reinsurer to create an innovative purchase experience with instant underwriting outcomes for potential customers.

## HARNESSING BIG DATA FOR OPERATIONAL EFFICIENCIES

In our journey towards being a data-driven organisation, we first implemented the Big Data Analytics platform in Singapore and Malaysia in June, with similar plans for a roll out in Indonesia. This will allow us to develop capabilities for advanced analytics using predictive models, artificial intelligence and machine learning to increase the effectiveness of our marketing campaigns, deepen our customer engagement, and improve operational efficiency in core insurance processes.

The launch of our Centre for Excellence to provide regional training and best-practice sharing of Robotics Process Automation, has enabled us to scale process automation across the region, thereby driving straight-through processing for policy application, servicing and claims.

## ENHANCING OUR TECHNOLOGY CAPABILITIES

In line with our growth agenda and digital transformation strategy, we continued to invest to ensure that our technology is geared to support our growth and future strategies, and to build a scalable infrastructure for business agility. We are progressively replacing legacy core systems so that our 24/7 services will continue to be available to our customers and financial representatives. With the establishment of our own cloud platform, we will have the infrastructure and resources for faster time-to-market product launches and the ability to deploy new capabilities quickly.

## LETTER TO SHAREHOLDERS

While we have intensified the digitalisation of various aspects of our operations, we have also strengthened the cybersecurity defence of our entire infrastructure to keep pace with the evolving cyber threats. Advanced technology such as Endpoint Detection and Response and User Behaviour Analytics were implemented to enhance our capabilities to repel such cyber threats.

We will leverage our synergy with the OCBC Group to keep abreast of threats and take pre-emptive measures to protect our infrastructure against them. A cyber-awareness programme was conducted to educate our staff to exercise vigilance against potential breaches and cyber-attacks.

### INVESTING IN PEOPLE

We are committed to being the employer of choice and providing a conducive working environment for our employees to flourish in their careers. Talent attraction, human capital management and development are critical for us. Programmes are organised to encourage our employees to take charge of their mental and physical well-being and to embrace a healthy lifestyle.

To establish ourselves as a trusted brand, we will cultivate a progressive corporate culture. Anchored on our shared values of integrity, initiative and involvement, we will continue to develop programmes to instil these values in our employees.

### GIVING BACK TO THE COMMUNITY

As a responsible corporate citizen, we actively engage relevant segments of the community to give back to society. In Singapore and our regional markets, we have supported many social and charitable causes and activities.

In 2019, our staff and financial representatives participated in various blood donation drives, educated low-income families and undergraduates on the importance of financial planning and spread festive cheer among the elderly, destitute and disabled communities among others. The diversity of initiatives that we champion underlines our long-term commitment to contribute to the community in markets where we operate.

In response to the COVID-19 virus outbreak in early 2020, we contributed S\$200,000 in Singapore to provide financial assistance to vulnerable communities through the Courage Fund, facilitated by the National Council of Social Service (NCSS) and Community Chest. At the same time, we

unveiled a S\$1 million holistic support package to help our customers and immediate families in the event that they are affected by the virus in Singapore, while we pledged RM\$1 million in Malaysia and B\$50,000 in Brunei to do the same.

### INDUSTRY RECOGNITION

During the year, we garnered a host of awards and accolades that attest to our pursuit of excellence for our customers, staff and stakeholders. In Singapore, Malaysia and Indonesia, we were consistently recognised for excellence in brand and marketing, corporate social responsibility, human resource practices and corporate governance.

We retained our brand ranking of sixth position in the Top 100 Singapore brands, an annual report presented by Brand Finance, the world's leading independent brand valuation and strategy consultancy. At the Securities Investors Association Singapore (SIAS) 20th Investors' Choice Awards, we were named the Most Transparent Company in the Finance Category for excellence in transparency standards and corporate governance practices.

In Malaysia, we received the Gold Award for Life Insurance at the 2019 Reader's Digest Trusted Brand Awards for the 16th consecutive year, the longest winning streak by a life insurer in the Award's history. In Indonesia, we won for "Best in Experiential Marketing" and "Best Market Driving Company" at the Marketing Award 2019 in recognition for our innovative marketing strategy.

### SUSTAINABLE DEVELOPMENT

At Great Eastern, we believe in the need to incorporate principles of sustainability into our business operations. This is the third edition of our Sustainability Report. As a major financial institution, we take seriously our ability to champion and be a catalyst for sustainable development. This not only ensures greater sustainability of the Group's operations, but also a better future for our entire stakeholder community, including our customers, employees and their families. We are committed to making the necessary adjustments to our appetite and perspectives in pursuing our business and ensuring that we embed the right business practices in our operations and activities to ensure sustainability.

For more information, you may refer to our Sustainability Report on pages 54 to 72.

## CHANGES TO THE REGULATORY LANDSCAPE

Several key regulations were issued in 2019 and early 2020: In Singapore, the Monetary Authority of Singapore (MAS) enhanced the requirements on technology risk governance and oversight, extended the Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) control measures to the non-life sector and strengthened cyber hygiene rules to reinforce cyber security resilience and guard against cyber threats.

In 2019, the International Accounting Standards Board continued its discussions on the exposure draft amendments to IFRS 17 (Insurance Contracts) and provided more clarity on the amendments to be finalised in mid-2020. Great Eastern is in the process of implementing the framework, which takes effect on 1 January 2022.

On 28 February 2020, MAS issued revised legislations pertaining to the insurance valuation and capital framework for insurers in Singapore to effect the enhanced Risk Based Capital (RBC2) framework from 31 March 2020. The key feature of RBC2 is that it requires a stronger calibration of risk requirements (i.e. at 99.5% of Value at Risk over the one-year period), and at the same time, allows for the diversification of risks. RBC2 will significantly change how insurance companies measure and manage their risks.

In Malaysia, Bank Negara Malaysia strengthened the conduct of Investment-Linked (IL) business with the Minimum Allocation Rates requirements to protect the account values of the IL policy/certificate owners. The disclosure standards on product illustration were also enhanced to facilitate informed decision-making by consumers.

In Indonesia, Otoritas Jasa Keuangan (OJK) reissued the draft regulation to set the new deadline requiring insurance companies to spin off their shariah businesses by October 2024. OJK has yet to confirm the date of enactment of this draft regulation.

Great Eastern entities have taken steps to comply with these new and revised regulations.

## OUTLOOK AHEAD

Financial markets started the year 2020 with much optimism. It was expected that global economic growth will recover due to the positive effects of monetary and fiscal policy stimuli, as well as the diminished risk of a trade war. Inflationary pressures remained subdued, indicating a period of low interest rates, which would allow equity valuation to stay elevated. Unfortunately, the situation changed with the COVID-19 coronavirus outbreak in January in Wuhan, China.

The spread has now extended beyond Asia to many other parts of the world.

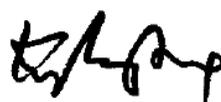
In the near term, global equities in particular will be vulnerable as COVID-19 cases rise and spread, and as disappointing economic data and corporate profit warnings due to demand and supply-chain disruptions hit the news headlines. However, we expect this to prompt more aggressive policy responses from the Asian, and possibly European and US governments. Central banks from China, Indonesia, Thailand and US have already cut interest rates. Singapore, Hong Kong and Malaysia have released large fiscal packages to cushion the economic impact.

Our current assessment is that if the COVID-19 outbreak is successfully contained by global health authorities, economic activity should recover in second half of 2020. However, in the event of a full-blown pandemic, the recovery in growth will be delayed or even disrupted and may result in economic activity slowing down further. Given the uncertain conditions, it is important that we adopt a prudent approach in our underwriting and investment operations, and continue building our reserves as a buffer against other unanticipated economic and market headwinds. Hence, while we remain cautiously optimistic for our main markets of Singapore, Malaysia and Indonesia, we will stay vigilant and continue to proactively manage our market exposure.

## ACKNOWLEDGEMENTS

On behalf of the Group, we would like to express our gratitude to the Board of Directors as well as the Boards of our subsidiary companies for their counsel and guidance during the year. We also thank our management team, employees, OCBC Bank, our distribution force, our bancassurance partners, business associates and the union for their hard work, dedication and contribution. Not in the least, we thank our shareholders and customers for their continuous support and confidence in Great Eastern.

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



**KOH BENG SENG**  
Chairman



**KHOR HOCK SENG**  
Group Chief Executive Officer

28 February 2020

## BOARD OF DIRECTORS



**KOH BENG SENG**  
Chairman

Mr Koh was first appointed to the Board of Great Eastern Holdings Limited (the “Company”) on 2 January 2008 as a non-executive Director and was appointed as Chairman of the Company on 1 September 2014. He was last re-elected as the Company’s Director on 19 April 2018. Mr Koh was appointed Chairman of the Company’s principal insurance subsidiaries, namely, The Great Eastern Life Assurance Company Limited (“Great Eastern Life”) and Great Eastern General Insurance Limited (“GEG”) on 1 September 2014. He is the Chief Executive Officer of Octagon Advisors Pte. Ltd. He is also a Director of Bank of China (Hong Kong) Limited, BOC Hong Kong (Holdings) Limited and Oversea-Chinese Banking Corporation Limited (“OCBC Bank”).

Mr Koh was previously Deputy President of United Overseas Bank Ltd (“UOB”) and a Director of Far Eastern Bank Ltd, Fraser and Neave Limited, Hon Sui Sen Endowment CLG Limited, Japan Wealth Management Securities Inc. and Sing-Han International Financial Services Limited, Singapore Technologies Engineering Ltd, United Engineers Limited and UOB. He also served as a Member of the advisory team to the International Monetary Fund on reforms to Thailand’s financial sector. Mr Koh was previously with the Monetary Authority of Singapore (“MAS”) for 24 years until 1998, his last appointment being Deputy Managing Director, Banking and Financial Institution Group.

Mr Koh holds a Bachelor of Commerce (First Class Honours) from the former Nanyang University, Singapore, and a Master of Business Administration from Columbia University, USA. Age 69.

Mr Koh will be seeking re-election at the Company’s 2020 Annual General Meeting (“AGM”). Please refer to pages 221 and 226 for information required under Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Limited (“SGX-ST”).



**NORMAN IP**

Mr Ip was first appointed to the Board of the Company on 5 March 2010 and was last re-elected as the Company’s Director on 18 April 2019. Mr Ip served as Acting Group Chief Executive Officer of the Company from 1 July 2014 to 1 November 2015. He is a Director of the Company’s principal insurance subsidiaries, including Great Eastern Life, GEG and Chairman of several of the Company’s subsidiaries in Malaysia. He is the Chairman of WBL Corporation Limited and a Senior Advisor of United Engineers Limited. He is also the Deputy Chairman of the Building and Construction Authority and a Member of Securities Industry Council.

Mr Ip was previously the Group Managing Director of United Engineers Limited. He was also the Chairman of Far Island Bay Sdn Bhd (In Members’ Voluntary Liquidation) and Malaysia Smelting Corporation Berhad as well as a Director of AIMS AMP Capital Industrial REIT Management Limited, Australia Oriental Minerals NL and Lion Global Investors Limited. He is a Chartered Accountant by training and has over 33 years of experience in finance and investments, real estate and managing companies. From 2000 to 2009, he was President and Group Chief Executive Officer of The Straits Trading Company Limited (“STC”), the main activities of which are in real estate, mining and hospitality. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

Mr Ip holds a Bachelor of Science (Economics) from the London School of Economics and Political Science. He is a Fellow of both the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants. Age 67.

**LAW SONG KENG**

Mr Law was first appointed to the Board of the Company on 1 January 2013 and was last re-elected as the Company's Director on 19 April 2018. He is the Chairman of Concord Insurance Company Limited, Frasers Hospitality Asset Management Pte. Ltd. and Frasers Hospitality Trust Management Pte. Ltd. He is also a Director of IFS Capital Limited.

Mr Law was previously the Chairman of Asia Capital Reinsurance Group Pte Ltd, Deputy Managing Director (Administration and Insurance) at the MAS, Managing Director and Chief Executive Officer of GEG, a Director of ACR Capital Holdings Pte Ltd, Asia Capital Reinsurance Malaysia Sdn Bhd and ECICS Limited as well as a Member of Central Provident Fund. Mr Law was also a Director of Inland Revenue Authority of Singapore ("IRAS") until September 2010 and Manulife (Singapore) Pte Ltd until September 2012.

Mr Law holds a Bachelor of Science (First Class Honours in Mathematics) from the University of Singapore and a Master of Science (Actuarial Science) from the Northeastern University, USA and attended Advanced Management Programme from Harvard Business School. He is a Fellow of the Society of Actuaries, USA, a Honorary Fellow of Singapore Insurance Institute and was awarded the Public Service Star (BBM) in 2001. Age 75.

Mr Law will be seeking re-election at the Company's 2020 AGM. Please refer to pages 222 and 226 for information required under Rule 720(6) of the Listing Manual of the SGX-ST.

**LEE FOOK SUN**

Mr Lee was first appointed to the Board of the Company on 1 August 2017 and was last re-elected as the Company's Director on 19 April 2018. He is the Chairman of Ensign Infosecurity Pte. Ltd. and the Building and Construction Authority. He is the Deputy Chairman of SMRT Trains Ltd. and SMRT TEL Pte. Ltd. and a Director of SMRT Corporation Ltd. He also sits on the board of DSO National Laboratories and is a Corporate Advisor of Temasek International Advisors Pte. Ltd.

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

Mr Lee holds a Bachelor of Arts (Honours) and a Master of Arts (Engineering Science) from the University of Oxford (UK) and attended the Stanford University Executive Programme. Age 63.

## BOARD OF DIRECTORS



**KYLE LEE KHAI FATT**

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

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

As a non-executive, independent Director of other public and private companies, Mr Lee held Chairmanship of Board, Audit Committee and Nominating Committee positions. These include CapitaLand Mall Trust Management Limited, ComfortDelgro Corporation Limited, FEO Hospitality Trust Management Pte. Ltd., Jurong International Holdings Pte. Ltd., MFS Technology Ltd and WBL Corporation Limited, among others.

Mr Lee is a Fellow of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors. Age 67.



**SOON TIT KOON**

Mr Soon was first appointed to the Board of the Company on 1 January 2016 and was last re-elected as the Company's Director on 19 April 2018. He is a Director of OCBC Wing Hang Bank Limited, SPH REIT Management Pte. Ltd. and Wah Hin & Company Private Limited. Mr Soon held a series of senior positions in OCBC Bank from 2002 to December 2011 when he retired from the bank. He was the Chief Financial Officer of OCBC Bank from September 2002 to June 2008, and from April 2010 to November 2011. He was the Head of Group Investments of OCBC Bank from June 2008 to April 2010. Prior to joining OCBC Bank, Mr Soon was the Chief Financial Officer of Wilmar Holdings Pte Ltd from 2000 to 2002. From 1983 to 2000, he worked in Citicorp Investment Bank (Singapore) Limited and was Managing Director from 1993 to 2000.

Mr Soon holds a Bachelor of Science (Honours) in Applied Chemistry from the University of Singapore and a Master of Business Administration from University of Chicago, USA. He also completed the Advanced Management Program at Harvard Business School. Age 68.

Mr Soon will be seeking re-election at the Company's 2020 AGM. Please refer to pages 223 and 226 for information required under Rule 720(6) of the Listing Manual of the SGX-ST.

**TEOH LIAN EE**

Mrs Teoh was first appointed to the Board of the Company on 1 August 2017 and was last re-elected as the Company's Director on 19 April 2018. She is a Director of Asian Healthcare Investment Pte Ltd.

Mrs Teoh has extensive experience in the fields of tax law and trust law. She was previously a Consultant of Rajah & Tann LLP and a Director of Tsao Foundation. Prior to joining Rajah & Tann LLP, she has served in the public sector for IRAS for a total of 19 years and as a practicing lawyer in the private sector, specializing in tax and trust law, for more than 20 years.

Mrs Teoh holds a Master of Laws and Bachelor of Laws (Second Upper Class Honours) from the University of Singapore. Age 68.

**THEAN NAM YEW**

Mr Thean was first appointed to the Board of the Company on 5 January 2017 and was last re-elected as the Company's Director on 18 April 2017. He has more than 24 years of experience in consulting, technology, change and transformation delivery and his experience is mainly focused on working with C-level executives to create strong linkages between transformation programs to the respective clients' business agenda. He has extensive financial services industry experience and has been working with large financial institutions in the ASEAN region. Mr Thean was previously with Accenture Pte Ltd from 1992 to 2016.

Mr Thean holds a Bachelor of Electrical and Electronic Engineering (First Class Honours) from the University of Melbourne, Australia and has completed an Advanced Business Management Programme from the Kellogg Graduate School of Management, Northwestern University, Illinois, USA. Age 52.

Mr Thean will be seeking re-election at the Company's 2020 AGM. Please refer to pages 224 and 226 for information required under Rule 720(6) of the Listing Manual of the SGX-ST.

## BOARD OF DIRECTORS



**SAMUEL N. TSIEN**

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

Mr Tsien is the Group Chief Executive Officer and Executive Director of OCBC Bank. Mr Tsien is concurrently a Commissioner of PT Bank OCBC NISP Tbk and he serves on the boards of major OCBC Group companies, including Bank of Singapore Ltd, OCBC Wing Hang Bank Ltd, OCBC Wing Hang Bank (China) Ltd and OCBC Bank (Malaysia) Berhad. He is also a Director of Mapletree Investments Pte Ltd, Dr Goh Keng Swee Scholarship Fund and International Monetary Conference. His other commitments include serving as the Chairman of the Association of Banks in Singapore and the MAS Steering Committee for SGD Swap Offer Rate Transition to Singapore Overnight Rate Average. He is also Vice Chairman of the IBF Council, a member of the MAS Financial Centre Advisory Panel and a member of the MAS Payments Council.

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

Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles, USA. He is a Financial Industry Certified Professional of The Institute of Banking and Finance. Age 65.



**WEE JOO YEOW**

Mr Wee was first appointed to the Board of the Company on 1 January 2016 and was last re-elected as the Company's Director on 18 April 2019. He has more than 39 years of corporate banking experience. He was Managing Director and Head of Corporate Banking Singapore at UOB until his retirement in June 2013. Prior to that, he was Executive Vice President and Head of Corporate Banking with Overseas Union Bank Ltd and Head, Credit and Marketing with First National Bank of Chicago (Singapore). He is presently a Director of several companies, including Frasers Property Limited and OCBC Bank.

Mr Wee holds a Master of Business Administration from New York University, USA and a Bachelor of Business Administration (Honours) from the University of Singapore. Age 72.

## **BOARD OF DIRECTORS**

### **PRINCIPAL INSURANCE SUBSIDIARIES IN SINGAPORE**

#### **THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED**

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

Mimi Ho

Norman Ip<sup>1</sup>

Kyle Lee Khai Fatt<sup>1</sup>

Leo Mun Wai

Quah Wee Ghee

#### **GREAT EASTERN GENERAL INSURANCE LIMITED**

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

Mimi Ho

Norman Ip<sup>1</sup>

Leo Mun Wai

Quah Wee Ghee

<sup>1</sup> Please refer to the “Board of Directors” section on pages 16 and 18 in the Annual Report 2019 for the profiles of Mr Koh Beng Seng, Mr Norman Ip and Mr Kyle Lee Khai Fatt

## BOARD OF DIRECTORS

### PRINCIPAL INSURANCE SUBSIDIARIES IN SINGAPORE



**MIMI HO**

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

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

Ms Ho holds a Bachelor in Mathematics and Master in Mathematical Statistics, both from Columbia University. She is a Fellow of the Society of Actuaries, USA and also a Financial Industry Certified Professional (FICP) for Compliance. Age 65.



**LEO MUN WAI**

Mr Leo was first appointed to the Boards of Great Eastern Life and GEG on 15 April 2016. He is also an independent consultant.

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

Mr Leo holds a Bachelor of Accountancy (Second Upper Honours) from National University of Singapore and a Masters of Finance, International Finance from RMIT University. He also completed the International Executive Programme at INSEAD. Age 53.



### **QUAH WEE GHEE**

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

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

Mr Quah holds a Bachelor of Engineering (Civil Engineering) from the National University of Singapore. He is a Chartered Financial Analyst and Alumni Member of the Stanford Graduate Business School. In 2010, he was awarded the Institute of Banking and Finance Distinguished Financial Industry Certified Professionals title. Age 59.

# KEY EXECUTIVES



Khor Hock Seng



Ronnie Tan



Dato Koh Yaw Hui



Jimmy Tong



Ben Tan



Clement Lien



Ryan Cheong



Colin Chan



Raymond Ong



Wee Ai Ning



Jennifer Wong Pakshong



Gary Teh



James Lee



Patrick Kok



Jeffrey Lowe

## KEY EXECUTIVES

### **KHOR HOCK SENG**

#### Group Chief Executive Officer

With Great Eastern since November 2015. Over 30 years of insurance experience and has held senior leadership positions in major multinational insurance companies. Responsible for the overall strategic direction and business growth for the Great Eastern Group.

#### *Qualifications:*

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

### **RONNIE TAN**

#### Group Chief Financial Officer

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

#### *Qualifications:*

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

### **DATO KOH YAW HUI**

#### Chief Executive Officer (Malaysia)

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

#### *Qualifications:*

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

### **JIMMY TONG**

#### Managing Director, General and Group Insurance

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

#### *Qualifications:*

Bachelor of Business Administration, National University of Singapore; CFA Charter holder.

### **BEN TAN**

#### Managing Director, Regional Agency / FA and Bancassurance

With Great Eastern since 2008. Responsible for driving the growth and governance of the agency, financial advisory (FA) and bancassurance channels across the Group.

#### *Qualifications:*

Bachelor of Science in Business, Indiana University, USA.

### **CLEMENT LIEN**

#### Chief Executive Officer (Indonesia)

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

#### *Qualifications:*

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

### **RYAN CHEONG**

#### Managing Director, Digital for Business

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

#### *Qualifications:*

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

**COLIN CHAN****Managing Director, Group Marketing**

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

*Qualifications:*

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

**RAYMOND ONG****Group Chief Risk Officer**

With Great Eastern since 2009. Responsible for overall risk management of the Group, including market, credit, liquidity, insurance, operational, technology and compliance risks.

*Qualifications:*

Bachelor of Science (First Class Honours) in Actuarial Mathematics and Statistics, Heriot-Watt University, Edinburgh, UK; Fellow of the Institute of Actuaries, UK.

**WEE AI NING****Group Chief Investment Officer**

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

*Qualifications:*

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

**JENNIFER WONG PAKSHONG****Group Company Secretary and General Counsel**

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

*Qualifications:*

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

**GARY TEH****Managing Director, Group IT**

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

*Qualifications:*

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

**JAMES LEE****Managing Director, Group Human Capital**

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

*Qualifications:*

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

**PATRICK KOK****Managing Director, Group Operations**

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

*Qualifications:*

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

**JEFFREY LOWE****Group Chief Internal Auditor**

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

*Qualifications:*

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

## FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER		2019	2018	2017	2016	2015
<b>GROUP STATISTICS</b>						
Gross Premiums	(S\$millions)	<b>11,769.5</b>	12,239.2	12,558.7	9,555.7	8,757.4
Profit Attributable to Shareholders	(S\$millions)	<b>1,003.8</b>	740.7	1,036.7	589.3	785.4
Operating Profit after Tax <sup>1</sup>	(S\$millions)	<b>659.8<sup>2</sup></b>	636.1	600.3	504.2	581.4
Total Assets	(S\$millions)	<b>96,506.3</b>	85,042.0	82,347.3	71,123.1	65,820.7
Shareholders' Equity	(S\$millions)	<b>8,610.7</b>	7,436.9	7,528.7	6,588.9	6,230.4
Stock Exchange Prices <sup>3</sup>	(S\$)	<b>21.75</b>	24.78	27.67	20.31	20.24
Market Capitalisation <sup>3</sup>	(S\$millions)	<b>10,294.7</b>	11,728.8	13,096.7	9,613.1	9,580.0
Embedded Value	(S\$millions)	<b>15,497.1</b>	13,440.1	13,389.1	11,693.8	11,001.4
Economic Value of One Year's New Business	(S\$millions)	<b>612.0<sup>4</sup></b>	535.5	543.0	466.2	385.2
<b>GROUP FINANCIAL RATIOS</b>						
Return on Equity <sup>5</sup>	(%)	<b>12.5</b>	9.9	14.7	9.2	13.0
Gross Premium Growth	(%)	<b>-3.8</b>	-2.5	31.4	9.1	6.7
Basic Earnings per share <sup>6</sup>	(S\$)	<b>2.12</b>	1.56	2.19	1.25	1.66
Diluted Earnings per share	(S\$)	<b>2.12</b>	1.56	2.19	1.25	1.66
Net Asset Value per share	(S\$)	<b>18.19</b>	15.71	15.91	13.92	13.16
Embedded Value per share	(S\$)	<b>32.741</b>	28.395	28.288	24.706	23.243
Economic Value of One Year's New Business per share	(S\$)	<b>1.293</b>	1.131	1.147	0.985	0.814
Dividend per share	(cents)	<b>60.0</b>	60.0	70.0	50.0	55.0

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

2 If translated using the monthly spot rate for 2018, FY19 Operating Profit After Tax would have been S\$664.4 million.

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

4 If translated using the monthly spot rate for 2018, FY19 Economic Value of One Year's New Business would have been S\$616.3 million.

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

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

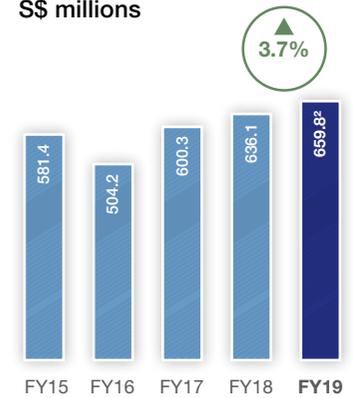
**Gross Premiums**  
S\$ millions



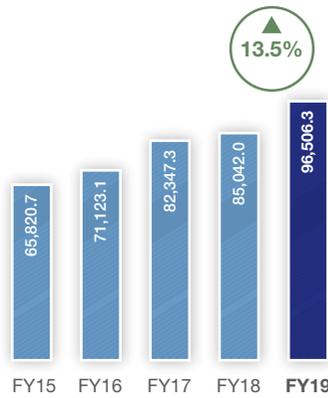
**Profit Attributable to Shareholders**  
S\$ millions



**Operating Profit after Tax<sup>1</sup>**  
S\$ millions



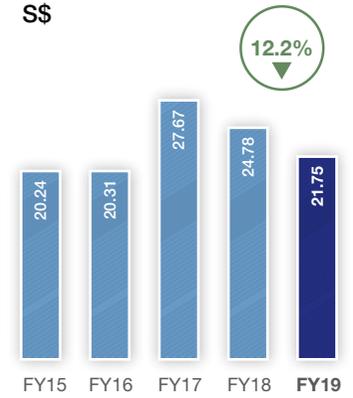
**Total Assets**  
S\$ millions



**Shareholders' Equity**  
S\$ millions



**Stock Exchange Prices<sup>3</sup>**  
S\$



**Market Capitalisation<sup>3</sup>**  
S\$ millions



**Embedded Value**  
S\$ millions



**Economic Value of One Year's New Business**  
S\$ millions



## EMBEDDED VALUE

### EMBEDDED VALUE

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

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

### VALUE OF IN-FORCE BUSINESS

This represents an estimate of the economic value of projected distributable profits to shareholders, i.e. after-tax cash flows less increases in statutory reserves and capital requirements attributable to shareholders, from the In-Force Business at the valuation date, i.e. 31 December 2019. The cash flows represent a deterministic projection, using best estimate assumptions of future operating experience and are discounted at a risk-adjusted discount rate. The use of a risk-adjusted discount rate, together with an allowance for the cost of holding statutory reserves and meeting capital requirements, represent the allowance for risk in the value of In-Force Business together with an implicit allowance for the cost of options and guarantees provided to policyholders. It should be noted that this allowance for risk is approximate and may not correspond precisely with the allowance determined using capital market consistent techniques.

In projecting the value of In-Force Business, the statutory reserve valuation bases and capital requirements are based on the Risk Based Capital framework as set out in prevailing local regulations for Singapore, Malaysia and Indonesia as of 31 December 2019. No additional adjustment is made for the new capital regime (Risk Based Capital 2) in Singapore, which will be effective in 2020.

In Singapore, the Group's asset management company Lion Global Investors Ltd ("LGI") manages a proportion of the Singapore Life Funds' assets for which fees are payable from each Fund. In line with generally accepted traditional embedded valuation methodologies in respect of services provided by asset management companies within our insurance group, the present value of profits arising in LGI from the fees paid by Singapore Life Fund is included in the embedded value and new business value of the Group for the year ended 31 December 2019.

### ADJUSTED SHAREHOLDERS' FUND

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

### ASSUMPTIONS USED

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

Investment returns assumed are based on the long term strategic asset mix and their expected future returns. The risk-adjusted discount rate used is 7.0% for Singapore, 8.75% for Malaysia and 13.5% for Indonesia.

### EMBEDDED VALUE CALCULATION

The value of In-Force Business has been calculated for the life insurance business of GEL in Singapore, GELM and GETB in Malaysia and GELI in Indonesia, along with the adjusted Shareholders' Funds for the Group. The results of the calculations as at 31 December 2019 are as follows:

Embedded Value (S\$ millions)	Singapore*	Malaysia <sup>^</sup>	Total
Life Business			
Value of In-Force Business	5,350	3,102	8,452
Shareholders' Funds and Non-Life Business			
Adjusted Shareholders' Funds	6,142**	903	7,045
<b>Total Embedded Value</b>	<b>11,492</b>	<b>4,005</b>	<b>15,497</b>

\* Includes GELI

\*\* Includes businesses in Brunei and Hong Kong

<sup>^</sup> Includes GETB

## ECONOMIC VALUE OF ONE YEAR'S NEW BUSINESS

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

In-Force Business, the economic value of business written for the year ended 31 December 2019 has been calculated as follows:

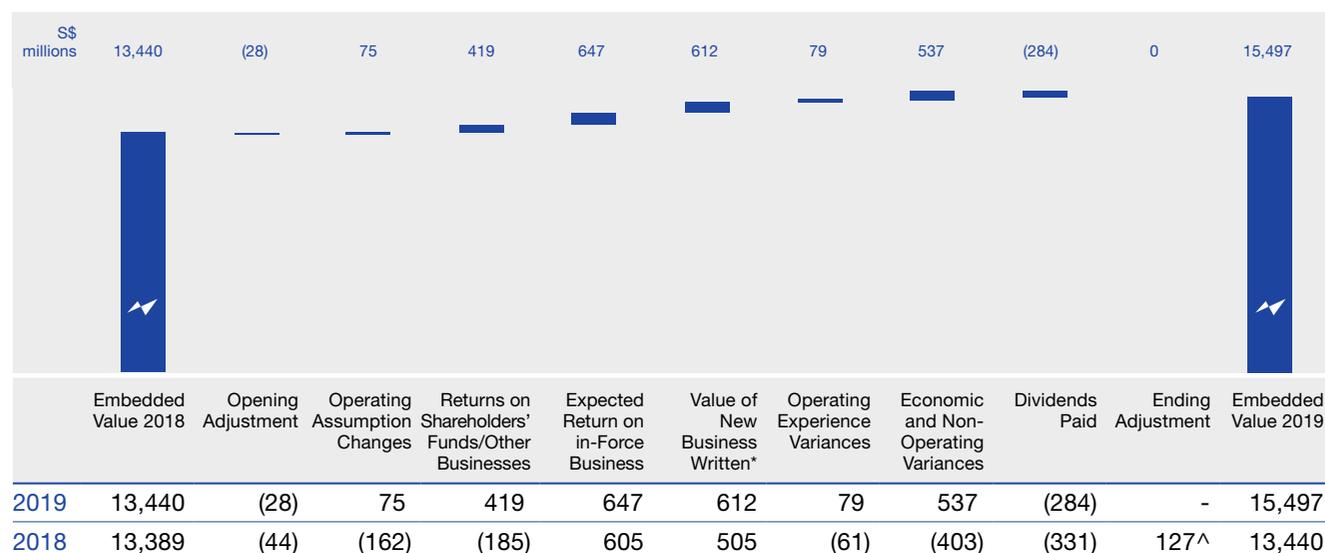
Values (S\$ millions)	Singapore	Malaysia*	Others^	Total
Economic Value of One Year's New Business	301	273	38	612

\* Excludes GETB

^ Includes GETB, GELI and Group's regional operations in Brunei

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

The chart shows various components accounting for the change in embedded value from the start to the end of the year. The table below the chart provides comparison of the individual components against 2018 analysis results.



\* 2018 excludes values of new business from GETB, GELI and the Group's other regional operations in Brunei  
2019 excludes values of new business from the Group's other regional operations in Brunei

^ Includes the value of in-force business for GETB and GELI from 2018 onwards

## INDEPENDENT REVIEW

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

## SCENARIO TESTING

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

Values (S\$ millions)	Base Scenario	Investment +0.5%	Investment -0.5%	Discount Rate +1.0%	Discount Rate -1.0%
Total Embedded Value	15,497	15,947	14,752	14,328	16,265
Economic Value of One Year's New Business	612	653	576	525	723

## BUSINESS REVIEW

# Singapore

In 2019, our Singapore operations, comprising Great Eastern Life Assurance Co Ltd (GELS) and Great Eastern General Insurance (GEG) continued to deliver a steady performance.

New Business Embedded Value for the year increased by 13% to S\$300.8 million, as a result of the successful execution of our product strategy to shift the mix towards more protection focused and regular premium products. Our General Insurance business grew by 25% to S\$164.9 million in gross written premiums, while our Life Insurance business registered S\$781.1 million in Total Weighted New Business premiums, a 7% year-on-year decline.

During the year, we continued to focus on customers with insurance solutions catering to their needs at every life stage. To further drive customer engagement across different segments, we unveiled marketing campaigns to grow brand affinity, encourage healthy living and build loyalty. Additionally, we strengthened existing partner relationships and established new ones to widen our customer reach to new segments.



We continued to make strides in our digital transformation journey by rolling out initiatives to empower our financial representatives and help them engage their customers better, and also made investments to enhance our systems to improve end-to-end customer experiences.

### MEETING CUSTOMER NEEDS WITH INNOVATIVE SOLUTIONS

This year, we launched various insurance solutions with flexibility and customisation to suit the needs of our customers.

Recognising the financial challenges of families belonging to the 'sandwich' generation, we unveiled *GREAT Family Care* - a pioneering plan to provide coverage for all three generations in a family – the first such insurance solution in Singapore.

We unveiled *GREAT Cancer Guard* which provides 100% payout for policyholders, covering all stages of cancer, and this was well-received by customers.

To help customers bridge their protection gap and achieve their wealth accumulation goals, we launched two investment-linked plans : *GREAT Life Advantage* and *GREAT Wealth Advantage*.

On the bancassurance front, we registered strong sales for the *GreatAssure Endowment Insurance* and *GreatLife Endowment Insurance*. Our *Universal Life* Guaranteed Issue Offer (GIO) saw good take-up, while our *PremierLife Generation 3* product launched in September was well-received by pre-retirees.



## STRENGTHENING OUR DISTRIBUTION CAPABILITIES

To deliver a better advisory experience to customers, we rolled out initiatives to empower our financial representatives in this digital age. We invested in the Great Digital Advantage (GDA) platform with a full suite of digital and performance management tools developed specially to help our financial representatives.

GreatAdvice - a highly interactive financial planning tool based on a Life Storyboard concept - has helped our financial representatives engage customers better and provide value-added guidance to help them to make more informed decisions.

GreatPlanner has allowed financial representatives to better manage customer relationships, in addition to monitoring sales activities and performance outcomes at a glance, thereby improving their productivity and efficiency.

During the year, we grew our distribution force to broaden our footprint in Singapore. The opening of our customer service centre and agency office at Paya Lebar Quarter allowed us to better serve customers on the Eastern side of the island.

To deepen our outreach to the mass affluent segment, we launched Prestige Partners, a handpicked team of top financial representatives to provide value-added financial solutions in insurance, investments and legacy planning. A Prestige Client Office was set up with a dedicated service concierge to provide middle-office support across a range of bespoke services such as medical, travel and security assistance to this fast growing segment.

Great Eastern Financial Advisers (GEFA) - Singapore's largest financial advisory firm - expanded its footprint through collaborative partnerships to equip its advisers with broader skillsets and capabilities. GEFA events and seminars were held to educate prospective and existing customers on its wealth, legacy and investment solutions, and through GEFA Studio, the firm raised customer awareness on financial topics through bite-sized online videos.

Our bancassurance strategy continued to be anchored on our synergistic partnership with OCBC Bank where we jointly identified new growth opportunities and strengthened our presence in Singapore.

To support the OCBC Life Goals programme, we launched a range of financial solutions sold through their network.

To further strengthen collaboration with the bank, we doubled the strength of our business development team to provide more comprehensive middle office support.

On the training front, our business development managers also teamed up with the OCBC bancassurance specialists to provide holistic and in-depth training for the bankers.

## FORGING STRATEGIC PARTNERSHIPS

To make insurance an accessible everyday proposition for existing and potential customers, we strengthened current partner relationships and collaborated with new ones, which allowed us to reach out to the digitally-savvy and acquire new customers.

In Singapore, we partnered Sport Singapore's ActiveSG to launch the first in-app digital insurance plan for its members. Our personal accident plan - *Active Care* - was made available exclusively on the ActiveSG mobile app to their 1.6 million users.



## BUSINESS REVIEW

### Singapore

We collaborated with Singtel to enable direct customer purchases of our travel insurance solution *GREAT Getaway Cover* through its Singtel Dash mobile wallet. To reach out to a younger audience, we supported their PVP Esports Community League to build brand affinity with new customers.

With Samsung, we offered our personal accident and home insurance solutions *GREAT Smart Cover* and *GREAT Smart Home* directly to their customers via its mobile wallet.

We partnered CaregiverAsia Pte Ltd to offer the first in-market Extraordinary Care Program (EOCP), where special needs children are provided with continued long-term therapy and professional care through an insurance pay-out of S\$150,000. The EOCP was launched with Extra•Ordinary People as its inaugural therapy partner in December.



Together with healthtech startup Doctor Anywhere, we launched a spectrum of integrated health and wellness services for our group insurance customers. From August, 40,000 insured members under our Live Great group insurance programmes were given access to on-demand video consultations with registered doctors through the Live Great mobile app.



### CUSTOMER ENGAGEMENT

Our 'Plan Like A Woman' campaign was launched in June to encourage women to proactively plan for their financial health, and focused on segments across different age groups and marital status.

In addition, we engaged millennials with a social media video campaign showcasing the latest trends on travel and financial planning.

As a prelude to the Great Eastern Women's Run (GEWR) for 2019, we unveiled our Run To Live Great programme, which included a 10-week fitness plan to help first-time runners start their journey towards a healthier lifestyle. Selected participants went through curated fitness workouts designed by top trainers to prepare for the race, in addition to exclusive privileges provided by partner merchants ranging from wellness sessions to sports merchandise.



Close to 600 women made 'herstory' by participating in our first-ever Great Eastern Women's Individual Physical Proficiency Test (IPPT), which took place at the Singapore Sports Hub on 24 August, thereby setting a record for the 'Most Number of Women Doing the IPPT' in the Singapore Book of Records. The test comprised three fitness stations: push-ups, sit-ups and a 2.4km run.

The 14th edition of GEWR took place on 3 November, attracting over 13,000 runners. The event provided a carnival experience for the runners and their families. In sum, we raised S\$50,240 in support of adopted charities - Breast Cancer Foundation and the Women's Health Research and Education Fund under SingHealth Duke-NUS Obstetrics & Gynaecology Academic Clinical Programme.

### CREATING VALUE THROUGH DIGITALISATION

At Great Eastern, we are continuously developing internal capabilities and analytical models towards predictive modelling, artificial intelligence and machine learning. We implemented a Big Data Analytics platform in June to enable the aggregation of available data sources for customer analytics and insights.

Through the insights gathered, we improved the customer journeys and operational efficiency in core insurance processes and enhanced the productivity of the distribution force across our business lines for better informed decision-making.

We launched a regional Centre for Excellence to provide training and best-practice sharing in the areas of Robotics Process Automation (RPA) across the Group. RPA solutions were implemented to streamline and automate internal processes, so as to enable straight-through processing for policy application, servicing and instant claims fulfillment.

### ENHANCING CUSTOMER EXPERIENCE THROUGH TECHNOLOGY

At Great Eastern, we are continuously re-imagining customer journeys so as to deliver 'peace-of-mind' experiences. Customers in Singapore can now receive



insurance claim payments through PayNow instead of physical cheques. Implemented since June, it has resulted in faster processing of payments to customers, and at the same time reducing transaction costs.

Leveraging on insights gathered through data analytics on our policyholders, we launched two campaigns targeted at selected policyholders for *GREAT Family Care* and *GREAT Cancer Guard*. With a better understanding of our policyholders' needs coupled with seamless straight-through applications for life policies, the campaigns garnered more than 10,000 new policies.

Our collaboration with Doctor Anywhere provided our group insurance customers with access to medical consultations via video and this was well-received by their employees.

We launched a refreshed version of GETGREAT - our health and wellness app - to help customers track and stay focused on their fitness journeys through activities and customisable avatars. Customers are able to monitor their steps by pairing the GETGREAT app with their fitness tracking devices and then converting their steps into reward points on our UPGREAT loyalty rewards platform.

## BUSINESS REVIEW

### Singapore

With UPGREAT, we introduced new merchant partners in a single mobile app to provide more redemption choices for users. Through our collaboration with OCBC Bank's STACK platform, UPGREAT users can also convert reward points from other eligible merchants into UPGREAT points, to expand their redemption possibilities. As of end-2019, we have over 125,000 users on GETGREAT and UPGREAT.

#### **GROWING OUR GENERAL INSURANCE BUSINESS**

Our General Insurance business delivered another year of consistent profitable growth in a competitive market, as we strengthened our presence in the agency and bank distribution channels.

In 2019, we saw continued success in our OCBC Bank partnership, whereby we increased our penetration of the bank customer and credit card base, and delivered significant uplift in new renewable business through our telemarketing channel.

As part of our retail strategy, we focused on enhancing our personal lines business by strengthening our retail team, expanding our collaboration with our distribution force and bancassurance partners, and enhancing our product development capabilities.

We offered bite-size travel insurance products for Singtel Dash customers across five neighbouring countries for as low as S\$5 payable through their mobile phones. By growing our digital affinity channels, we will reach out to more new customers.

We made investments to improve our policy operating systems to provide greater convenience for our customers and financial representatives. The new systems also offer features that will enable us to reduce product development cycles and time-to-market for new products.



#### **ENHANCING OUR GROUP INSURANCE PROPOSITION**

To meet the growing demands of our group insurance customers, we leveraged on technology and digitalisation to help strengthen our offer, focusing on minimising disruption and making it more convenient for their employees. New products and services were also developed to address their human resource needs and provide convenience for end-users.

We introduced Great Employee Benefits - a new employee benefits scheme for small and medium enterprises (SMEs). With this portfolio-rated packaged insurance, group customers have a choice of over 100 general practitioner clinics and seven restructured outpatient specialist services to cater to their employees' medical needs. Their employees can now access a wide range of product offerings ranging from group term life, personal accident to inpatient and outpatient hospital plans.

Last but not least, we worked with OCBC Bank to provide Group Mortgage Reducing Term Assurance to the bank's private property loan customers.

# Malaysia

Our Malaysian operations registered strong positive growth for the financial year 2019.

Total weighted new business from Great Eastern Life Assurance (Malaysia) Berhad (GELM) and Great Eastern Takaful Berhad (GETB) grew 19% to RM1,363.4 million (S\$448.7 million) compared with RM1,144.2 million (S\$382.0 million) in 2018, and New Business Embedded Value grew 17% to RM917.0 million (S\$301.8 million).

Great Eastern General Malaysia Berhad (GEGM) achieved gross written premiums of RM523.4 million (S\$172.2 million).

## STRENGTHENING OUR CUSTOMER ENGAGEMENT

We believe that every Malaysian deserves to live the GREAT Life. We remain focused on our purpose as the LIFE company to empower Malaysians to live healthier and better lives. In 2019, we became the proud partner of Asia's Got Talent Season 3, one of the world's biggest talent competition and featuring some of the region's popular performing artists. Our sponsorship was aimed at increasing brand awareness and reinforcing our corporate brand positioning to inspire people to pursue their passions, turn aspirations into action and LIVE GREAT.



We organised #RoadtoGreatness, an on-ground event to inspire Malaysians to discover their road to greatness. The event brought the world's largest performing stage to Kuala Lumpur, and featured the Indonesian illusionist The Sacred Riana performing alongside fan-favourite acts from Asia's Got Talent Season 3 including Malaysia's Yaashwin Sarawanan, NAMA and Freaky Girls, Indonesia's Raisa Putri and Singapore's Louis Sue.

For the eighth consecutive year, we were the main sponsor for the Star Health Expo Penang 2019. It took place from 13 to 15 March and attracted close to 18,000 participants. As the largest health and fitness exhibition in the country, there were varied attractions including exhibitions, booth activities, health talks and live workout sessions. Main highlights for the event were the LIVE GREAT Dodgeball Open, Kinect Workout, LIVE GREAT Sky Track and Bike Race events which were well attended.

Also in its eighth year was the ever-popular Great Eastern LIVE GREAT Run 2019 which attracted 14,000 runners to the Bukit Jalil National Stadium on 17 August for an evening of healthy and family-friendly fun. The event featured two categories – the 12km LIVE GREAT Run for seasoned runners, and the 5km Triple Fun Run for more casual participants. Besides fan favourites like the Bubble Zone and Water Zone, the Triple Fun Run introduced a brand-new element of slime as part of its Colour Zone. Participants also enjoyed photo opportunities, carnival games, food trucks and a mesmerising display of fireworks at the LIVE GREAT Carnival.

Over 52,000 participants took part in the Great Eastern Viper Challenge 2019 at exciting locations like the Sepang Night Trak, Penang Second Bridge, Port Dickson, Bukit Jalil National Stadium and Sepang International Circuit, where they navigated obstacle courses which tested their endurance, strength and teamwork.



## BUSINESS REVIEW

### Malaysia

#### DELIVERING INNOVATIVE PRODUCTS AND SERVICES

We are committed to providing insurance solutions suited to our customers' different life stages, such as *SmartProtect Junior* and *Smart Baby Shield*. *SmartProtect Junior* is a comprehensive child insurance plan packaged with medical, accidental and payer riders. The *Smart Baby Shield* is a pre-natal rider attached to *SmartProtect Junior* to cover expectant mothers for pregnancy complications and also offers protection for the unborn baby with congenital conditions. To complete the package of *SmartProtect Junior*, we introduced *IL Junior CI Plus* rider and *IL EduSaver*. *IL Junior CI Plus* rider provides critical illness coverage that focuses on child-prone conditions whereas *IL EduSaver* helps to build the education fund of the child.

We enhanced our investment-linked product suite by launching *SmartProtect Essential 3*, *SmartProtect Legacy Max* and *SmartProtect Wealth 20*. *SmartProtect Essential 3* is a comprehensive plan that provides customers a wide range of insurance solutions. It includes optional riders to provide additional protection from medical to accidental coverage. *SmartProtect Legacy Max* and *SmartProtect Wealth 20* provided solutions for legacy planning and debt cancellation with a high level of coverage.

*Great Love4u* - an affordable plan designed to offer high coverage up to three times the basic sum assured – was launched for accidental death with hassle-free enrolment and no medical underwriting.

We partnered Axiata Digital Capital to provide affordable and customised insurance and takaful products to our customers across Malaysia and Indonesia, using a digital financial services platform to provide the seamless mobile experience of purchasing insurance and takaful solutions to help bridge the protection gap.

For bancassurance channels, we deepened our partnership with OCBC Bank and focused on product development. We launched *MaxEmpower* and *Max Step-up* to broaden the savings and protection solutions for customers, and introduced *MaxSure*, an innovative regular premium product, to support the bank's initiative to drive customer footfall to their branches.



#### STRENGTHENING OUR DISTRIBUTION CAPABILITIES

As part of our digital transformation journey to better serve our agency force, we launched Great Link, a mobile communicator application to strengthen agency communication and improve efficiency and productivity. Anchored on the premise of providing convenient, relevant and timely communication, Great Link brings together the various business communication channels into one single omni-channel platform.

Some of these features included the ability to check sales targets and track performance through the financial representatives' individual Balanced Score Card report, as well as updates of newly-launched agency contests, nation-wide and regional events, news and interactive sales materials. The app also comes with functional tracking capabilities such as read and received message status and periodic reminders.

Since its launch in July, there have been over 10,000 downloads to-date. The Great Link underlines our goal to provide value to our agency force and to continually engage them. With more planned enhancements expected, we are confident that Great Link will benefit our agency force in the years ahead.

Regular engagement with our agency force is key to our company's success. At the start of the year, a record-breaking 5000 financial representatives attended GELM's National Head Start 2019 event. With the theme "One! One! One! Be The Best One", GELM management were present to share the company's upcoming plans and products and encourage the agency force to strive for customer excellence.

## GROWING OUR GENERAL AND GROUP INSURANCE BUSINESS

At GEGM, we embarked on our first affinity partnership with Malindo Air, as part of our efforts to digitally transform our business and enhance the customer journey and experience. The travel insurance policy launched in May, covered loss of documents and money, trip cancellations and other inconveniences such as flight delays and loss of baggage. With this partnership, customers can buy travel insurance easily at their fingertips.

In partnership with OCBC Bank, our packaged fire product for homes *OCBC HomeMate* was well-received. We also reached out to the bank's Business Banking commercial customers with the launch of *OCBC BizMate*, a fire insurance product for commercial properties.

The annual GEGM-OCBC business banking was held from 22 to 26 March and attended by bancassurance employees from both companies to discuss growth plans for Malaysia.

Additionally, we grew our customer base with the launch of *Perodua Total Protect Plus* in January, in collaboration with Perodua Malaysia.

## GROWING OUR TAKAFUL BUSINESS

2019 marked our second year of double-digit growth as we focused on providing affordable protection to all Malaysians and catering to their various needs.

Our products under the *Harapan* series enjoyed strong consumer take-up and earned the approval of industry observers by winning multiple awards. *i-Great Harapan* (also known as *i-Gr8 Harapan*) was named Best Takaful product by International Finance Awards 2019 and Insurance Initiative of the Year by Insurance Asia Awards 2019.

In September, we launched *Harapan Trio* which are affordable stand-alone products that provided adequate coverage for individuals diagnosed with medical conditions and critical illnesses.

In addition to diversifying our product range and delivery channels, we launched our first universal takaful fund product, *Supreme-i*, which was distributed

through OCBC Al-Amin, and designed to meet customers' short-term financial goals. This was followed by another universal takaful product, *Legacy-i*, which was designed to meet customers' long-term financial and protection needs.

This year, GETB made great strides towards our goal of being one of the leading practitioners of Value-based Intermediation (VBI) within the takaful industry. We were tasked to deliver a strategic framework and roadmap to advance the VBI agenda, in collaboration with several other Malaysian takaful operators.

In Malaysia, Islamic financial institutions are leading the sustainability agenda and encouraging each other to create positive values and impact, in response to the changing socio-economic and environmental landscape. The VBI journey began in 2018 with the Islamic banks paving the way with more offerings that satisfy contemporary sustainability themes. Some of these innovative solutions included promoting physical and mental well-being, as well as environmental sustainability.

2019 was also a significant year for GETB as the government appointed us as the Takaful Operator of the free national health protection scheme, *mySalam*. This provided us with the opportunity to address the financial needs of the unserved and underserved, and underlines our commitment towards uplifting communities in need.



## BUSINESS REVIEW

### Emerging Markets

#### INDONESIA

2019 was a year of positive performance for Great Eastern Life Indonesia (GELI). Customers remained a key priority for us, and throughout the year, we worked with partners to strengthen engagement with them across distribution channels, and focused on delivering innovative solutions.

During the year, we strengthened our bancassurance channels focusing on deepening collaborations with Bank OCBC NISP to develop various products for wealth management, small and medium enterprises, private banking and the Sharia business, as well as their digital platform, ONe Mobile. To increase mindshare for the Great Eastern brand, we partnered with Bank OCBC NISP and hosted our customers to performances by prominent music acts as part of the Premium Music Experience, a series of concerts held in several cities such as Surabaya, Malang, Bandung, Medan and Jakarta.

We expanded our business with a new bank partner Maybank Indonesia to focus on the credit life business, and continued to grow our existing partnership with PT Bank Panin Dubai Syariah Tbk for our Sharia business. We deepened our relationships with the stakeholders, enhanced our processes and generated positive business outcomes.



Additionally, we piloted collaborations with digital affinity partners such as LinkAja, Qoo10, Garuda Indonesia, True Money, Celebrity Fitness, RMI, PeDe, Qoala and Axiata Digital Capital to extend our reach to new customer segments. These partnerships provided us with great insights into the digital affinity business and are showing positive results.

We strengthened our telemarketing and digital sales capabilities and continued to expand relationships in our brokerage channel to grow our presence in Indonesia.

With our new company PT Great Eastern General Insurance Indonesia (GEGI) - formerly PT QBE General Insurance Indonesia - we have started to broaden our focus on general insurance solutions to strengthen our presence in the country. We now have a full suite of both life and general insurance offers to our customers. Our comprehensive solutions include Life & Savings, Health & Medical, Personal Accident, Motor, Property, Fire, Marine, Engineering & Construction, Professional Liability and General Liability.



On the product design front, we continued to deliver unique solutions catering to customer needs. In August, we launched *Great Treasure Assurance* which was well-received by customers. A first in the Indonesian market, it is a single premium whole life policy, which comes with a sum assured of up to 40 times the single premium paid. Customers do not need to worry about missing their future premium payments and their beneficiaries, in turn, receive their benefits as the policy does not lapse.

We received industry recognition during the year for our business excellence, with the brand winning several awards for Marketing, Product Innovation, Governance, Risk and Compliance.

## BRUNEI

In 2019, we focused on growing our agency force to build a quality and sustainable business. The introduction of a new licensing framework early in the year resulted in the reduction of financial representatives industry-wide.

To address this challenge, we worked closely with our agency leaders and JobCentre Brunei, the national one-stop career centre, so that we have a pool of qualified financial representatives who will continue to serve our customers effectively.

Training remained a key priority for us to build and retain a quality agency force. Regular training sessions were conducted to boost the professionalism, advisory skills and product knowledge of our agency force. Activities were also ramped up to increase the productivity of our sales force.

In support of the local regulator's aim to increase financial literacy awareness in the country, we participated in various National Savings Day events and worksite marketing activities in government offices throughout 2019. These helped raise our profile, positioned us as a trusted brand and increased the sales of our products in the Brunei market.



We launched the first-ever multi-generation Critical Illness plan - *GREAT Family Care* - in the last quarter of 2019, which generated much excitement and was well-received by customers as a first in the Brunei market.

During the year, to deepen our relationships and engage our customers, business partners and agency force on an ongoing basis, we leveraged major local festive occasions where we organised regular LIVE GREAT gatherings to bring them together and reinforce brand affinity.

## HUMAN CAPITAL

As a LIFE company, we inspire our people to LIVE GREAT. We believe every employee is a talent and can make a difference. To foster effective synergies, we are building an engaging environment and creating a place for our employees to discover and develop their potential to the fullest. Our Human Capital strategies are focused on Leadership, Learning and Growth, Culture Building, Employee Engagement and Health and Well-Being.

### BUILDING A STRONG CORPORATE CULTURE

In 2019, we celebrated our 111th Anniversary and took the opportunity to reflect on what it means to be the Life Company, starting with understanding the hearts and minds of our employees.

Through a survey conducted across our regional offices, colleagues from Singapore, Malaysia and Indonesia were invited to share their views to shape the culture and DNA of Great Eastern.

For the first time, the results were combined and displayed real-time on feature screens in Singapore and Malaysia and made accessible through a web-link for colleagues located in Indonesia and those stationed away from our HQ offices.



### DEVELOPING OUR PEOPLE

We continued to invest in people development. During the year, employees had the opportunity to cultivate core competencies and skills to help them to meet the rapidly changing demands of the insurance industry.

On-the-job learning and workshops were organised throughout the year to help guide employees in their career development. E-learning modules and tutorials were rolled out to educate employees on industry trends and regulations, help them stay informed and perform their daily operations more effectively.

Executive programmes were offered to talents earmarked for leadership positions. For succession planning, staff with leadership potential were given expanded job scopes and assigned job rotations to prepare them for progression within the Group. We implemented the Great Eastern Career Framework and Career Book across the Group to provide greater clarity and visibility on the career paths and opportunities available. This allows our employees to chart their own individual careers and facilitate the management of cross-functional and divisional employee rotations.

### ENGAGING OUR PEOPLE

Our employee engagement strategy is multi-dimensional and anchored on teamwork and open two-way communication between staff and senior management.

To reinforce our ongoing focus on customer-centricity, a series of 49 “Make Life Great” workshops were held throughout 2019, attended by close to 2,900 employees. Special team-based activities and experiential learning were conducted which enabled participants to explore, ideate and implement solutions to enhance end-user experience for better customer value creation.

We organised regular town halls chaired by senior management to keep employees abreast of company performance and upcoming plans and products throughout the year.



Our Great Connections sessions, where employees are given opportunities to engage with senior management over casual lunches, have proven popular and successful. A total of five sessions were held and saw 78 employees taking part.

As the Life Company, the well-being of our employees is a priority. Through our LIFE Programme which forms a key component of our employer value proposition, we incentivised our employees to take charge of their health and wellness.

We organised a series of health workshops and activities at company and department levels to encourage employees on their journey towards better health and fitness. These included brisk walks, static workouts and GO GREEN Challenges where 600 participants comprising over 70 teams and 130 individuals signed up to lose 1,100 kg collectively as a company.

In Malaysia, we participated in the Activ@Work Challenge by PERKESO where employees were motivated to stay active at the workplace. A collaboration with MyPerintis, a local youth NGO, on “Sweat Off Depression and Anxiety” was organised to debunk common myths and misconceptions on mental health.

The LIFE Programme, a key anchor event in driving organisational health and employee engagement across the Group, grew from strength to strength. Participation in this voluntary programme has increased to 88% for Singapore, 74% in Malaysia, and over 50% for Indonesia, since its launch. In tandem with the success of the programme, the overall health profile of employees in the Group has improved.

In Malaysia, we worked with the Industry Administrative Officers Association Peninsular Malaysia (IIAOA) to maintain industrial harmony and create a workplace environment that supports organisational change and staff well-being. For example, we enhanced benefits such as extended maternity leave, and additional special leave for long-serving staff.

To enhance operational efficiency, we digitalised our HR processes. In April, compensation letters were made available online via the iHR platform. Oracle HCM, a cloud-based system for Talent Management, Performance Management, Learning Management, and Talent Acquisition, will be launched in Q1 2020 to further streamline Human Capital’s processes.

At Great Eastern Life Indonesia, we progressively rolled out the Human Resources Management System (HRMS), to allow staff to handle documents and transactions related to tasks such as performance management, leave application and reimbursement of claims through one central system.

As part of the orientation programme for Great Eastern General Insurance Indonesia (GEGI) staff, a 3i Introduction programme was conducted to share with them the Great Eastern vision, mission and core values.

In Brunei, staff and members of the agency force marked Great Eastern’s 111th anniversary with a mini-carnival organised for the beneficiaries of Pusat Ehsan Al-Ameerah Al-Hajjah Maryam, a local charity that provides education, rehabilitation and employment opportunities for individuals with special needs.



## CORPORATE SOCIAL RESPONSIBILITY

Great Eastern prides itself as an active and responsible corporate citizen that supports a variety of meaningful social and charitable causes. We strive to make a positive and lasting impact to the diverse communities we operate in.

Through these activities, we fulfill our sustainability objectives of championing healthy living, making insurance inclusive and accessible and encouraging volunteerism among corporate staff and financial representatives.

### LIVE GREAT

#### Singapore

In line with our strong support for health and wellness, we hosted the 14th edition of our marquee sponsorship of the Great Eastern Women's Run in Singapore, which attracted some 13,000 participants. We also organised the first Great Eastern Women's Individual Physical Proficiency Test (IPPT) to help women assess their fitness levels, set achievable fitness goals and encouraged them to track their future progress. We also set a record for the 'Most Number of Women Doing the IPPT' in the Singapore Book of Records.

The run raised a total of S\$50,240 through registrations and corporate donations, which were donated to the Breast Cancer Foundation and the Women's Health



Research and Education Fund under SingHealth Duke-NUS Obstetrics & Gynaecology Academic Clinical Programme.

We were the venue sponsor for the Hospice Care Singapore's Dandelion Ride event where our corporate headquarters - Great Eastern Centre at 1 Pickering Street - was the start and end point for over 100 cycling enthusiasts as they cycled a 30km route across the island to raise funds for the terminally ill.

Great Eastern believes in giving back to the community. Our blood donation drive in partnership with Singapore Red Cross yielded 88 units of blood and was held at our latest customer service centre and agency office at Paya Lebar Quarter.

#### Malaysia

In Malaysia, the eighth year of the Great Eastern LIVE GREAT Run saw record numbers of runners in 5km and 12km races. The Great Eastern Viper Challenge which pitted competitors in a 12-station obstacle course over 6km, attracted over 52,000 fitness enthusiasts.

We organised a series of four Health and Wellness Workshops covering futsal, dodgeball and badminton for underprivileged children, who were coached and mentored by professional sportsmen and experienced instructors. Besides promoting healthy living, the focus on sports also helped the children build confidence and promote character development.

We made a cash donation to support the Cancer Society of Malaysia's outreach efforts to raise public awareness of the disease.

To raise the standards of living for residents of Kg Orang Asli Sg Gabong, we contributed RM110,000 for various programmes, including the installation of solar panels and water filtration systems at the homes.

#### Indonesia

To mark GELI's 23rd anniversary, we conducted a blood donation drive at the HQ office in Jakarta, attracting 60 staff.

Our three other blood donation drives at the GEGI branches in Makassar, Surabaya and Semarang attracted more than 250 donors and consisted of staff, financial representatives, customers as well as the general public.

## HELPING THE DISADVANTAGED

### Singapore

To spread some festive cheer over Christmas, we hosted elderly beneficiaries from the AWWA Community Home for Senior Citizens for a day of fun with our staff volunteers and their children. They were also treated to a carolling performance put up by staff from OCBC Bank, Great Eastern, Bank of Singapore and Lion Global Investors.

The Chinese New Year Prosperity Draw remained a popular hit with our staff, with S\$40,350 raised through ticket sales and all proceeds going to the Straits Times School Pocket Money Fund.

Our financial representatives raised S\$54,000 for MINDS Fernvale Gardens School for children with special needs and the AWWA Community Home for Senior Citizens – the two beneficiaries for our ChildrenCare Door-to-Door Donation Programme in support of The Community Chest.

### Malaysia

We hosted a paper-cutting workshop for 100 underprivileged children from BRDB Rotary Children's Residence, Yayasan Sunbeams and Praise Emmanuel Children's Home, as part of our ChildrenCare programme. These children had the opportunity to discover their creative skills in making lanterns. We also organised a cookie-baking workshop for 40 underprivileged children, aged 10 to 17 years, from Rumah Amal Cahaya Tengku Ampuan Rahimah and Pusat Jagaan Nuri in conjunction with the Hari Raya celebrations.

As part of Deepavali and Christmas celebrations, we distributed school items supplies and dinner packs to 45 underprivileged children from various homes such as Pusat Jagaan Rumah Kanak-kanak Trinitri, Assunta Children Society and Sasthi Blessings Shelter Home.



## CORPORATE SOCIAL RESPONSIBILITY

We partnered with Hospis Malaysia to raise funds for medical supplies to aid patients in palliative care. Fund raising activities were carried out nationwide as collections from staff and a cash donation by the company were channelled to meet their needs.

We visited a home for the elderly – Pertubuhan Kebajikan Orang Tua Cacat Dan Kurang Upaya Taman Connaught where our staff volunteers repainted the home and interacted with the elderly residents following a sumptuous lunch. Donations in the form of cash and daily necessities were also made to the Home.

During the fasting month, we organised a breaking-of-fast dinner for 80 school children, their families and teachers, through funds raised from the sale of food packets sold to Great Eastern Malaysia employees.

We also collected pre-loved children clothes and purchased Hari Raya cookies that were then distributed to needy Muslim families in Kg Orang Asli Sungai Gabong, Bentong Pahang.

To minimise the protection gap, since April, we conducted a nationwide mySalam awareness campaign in over 100 locations and reached out to various groups of Malaysians who may not be informed of the benefits of the product. mySalam is a free national takaful protection plan provided for lower-income Malaysians.



### Indonesia

We hosted a break-fast dinner for orphans from Panti Asuhan Tebet and distributed school supplies and daily necessities to the orphanage, as well as made a Ramadhan donation of Rp12,000,000.

To improve the quality of life of beneficiaries under its Great Eastern Indonesia Charity Programme, we adopted Elsafan Foundation, a special school for 45 visually-impaired children and teenagers, some of whom have multiple disabilities. Through funds raised by staff and contributions from business partners, we sponsored the costs of repair and renovation works for facilities such as the kitchen, toilets, braille printing room, dry food storage areas and the boys' dormitory.

We partnered PUSPADI Bali, or the Disability Empowerment Centre Indonesia Bali, a charity providing rehabilitation, education and advocacy programmes for people with disabilities, by providing motor insurance protection over five years for a specially modified bus that transports disabled and special needs children living in Bali.

### Brunei

As part of Great Eastern's 111th anniversary celebrations, our staff and members of the agency force hosted a mini-carnival for the beneficiaries of Pusat Ehsan Al-Ameerah Al-Hajjah Maryam, a local charity that provides education, rehabilitation and employment opportunities for individuals with special needs.

## EMPOWERING THROUGH EDUCATION

### Malaysia

We organised "Let's Score A" – a two-day educational workshop that taught underprivileged children exam tips and techniques and provided them with study materials to prepare and excel for their public examinations. This was in collaboration with Jabatan Kebajikan Malaysia (JKM) or the Social Welfare Department.

As part of the Program Aspirasi Gemilang 'A', the children who scored an "A" grade in their public examinations received an incentive of RM100. A total of 29 children received these cash awards.



This year also saw ten scholars awarded the Great Eastern Supremacy Scholarship to pursue undergraduate studies at local Malaysia universities. Since its establishment in 1998, we have given out 180 scholarships.

We participated in a joint CSR programme with local equipment finance company Pac Lease to support the education needs of underprivileged children. Besides cash contribution, furniture and school stationary were donated to the two adopted schools - Sekolah Pinapak and Kindergarten Dowokon.

Our staff embarked on a series of CSR activities to help the community in Kg Orang Asli Sungai Gabong elevate their living standards. Great Eastern Malaysia staff and members of the public donated old books to set up a children's library. We also organised a storytelling competition for the children in the city to improve their language proficiency and raise their self-confidence.

A skills training workshop was organised for the women to learn embroidery as a means to earn extra income, where we provided the skills training and raw materials.

Our staff volunteers also embarked on a community farming project. A total of 20 families were involved and they were taught the latest farming methods to grow crops and to reinvest their profits to grow more crops for future harvests.

#### Indonesia

We participated in an educational seminar on the role of insurance which was attended by more than 100 students from Universitas Islam Negeri Sunan Ampel Surabaya (UINSA). This was held in support of the Indonesian Financial Services Authority OJK's

annual Financial Inclusion Month, which aimed to raise awareness of financial literacy among the millennials.

To encourage more underprivileged children to read English, we collaborated with the British School Jakarta to donate old English library books.



## SUPPORTING THE ENVIRONMENT

### Indonesia

To commemorate World Tree Day, our staff and Bank OCBC NISP came together to clean up the Ciliwung River located in Jakarta. About 100 participants comprising management, corporate staff and other volunteers cleared the rubbish, planted trees and took part in an ecobrick workshop where they learnt to create reusable building blocks using plastic bottles and waste. We also made a donation of Rp10,000,000 towards the cleaning efforts.



## YEAR IN REVIEW (HIGHLIGHTS)

### JANUARY

- GELS hosted the Great Kick Off event at Suntec City, attracting over 2,000 financial representatives
- GELM hosted its National Head Start event at the Arena of Stars, Genting Highlands with 5000 representatives
- GETB launched *Supreme-i* for OCBC Al-Amin, a limited-pay universal takaful product under its partnership distribution channel
- GETB was appointed by the Government of Malaysia to administer mySalam, a free national protection scheme for 4.3 million Malaysians in need
- GELI supported blood donation activities at Jakarta by distributing healthy snacks to all blood donors
- GELI launched *Great Health Cover*, as a rider for *Great Optima Link*



### FEBRUARY

- GELM organised a paper-cutting workshop for 100 underprivileged children and made a donation to various social welfare homes
- GELI launched *Great Flexi Protector*, a personal accident product combined with critical illness, viral infection and hospital cash plan and sold through telemarketing
- GELI conducted its Agency Kickoff Roadshow to all branches outside Jakarta such as Surabaya, Medan, Semarang, Makassar, Samarinda, Bali and Batam

### MARCH

- GELS notched up a score of 75.0, the highest in the Life Insurance sub-sector, in the latest Customer Satisfaction Index of Singapore 2018, organised by the Institute of Service Excellence (ISE) at the Singapore Management University
- GELS partnered Samsung for modular insurance products *GREAT Smart Cover* and *GREAT Smart Home* sold directly via Samsung Pay
- GELS entered into partnership with WeChat, China's popular messaging app
- GELS' Great Eastern Financial Advisers (GEFA) launched GEFA Studios
- GELS launched hospitalisation plans *GREAT TotalCare* and *GREAT TotalCare Plus*
- GELM is the proud partner of Asia's Got Talent (Season 3) and organised the #RoadtoGreatness event
- GELM organised its annual Great Eastern Viper Challenge at the Penang Second Bridge, one of the four venues which included Port Dickson, Bukit Jalil and Sepang International Circuit. As the world's first obstacle event on a bridge, it attracted 12,000 participants.
- GETB launched *i-Great Harapan Plus*, an extension of the ever-popular family takaful term plan of *i-Gr8 Harapan* which was launched last year.
- GETB launched *i-Great Critical Care* and *i-Great Medi Care*, the first medical and critical illness plan under its direct distribution channel
- GETB launched its Group SME Package to cater to small businesses under its corporate takaful business channel
- GELI opened The Great Hub, its new office concept in Jakarta, focused on developing digital products
- GELI conducted its Live Great Programme with Bank OCBC NISP employees in Surabaya
- GELI held a 5km Fun Run with the RGO running community in Malang, East Java.
- GEGM held a business banking convention with OCBC Bank to share plans to grow the bancassurance business in Malaysia.

**APRIL**

- GELS launched two investment-linked plans, *GREAT Life Advantage* and *GREAT Wealth Advantage*
- GELS partnered CaregiverAsia to offer freelance caregivers the *GREATcare Personal Accident*, a personal accident insurance plan
- GELM organised the second edition of the National Secondary School Actuarial Camp to give students insights into the actuarial field
- GETB staff brought cheer to 400 residents of the Kg Orang Asli Sg Gabong by presenting solar panels and books for children
- GELI conducted a Live Great Programme with Bank OCBC NISP employees in Jakarta on the topic of the Art of Balancing All (Family, Work & Myself)
- GELI partnered Bank OCBC NISP to host the Premium Music Experience in Bandung featuring Kahitna, a famous local band

**MAY**

- GELS launched *GREAT Family Care* where three generations can be protected against critical illnesses through a single policy
- GELS' GEFA hosted an all-ladies wealth seminar to empower women to take charge of their financial and physical lives
- GELM awarded RM5,900.00 to 29 underprivileged children under the Jabatan Kebajikan Masyarakat (JKM) homes as part of its ChildrenCare programme - Aspirasi Gemilang 'A'
- GELI included PT OCBC Sekuritas as its new distribution channel for the sale of *Super Investlink Plan 101*, its investment-linked product
- GELI launched a *CareCash* microinsurance product with RMI as business partner
- GELI hosted breakfast for orphans from Panti Asuhan Tebet and donated IDR12,000,000
- GEGI completed its acquisition of PT QBE General Insurance Indonesia

**JUNE**

- GELS launched registration for Great Eastern Women's Run and garnered 1,000 sign-ups on the first day
- GELM organised Sunny Lebaran Baking Workshop for 40 underprivileged children in conjunction with Hari Raya Aidilfitri
- GELI conducted a Live Great Programme for staff at Bank OCBC NISP Tower on the topic of Clean Eating
- GEGI introduced its new brand to 300 business partners and stakeholders to officially mark its launch

**JULY**

- GELS established its new agency office and customer service centre at Paya Lebar Quarter
- GELS launched Prestige Partners, a handpicked team of 141 experienced financial representatives to serve the mass affluent segment
- GELM held its Life Planning Advisors (LPA) 2018 Graduation ceremony, where 234 members graduated from the Class of 2018, making a total of 3,400 LPA graduates to date
- GETB launched *i-Great Aman*, an investment-linked family takaful plan
- GELI conducted a Live Great Programme for Bank OCBC NISP employees in Medan on the topic of "Being Fit and Active for Life"
- GELI embarked on a strategic partnership with Maybank Indonesia to launch two credit life products - *Great Fixed Protector* and *Great Life Protector*

## YEAR IN REVIEW (HIGHLIGHTS)

### AUGUST

- GELS and its regional office in Malaysia marked Great Eastern's 111th anniversary with a host of celebratory activities
- GELS partnered Sport Singapore's ActiveSG to launch the first in-app digital plan *Active Care*
- GELS made "herstory" with Singapore's first-ever Women's Mass Individual Physical Proficiency Test event, and setting a new Singapore Book of Records
- GELS launched *Prestige Life Rewards 3*, a new wealth accumulation plan
- GELS partnered healthtech company Doctor Anywhere for integrated telemedicine services to bolster healthcare coverage and convenience for its group insurance customers
- GELM hosted the eighth edition of its LIVE GREAT Run event and saw a strong turnout of over 14,000 participants
- GELM hosted a dodgeball workshop for 80 underprivileged children as part of its ChildrenCare Health and Wellness programme
- GELM conducted a two-day interactive Let's Score 'A' Workshop (UPSR) for 39 underprivileged children under JKM
- GETB organised a storytelling competition for the children of Kg Orang Asli Sg Gabong
- GELI launched *Great Treasure Assurance*, a single premium whole life policy for estate planning
- GELI signed a cooperation agreement with Mayapada Healthcare to offer improved health services for its customers

- GELI launched *Great Medical Assurance* and *Great Medical Care*, two policies to meet customers' medical needs at affordable prices
- GELI celebrated its 23rd anniversary with the launch of its #HidupHarusGini campaign to engage its customers, employees and business partners
- GELI held a seminar for students from Universitas Islam Negeri Sunan Ampel Surabaya (UINSA) to raise awareness of insurance as part of financial planning

### SEPTEMBER

- GELS worked with Singtel Dash to introduce a travel protection plan *GREAT Getaway Cover*
- GELS organised its inaugural blood donation drive at its Paya Lebar Quarter office for staff, financial representatives, customers as well as the public
- GELS hosted the Community PVP Esports event, in partnership with Singtel
- GELM held the Let's Score 'A' Workshop (PT3) for 65 underprivileged children under JKM to help them excel in the national examinations
- GETB goes digital with the launch of its e-certificate platform
- GETB launched Harapan Trio – *i-Great Harapan Plus*, *i-Great MediHarapan* and *i-Great HarapanCI10* – which covers individual, medical and critical illnesses
- GETB launched *Legacy-i* for OCBC Al-Amin, a limited-pay universal takaful plan under its partnership distribution channel
- GELI celebrated its 25th anniversary with activities to thank customers, employees and the community for their support



### OCTOBER

- GELS held its Final Sprint event "The Greatest Mission" for its financial representatives
- GELS launched personal accident insurance plans *GREAT Golden Protector* and *GREAT Junior Protector*
- GELM hosted its Annual Appreciation Awards 2019 for staff with between 5 to 40 years' experience
- GELM organised a breast cancer awareness campaign where its staff pledged support for the Breast Cancer Foundation
- GELM conducted its Let's Score 'A' Workshop (SPM) for underprivileged children under JKM, sharing with them tips and techniques to excel in school examinations



- GETB launched a community farming project in Kg Orang Asli Sg Gabong, Pahang
- GELI launched the *Great Term Cover* as a rider option for *Great Optima Link*
- GELI partnered with *Bisnis.com* to conduct financial literacy for local entrepreneurs
- GELI supported Bank OCBC NISP's #TAYTB Fest
- GELI conducted a talk show on Healthy Workplace in collaboration with partners such as with Mayapada Hospital, YesDok and Bank OCBC NISP
- GELI and GEGI took part in OJK's annual "Financial Inclusion Month" event, to raise awareness on insurance among millennials
- GEGI conducted a series of blood donation drives at its branches, and donors included its agents, brokers and nearby communities

## NOVEMBER

- GELS hosted the 14th edition of the Great Eastern Women's Run, attracting 13,000 runners
- GELS welcomed the graduation of 168 agency leaders from the Agency Management Training Course (AMTC) and achieving Institute of Banking & Finance (IBF) standards Level 3 accreditation
- GELM organised Health and Wellness Badminton Workshops for 100 underprivileged children from six NGO homes as part of its ChildrenCare programme
- GELM hosted Deepavali celebrations and distributed festive dinner packs, gifts and gift vouchers to six homes registered under JKM
- GETB launched *i-Great Wawasan*, an investment-linked family takaful plan with short payment term and high coverage
- GELI partnered with Bank OCBC NISP on a CSR environmental project to clean the Ciliwung river and plant trees

- GELI launched its *CARECash* and Lucky 8 Promo for hypermarket customers, where they stood a chance to win free miles with Garuda Indonesia
- GELI conducted a talkshow for its Group Insurance customers in Jakarta on the topic of "Leading with Compassion"
- GEGI raised funds to pay for renovation works at the Elsafan Foundation which supports blind children and teenagers with multiple disabilities
- GEGI's official website went live with updated product details, application forms and claim procedures for easy access by customers



## DECEMBER

- Great Eastern and Axiata Digital Capital inked a collaboration to offer affordable insurance products to customers in Malaysia and Indonesia
- GELS hosted a Kids@Work event for the staff children and invited 40 residents from the AWWA Community Home for Senior Citizens to join in the Christmas festivities
- GELS partnered CaregiverAsia to launch Extraordinary Care Program which offers insurance coverage and payout for therapy and care services for children with special needs
- GELS launched *GREAT Cancer Care*
- GELM hosted the final Health and Wellness programme, focusing on futsal for 100 underprivileged children
- GETB celebrated its 9th anniversary and bid farewell to retiring Board chairman Datuk Kamaruddin Taib
- GEGI hosted a year-end dinner to show appreciation for its staff following its recent acquisition by Great Eastern

## AWARDS & ACCOLADES

### SINGAPORE

#### Most Transparent Company Award – Winner (Finance Category)

20th Investors Choice Awards, Securities Investors Association Singapore

#### Ranked 6th in Top 100 Singapore Brands for 2019

Brand Finance

#### Team of the Year Award (Life Insurance) – Digital for Business

Singapore Business Review Management Excellence Awards 2019

#### Best Companies to work for in Asia 2019 (Singapore)

HR Asia

#### 1 Star, 10 Gold and 36 Silver awards

Excellent Service Award (EXSA) Ceremony 2019

#### Best Contact Centre Manager of the Year – Silver

19th CCAS International Contact Centre Awards 2019

#### Most innovative Use of Mobile (Silver) – GETGREAT and UPGREAT

Best App – Financial Services (Bronze) – GETGREAT and UPGREAT

Best App – Customer Engagement (Bronze) – GETGREAT and UPGREAT

Mob-Ex Awards by Marketing Magazine

#### Top 100 Asia's Best Employer Brands 2019

Employer Branding Awards

#### Business HR Awards (Purpose-Driven)

Leading HR Practices (Employee Engagement, Alignment and Workplace Harmony) – Special Mention

The Singapore HR Awards 2019

#### Best Regional Loyalty Campaign (Silver) – LIVE GREAT, GETGREAT and UPGREAT

Best Loyalty Programme (Bronze) - LIVE GREAT, GETGREAT and UPGREAT

Marketing Magazine's Loyalty & Engagement Awards 2019

#### Digital Award - Great Digital Advantage

Mobile Award - Life Insurance – GETGREAT and UPGREAT

Singapore Business Review

Technology Excellence Awards 2019

#### Best Employer in Singapore 2019

Kincentric Best Employers Program

### MALAYSIA

#### Excellence in Retention Strategy (Silver)

Human Resources HR Excellence Awards 2019

#### Best Takaful Product

i-Great Harapan (also known as i-Gr8 Harapan)

International Finance Awards 2019

Best Insurance Initiative of the Year i-Great Harapan (also known as i-Gr8 Harapan)

Insurance Asia Awards 2019

#### Trusted Brand Award (Gold – Life insurance and Health insurance categories)

Reader's Digest Trusted Brands 2019

#### Nation Branding Award

The BrandLaureate Best Brands Awards 2018-19

#### The BrandLaureate Greatest ICONIC Brand of the Decade Award

The BrandLaureate Brand ICON Leadership Awards 2019

#### Top Brand in Banking, Investment and Insurance category

2019 Putra Brand Awards

#### Best Corporate Social Responsibility Initiative

International Finance Awards 2019

#### LOMA Excellence in Education 2018 Award

Life Office Management Association (LOMA)

#### Young Takaful Manager Award Top Agent Award

Special Award: Race for Cover for i-Great Damai 2.0

Direct Distribution Channel Award (Institution category)

Malaysian Takaful Association Sarnite Awards 2019

#### Best Candidate Experience by a Corporate HR team (Silver)

Human Resources Asia Recruitment Awards 2019 Malaysia

#### Best Companies to Work For in Asia 2019 (Malaysia edition)

HR Asia Awards 2019

#### Best Employer Brand (Insurance Category)

Graduates' Choice Awards



**INDONESIA**

**Platinum Rating**

Indonesia Corporate Secretary & Corporate Communication Award 2019, Economic Review

**Gold Rating**

Indonesia Corporate Social Responsibility Award 2019, Economic Review

**Gold Rating**

Indonesia Sales & Marketing Award 2019, Economic Review

**Best Product Innovation**

Indonesia Insurance Innovation Award 2019, Gatra Magazine

**Best Innovation on Life Insurance**

Indonesia Innovation Award 2019, Biskom & APTIKNAS

**The Big 3 - The Best Human Capital for Life Insurance Company**

Indonesia Human Capital Award V 2019, Economic Review

**The Big 5 - The Best in Finance for Life Insurance Company**

Indonesia Financial Award 2019, Economic Review

**3-Stars rating**

Top Governance, Risk & Compliance Award 2019, Top Business Magazine

**Top Life Insurance 2019 Category Asset Rp 3-5 Trillion**

Top Insurance Award 2019, Top Business Magazine

**Top CEO Life Insurance 2019**

Top Insurance Award 2019, Top Business Magazine

**2nd Rank Bancassurance Top Agent Award – Siwi Sugiharti**

Top Agent Award 2019, Indonesia Life Insurance Association (AAJI)

**Significant Progress & Stellar Investment Performance in Indonesia for Life Insurance**

Indonesia Investment Award 2019, MarkPlus

**The Best In Experiential Marketing**

Marketing Award 2019, Marketing Magazine

**The Best Market Driving Company**

Marketing Award 2019, Marketing Magazine

**Top 3 Financial Performances for Insurance Company with Assets between Rp 2-5 Trillion**

Indonesia Best Insurance Award 2019, Warta Ekonomi

**Best IT, Data Tech & AI Governance 2019**

DataGovAI Awards 2019, Asosiasi Big Data Indonesia

**Channel Branding of The Year**

Marketeers Editor's Choice Award 2019, MarkPlus

**Brand Awareness Category - Millennial's Admirable Brand in Life Insurance (< Rp 10 Trillion)**

Financial Award 2019 – Millennials Choice, RRI & Iconomics Research & Consulting

**Most Admired CEO 2019 - Clement Lien Cheong Kiat, CEO PT Great Eastern Life Indonesia**

Most Admired CEO Award 2019, Warta Ekonomi





# SUSTAINABILITY REPORT

## ABOUT THE REPORT

Great Eastern Group is pleased to present our sustainability report, which covers the Environmental, Social and Governance (ESG) aspects of the Group for 2019.

## REPORTING SCOPE

We adopt a progressive approach towards reporting, and will continue to enhance our disclosures over time. Unless otherwise indicated, this report covers all businesses and operations of our Group.

## REPORTING FRAMEWORK

The report has been prepared in accordance with the Global Reporting Initiatives (GRI) Standards: Core Option. The GRI Standards are an internationally recognised reporting framework that cover a comprehensive range of sustainability disclosures. This report is also aligned with the requirements stipulated in the Sustainability Reporting guidelines of the Singapore Exchange.

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## BOARD STATEMENT

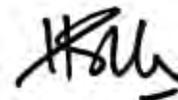
At Great Eastern, we make life great by providing financial security, and promoting good health and meaningful relationships. We are committed to be a responsible and sustainable business, bringing sustainable long-term value to our stakeholders and the communities in which we operate by incorporating environmental, social and governance considerations into our business decisions. The way we conduct our business is guided by our core values of integrity, initiative and involvement, supported by transparent disclosure. In 2019, our efforts in transparent disclosure were recognised when we won the Investors' Choice Award – Most Transparent Company Award under the 'Financials' category by the Securities Investors Association (Singapore).

We have been a signatory to the United Nations Principles for Sustainable Insurance (UN PSI) since 2018, adopting the principles of building an enterprise that is environmentally conscious, socially responsible and ethical. To that end, we will continue to focus to refine and expand on the ESG factors relevant to us, doing our part to make a difference. In 2019, we added environment as an additional ESG factor. In addition, Lion Global Investors, our subsidiary and key external asset manager, became a signatory to the United Nations Principles for Responsible Investment (UN PRI) in January 2020.

We now have clearly established principles to guide our sustainability efforts, and our journey has begun. This is the third Sustainability Report of our group, and we are pleased with our progress. As we continue our journey, we will continue to enhance our internal governance frameworks and practices, and ensure that environmental and social considerations are incorporated in our decision-making process in a balanced and holistic manner. We are currently undergoing a management review on Great Eastern's sustainability strategies, where our targets will be reviewed and reassessed. We look forward to sharing further progress in our sustainability journey in 2020.



**KOH BENG SENG**  
Chairman



**KHOR HOCK SENG**  
Group Chief Executive Officer

28 February 2020

# OUR SUSTAINABILITY APPROACH

## A SUSTAINABLE GREAT EASTERN

### Sustainability Pillars, Material ESG Issues and United Nations Sustainable Development Goals (UN SDGs)

We want to focus on the issues that matter, and prioritise our efforts in areas in which we can make the most significant impact on sustainability. With that in mind, we have refined our sustainability approach this year. Great Eastern's Sustainability agenda is now organized under 3 Sustainability Pillars. Our efforts under each Pillar include action plans that specifically address the relevant material ESG issues, and are aligned with the relevant UN SDGs<sup>1</sup>, as summarised in the following table:

Sustainability Pillars	Sustainability Objectives	Material ESG Issue	Impact	SDGs
<b>1. Communities</b>	<ul style="list-style-type: none"> <li>Promote healthy living and wellness</li> <li>Make insurance inclusive and accessible</li> <li>Encourage our people in volunteerism</li> </ul>	Financial Inclusion	Customers, Communities	
		Corporate Social Responsibility	Communities	
<b>2. Our People</b>	<ul style="list-style-type: none"> <li>Ensure health and safety at work</li> <li>Promote work-life harmony</li> <li>Promote continuous learning</li> </ul>	Our People	Employees and Financial Representatives	 
<b>3. Responsible Business Practices</b>	<ul style="list-style-type: none"> <li>Create sustainable economic value for our stakeholders</li> <li>Ensure highest standards of business practices to ensure our continued existence and contribution to society.</li> <li>Preserve a healthy and sustainable planet for the next generation.</li> </ul>	<ul style="list-style-type: none"> <li>Fair Dealing</li> <li>Customer Experience</li> <li>Strong Governance</li> <li>Cyber Security, Customer Privacy &amp; Combating Financial Crime</li> <li>Environment<sup>2</sup></li> <li>Economic Contributions</li> <li>Responsible Investment</li> </ul>	All Stakeholders	   

<sup>1</sup> The SDGs are core elements of the 2030 Agenda for Sustainable Development that address a broad range of sustainability issues including decent work and economic growth, eradicating poverty, reducing inequality, strengthening governance in institutions, as well as tackling climate change.

<sup>2</sup> Environment and Climate Change are key concerns in the regions we operate in, and the Board has added the Environment to the list of material ESG factors for GEH.

### SUSTAINABILITY GOVERNANCE

Together with the management, the Board ensures that Great Eastern delivers on our ESG commitment. A Sustainability Steering Committee (SSC) has been formed to oversee the company's sustainability efforts. This committee comprises of senior management from across the Group, chaired by the Group CEO.

### STAKEHOLDER ENGAGEMENT

Great Eastern's key stakeholders include entities and individuals affected by our business and have an impact on our future performance and operating environment. These include our shareholders, customers, employees, financial representatives, regulators, and the communities in which we operate. We engage our stakeholders via various means on a regular basis.<sup>1</sup>

### MATERIALITY ASSESSMENT

In creating sustainable value for our stakeholders, we consider the economic, social and environmental impacts of our business. At the start of our sustainability journey in 2017, we identified 9 material ESG factors of importance to Great Eastern<sup>2</sup>. This year, the Board added the Environment as a 10th material ESG issue due to its increasing important impact to all stakeholders.



<sup>1</sup> For details of our stakeholder engagement, please refer to our 2018 Sustainability Report.

<sup>2</sup> For details of our materiality assessment, please refer to our 2017 Sustainability Report.

## COMMUNITIES

The prosperity and well-being of the communities in which we operate impact the company's sustainability as a business.

### FINANCIAL INCLUSION

Great Eastern believes that insurance serves an important social purpose of mitigating uncertainties, and aims to support financial inclusion in the community by making insurance accessible to the larger community.

Consistent with our desire to create stronger positive impacts for the community, we regularly review and evaluate the relevance and effectiveness of our product offerings. We also refine and enhance existing offerings by introducing new and innovative products across all our business lines – Life, General and Group insurance – to meet the insurance needs of the community.

Great Eastern also collaborates with government in schemes and initiatives to provide basic insurance products at affordable premium costs in countries in which we operate.

#### Singapore

We offer a wide range of insurance products to provide life, disability, health and long-term care coverage for the communities. We are also one of two insurers to support all government insurance schemes and initiatives.

In 2020, the Ministry of Health plans to enhance ElderShield to become CareShield Life that will provide universal coverage to all Singapore residents aged 30 and above. The enhanced benefits under CareShield Life include higher payouts that increase over time and lifetime payouts if the claimant is severely disabled.

We are committed to providing additional coverage over and above CareShield Life when it is launched, and are in the midst of reviewing our existing ElderShield Supplementary Plan benefits to ensure that they remain complementary to benefits under CareShield Life.



#### Malaysia

Great Eastern supported the Perlindungan Tenang initiative of Bank Negara Malaysia to provide accessible and easy-to-understand insurance protection to the population.

We designed protection products for the disadvantaged and underserved segments through our Group Multiple Benefits Insurance Scheme (GMBIS) & Easy Care Plus. With affordable premium and comprehensive benefits, these products are offered to the underserved communities such as plantation workers, government staff in rural areas, factory workers and hotel workers.

GMBIS Investment Linked Plan is a voluntary group insurance plan with comprehensive protection against loss of life, total permanent disability (TPD), accident and 36 critical illnesses. It allows members to withdraw units should the need for cash arise. Upon maturity, members are entitled to the policy's cash value. There are also on-going initiatives and roadshows to increase insurance awareness and coverage among the B40 (bottom 40 percentile) income group.

Easy Care Plus provides protection for a defined period, usually when one has high insurance needs but low budget. The plan offers protection against loss of life and TPD with low premiums of RM10 per month. In the event of death or TPD, the Sum Assured will be payable in one lump sum. For death due to accidents, an additional amount of 100% of the Sum Assured will be payable.

On the takaful front, we have launched i-Great Harapan Plus, a first-of-its-kind guaranteed issued product that promotes inclusivity by allowing all to get coverage regardless of medical background.

## Indonesia

Great Health Cover was launched in early 2019 as a rider to Great Optima Link. With its affordable premium and comprehensive coverage, Great Health Cover aims to be a good solution to meet the protection and investment needs of Indonesians.

To increase insurance penetration in the country, we launched the Great Medical Assurance and Great Medical Cover to provide health protection for the youth market segment. These products complement the Badan Penyelenggara Jaminan Sosial (BPJS) Kesehatan (government-sponsored health insurance scheme). In 2019, we also launched the Great Treasure Assurance for wealth protection and estate planning.

In support of the government's push for financial literacy and inclusion, a series of corporate social responsibility campaigns with the theme of LIVE GREAT was conducted throughout the year in the form of workshops and seminars for targeted groups. Topics covered included financial health checks and financial planning. In 2019, the group targeted were entrepreneurs and communities.

We will continue to promote financial literacy and insurance inclusion in 2020 by reaching out to a wider community through our strategic partners such as OCBC NISP, Yes Dok, Kalbe Farma & Bisnis Indonesia.



## CORPORATE SOCIAL RESPONSIBILITY

Complementing our sustainability efforts, our Corporate Social Responsibility (CSR) practices are anchored on four themes: Promoting Healthy Living and Wellness through Sports, Helping the Needy, Empowerment through Education and Supporting the Environment. Please refer to pages 44-47 of our Annual Report for more details on our CSR initiatives in 2019

In response to the COVID-19 virus outbreak in early 2020, we set up a S\$1 million holistic support package in Singapore to help our customers and immediate family members in the event that they are infected by the virus, and pledged another RM1 million and B\$50,000 for the same in Malaysia and Brunei. In addition, we contributed S\$200,000 in Singapore to provide financial assistance to vulnerable communities through the Courage Fund, facilitated by the National Council of Social Service (NCSS) & Community Chest.

We will continue to give back to the communities through a series of Great Eastern Cares CSR activities throughout the year.

## OUR PEOPLE

We are committed to create the organisation and environment for our employees and financial representatives to discover and develop their potential to the fullest.

### OUR EMPLOYEES

Our employees are pivotal to our success. An important part of our human capital strategies involves the recruitment and development of our people, not only for our businesses, but ultimately also for the industries and for the countries in which we operate. Specifically, we focus on Career and Development, Employee Engagement, as well as Health and Well-Being.

#### Career and Development

We invest in our people by providing relevant personal or professional training needed for them to perform and advance in their careers. All employees receive regular performance and career development reviews. Furthermore, we have a Great Eastern Career Framework, which has been rolled out across the Group, which allows employees to better understand and plan their career paths within the company.

We believe in training our employees both in job specific skills as well as in general knowledge and skills that are useful across different job disciplines. As an important industry player, we believe the training we provide will benefit not only our businesses but also the industry and communities at large.

We are proud to have been recognised as a Human Capital Partner (HCP) by the Tripartite Alliance for Fair & Progressive Employment Practices' (TAFEP). This is in recognition of our fair and progressive workplace practices across both local and foreign employees. The HCP programme brings together the community of employers who are committed to developing their talent core and we fully support the cause.

Recognising that the rise of Insurtech can potentially bring about changes to traditional job roles in the insurance industry, we are taking a pro-active approach in workplace transformation by identifying the job roles of the future, and preparing our people to embrace new skills sets. Great Eastern has also collaborated with the Institute of Banking and Finance (IBF) and Life Insurance Association in charting out the roadmap for the Professional Conversion Program (PCP) in the insurance industry.



### Employee Engagement

We provide our people with a positive workplace culture. During the year, we ramped up initiatives to reinforce our corporate culture, built on the shared value and responsibility of “Moving Together As One”.

### Health and Well-Being

We put great emphasis on the well-being of our employees. We encourage employees to stay healthy through a series of in-house health-focused workshops and activities throughout the year. Over the years, we are pleased to see continuing increase in participation rate for these programmes, with over 80% for both Singapore and Malaysia, and over 50% for Indonesia.

### OUR FINANCIAL REPRESENTATIVES

Our financial representatives are a critical interface between Great Eastern and our existing and prospective customers, providing valuable advice based on comprehensive needs analysis. They play an important role too in increasing financial inclusion, by reaching out to the communities and creating greater awareness of the needs for insurance and financial planning.

We will be setting up Voltage to help us in recruiting financial representatives. Voltage is a information and discovery centre where we provide candidates with an informative experience of the insurance industry and what it means to be a financial representative. The experiential recruitment journey is intended to raise prospects' understanding of the roles of financial representatives, explain to them the purpose and mission for the career, and motivate them towards success. Voltage is slated for launch in early Q2 2020.

We continue to provide effective training and development to grow our financial representatives and to cultivate professionalism in their sales. We continuously innovate new approaches to train and develop our financial representatives through various platforms, to impart relevant skill sets for them to succeed in their career.

## RESPONSIBLE BUSINESS PRACTICES

Being responsible in everything we do shapes our approach towards sustainability and is an integral part of our business as well as our corporate culture.

### FAIR DEALING

We believe that upholding the best practices and the highest standards of Fair Dealing is key to our long-term partnership with our customers. We are committed to embedding Fair Dealing principles in all aspects of our customer relationships. Our organisational policies and practices are aligned to cultivate a strong Fair Dealing culture.

The Group Fair Dealing Committee oversees Fair Dealing issues. Detailed performance metrics in Fair Dealing are tracked and reported to the Board on a regular basis, and remedial actions are taken to address any issues arising from our dealings with customers.

### CUSTOMER EXPERIENCE

We place customers at the heart of our business and are committed to providing a holistic customer experience. We want to make a difference for our customers by providing meaningful solutions that are relevant to their circumstances.



### Customer Service Standards

Satisfactory customer services help us to serve and deliver insurance products to all segments of the communities, and we have in place policies and procedures that allow us to provide high standards of customer service.

We have a dedicated Customer Advocate Unit to ensure that issues and feedback from policyholders are addressed professionally and in a timely manner, in accordance with the principles of Fair Dealing. About 90% of complaints we received were resolved within the prescribed internal turn-around time. The remaining 10% were typically more complex in nature and required more time and engagement with affected policyholders to resolve.

In 2019, we enhanced our online platforms to offer more direct interaction with customers who prefer to engage us digitally. Our digital engagement with customers includes mobile platforms such as GetGreat and UpGreat, as well as a suite of mobile applications through our Great Digital Advantage platform.

We are building up our digital capabilities to enhance customer experience. These initiatives are described in our Annual Report.

### STRONG GOVERNANCE

Firmly guided by our core values of integrity, initiative and involvement, we emphasise the importance of institutionalising a strong risk culture within the Group, a factor crucial to our long-term success, and important to our sustainability journey.

Our governance and risk focused culture permeates through all levels within the Group, from the Board of Directors, to the management and the frontline. A dedicated Board Risk Management Committee (RMC) provides oversight on risk management and governance matters within the Group. The RMC reviews and approves governance frameworks or policies based on the appropriate risk assessment. Incidents involving fraud are also reported to the RMC.

## RESPONSIBLE BUSINESS PRACTICES

At the management level, a Group Culture and Conduct Governance Committee is tasked with promoting stronger risk ownership and awareness. All business units and functional departments are required to perform regular self-assessments, with the aim of identifying and evaluating key risks inherent in the respective business operations, as well as ensuring the adequacy and effectiveness of internal controls.

Going forward in 2020, we are working towards weaving risk culture principles and behaviours into the Human Capital frameworks and processes.

### CYBER SECURITY, CUSTOMER PRIVACY AND COMBATING FINANCIAL CRIME

#### Cyber Security

We have a comprehensive cyber risk roadmap to guide our continuing investments in our people, systems and processes to improve our resilience to increasing cyber risk.

Increasing the risk awareness of our people is an important part of our cyber security defences. We reinforce and measure staff awareness and vigilance on cyber threats via regular e-mail broadcasting, videos, e-learning and social engineering exercises.

Recognising that new threats may come from outside our business, we also engage independent experts periodically to assess our cyber security and advise on measures to mitigate external cyber threats that may impact our business.

#### Customer Privacy

Protecting customer data and respecting customer privacy are of paramount importance to Great Eastern. When customers entrust us with their personal information, it is our responsibility to protect their privacy in line with the Personal Data Protection Act (PDPA).

To ensure that all customer details are protected, we have put in place comprehensive policies and initiatives, which will continue to be reviewed and updated.

#### Combating Financial Crime

We have zero tolerance for financial crime. The Board of Directors and Senior Management together provide strong leadership, oversight and governance to ensure that appropriate and relevant anti-financial crime policies and initiatives are implemented.

Anti-financial crime culture is promulgated through compulsory e-learning courses for all employees conducted regularly to raise the level of awareness among staff. Our AML/CFT efforts are supported by comprehensive group wide AML/CFT screening and transaction surveillance systems to ensure full adherence to the relevant regulatory requirements on AML/CFT. This helps us identify and stop any attempts in money laundering and terrorist financing.

### ENVIRONMENT

As the world becomes more aware of the adverse impact the business community collectively has on the environment, we are doing our part and focusing our efforts in incorporating environment considerations into our business.

The operations at our offices and branches have direct impact on the environment, and we are exploring ways to minimise our carbon footprint. As one of Singapore's largest insurance companies and a good corporate citizen, we want to play a significant role in helping to reduce carbon emissions.

In our effort towards environmental conservation, we operate our business with the aim of using natural resources rationally, leading to reduced waste and emissions. We believe that our efforts will safeguard the well-being of future generations, and reduce operating costs in the long term.

#### Green Buildings

We have started to invest in the right infrastructure as part of our response to climate change. Our buildings are certified energy efficient based on prevailing standards where they are located. We have a portfolio of green buildings that provide energy-efficient facilities to our employees and other tenants.

In Singapore, the Green Eastern Centre and offices in Nankin Row have been awarded Green Mark Platinum status, which required the properties to undertake extensive air-conditioning upgrading exercise. Existing

lightings were also replaced with LED lighting. That resulted in a 20% reduction in energy consumption. In addition, various practices and policies on recycling, energy and water conservation and use of Green Label certified products have started. We target to introduce Green Mark certification for all our properties in Singapore in due course.

We have two new investment properties in Malaysia that are or will be green: the Equatorial Plaza Office, which is a Green Building Index (Gold) certified building, and 50 Jalan Ampang, which is currently under development and is expected to achieve GBI Certification.

### Energy & Emissions

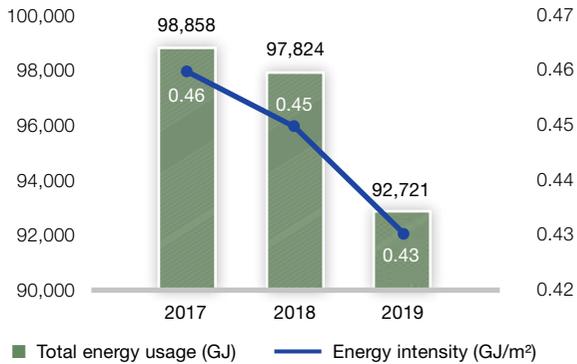
We have started to take actions to reduce our carbon footprint in support of the global efforts to transition to a low-carbon future. Initiatives are implemented to reduce our energy consumption and improve energy efficiency.

We focus on the electricity we consume in our buildings<sup>1</sup>. We track our electricity usage through monthly electricity bills. We have yet to track the environmental impact of our business travel, but we encourage the use of alternatives to face-to-face meetings such as video conferencing and online collaboration tools.

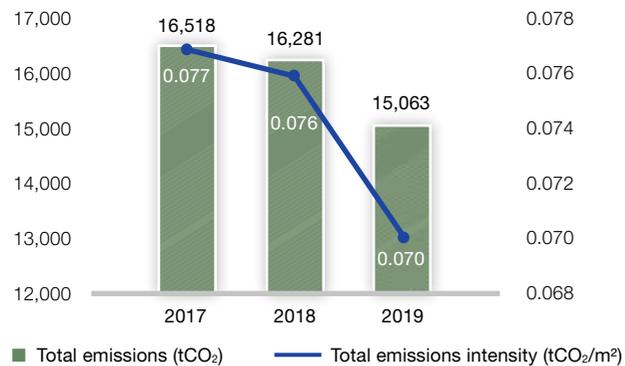
We have reported on the GHG emissions data (Scope 1 and Scope 2) requirements as per the GHG Protocol. The calculation methodologies are as per ISO 14064-1 standard and the emission factors used in these calculations are taken from IPCC, and GHG protocol. In 2019, the amount of Scope 1 emissions are at 61.17 tCO<sub>2</sub>e<sup>2</sup> and the amount of Scope 2 emissions are at 15,135.17 tCO<sub>2</sub>e<sup>3</sup>.

Several electricity saving initiatives were taken in 2019, such as the upgrading of our air-conditioning systems in Singapore, switching to LED lighting in Malaysia, and reducing corridor lightings after office hours in Indonesia. In total we were able to successfully decrease our electricity consumption by 5.22% in 2019.

### Total Energy Usage and Intensity



### Total Emissions and Emission Intensity



<sup>1</sup> We do not purchase any steam, heat or cooling.

<sup>2</sup> Tonnes of carbon dioxide equivalent.

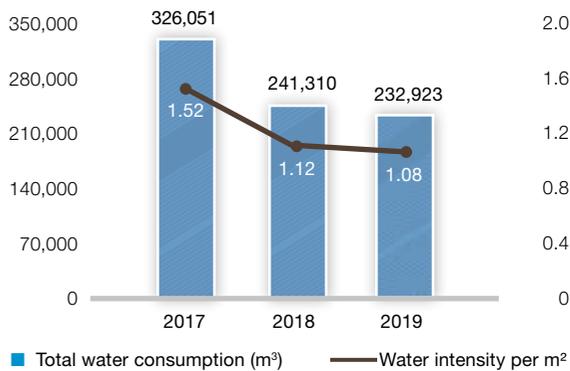
<sup>3</sup> Emissions exclude Brunei.

## RESPONSIBLE BUSINESS PRACTICES

### Water

The direct impact of water consumption in our premises is limited, but we believe in contributing what we can, and we report this metric as part of our sustainability efforts.

#### Total Water Consumption and Intensity



### Paper

Our industry is traditionally paper-intensive but we are committed towards waste minimization and resources efficiency. We are mindful of the need to save the trees and have been exploring ways to digitalise our operations, as well as to encourage use of e-documents for our customers.

### Environmental Compliance

In line with increasing focus on global environmental protection, we continue to update our policies and procedures to ensure that they meet prevailing on regulatory requirements.

We are pleased that there were no breaches in relation to environmental laws in 2019, and we aim to remain fully compliant with environmental rules and regulations.

### ECONOMIC CONTRIBUTIONS

We believe sustainability practices do not have to result in sacrificing economic values to our stakeholders, including our shareholders. In the course of conducting our business sustainably, we will generate economic value for our stakeholders in the long term.

Our group employs more than 30,000 employees and financial representatives in total globally. We support the business communities at large wherever we operate. We procure from local suppliers as part of our support towards long-term development of the local economies in all markets in which we operate. We also support local job creation through the goods and services we buy. Our supply chain includes asset managers, consultancy services, legal, real estate/facilities maintenance, IT and system and other service providers.

Please refer to our Performance Indicators on pages 66-67 for a detailed breakdown of our economic value creation which benefits all stakeholders. Our Letter to Shareholders and Financial Statements on pages 10-15, 95-214 of the Annual Report also highlight our achievements in creating economic value.

### RESPONSIBLE INVESTMENT

As the most established insurance group in Singapore and Malaysia, and a leader in the industry with SGD 96.5 billion in total assets under management, we are in a unique position to bring about positive changes in our industry, environment and community by investing our funds in a responsible way that delivers long-term sustainable value for all our stakeholders. Through the economic power and influence we hold as an institutional investor and risk manager, we can play an important role in promoting best practices in environmental, social and governance (ESG) matters. We are committed to responsible investing as we believe it is critical towards achieving long-term sustainable returns.

Our approach towards responsible investing is through ESG assessment, incorporating environmental, social and corporate governance issues into our investment analysis and decision making. This approach is more holistic versus simple exclusion, as it provides the opportunity to promote responsible and sustainable business practices and brings about positive change in corporate behaviour through active engagement as investors.

In Singapore, we have incorporated ESG factors into our manager evaluation and selection process. We have clearly communicated our preference for external asset managers who practise ESG assessment. Lion Global Investors (LGI), our subsidiary and key external asset manager, became a United Nations Principles of Responsible Investment (UNPRI) signatory. LGI is proactively incorporating ESG issues into its investment analysis and decision-making processes. With LGI's participation, we now have the majority of our assets managed by UNPRI signatories.

In Malaysia, we support bonds that have been accorded Sustainability Ratings or Second Opinion Reports provided by accredited consultants. The Sustainability Rating of an issuer is based on an assessment methodology developed by RAM Consultancy to measure ESG and positive impact from the alignment of the issuer's business activities towards the United Nations' Sustainable Development Goals. The Second Opinion Report, provided by RAM Consultancy and CICERO, evaluates a project's contribution towards the development of a sustainable and low carbon future. As at end 2019, we have S\$69 million (RM213 million) invested in bonds with Sustainability Rating or Second Opinion Report. We have also increased our investment to UNPRI signatories to S\$404 million (RM1.2 billion).

In the years to come, we will strive to act in the long-term interests of our stakeholders while continue to generate financial returns through responsible investing with greater ESG focus.

#### **Lion Global Investors**

In 2019, Lion Global Investors (LGI), our subsidiary and key external asset manager, began incorporating ESG factors into its investment process. This culminated in LGI becoming a UNPRI signatory in January 2020. As a UNPRI signatory, LGI joins an international network of more than 2,500 investors that publicly commit to follow the UNPRI six Principles for Responsible Investment in its investment practices. LGI will continue to refine its investment processes to fully embed ESG factors in all investment decisions and active ownership.

As an asset manager within the broader business landscape and investment ecosystem, LGI believes that adopting sustainable business policies and responsible investment practices will lead to long-term optimal business performance and economic growth. This in turn will create sustainable, long-term value for all stakeholders.

## PERFORMANCE INDICATORS

Performance Indicators	2019
<b>Employee Information</b>	
<b>Total Headcount</b>	4,595
Female	2,955
Male	1,640
<b>Permanent Staff</b>	4,533
Singapore	1,657
Malaysia	2,420
Indonesia	443
Brunei	13
<b>Contract and Temporary Staff</b>	62
Singapore	25
Malaysia	28
Indonesia	9
Brunei	0
<b>Indirect Contract Staff</b>	405
Singapore	123
Malaysia	277
Indonesia	5
Brunei	0

Performance Indicators	2019	2018	2017
<b>Training</b>			
Total training hours per year	138,182	129,881	96,701
Female	86,726	83,323	58,300
Male	51,456	46,558	38,401
Average training hours per employee	30.1	30.5	23.3
Female	29.3	30.1	21.6
Male	31.4	31.4	26.4
SVP and above	39.5	NA	NA
AVP and VP	37.3	NA	NA
Managers and Associates	30.1	NA	NA
Non-executives	19.3	NA	NA

Employee data are collated in our oracle platform, which helps us monitor our key performance disclosures on a quarterly basis.

Performance Indicators	2019	2018	2017
<b>Economic Value of Contributions (\$ million) *</b>			
Direct Economic Value Generated	18,640.4	12,095.0	17,184.3
Total operating income	18,640.4	12,095.0	17,184.3
Direct Economic Value Distributed	9,340.5	8,897.6	7,972.7
Dividend to shareholders	284.0	331.3	236.7
Staff cost and related expenses	395.0	307.2	359.6
Payments to providers of capital	18.3	18.3	18.3
Income tax to government	273.9	317.3	402.1
Operating expenses	8,369.3	7,923.5	6,956.0
Direct Economic Value Retained	9,299.9	3,197.4	9,211.6
<b>Indirect Economic Contribution</b>			
Total Employment	34,852	32,200	32,065
Employees	4,595	4,255	4,153
Agents	27,339	25,864	26,150
Financial Advisors	2,918	2,081	1,762
<b>Suppliers</b>			
Total Purchase (\$ million)	323.2	256.7	229
Purchase from local suppliers (%)	92%	90%	94%
Total no of suppliers	3,832	3,645	3,509
Local suppliers (%)	97%	95%	95%
<b>Environment</b>			
Electricity used (kWh)	25,435,497	26,847,862	27,167,623
Carbon emissions (kgCO <sub>2</sub> ) **	15,063,429	16,281,320 *	16,518,050 *
Water consumption (cu/m <sup>3</sup> )	232,923	241,310	326,051
Paper Usage (reams)	45,234	50,159	49,529

\* The data corresponds to consolidated financial statements of GEH.

\*\* Restated 2017 and 2018 numbers to Include also carbon emissions from petrol consumptions by cars owned by the Company.

## GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure Title	Section/Page Reference
<b>GRI 101: Foundation 2016 (GRI 101 does not contain any disclosures)</b>		
<b>GRI 102: General Disclosures 2016</b>		
<b>Organisational Profile</b>		
102-1	Name of the organisation	Great Eastern Holdings Limited
102-2	Activities, brands, products, and services	Segmental Information section. Refer to page 178-181
102-3	Location of headquarters	1 Pickering Street, Great Eastern Centre, Singapore 048659
102-4	Location of operations	Group Network section. Refer to page 229-232
102-5	Ownership and legal form	Public limited company listed on the Singapore Exchange
102-6	Markets served	Segmental Information section. Refer to page 178-181
102-7	Scale of the organisation	Segmental Information section. Refer to page 178-181 Our People section. Refer to page 60 Consolidated Profit and Loss Statement section. Refer to page 108-109 Balance Sheet section. Refer to page 110
102-8	Information on employees and other workers	Our People section. Refer to page 60 Performance Indicators. Refer to page 66-67
102-9	Supply chain	Economic Contributions section. Refer to page 64 Performance Indicators. Refer to page 66-67
102-10	Significant changes to the organisation and its supply chain	Nil
102-11	Precautionary Principle or approach	Great Eastern does not explicitly refer to the precautionary principle or approach in its risk management principles.
102-12	External initiatives	We are HCPartner, part of our support for Singapore's Tripartite Alliance for Fair & Progressive Employment Practices' (TAFEP) Human Capital Partnership (HCP) Programme  We are a member of Internationally Active Insurance Group (IAIG)  We are signatory to the United Nations Principles for Sustainable Insurance (UN PSI)
102-13	Membership of associations	GEL: Life Insurance Association Singapore ("LIA") GEG: General Insurance Association ("GIA") GEFA: Association of Financial Advisers (Singapore) ("AFAS")
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Board Statement. Refer to page 55
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	<a href="https://www.greasternlife.com/sg/en/about-us/company-profile/our-vision-mission-and-values.html">https://www.greasternlife.com/sg/en/about-us/company-profile/our-vision-mission-and-values.html</a>
<b>Governance</b>		
102-18	Governance structure	Sustainability Governance section. Refer to page 57

GRI Standard	Disclosure Title	Section/Page Reference
<b>Stakeholder Engagement</b>		
102-40	List of stakeholder groups	Stakeholder Engagement section. Refer to page 57
102-41	Collective bargaining agreements	In Singapore, the Singapore Insurance Employees' Union (SIEU) represents our applicable employees' cohort on collective bargaining.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement section. Refer to page 57
102-43	Approach to stakeholder engagement	Stakeholder Engagement section. Refer to page 57
102-44	Key topics and concerns raised	Stakeholder Engagement section. Refer to page 57
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	Subsidiaries and Associates section. Refer to page 147
102-46	Defining report content and topic Boundaries	Materiality. Refer to page 57
102-47	List of material topics	Sustainability Pillars, Material ESG Issues and United Nations Sustainable Development Goals (UN SDGs). Refer to page 56
102-48	Restatements of information	Refer to page 67
102-49	Changes in reporting	Materiality Assessment. Refer to page 57
102-50	Reporting period	About This Report section. Refer to page 55
102-51	Date of most recent report	February 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	<a href="mailto:Corpcomms-sg@greateasternlife.com">Corpcomms-sg@greateasternlife.com</a>
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework. Refer to page 55
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	We have not sought external assurance for this reporting period
<b>Material Topics</b>		
<b>GRI 201: Economic Performance 2016 (Economic Contributions)</b>		
103-1	Explanation of the material topic and its Boundary	Economic Contributions section. Refer to page 64
103-2	The management approach and its components	Economic Contributions section. Refer to page 64
103-3	Evaluation of the management approach	Economic Contributions section. Refer to page 64
201-1	Direct economic value generated and distributed	Performance Indicators. Refer to page 67
<b>GRI 203: Indirect Economic Impacts 2016 (Responsible Investment)</b>		
103-1	Explanation of the material topic and its Boundary	Responsible Investment section. Refer to page 64-65
103-2	The management approach and its components	Responsible Investment section. Refer to page 64-65
103-3	Evaluation of the management approach	Responsible Investment section. Refer to page 64-65
203-2	Significant indirect economic impacts	Performance Indicators. Refer to page 67

## GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure Title	Section/Page Reference
<b>GRI 205: Anti-Corruption 2016 (Cyber Security, Customer Privacy and Combating Financial Crime)</b>		
103-1	Explanation of the material topic and its Boundary	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
103-2	The management approach and its components	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
103-3	Evaluation of the management approach	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
205-2	Communication and training about anti-corruption policies and procedures	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
<b>GRI 302: Energy 2016 (Environment)</b>		
103-1	Explanation of the material topic and its Boundary	Environment section. Refer to page 62-64
103-2	The management approach and its components	Environment section. Refer to page 62-64
103-3	Evaluation of the management approach	Environment section. Refer to page 62-64
302-1	Energy consumption within the organisation	Environment section. Refer to page 62-64
302-3	Energy Intensity	Environment section. Refer to page 62-64
302-4	Reduction of energy consumption	Environment section. Refer to page 62-64
<b>GRI 303: Water and Effluents 2018 (Environment)</b>		
103-1	Explanation of the material topic and its Boundary	Environment section. Refer to page 62-64
103-2	The management approach and its components	Environment section. Refer to page 62-64
103-3	Evaluation of the management approach	Environment section. Refer to page 62-64
303-5	Water Consumption	Environment section. Refer to page 62-64
<b>GRI 305: Emissions 2016 (Environment)</b>		
103-1	Explanation of the material topic and its Boundary	Environment section. Refer to page 62-64
103-2	The management approach and its components	Environment section. Refer to page 62-64
103-3	Evaluation of the management approach	Environment section. Refer to page 62-64
305-1	Direct (Scope 1) GHG emissions	Environment section. Refer to page 62-64
305-2	Energy indirect (Scope 2) GHG emissions	Environment section. Refer to page 62-64
<b>GRI 307: Environmental Compliance (Environment)</b>		
103-1	Explanation of the material topic and its Boundary	Environment section. Refer to page 62-64
103-2	The management approach and its components	Environment section. Refer to page 62-64
103-3	Evaluation of the management approach	Environment section. Refer to page 62-64
307-1	Non-compliance with environmental laws and regulations	Environment section. Refer to page 62-64

GRI Standard	Disclosure Title	Section/Page Reference
<b>GRI 404: Training and Education 2016 (Our People)</b>		
103-1	Explanation of the material topic and its Boundary	Our People. Refer to page 60
103-2	The management approach and its components	Our People. Refer to page 60
103-3	Evaluation of the management approach	Our People. Refer to page 60
404-1	Average hours of training per year per employee	Performance Indicators. Refer to page 66
<b>GRI 413: Local Communities 2016 (Corporate Social Responsibility)</b>		
103-1	Explanation of the material topic and its Boundary	Corporate Social Responsibility section. Refer to page 59
103-2	The management approach and its components	Corporate Social Responsibility section. Refer to page 59
103-3	Evaluation of the management approach	Corporate Social Responsibility section. Refer to page 59
413-1	Operations with local community engagement, impact assessments, and development programmes	Corporate Social Responsibility section. Refer to page 59
<b>GRI Financial Sector Supplement Disclosures: Local Communities (Financial Inclusion)</b>		
103-1	Explanation of the material topic and its Boundary	Financial Inclusion section. Refer to page 58-59
103-2	The management approach and its components	Financial Inclusion section. Refer to page 58-59
103-3	Evaluation of the management approach	Financial Inclusion section. Refer to page 58-59
FS14	Initiatives to improve access to financial services for disadvantaged people	Financial Inclusion section. Refer to page 58-59
<b>GRI 417: Marketing and Labeling 2016 (Fair Dealing)</b>		
103-1	Explanation of the material topic and its Boundary	Fair Dealing section. Refer to page 61
103-2	The management approach and its components	Fair Dealing section. Refer to page 61
103-3	Evaluation of the management approach	Fair Dealing section. Refer to page 61
417-2	Incidents of non-compliance concerning product and service information and labeling	No significant cases
417-3	Incidents of non-compliance concerning marketing communications	No significant cases

## GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure Title	Section/Page Reference
<b>GRI 418: Customer Privacy 2016 (Cyber Security, Customer Privacy and Combating Financial Crime)</b>		
103-1	Explanation of the material topic and its Boundary	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
103-2	The management approach and its components	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
103-3	Evaluation of the management approach	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints
<b>GRI 419: Socioeconomic Compliance 2016 (Strong Governance)</b>		
103-1	Explanation of the material topic and its Boundary	Strong Governance section. Refer to page 61-62
103-2	The management approach and its components	Strong Governance section. Refer to page 61-62
103-3	Evaluation of the management approach	Strong Governance section. Refer to page 61-62
419-1	Non-compliance with laws and regulations in the social and economic area	No significant cases
<b>Non GRI Topic</b>		
NON GRI	Cyber Security	Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62 Cyber Security, Customer Privacy and Combating Financial Crime section. Refer to page 62
NON GRI	Customer Experience (Non-GRI material topic)	Customer Experience section. Refer to page 61
NON GRI	Strong Governance - Regulatory Compliance & Risk Focused Organisation	Strong Governance section. Refer to page 61-62

# CORPORATE GOVERNANCE REPORT

As at 28 February 2020

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

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

A summary of the disclosures made pursuant to the Company’s corporate governance arrangements are provided on Pages 95 to 96 of this Annual Report.

## BOARD MATTERS

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

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

1. The Board is appointed by the shareholders to supervise the management of the business and affairs of the Company. The prime stewardship responsibility of the Board is to ensure the viability and sustainability of the Company and to ensure that it is managed in the best interests of the Company as a whole while taking into account the interests of shareholders and other stakeholders. The Company has a Board charter approved by the Board.
2. The Board provides strategic direction to, and oversight of the operations of, the Company and the Group. The principal roles and functions of the Board, as set out in the Board charter, include the following:
  - (a) reviewing and approving the overall business strategy and the organisation structure of the Company and the Group as developed and recommended by Management;

- (b) ensuring that decisions and investments are consistent with the long-term strategic goals of the Company and the Group and the objectives of the individual policy funds;
- (c) ensuring that interests of shareholders, policyholders and other stakeholders are taken into account in managing the Company’s and the Group’s business;
- (d) ensuring that the necessary human resources are in place for the Company to achieve its objectives;
- (e) ensuring that the Company is operated in accordance with the relevant laws and regulations, as well as policies, processes and guidelines approved by the Board, so as to preserve its financial integrity;
- (f) reviewing the acquisition or disposal of assets that is material to the Company and to the Group;
- (g) providing oversight in ensuring that the risk appetite of the Company and Group reflects its strategic intent, taking into account the operating and regulatory environment, and consists of a balanced set of return objectives and risk tolerance, such as effectiveness of internal controls and capital sufficiency;
- (h) overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures, and system of internal controls;
- (i) overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management function, the adequacy of the risk management policies and systems, and capital management strategy, including the optimal allocation of capital resources, and the quality of the risk management processes and reporting;
- (j) overseeing, through the Nominating Committee, the succession planning for key senior executive positions within the Group, the selection and appointment of senior executive officers, and the management of its talent resources;

# CORPORATE GOVERNANCE REPORT

As at 28 February 2020

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

## Board Approval

4. The Company has adopted internal guidelines on matters which require Board approval. These guidelines are communicated to Management in writing. Matters requiring Board approval include overall business strategy and direction, significant policies governing the operations of the Group, strategic or significant acquisitions, investments and divestments by the Group, corporate restructuring, major corporate initiatives and other Group activities of a significant nature, dividend policy and dividend declaration, the quarterly and year-end financial reporting and announcement of financial results and financial statements of the Company and the Group.

5. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below the threshold limits to the Board Committees and Management to optimise operational efficiency.

## Board Committees

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

## Executive Committee

8. The Executive Committee is required to comprise a majority of independent Directors.
9. The Executive Committee comprises the following Directors:
- Mr Koh Beng Seng, Chairman
  - Mr Law Song Keng, Member
  - Mr Lee Fook Sun, Member
  - Mr Thean Nam Yew, Member
  - Mr Samuel N. Tsien, Member
10. Mr Law Song Keng, Mr Lee Fook Sun and Mr Thean Nam Yew are independent Directors under the CG Regulations.
11. The Executive Committee carries out the functions set out in its Board-approved terms of reference. Such functions consist principally of overseeing the management of the business and affairs of the Company and the Group within the parameters and scope of authority delegated by the Board, and include the review of the Group's policies, strategies, objectives and performance targets, proposed

## CORPORATE GOVERNANCE REPORT

As at 28 February 2020

transactions or initiatives of a material nature and any major proposed investment or divestment. The Executive Committee does not take on the functions of the Management. Major decisions of the Executive Committee are submitted to the Board for endorsement and approval.

12. The Executive Committee held a total of four meetings in 2019.

### Nominating Committee

13. Under the CG Regulations, the Nominating Committee is required to comprise at least five Directors, with at least one-third of Directors being independent Directors (including the Nominating Committee Chairman) and at least a majority being independent from management and business relationships.

14. The Nominating Committee comprises the following Directors:

- Mr Lee Fook Sun, Chairman
- Mr Norman Ip, Member
- Mr Koh Beng Seng, Member
- Mr Kyle Lee Khai Fatt, Member
- Mr Samuel N. Tsien, Member
- Mr Wee Joo Yeow, Member

15. A majority of the members are independent from management and business relationships and at least one-third, being the Nominating Committee Chairman, Mr Lee Fook Sun, and Mr Kyle Lee Khai Fatt, are independent Directors under the CG Regulations.

16. The appointment and re-appointment of Nominating Committee members are subject to the prior written approval of MAS.

17. The responsibilities of the Nominating Committee are set out in its Board-approved terms of reference. The Nominating Committee reviews the Board and Board Committee compositions annually and ensures that there is progressive renewal of the Board. It is responsible for identifying candidates, reviewing and recommending nominations and/or re-nominations of Directors on the Board and Board Committees. The Nominating Committee also reviews nominations and dismissals or resignations of senior management positions in the Company, including the Group Chief Executive Officer ("Group CEO"), Group Chief Financial Officer ("Group CFO") and Group Chief Risk Officer ("Group CRO").

### Talent Development and Succession Planning

18. The Company has instituted a rigorous process for talent development and succession planning. It conducts an annual review of the succession plans for key senior management executives, taking into account the current needs and future strategic capabilities. An annual discussion will be held with the Nominating Committee to review potential successors and their corresponding development plans.

19. The Nominating Committee reviews the talent development framework and processes in order to build a deeper and wider bench strength and a strong talent pool. Critical jobs are identified and potential successors are groomed for key positions. Group Human Capital engages the Group CEO and the respective heads of business units to review the list of critical jobs and the potential successors annually based on current and future business needs.

20. The Nominating Committee held a total of two meetings in 2019.

### Audit Committee

21. The Audit Committee is required to comprise at least three non-executive Directors, all of whom are independent from management and business relationships, and at least a majority of Directors (including the Audit Committee Chairman) who are independent Directors.

22. The Audit Committee comprises the following Directors:

- Mr Kyle Lee Khai Fatt, Chairman
- Mr Law Song Keng, Member
- Mrs Teoh Lian Ee, Member
- Mr Thean Nam Yew, Member

23. All the members are independent Directors and independent from management and business relationships under the CG Regulations. The members have not been partners or directors of Messrs Ernst & Young LLP ("EY"), the external auditor and none of them hold any financial interest in EY.

24. Members of the Audit Committee are appropriately qualified to discharge their responsibilities. In particular, Mr Kyle Lee Khai Fatt and Mr Thean Nam Yew have relevant accounting and auditing experience and Mrs Teoh Lian Ee has experience in taxation and trust law. All the Audit

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Committee members possess financial management knowledge and experience. The Audit Committee members keep abreast of relevant changes through regular updates from the external auditor on changes to accounting standards and issues which have a direct impact on the financial statements. The Audit Committee carries out its functions in accordance with Section 201B(5) of the Companies Act (Chapter 50), the Code, the listing manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the CG Regulations and the MAS CG Guidelines and operates within Board-approved terms of reference which set out the Audit Committee’s authorities and duties.

25. The Audit Committee has explicit authority to investigate any matter within its terms of reference and has the full co-operation of and access to Management. The Audit Committee has full discretion to invite any Director or senior management executive to attend its meetings. It has resources to enable it to discharge its functions properly.
26. The Audit Committee held a total of four meetings in 2019. The Audit Committee meetings were attended by the internal and external auditors, the Group CEO and certain senior management executives, including the Group CFO.
27. Further information on the Audit Committee is provided under Principle 10 on Page 88 of this Annual Report.

### Remuneration Committee

28. Under the CG Regulations, the Remuneration Committee is required to comprise at least three Directors, with at least one-third of Directors, being independent Directors (including the Remuneration Committee Chairman) and at least a majority being independent from management and business relationships.
29. The Remuneration Committee comprises the following Directors:
  - Mr Lee Fook Sun, Chairman
  - Mr Koh Beng Seng, Member
  - Mr Wee Joo Yeow, Member
30. All the members are independent from management and business relationships. The Remuneration Committee Chairman, Mr Lee Fook Sun, is an independent Director under the CG Regulations.
31. The Remuneration Committee ensures that the Company implements formal and transparent procedures for developing policies on executive remuneration and for determining the remuneration packages of Directors and senior management executives.
32. The responsibilities of the Remuneration Committee are set out in its Board-approved terms of reference. The Remuneration Committee’s principal responsibilities are to recommend to the Board for endorsement a framework of Directors’ fees, as well as remuneration of executive Directors and senior management executives. For executive Directors and senior management executives, the framework covers all aspects of remuneration including salaries, allowances, bonuses, share options and other incentives and benefits. The Remuneration Committee also ensures that the Group’s remuneration policies and practices are aligned with the approved framework and that remuneration packages are appropriate to attract, retain and motivate the executive Directors and senior management executives without being excessive.
33. The Remuneration Committee held a total of two meetings in 2019.

### Risk Management Committee

34. The Risk Management Committee is required to comprise at least three Directors, a majority of whom (including the Risk Management Committee Chairman) are non-executive Directors. The MAS CG Guidelines further stipulate that members of this Committee should be appropriately qualified to discharge their duties, with at least two having the relevant technical financial sophistication in risk disciplines or business experience.
35. The Risk Management Committee comprises the following Directors:
  - Mr Koh Beng Seng, Chairman
  - Mr Norman Ip, Member
  - Mr Law Song Keng, Member
  - Mr Soon Tit Koon, Member
  - Mr Samuel N. Tsien, Member
36. All the members are non-executive Directors of whom Mr Law Song Keng and Mr Soon Tit Koon are independent Directors. All the members have the relevant technical financial sophistication in risk disciplines or business experience to enable them to discharge their duties effectively.

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37. The Risk Management Committee is responsible for the oversight of market, credit, liquidity, insurance, operational, technology, regulatory and compliance risks to manage the financial and reputational impact arising from these risks. It reviews the overall risk management philosophy, including the risk profile, risk tolerance level, and capital management strategy, guided by the overall risk appetite and corporate strategy approved by the Board.
38. The Risk Management Committee performs its functions pursuant to its Board-approved terms of reference. Such terms of reference include the review and approval or endorsement of enterprise risk management framework, major policies, charters and strategies for effective risk management, investment management and asset-liability management. The terms of reference also include the review and approval of major risk management initiatives.
39. The Risk Management Committee endorses the appointment and annual appraisal of the Group CRO who reports directly to the Risk Management Committee and the Group CEO. The appointment of the Group CRO also requires the prior approval of MAS.
40. The Group CRO is responsible for establishing and implementing the Group's risk management framework and processes for identifying, assessing, measuring, controlling, mitigating, monitoring and reporting of risks.
41. The Group Risk Management Department has adequate resources and is staffed by experienced and qualified personnel who are sufficiently independent to perform their duties objectively. The Group Risk Management Department regularly engages senior management executives to develop enterprise-wide risk controls and risk mitigation procedures.
42. The Risk Management Committee held a total of five meetings in 2019.
43. The Group's enterprise risk governance and management objectives and policies and other pertinent details are disclosed in Note 33 of the Notes to the Financial Statements.

### Meetings and Directors' attendance

44. The Board meets regularly during the year to review the business performance and key activities of the Group presented by Management, and to deliberate significant business proposals presented by Management. All members of the Board participate actively in Board discussions and decisions are taken objectively in the interests of the Company. The Board works with Management to achieve its stated goals and Management remains accountable to the Board. Where warranted by particular circumstances, *ad hoc* Board or Board Committee meetings will be convened. Each year, the Board and senior management executives meet to review and refresh strategies for the Group. In 2019, the Board held a total of six Board meetings, including one Board Strategy meeting and an *ad hoc* Board meeting.
45. Meetings of the Board and Board Committees via telephone or video conference are permitted by the Company's Constitution. If a Director is unable to attend a Board or Board Committee meeting, he will still receive all the papers and materials to be tabled for discussion at that meeting. Directors are provided with complete, adequate and timely information related to agenda items before each meeting. Directors are also equipped with electronic tablets that allow secured access to Board and Board Committee meeting materials. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, enterprise risk management and audit dashboards, operating plans, forecasts, and reports of variances from operating plans and forecasts.
46. The number of meetings of the Board and Board Committees held in 2019 and the attendance of the Directors at those meetings are tabulated on the next page.

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## Directors' attendance at Board and Board Committee meetings in 2019

Name of Director	Board (including Board Strategy)			Nominating Committee		Audit Committee	
	No. of Meetings			No. of Meetings		No. of Meetings	
	Scheduled		Ad hoc	Scheduled		Scheduled	
	Held	Attended	Attended	Held	Attended	Held	Attended
Koh Beng Seng	6	6	1	2	2	–	–
Norman Ip <sup>(1)</sup>	6	6	1	2	2	–	–
Law Song Keng	6	6	1	–	–	4	4
Lee Fook Sun <sup>(2)</sup>	6	6	1	1	1	–	–
Kyle Lee Khai Fatt	6	6	1	2	2	4	4
Soon Tit Koon	6	6	–	–	–	–	–
Teoh Lian Ee	6	6	1	–	–	4	4
Thean Nam Yew	6	6	1	–	–	4	4
Samuel N. Tsien	6	6	1	2	2	–	–
Wee Joo Yeow	6	6	1	2	2	–	–

Name of Director	Remuneration Committee		Executive Committee		Risk Management Committee	
	No. of Meetings		No. of Meetings		No. of Meetings	
	Scheduled		Scheduled		Scheduled	
	Held	Attended	Held	Attended	Held	Attended
Koh Beng Seng	2	2	4	4	5	5
Norman Ip <sup>(1)</sup>	1	1	–	–	4	4
Law Song Keng	–	–	4	4	5	5
Lee Fook Sun <sup>(2)</sup>	1	1	4	4	–	–
Kyle Lee Khai Fatt	–	–	–	–	–	–
Soon Tit Koon	–	–	–	–	5	5
Teoh Lian Ee	–	–	–	–	–	–
Thean Nam Yew <sup>(3)</sup>	–	–	4	4	–	–
Samuel N. Tsien	–	–	4	4	5	5
Wee Joo Yeow	2	2	–	–	–	–

Notes:

- (1) Stepped down as Nominating Committee (“NC”) and Remuneration Committee (“RC”) Chairman as well as an Executive Committee (“EXCO”) member on 1 March 2019 and remained as a NC member. Appointed as a Risk Management Committee member on 1 March 2019.
- (2) Appointed as NC and RC Chairman on 1 March 2019.
- (3) Appointed as an EXCO member on 1 March 2019.

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

There were 2 Board sessions without Management held in 2019. Directors' attendance at these sessions is not included in the above table.

The number of meetings indicated in “Held” above reflects the number of meetings held during the time the respective Directors held office.

Total number of ad hoc meetings held in 2019 – Board:1

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## Access to Information

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

## Board Orientation and Development

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

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

54. The Company arranges for and funds the training and development programmes for existing and new Directors. The Company also maintains formal records of the training and development received by its Directors.
55. Continuing development programmes arranged by the Company for Directors in 2019 included the following topics:
  - Economic Outlook in 2019
  - Executing Digital Strategy for a Customer Centred Future
  - Investment Strategy in a World of Low Rates, Low Volatility and High Uncertainty, High Disruption
  - Sustainability and Material Environmental, Social and Governance Factors
  - Advancements in Data Science and Artificial Intelligence
  - Presentation on Cyber Landscape
  - Anti-Money Laundering/Countering the Financing of Terrorism
  - IFRS 17 Insurance Contracts

## Principle 2: Board Composition and Guidance

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

### Board Membership

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

### Key information on Directors

58. Key information on the Directors' qualifications, background, working experience, age, directorships and appointments are provided on Pages 221 to 225 and Pages 16 to 20 under the sections "Board of Directors" and "Further Information on Directors" of this Annual Report respectively. Information on their shareholdings in the Company and its related corporations are provided in the Directors' Statement on Pages 99 and 100 of this Annual Report. The Company does not grant share options to non-executive Directors of the Company. The Directors do not hold shares in the Company's subsidiaries.
59. Key information on each Director of the Company's principal insurance subsidiaries in Singapore, namely, The Great Eastern Life Assurance Company Limited ("GEL") and Great Eastern General Insurance Limited ("GEG") is also set out under the section "Board of Directors" on Pages 22 and 23 of this Annual Report.

### Board Composition and Independence

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

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63. Mr Norman Ip, Mr Law Song Keng, Mr Lee Fook Sun and Mr Soon Tit Koon are non-executive Directors of companies that have purchased insurance or provided reinsurance to the Company's subsidiaries. Such business transactions have been conducted in the ordinary course of business, on an arm's length basis and on reasonable commercial terms. The Nominating Committee considers them to be independent of business relationships as they are not involved in the day-to-day conduct of these companies' businesses and of the view that these business relationships do not affect their ability to act independently.
64. Mr Lee Fook Sun is the non-executive Chairman of companies that had business transactions with GEL, a wholly owned subsidiary of the Company, in the financial year ended 31 December 2019 ("FY2019"). The contracts awarded to these companies were in accordance with the Group's procurement policy. Aggregated payments to these companies were insignificant compared to the Group's overall expenditure in the relevant field for FY2019. As Mr Lee serves in a non-executive capacity in these companies, he would be substantially removed from the actual business transactions between these companies and GEL. The Nominating Committee considers him to be independent of business relationships as he is not involved in the day-to-day conduct of those companies' businesses and is of the view that these business relationships do not affect his ability to act independently.
65. Under the CG Regulations, Koh Beng Seng is deemed non-independent as he has served for more than nine years on the Board and was appointed as a Director of OCBC Bank in FY2019. The Nominating Committee has determined that he is independent from management and business relationships with the Company and its subsidiaries.
66. Mr Norman Ip is deemed non-independent as he has served for more than nine years on the Board. However, he is independent from the substantial shareholder of the Company, and management and business relationships with the Company and its subsidiaries
67. Mr Wee Joo Yeow is a non-independent Director as he is a member of the Board of OCBC Bank and hence, under the CG Regulations, is not independent from the substantial shareholder of the Company. As Mr Wee Joo Yeow is an independent Director of OCBC Bank, he has been determined by the Nominating Committee to be independent from management and business relationships with the Company and its subsidiaries.
68. Mr Samuel N. Tsien is a non-independent Director as he is the Group Chief Executive Officer and Executive Director of OCBC Bank.
69. The current Board complies with the requirements on Board composition and Board independence under the CG Regulations. Six out of the ten Board members are independent Directors and all Board members are non-executive Directors.
70. The Board, through its Nominating Committee, is of the view that the current Board and Board Committees are of an appropriate size to facilitate effective decision-making, taking into account the scope and nature of the operations of the Company and the Group.
71. A Board Diversity Policy, setting out the approach to diversify the appointment of members and composition of the Board, is published on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com). In the appointment of Board members, the policy embraces the diversity of skills, knowledge, experience including familiarity in the Company's core markets, age, gender and length of service as well as merit and independence. Steps are taken to improve effectiveness, where necessary. The Board, through its Nominating Committee, assesses the diversity of its members' competency profiles, including gender representation, and determines the collective skills required to discharge its responsibilities effectively.
72. The Company's Board members have diverse backgrounds, experience and qualifications, and bring a wide range of commercial and financial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and core competencies to the Company and the Group, including industry knowledge in insurance (such as key products and customers) and actuarial science, investment and asset management (such as real estate and property), knowledge in banking, accounting, finance, strategy formulation, management experience, risk management, technology, transformation management, taxation, trust law, cyber security and familiarity with regulatory requirements. Several Directors also have experience in jurisdictions outside Singapore such as Malaysia, Indonesia and Greater China. At least one of the independent Directors has experience in the insurance industry. The diversity of experience and competencies of the Directors enhance

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the effectiveness of the Board in discharging its responsibilities. Female representation on the Board is currently 10%.

73. With the knowledge, objectivity and balance contributed by the non-executive Directors, the Board constructively challenges and enhances proposals on strategy, reviews the performance of Management against agreed goals and objectives, and monitors the reporting of performances.
74. The non-executive Directors met twice during the year without the presence of Management to discuss matters such as the performance and effectiveness of Management.

### Principle 3: Chairman and Chief Executive Officer

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

75. The Chairman and the Group CEO are not related to each other. The roles of the Chairman, Mr Koh Beng Seng, and the Group CEO, Mr Khor Hock Seng, are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision-making. The Company has Board-approved internal guidelines setting out the scope of authority of the Chairman and the Group CEO.
76. The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its roles and responsibilities, approving agendas of Board meetings, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between the Board and Management, and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.
77. The Group CEO manages the Company and oversees the Group's operations and implementation of the Group's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Group's businesses, including implementing Board's decisions, is carried out with the assistance of the senior management executives of the Group. Collectively, they are responsible for the day-to-day operations and administration of

the Company and the Group, ensuring, inter alia, operational and organisational efficiency, profitable performance of the operating units, regulatory compliance, good corporate governance and effective risk management. The Board establishes the performance targets of the Group CEO and reviews his performance against the targets annually.

78. The Board has not appointed a Lead Independent Director as the Chairman and the Group CEO are already separate persons, are not related to each other and the Chairman is not involved in the day-to-day running of the Company's business and operations. The Chairman is independent from management and business relationships with the Company and its subsidiaries. He is also independent of the Management and performs an effective check and balance on the Management. The Board has a majority of independent directors and the directors are able to exercise independent and objective judgment. As part of its continuous assessment of corporate governance standards, the Board will appoint a Lead Independent Director when the Board situation warrants it.

### Principle 4: Board Membership

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

#### Process for appointment of new Directors

79. The Nominating Committee has a key role in carrying out the formal and transparent process established for the appointment of Directors to the Board. Taking into account the competencies and skills required by the Board, the Nominating Committee establishes annually the profile required of the Board members, before making any recommendations on the appointment of new Directors, where necessary. The Nominating Committee may engage external search consultants to source for potential candidates. Proposals for the appointment of new Directors are reviewed by the Nominating Committee. The Nominating Committee meets with short-listed candidates to assess their suitability and commitment. Competent individuals are nominated for Board approval after the Nominating Committee has assessed their suitability taking into consideration, amongst others, their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Group, potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board.

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80. In addition, the Nominating Committee further determines the proposed candidate's independence under the CG Regulations and ensures that the proposed candidate would satisfy the criteria under the CG Regulations in that his/her appointment would not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he/she is a fit and proper person for the office, taking into account his/her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Nominating Committee. Such reviews are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria.

### Re-nomination and Re-election of Directors

81. All Directors of the Board are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each AGM of the Company, one-third of the Directors, being those who have served longest in office since their re-election, are required to retire by rotation in accordance with the Company's Constitution. Pursuant to the Company's Constitution, newly appointed Directors will hold office until the next AGM and, if eligible, can stand for re-election. Retiring Directors are eligible for re-election when re-nominated by the Nominating Committee, taking into account the Directors' attendance at meetings, their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.

82. The Directors who are retiring by rotation under article 97 of the Company's Constitution and standing for re-election at the 2020 AGM are Mr Koh Beng Seng, Mr Law Song Keng, Mr Soon Tit Koon and Mr Thean Nam Yew.

83. Directors are expected to set aside adequate time for their oversight of matters relating to the Company. The Directors provide declarations of changes in their other appointments which are disseminated to all Board members. The Company has established guidelines on meeting attendance and the extent of other appointments outside the Company that a Director may assume. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three other listed companies, while a Director who does not have any full-time employment shall have appointments in no more than six other listed companies. Each of the Directors' listed company directorships and principal

commitments are provided on Pages 221 to 225 under the section "Further Information on Directors" of this Annual Report. The Nominating Committee annually assesses each Director's attendance record and degree of participation at meetings to determine if a Director is able to and has been diligently discharging his/her duties as a Director of the Company. All Directors have met the requirements under the Nominating Committee's guidelines.

### Principle 5: Board Performance

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

84. The Board has an annual performance evaluation process, carried out by the Nominating Committee, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contributions of individual Directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year.

85. An external party is engaged after every three years to facilitate the Board evaluation process and to provide the Board with an independent perspective of the Board's performance, including benchmarks against peer boards and industry best practices.

86. The 2019 Board evaluation questionnaire focused on areas such as competency and independence, information quality and timeliness, conduct of meetings, corporate social responsibility, managing performance, succession planning, Directors development, internal controls and risk management, Board Committees as well as individual Directors assessment. The Board Chairman and/or Nominating Committee Chairman will act upon the feedback provided to enhance the Board's performance.

87. The purpose of the evaluation is to increase the overall effectiveness of the Board. The Board has found the evaluation process useful and constructive since its implementation more than ten years ago. This collective process has also provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board.

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## REMUNERATION MATTERS

### Principle 6: Procedures for Developing Remuneration Policies

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

88. The objective of the Group's remuneration policy is to attract, motivate, reward and retain quality personnel.
89. In considering its recommendations to the Board and in approving remuneration, the Remuneration Committee ensures that remuneration policies are in line with the Group's strategic objectives and corporate values, and do not give rise to conflicts between the objectives of the Company and interests of individual Directors and key executives.
90. The Remuneration Committee is tasked to review and recommend to the Board the general remuneration framework as well as the specific remuneration for each Director and for each key executive. The composition and summary terms of reference of the Remuneration Committee are provided on Page 76 of this Annual Report. No Director is involved in the deliberations regarding any remuneration, compensation or any form of benefits to be granted to himself/herself.
91. The Remuneration Committee members are well-versed in executive compensation matters, given their extensive experience in senior corporate positions and major appointments. They also have access to expert advice from external independent remuneration consultants, where necessary. The Remuneration Committee will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
92. In 2019, Willis Towers Watson provided independent advisory services on the Group's compensation framework to ensure greater alignment of pay policies and practices with market and regulatory standards. Willis Towers Watson is not related to the Company

and the Company is not aware of any business or personal relationship between Willis Towers Watson and the Company's Directors and key management executives.

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

### Principle 7: Level and Mix of Remuneration

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

#### Remuneration of non-executive Directors

94. The non-executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at meetings and the frequency of meetings, the respective responsibilities of the Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors.
95. The Remuneration Committee performs an annual review of the structure for Directors' fees and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure, before recommending any proposed changes to the Board for endorsement. The Directors' fees proposed by the Board each year are subject to shareholders' approval at the Company's AGM.
96. In its review of the non-executive Directors' remuneration, the Remuneration Committee can seek expert advice, if necessary. No consultant was engaged in 2019 to provide advice on the remuneration of non-executive Directors.
97. The Remuneration Committee has considered the market practices for non-executive Directors' compensation and, on its recommendation, the Board has decided to use the same fee structure for computing the fee for each non-executive Director for FY2019 as that used in the previous financial year (in the table set out on the next page):

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

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

## Remuneration policy in respect of Key Senior Management Executives

98. The remuneration of the Group CEO and the key senior management executives who report directly to the Group CEO are reviewed annually by the Remuneration Committee, based on the overall remuneration framework approved by the Board.
99. In such annual reviews, the Remuneration Committee takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with individual performance and contribution. The Remuneration Committee also takes into account the time horizon of risks, such as ensuring that all variable compensation payments shall not be fully paid over short periods when risks are realised over longer periods.
100. As part of the Company's continuous efforts to create sustainable value for stakeholders through broad-based growth across its core markets, delivering sustained earnings, driving core competencies of disciplined risk management, prudent investment and continued upgrading of technology and people, and ensuring sustainable business practices, the performance measures set for each business unit embeds these objectives, which match their functions and are consistent with the Group's risk appetite. In determining the remuneration of key senior management executives, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing their overall performance, in addition to their achievement in business and operation performance. Executives are remunerated based on the achievements of their own performance measures, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles.
- Principle 8: Disclosure on Remuneration**  
The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.
101. To ensure that its remuneration packages are competitive, the Company regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys on comparative groups in the financial sector. The determination of the Company's variable bonus pool is fully discretionary and the factors taken into consideration include financial and non-financial metrics such as the Company's performance, audit ratings, risk indicators and compliance issues, market conditions and competitive market practices.
102. The total compensation packages for key senior management executives comprise basic salary, various performance bonus, allowances, deferred share awards and benefits. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Remuneration Committee and the Board.

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103. The annual budget for salary increment and performance-related variable bonus, reviewed and approved by the Remuneration Committee, is submitted to the Board for endorsement and approval.
104. As a consequence of the financial crisis in recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has adopted compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it also continues to review its compensation practices on an on-going basis to further ensure that decisions made are conducive for sustained business performance. In its deliberations, the Remuneration Committee also takes into account the remuneration principles, practices and standards that may be specified by MAS from time to time.
105. The Company has identified a group of senior executives whose authorities and actions are deemed to have a major influence on the long term performance of the Company. This group, identified as “Material Risk Takers” comprises the Group CEO and his direct reports, key personnel at business units and senior control staff. Employees who are not senior staff but are identified as “Material Risk Takers” are also included in this group. For the “Material Risk Takers” with performance bonuses exceeding \$100,000, at least 40% of their entire bonuses are deferred in the form of shares.

### Share-based incentives

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

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

109. The remuneration of each individual Director and the Group CEO in respect of FY2019 is shown in the table on the next page. Non-executive Directors will be paid Directors’ fees totalling \$2,181,000 in respect of FY2019, subject to shareholders’ approval at the 2020 AGM. For the financial year ended 31 December 2018, non-executive Directors were paid Directors’ fees totalling \$2,263,000.

# CORPORATE GOVERNANCE REPORT

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## Directors' and the Group CEO's remuneration for FY2019

	Total Remuneration (Great Eastern Group)	Directors' Fees (GEH)	Directors' Fees (Subsidiaries)	Salary	Bonuses <sup>(1)</sup>	Long-term incentives <sup>(2)</sup>	Benefits- in-kind <sup>(3)</sup>
Name	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Directors</b>							
Koh Beng Seng	525	513	–	–	–	–	12
Norman Ip <sup>(4)</sup>	350	173	177	–	–	–	–
Law Song Keng	234	234	–	–	–	–	–
Lee Fook Sun	223	223	–	–	–	–	–
Kyle Lee Khai Fatt <sup>(5)</sup>	230	192	38	–	–	–	–
Soon Tit Koon	147	147	–	–	–	–	–
Teoh Lian Ee	147	147	–	–	–	–	–
Thean Nam Yew	201	201	–	–	–	–	–
Samuel N. Tsien <sup>(6)</sup>	210	210	–	–	–	–	–
Wee Joo Yeow	141	141	–	–	–	–	–
<b>Group CEO</b>							
Khor Hock Seng	3,787	–	–	1,100	1,350	992	345

### Notes:

(1) Bonuses comprise variable bonus paid in 2019.

(2) Represents fair value of grant of share options under the OCBC Share Option Scheme 2001, award of deferred shares under the OCBC Deferred Share Plan and long-term incentive take-out.

(3) Represents non-cash-component and comprises housing allowance, car, club, insurance benefits and employer's contribution to the Central Provident Fund.

(4) Mr Norman Ip received Director's fees for his board service in respect of GEH subsidiaries in Singapore and Malaysia.

(5) Mr Kyle Lee Khai Fatt received Director's fees for his board service in respect of a GEH subsidiary in Singapore.

(6) The Director's fees attributable to Mr Samuel N. Tsien is payable to OCBC Bank.

## Remuneration of Top Five Key Management Personnel in 2019

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

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

111. None of the Directors or the Group CEO of the Company had immediate family members who were employees of the Company in 2019. As the Company's substantial shareholder, OCBC Bank, is not an individual, the disclosure on remuneration of employees who are immediate family of substantial shareholders is not applicable.

## ACCOUNTABILITY AND AUDIT

### Principle 9: Risk Management and Internal Controls

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

112. The Board is responsible for the governance of risk. It sets the tone for the Company's risk culture and monitors, through the Risk Management Committee, the effectiveness and adequacy of the risk management processes and systems of the Company and its principal subsidiaries. The Board approves the Company's risk appetite and has oversight of the risk activities to ensure that the Company's strategic intent, operating environment, internal control mechanisms and capital sufficiency are consistent with the Company's risk appetite and regulatory standards.

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

## Accountability

114. The Company has in place a process for Management to represent to the Board on the integrity of the Company's and the Group's financial statement and internal control system in relation to the requirement under the listing manual of the SGX-ST for the Board to issue an assurance statement that accompanies the Company's announcements of its quarterly and full year financial results.

115. The Board is kept apprised of material changes in legislations and regulatory requirements, including requirements under the listing manual of the SGX-ST. The Board takes necessary steps to ensure that the Company complies with these requirements. In compliance with the SGX-ST Listing Rule 720(1), the Company has procured undertakings from its Directors and key executive officers in the form prescribed by the SGX-ST.

116. To keep Board members informed and updated, Management provides the Board with monthly financial updates on the performance and position of the Group. The Board is also updated on any significant events that have occurred or affected the industry during the year.

## Internal Controls

117. The Board is responsible for ensuring that the Company's system of internal controls is adequate to safeguard shareholders' interests and the Company's assets. The Company has established self-assessment processes for all business units to assess the adequacy and effectiveness of their systems and processes of internal controls, and their level of compliance with applicable rules and regulations. The results of evaluations are reviewed by senior management executives. The Board has received assurance from the Group CEO (which includes assurance provided by key management personnel to the Group CEO) on the effectiveness of the Company's risk management and internal control

systems. The Board also received assurance from the Group CEO and Group CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and financial position.

118. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and various Board Committees, the Board, with the concurrence of the Audit and Risk Management Committees, is of the view that the system of internal controls, including financial, operational, compliance and information technology controls as well as risk management systems, was adequate and effective as at 31 December 2019, to address the risks which the Group considers relevant and material to its operations.

119. The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

## Principle 10: Audit Committee

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

120. The composition of the Audit Committee is provided under the caption "Audit Committee" on Page 75 of this Annual Report. The Audit Committee adopts, where appropriate, relevant best practices set out in the Guidebook for Audit Committees in Singapore.

121. The responsibilities of the Audit Committee are set out in its Board-approved terms of reference. The functions performed by the Audit Committee and details of the Audit Committee's activities during FY2019 included the following:

121.1 Reviewed with internal auditors:

121.1.1 their audit plans, evaluation of the system of internal controls and audit reports;

121.1.2 the scope and results of internal audits; and

## CORPORATE GOVERNANCE REPORT

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- 121.1.3 the assistance given by the officers of the Company and the Group to the auditors.
- 121.2 Reviewed with the external auditor:
- 121.2.1 the audited financial statements of the Company and the Group for the financial year, which are prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) and SFRS(I) Interpretations, for submission to the Board for consideration and approval thereafter;
- 121.2.2 their scope and overall audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them;
- 121.2.3 the implications and impact on the financial statements of proposed implementation of new financial reporting standards and any changes in accounting policies and regulatory requirements; and
- 121.2.4 any significant financial reporting issues, to ensure the integrity of the financial statements of the Company and the Group, and reviewed the draft announcement relating to the financial performance of the Company and the Group.
- 121.3 Reviewed the audited financial statements with Management, including discussion on the accounting policies applied and significant judgments affecting the financial statements. The following key audit matters highlighted in the Independent Auditor’s Report on Pages 103 to 105 of this Annual Report were also discussed with Management and the external auditor:
- 121.3.1 Valuation of financial investments and continuous application of SFRS(I) 9 – The Audit Committee has reviewed the valuation methodology for investments, Management’s computation of impairment using the approved expected credit loss methodology, and the appropriateness of related disclosures. The Committee also held discussions with Management to ensure investment related policies, controls and operation processes are in place for proper valuation of financial investments.
- 121.3.2 Valuation of insurance contract liabilities – The Audit Committee has reviewed the insurance contract liabilities, and the key assumptions and judgments made in valuing these liabilities. The Committee considered information on key assumptions such as mortality, morbidity, lapse rate, expense, loss ratio etc. The review included the methodology used in the valuation of the liabilities, rationale for changes to key assumptions during the year and explanation on the variances against past trends.
- 121.3.3 Valuation of provision for current and deferred tax and tax compliance – The Audit Committee has reviewed Management’s analysis of the changes in tax and deferred tax provision during the year. The Committee also considered the input from Management on the adequacy of the provision.
- No significant issue arose in respect of these items.
- 121.4 Reviewed the findings of internal and external auditors on their reviews of the adequacy and effectiveness of the internal controls and risk management systems of the Company and its principal subsidiaries, including financial, operational, compliance and information technology controls and systems established by Management.
- 121.5 Reviewed the assurance from the Group CEO and Group CFO on the financial records and financial statements.
- 121.6 Assessed the adequacy and effectiveness of the internal audit functions of the Company and its principal subsidiaries.

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- 121.7 Assessed the independence of external and internal auditors.
- 121.8 Made recommendations to the Board on the re-appointment of the external auditor and approved the remuneration and terms of engagement of the external auditor.
- 121.9 Reviewed material and/or special related party transactions and the write-off of material related party transactions as may be required by the relevant regulatory authorities, and recommend to the Board for approval.
- 121.10 Reviewed interested person transactions as may be required by the relevant regulatory authorities as well as transactions that will be disclosed in the Annual Report.
122. The Audit Committee undertook a review of all relationships between the Group and the external auditor (including non-audit services provided by the external auditor) for FY2019, and is satisfied that the provision of such non-audit services would not, in its opinion, affect the independence of the external auditor. Please refer to Note 7 of the Notes to the Financial Statements for details of fees payable to the external auditor in respect of audit and non-audit services.
123. The Audit Committee noted that the current external auditor, EY, has served as external auditor of the Company since its incorporation in 1999. In line with good corporate governance practice, the Audit Committee is of the view that a change of external auditor is in the best interests of the Company and its shareholders. Taking into consideration the requirement of the listing manual of the SGX-ST, the Audit Committee initiated an audit tender exercise in FY2018. Information on the tender exercise and subsequent decision and rationale for recommending PricewaterhouseCoopers LLP for nomination as external auditor commencing financial year ending 31 December 2020 were disclosed in the Company's 2018 Annual Report. The scope of audit services to be provided by PricewaterhouseCoopers LLP will be comparable to those currently provided by EY. The proposed appointment of PricewaterhouseCoopers LLP as external auditor of the Company will be presented for shareholders' approval at the 2020 AGM. The Company has complied with Rules 712 and 715 of the listing manual of the SGX-ST in relation to its external auditor.
124. The Audit Committee, in performing its functions, met at least annually with the internal and external auditors in separate sessions without the presence of Management, to consider any other matters which may be raised privately. The auditors, both internal and external, have unrestricted access to the Audit Committee, and to information and such persons within the Group as necessary to conduct the audit.

### Whistle-Blowing Policy

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

### Internal Audit

126. The internal audit function ("Group Internal Audit") serves to provide the Board and Management with an independent appraisal of the reliability, adequacy and effectiveness of the system of internal controls established by Management, to ensure that transactions are promptly and accurately recorded and that the Group's assets are safeguarded. Group Internal Audit resides in-house and is independent of the activities it audits. The Audit Manual and Audit Frequency Matrix are approved by the Audit Committee.
127. Group Internal Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of risk exposures, including not only financial risks, but operational, technology, compliance and strategic risks as well. The work

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undertaken by Group Internal Audit involves the assessment of the adequacy and effectiveness of the Group's risk management and internal control framework, including ascertaining if the internal controls are sufficient in ensuring prompt and accurate recording of transactions and the adequate safeguarding of assets. Reviews conducted by Group Internal Audit also focus on the Group's compliance with relevant laws and regulations, adherence to established policies and processes and whether Management has taken appropriate measures to address control deficiencies.

128. The Group Chief Internal Auditor reports to the Chairman of the Audit Committee and administratively to the Group CEO. His annual remuneration, evaluation, appointment, resignation and removal are approved by the Audit Committee.
129. Group Internal Audit is staffed by executives with the relevant qualifications and experience, and the Audit Committee ensures that Group Internal Audit is adequately resourced. Group Internal Audit has unfettered access to the Board, the Audit Committee and senior management executives, where necessary, and has the right to seek information and explanations as well as access to all the Company's documents, records, properties and personnel. Group Internal Audit meets or exceeds the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.
130. Group Internal Audit reports to the Audit Committee its annual or periodic plan and the proposed areas of audit focus, factors that may adversely affect the Group Internal Audit's independence, objectivity or effectiveness and material findings from audits conducted. During the year, Group Internal Audit carried out audits on selected significant business units in the Group, including an audit review of the IT systems. Group Internal Audit's summary of major findings and recommendations and Management's related responses were discussed at Audit Committee meetings. The Audit Committee ensures that procedures are in place to follow-up on the recommendations by Group Internal Audit in a timely manner and to closely monitor any outstanding issues. The Audit Committee also reviews annually the adequacy, independence and effectiveness of the internal audit function.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

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

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

131. The Board is responsible for the provision of a balanced and understandable assessment of the performance, position and prospects of the Company and the Group, including financial statements and other reports.
132. In FY2019, the Board provided to shareholders, on a quarterly basis, the financial statements of the Company and the Group for the first, second and third quarters of the year and for the full year, as applicable, together with a balanced review of the Company and the Group's performance, position and prospects. These financial reports and other price-sensitive information were disseminated to shareholders through announcements via SGXNET to the SGX-ST, then posted on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com) and also made available in media releases.

### Communication with Shareholders

133. Shareholders may download the Company's Annual Report (printed copies are available upon request) from the Company's website [www.greateasternlife.com](http://www.greateasternlife.com). All registered shareholders of the Company will receive the Notice of AGM within the statutory timeline before the AGM. The Notice of AGM is also announced via SGXNET and published in the press. At the AGM, shareholders are given the opportunity to participate effectively by providing feedback and raising questions. Shareholders may vote in person at the Company's AGM or at any extraordinary general meeting ("EGM") or by proxy if they are unable to attend. The Company's Constitution provides that shareholders may appoint not more than two proxies to attend and speak at the Company's AGM and/or EGM and to vote in their stead. Relevant intermediaries has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) may appoint more than two proxies to attend, speak and vote at the Company's AGM and/or EGM. This will

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enable indirect investors, including Central Provident Fund Board's investors to be appointed as proxies to participate at general meetings. To ensure authenticity of shareholder identity and other related security issues, the Company currently does not allow voting in absentia by mail, email or fax.

134. Since 2012, the Company has conducted electronic poll voting for all resolutions passed at the AGM, for greater transparency in the voting process. Shareholders are informed of the rules, including voting procedures that govern the proceedings of general meetings of shareholders. Detailed results of the votes, showing the number of votes cast for and against each resolution and the respective percentages, are instantaneously displayed at the Company's AGM and subsequently announced via SGXNET on the same day.
135. For the Company's AGM, separate resolutions are set out on distinct issues, such as the proposed re-election of Directors, proposed Directors' fees and recommendation of final dividend. For the Company's EGM, the proposed corporate action or transaction, as applicable, and the rationale and other pertinent details for such proposal are set out in a separate circular to shareholders, with the proposed resolution set out for approval by shareholders at the EGM. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.
136. At the Company's 2019 AGM, the Chairman and Directors, the chairpersons of all Board Committees, Group CEO, Management and the Company's professional advisers were present and available to address queries from shareholders. The external auditor is also present to address any shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report. An independent scrutineer is engaged to review the voting process and address shareholders' queries on the voting procedures.
137. The Company Secretary prepares minutes of general meetings that include responses from the Board and Management to the relevant comments or queries from shareholders. The minutes are made available on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com).

### Dividend Policy

138. The Company is committed to maintaining a sustainable dividend policy that will enhance long-term shareholder value. In determining the dividend pay-out, the Board will take into consideration the Company's financial position, business expansion plans, market conditions and capital requirements. The past four years' dividend pay-out and the current year's proposed dividend are respectively set out in the Financial Highlights on Page 28 of this Annual Report and Note 36 of the Notes to the Financial Statements.

### PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

139. The Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company. The Company announces quarterly and full year results within the time frame prescribed in the listing manual of the SGX-ST. The Company conducts calls with analysts on its quarterly results and briefings to the media on its full year results. All pertinent material and price-sensitive information are disclosed promptly via SGXNET and posted on the Company's website [www.greateasternlife.com](http://www.greateasternlife.com). No unpublished price-sensitive information is disclosed on a selective basis.
140. The Company's Annual Report containing the financial statements of the Company and the Group for the financial year also contains other pertinent information and disclosures, including a review of the annual operations and activities, to enable shareholders and investors to have a better understanding of the Group's business and performance.

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

## MANAGING STAKEHOLDER RELATIONSHIPS

### Principle 13: Engagement with Stakeholders

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

142. The Company recognises the importance of maintaining positive stakeholder relationships, and adopts an inclusive approach in the management and engagement of its stakeholders – namely shareholders, customers, employees, regulators and other government agencies, community and financial representatives. The Sustainability Report on Pages 54 to 72 of this Annual Report sets out the Company's approach to stakeholder engagement including key areas of focus and how it responds to stakeholder concerns.

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

## DEALINGS IN SECURITIES

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

## RELATED PARTY TRANSACTIONS

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

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146. The Company also complies with the listing manual of the SGX-ST on interested person transactions (“IPT”). All IPTs are conducted on reasonable commercial terms and carried out on an arm’s length basis.
147. Details of the Company’s related party transactions and IPTs during FY2019 are respectively set out in Note 31 of the Notes to the Financial Statements and Page 218 of this Annual Report.

### ETHICAL STANDARDS

148. The Directors and Management are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Group. The Company has adopted a Code of Conduct that sets out the guiding principles and minimum standards expected of its employees such as the highest standards of conduct and professional integrity. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company’s resources, the Company’s position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company’s staff intranet. The Group Human Capital Department provides an annual attestation to the Audit Committee that the Code of Conduct has been properly disseminated to all staff.
149. The Company has a suite of policies in place for proper governance and management that staff have to comply with. All policies are prepared in accordance with the Company’s risk management and internal control systems and processes, including Management self-assessment and independent audits.
150. The Company treats feedback and complaints from its customers seriously, and has instituted channels whereby customers may provide feedback or complaints. The Company aims to resolve feedback and complaints professionally and fairly in accordance with the service standards indicated on its website [www.greateasternlife.com](http://www.greateasternlife.com).

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## SUMMARY OF DISCLOSURES

Express disclosure requirements in the provisions of the Code.

Provisions	Paragraph Number in Corporate Governance Report
<b>Provision 1.2</b> The induction, training and development provided to new and existing directors.	52 to 55
<b>Provision 1.3</b> Matters that require Board approval.	4 to 5
<b>Provision 1.4</b> Names of the Board Committee members, the terms of reference, delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	6 to 43
<b>Provision 1.5</b> The number of Board and Board Committee meetings and each individual director's attendance at such meetings.	46
<b>Provision 2.4</b> The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	71 to 73
<b>Provision 4.3</b> Process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	79 to 81
<b>Provision 4.4</b> If the Board determines that a director is independent notwithstanding the existence of a relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his/her independence, the relationships and the Board's reasons for considering him/her as independent.	63 to 64
<b>Provision 4.5</b> (a) Listed company directorships and principal commitments of each director.	83 and Pages 221 to 225 under the section "Further Information on Directors" of this Annual Report.
(b) Where a director holds significant number of such directorships and principal commitments, the Nominating Committee and Board should disclose reasoned assessment of the director's ability to diligently discharge his/her duties.	83
<b>Provision 5.2</b> How the assessments of the Board, its Board Committees and each director have been conducted, including the identity of any external facilitator and its connection (if any) with the Company or any of its directors.	84 to 86
<b>Provision 6.4</b> The engagement of any remuneration consultants and their independence.	92
<b>Provision 8.1</b> Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:	
(a) Each individual director and the CEO.	109
(b) At least the top five key management personnel (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel.	110

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As at 28 February 2020

Provisions	Paragraph Number in Corporate Governance Report
<b>Provision 8.2</b> Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds \$100,000 during the year, in bands no wider than \$100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	111
<b>Provision 8.3</b> All forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company and details of employee share schemes.	102 to 110
<b>Provision 9.2</b> Whether the Board received assurance from:	
(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and	117
(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	117
<b>Provision 11.3</b> Directors' attendance at general meetings of shareholders held during the financial year.	136
<b>Provision 12.1</b> The steps the Board has taken to solicit and understand the views of shareholders.	139 to 141
<b>Provision 13.2</b> The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	142 and 143
Express disclosure requirements in the supplementary guidelines of the MAS CG Guidelines.	
Supplementary Guidelines	Paragraph Number in Corporate Governance Report
<b>Guideline 1.16</b> An assessment of how the induction, orientation and training provided to new and existing directors meet the requirements as set out by the Nominating Committee to equip the Board and the respective Board Committees with relevant knowledge and skills in order to perform their roles effectively.	52 to 55
<b>Guideline 2.13</b> Names of the members of the Executive Committee and the key terms of reference of the Executive Committee, explaining its role and the authority delegated to it by the Board.	8 to 12
<b>Guideline 4.13</b> Resignation or dismissal of key appointment holders.	17
<b>Guideline 4.14</b> Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10.	83
<b>Guideline 11.14</b> Names of the members of the Risk Management Committee and the key terms of reference of the Risk Management Committee, explaining its role and the authority delegated to it by the Board.	34 to 43
<b>Guideline 17.4</b> Material related party transactions.	145 to 147

# Financial Statements

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## DIRECTORS' STATEMENT

The Directors are pleased to present this statement to the members together with the audited consolidated financial statements of Great Eastern Holdings Limited (“GEH” or the “Company”) and its subsidiaries (collectively the “Group”) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

### 1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 2. DIRECTORS

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

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

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

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

## DIRECTORS' STATEMENT

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

According to the register of Directors' shareholdings, the Director who held office at the end of the financial year had an interest in shares in, or debentures of, the Company as at the end of the financial year and as at 21 January 2020, is as follows:

	Holdings registered in the name of Directors or in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 1.1.2019 or date of appointment	As at <b>31.12.2019</b>	As at 1.1.2019 or date of appointment	As at <b>31.12.2019</b>

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

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

	Holdings registered in the name of Directors or in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 1.1.2019 or date of appointment	As at <b>31.12.2019</b>	As at 1.1.2019 or date of appointment	As at <b>31.12.2019</b>

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

Mr Norman Ip	4,284	<b>4,493</b>	–	–
Mr Law Song Keng	116,452	<b>122,100</b>	15,249 <sup>(1)</sup>	<b>15,249<sup>(1)</sup></b>
Mr Lee Fook Sun	177,742	<b>186,363</b>	–	–
Mr Kyle Lee Khai Fatt	124,638	<b>130,683</b>	–	–
Mr Soon Tit Koon	472	<b>472</b>	–	–
Mrs Teoh Lian Ee	24,711	<b>24,711</b>	299 <sup>(1)</sup>	<b>299<sup>(1)</sup></b>
Mr Samuel N. Tsien	1,378,675	<b>1,758,786</b>	615,311 <sup>(2)</sup>	<b>691,216<sup>(2)</sup></b>
Mr Wee Joo Yeow	59,808	<b>69,000</b>	4,794 <sup>(1)</sup>	<b>4,794<sup>(1)</sup></b>

Notes:

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

<sup>(2)</sup> Comprises deemed interest in 608,866 ordinary shares subject to award(s) granted under the OCBC Deferred Share Plan and subscription rights over 6,445 ordinary shares granted under the OCBC Employee Share Purchase Plan.

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

## DIRECTORS' STATEMENT

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

#### Share options

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

	Options held by Directors		Options in which Directors are deemed to have an interest	
	As at 1.1.2019 or date of appointment	As at <b>31.12.2019</b>	As at 1.1.2019 or date of appointment	As at <b>31.12.2019</b>
Mr Samuel N. Tsien	5,034,060	<b>5,034,060</b>	–	–

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

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2020.

### 5. SHARE OPTIONS

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

### 6. AUDIT COMMITTEE

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

The AC performs the functions specified under Section 201B(5) of the Companies Act, Chapter 50, including reviewing with the auditor its audit plan, its evaluation of the system of internal accounting controls and its audit report, reviewing the assistance given by the Company's officers to the auditor, reviewing the scope and results of the internal audit procedures, reviewing the financial statements of the Company and of the Group and the auditor's report thereon prior to their submission to the Company's Board of Directors. Details of the functions performed by the AC, including functions specified in the SGX-ST Listing Manual, Banking (Corporate Governance) Regulations 2005, Banking (Corporate Governance) (Amendment) Regulations 2010, MAS Guidelines on Corporate Governance and the Code of Corporate Governance 2018, are set out in the Report on Corporate Governance included in the Company's Annual Report for the financial year ended 31 December 2019.

The AC has recommended to the Board of Directors the appointment of PricewaterhouseCoopers LLP as the incoming external auditor of the Company in the financial year 2020 in place with the retiring auditor, Ernst & Young LLP, at the forthcoming annual general meeting.

## DIRECTORS' STATEMENT

### 7. AUDITOR

The retiring auditor, Ernst & Young LLP, will not be seeking re-appointment at the forthcoming annual general meeting. PricewaterhouseCoopers LLP has expressed its willingness to accept appointment as auditor of the Company.

On behalf of the Board of Directors



**Koh Beng Seng**  
Chairman



**Kyle Lee Khai Fatt**  
Director

Singapore  
18 February 2020

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Great Eastern Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the Group's profit or loss statement, statement of comprehensive income and the statement of cash flows, and statements of changes in equity of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## KEY AUDIT MATTERS (CONTINUED)

### Valuation of financial investments and continuous application of SFRS(I) 9

The Group's financial assets comprise mainly debt and equity securities. These instruments are measured at fair value with the corresponding fair value changes recognized in either other comprehensive income or, profit or loss. The valuation is performed by the Group using inputs which have been classified in accordance with the fair value hierarchy stated in SFRS(I) 13, Fair Value Measurement. The fair value hierarchy is disclosed in Note 34.

The valuation of investments is inherently subjective and exercise of significant judgement in determining fair value is required, particularly for the Level 2 and Level 3 investments since these are valued based on inputs other than observable quoted prices. As such, we determined this to be significant to our audit. As at 31 December 2019, the Level 2 and Level 3 investments amounted to \$24.9 billion and \$2.0 billion respectively.

Our audit procedures, focused on the valuation of these financial investments, included the following, amongst others:

- assessing the processes and controls relating to valuation of these financial investments, including the methods and assumptions used to value the underlying investments, and their valuations review process;
- recalculating the valuations using external quotes where available, or with reference to alternative valuation methods used by other market participants on a sample of investments; and
- ascertaining that investments are properly valued and disclosed in the Group's financial statements in accordance with SFRS(I) 9, SFRS(I) 7 and SFRS(I) 13;

Our audit procedures indicate that the valuation of these investments are reasonable and are in accordance with the requirements of the accounting standards.

Our audit procedures in focusing on the continuous application of SFRS(I) 9 included the following, amongst others:

### Classification and Measurement ("C&M")

- assessing the Group's SFRS(I) 9 C&M methodology and accounting policies including its tests relating to (1) business model, – the Group's consideration for asset type, duration to maturity and portfolio management, and (2) solely payments of principal and interest ("SPPI") – how the Group determines the contractual cashflows of the financial assets, for consistency with SFRS(I) 9 requirements.

### Impairment

- assessing the Group's expected credit loss ("ECL") methodology including but not limited to the Group's key inputs- historical losses and various forward-looking assumptions to evaluate whether this is consistent with SFRS(I) 9 requirements; and
- evaluating the design of the ECL model based on the approved ECL methodology, including the model build, approval process, ongoing monitoring, validation, model governance as well as arithmetic accuracy.

We also assessed whether the related disclosures comply with the relevant SFRS(I) disclosure requirements, including valuation sensitivity analysis and fair value hierarchy. The Group's disclosures related to financial investments are included in Note 2.17 (Financial assets), Note 2.20 (Determination of fair value of financial instruments) and Note 34 (Fair value of assets and liabilities). Our audit procedures on the disclosures showed that they were in compliance with the relevant disclosure requirements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## KEY AUDIT MATTERS (CONTINUED)

### Valuation of life insurance contract liabilities

As at 31 December 2019, the Group has \$72.1 billion of life insurance contract liabilities, which represents 82.1% of the Group's total liabilities. The valuation of life insurance contract liabilities involves significant judgement over uncertain future outcomes, including primarily the timing and occurrence of ultimate full settlement of life insurance contract liabilities. The Company uses valuation models and assumptions to support the calculations of the life insurance contract liabilities.

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

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

- assessing the processes and tested specialist controls relating to the actuarial valuation process, including management's determination and approval process for setting of economic and non-economic actuarial assumptions;
- assessing the appropriateness of the actuarial valuation methodologies and assumptions used by the management against regulatory requirements and industry practices, where applicable;
- comparing assumptions used by management against the Group's experiences and market observable data, where applicable;
- assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from the Group's or market experience;
- reviewing reasonableness of the actuarial reserves being set up by performing an analytical review on the results; and
- reviewing a selection of the Group's independent testing of actuarial models used for reserve calculations, comparing assumptions used by management against the Group's experiences and market observable data, where applicable.

Based on the work performed, we considered the valuation methodologies and the assumptions used to be appropriate.

We also considered whether the disclosures in relation to life insurance contract liabilities comply with the relevant SFRS(I) disclosure requirements. The Group's disclosures related to life insurance liabilities are included in Note 2.9.3 (Life insurance contract liabilities), Note 2.29.1 (a) (Critical accounting estimates and assumptions on liabilities of insurance business), Note 15.1 (Life insurance contracts) and Note 33 (Insurance risk). Our audit procedures on the disclosures showed that they were in accordance with the relevant disclosure requirements.

### Valuation of non-life insurance contract liabilities

As at 31 December 2019, the Group has \$263.5 million of non-life insurance contract liabilities, which represents 0.3% of the Group's total liabilities. Non-life insurance contract liabilities, which include the Group's loss reserves and unexpired risk reserve, are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Estimates are made for both the expected ultimate cost of claims reported at the balance sheet date, and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the balance sheet date.

The estimation of non-life insurance contract liabilities are sensitive to various factors and uncertainties. Significant management judgement is applied in setting these assumptions.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## KEY AUDIT MATTERS (CONTINUED)

### Valuation of non-life insurance contract liabilities (continued)

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

- comparing the actuarial valuation methodologies and assumptions used by the management with industry data, and against recognized actuarial practices;
- reviewing the assumptions used by the Certifying Actuary and rationale for conclusions made thereon;
- assessing consistency of valuation methodologies applied against prior years;
- assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience; and
- performing independent analysis and re-computation of the non-life insurance contract liabilities of selected classes of business. We focused on the largest and most uncertain reserves. We compared our independent analysis to those performed by the management and enquired with management significant differences noted, if any.

Based on the work performed, we considered the methodology and assumptions used by management to be appropriate.

We considered whether the disclosures in relation to non-life insurance contract liabilities comply with the relevant disclosure requirements. The Group's disclosures related to non-life insurance liabilities are included in 2.9.4 (Non-life insurance contract liabilities), Note 2.29.1 (a) (Critical accounting estimates and assumptions on liabilities of insurance business), Note 15.2 (Non-life insurance contracts) and Note 33 (Insurance Risk). Our audit procedures on the disclosures noted that they were in compliance with the relevant requirements.

### Valuation of provision for current and deferred tax and tax compliance

As at 31 December 2019, the Group has recognized provision for tax and deferred tax liabilities of \$558.0 million and \$1,543.0 million respectively. The taxation rules and regulations governing the insurance industry are complex and evolving. There are many transactions and calculations for which the ultimate tax determination is uncertain as it involved significant management judgment in determining the deductibility of certain expenses during the estimation of provision for income taxes. The final tax outcome for open years of assessment may therefore be different from the amounts that were initially recorded and result in either tax refunds, write-backs of tax provisions or further taxes to be imposed. As such, the valuation of the income tax is significant to our audit.

Our audit procedures included, amongst others:

- involving our internal tax experts in assessing the veracity of the bases used to determine the tax positions. We corroborated these bases with supporting evidence, historical accuracy of management's assumptions used and estimation process;
- reviewing correspondences with the tax authorities to identify potential tax exposures, including identifying uncertain tax positions and resolution of outstanding tax matters; and
- assessing the adequacy of the Group's disclosures on provision for tax and deferred tax.

Based on the work performed and assistance from our internal tax experts, we consider that the Group's provision for tax and deferred tax are appropriately accounted for in accordance with the requirements of the accounting standards.

The Group's disclosures related to provision for tax, and deferred taxation are included in Note 2.11 (Taxes), Note 8 (Income tax). Our audit procedures on the disclosures noted that they were in accordance with the relevant SFRS(I) disclosure requirements.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

## OTHER INFORMATION

Management is responsible for the other information. The other information comprises of information included in the annual report other than the financial statements and our auditor's report thereon. We obtained all the other information prior to the date of our auditor's report except for the Key Figures, Key Executives, Financial Highlights, Embedded Value, Human Capital, Corporate Governance Report, Additional Information, Shareholding Statistics and Sustainability report, collectively, "Other Reports", which are expected to be made available to us after the date of our auditor's report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

## RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

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

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

As part of an audit in accordance with SSAs, we exercise professional judgement 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.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

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

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

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Shekaran K Krishnan.



**Ernst & Young LLP**  
Public Accountants and  
Chartered Accountants  
Singapore  
18 February 2020

# CONSOLIDATED PROFIT OR LOSS STATEMENT

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	2019	2018
<b>Income</b>			
Gross premiums		11,769.5	12,239.2
less: Premiums ceded to reinsurers		592.3	379.1
less: Increase in premium liabilities	15	12.6	11.4
Net premiums		11,164.6	11,848.7
Commissions received from reinsurers		76.8	71.6
Investment income, net	4	2,712.2	2,624.3
Rental income, net		53.3	53.6
Fees and other income		76.2	77.5
Gain/(loss) on sale of investments and changes in fair value	5	4,601.8	(2,630.8)
Change in third-party interests in consolidated investment funds		(10.3)	10.9
Gain on disposal of subsidiary	24	3.5	–
(Loss)/gain on exchange differences		(37.7)	39.2
<b>Total income</b>		<b>18,640.4</b>	<b>12,095.0</b>
<b>less: Expenses</b>			
Gross claims, surrenders and annuities		6,810.9	6,570.2
Claims, surrenders and annuities recovered from reinsurers		(297.7)	(218.0)
Commissions and distribution expenses		1,150.4	1,012.0
Increase/(decrease) in provision for impairment of assets	7	28.5	(40.4)
Management and other expenses		663.4	531.5
Interest expense		18.3	18.3
Agents' retirement benefits	6	42.3	27.8
Depreciation and amortisation expenses	7	73.5	56.7
Change in insurance contract liabilities	15	8,553.2	3,188.2
Tax attributable to policyholders' returns	8	403.8	40.1
<b>Total expenses</b>		<b>17,446.6</b>	<b>11,186.4</b>
<b>Profit before share of loss of associates</b>		<b>1,193.8</b>	<b>908.6</b>
Share of loss after income tax of associates		(0.3)	(0.5)
<b>Profit before income tax</b>	7	<b>1,193.5</b>	<b>908.1</b>
Income tax	8	(171.4)	(158.1)
<b>Profit after income tax</b>		<b>1,022.1</b>	<b>750.0</b>
<b>Attributable to:</b>			
Shareholders		1,003.8	740.7
Non-controlling interests		18.3	9.3
		<b>1,022.1</b>	<b>750.0</b>
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	9	\$2.12	\$1.56

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	2019	2018
<b>Profit after income tax for the year</b>		<b>1,022.1</b>	750.0
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Exchange differences arising on translation of overseas entities attributable to non-controlling interests		(0.1)	0.2
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income		174.4	(372.4)
Income tax related to the above	8	(31.4)	66.5
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of overseas entities		1.2	(5.5)
Debt instruments at fair value through other comprehensive income:			
Changes in fair value		502.9	(231.5)
Changes in allowance for expected credit losses		0.9	(4.7)
Reclassification of realised (gain)/loss on disposal of investments to Profit or Loss Statement	5	(130.4)	5.5
Income tax related to the above	8	(63.3)	39.4
<b>Other comprehensive income for the year, after tax</b>		<b>454.2</b>	(502.5)
<b>Total comprehensive income for the year</b>		<b>1,476.3</b>	247.5
<b>Total comprehensive income attributable to:</b>			
Shareholders		1,458.0	240.6
Non-controlling interests		18.3	6.9
		<b>1,476.3</b>	247.5

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

## BALANCE SHEET – GROUP & COMPANY

As at 31 December

in Singapore Dollars (millions)	Note	Group		Company	
		2019	2018	2019	2018
<b>Share capital</b>	10	<b>152.7</b>	152.7	<b>152.7</b>	152.7
<b>Reserves</b>					
Merger reserve	11	–	–	<b>419.2</b>	419.2
Currency translation reserve	11	<b>8.4</b>	7.4	–	–
Fair value reserve	11	<b>338.3</b>	(214.2)	–	–
Other reserve	11	<b>0.2</b>	0.2	–	–
Retained earnings		<b>8,111.1</b>	7,490.8	<b>3,337.6</b>	3,014.6
<b>SHAREHOLDERS' EQUITY</b>		<b>8,610.7</b>	7,436.9	<b>3,909.5</b>	3,586.5
<b>NON-CONTROLLING INTERESTS</b>		<b>90.9</b>	84.6	–	–
<b>TOTAL EQUITY</b>		<b>8,701.6</b>	7,521.5	<b>3,909.5</b>	3,586.5
<b>LIABILITIES</b>					
Insurance payables	12	<b>5,205.0</b>	4,619.2	–	–
Other creditors	13	<b>3,945.6</b>	1,647.1	<b>7.1</b>	7.7
Derivative financial liabilities	20	<b>195.6</b>	294.7	–	–
Income tax payable		<b>558.0</b>	507.7	<b>0.1</b>	–
Provision for agents' retirement benefits	6	<b>294.0</b>	276.1	–	–
Deferred tax	8	<b>1,543.0</b>	1,132.1	–	–
Debt issued	14	<b>399.9</b>	399.8	–	–
Insurance contract liabilities	15	<b>75,663.6</b>	68,643.8	–	–
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>96,506.3</b>	85,042.0	<b>3,916.7</b>	3,594.2
<b>ASSETS</b>					
Cash and cash equivalents		<b>6,215.9</b>	5,705.1	<b>17.3</b>	42.6
Other debtors	16	<b>1,124.9</b>	1,073.5	<b>0.2</b>	0.1
Insurance receivables	17	<b>3,031.8</b>	2,794.1	–	–
Amount due from subsidiaries	18	–	–	<b>3,005.2</b>	2,657.5
Loans	19	<b>1,071.5</b>	1,329.6	–	–
Derivative financial assets	20	<b>417.2</b>	226.9	–	–
Investments	21	<b>82,117.5</b>	71,521.3	–	–
Associates	23	<b>1.7</b>	1.7	–	–
Subsidiaries	24	–	–	<b>893.9</b>	893.9
Intangible assets	26	<b>31.7</b>	27.4	–	–
Investment properties	27	<b>1,785.5</b>	1,771.3	–	–
Property, plant and equipment	28	<b>708.6</b>	591.1	<b>0.1</b>	0.1
<b>TOTAL ASSETS</b>		<b>96,506.3</b>	85,042.0	<b>3,916.7</b>	3,594.2

# STATEMENTS OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	Attributable to shareholders of the Company					Total	Non-Controlling Interests	Total Equity
		Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings <sup>(1)</sup>			
Balance at 1 January 2019		152.7	7.4	(214.2)	0.2	7,490.8	7,436.9	84.6	7,521.5
Profit for the year		-	-	-	-	1,003.8	1,003.8	18.3	1,022.1
<b>Other comprehensive income</b>									
Exchange differences arising on translation of overseas entities		-	1.2	-	-	-	1.2	(0.1)	1.1
Net revaluation gains on equity instruments at fair value through other comprehensive income		-	-	143.0	-	-	143.0	-	143.0
Debt instruments at FVOCI:									
Changes in fair value		-	-	502.8	-	-	502.8	0.1	502.9
Changes in allowance for expected credit losses	15, 33	-	-	0.9	-	-	0.9	-	0.9
Reclassification of realised gain on disposal of investments to Profit or Loss Statement	5	-	-	(130.4)	-	-	(130.4)	-	(130.4)
Income tax related to the above		-	-	(63.3)	-	-	(63.3)	-	(63.3)
Other comprehensive income for the year, after tax		-	1.2	453.0	-	-	454.2	-	454.2
Total comprehensive income for the year		-	1.2	453.0	-	1,003.8	1,458.0	18.3	1,476.3
Reclassification of net change in fair value of equity instruments upon derecognition	21	-	-	99.5	-	(99.5)	-	-	-
<b>Distributions to shareholders</b>									
Dividends paid during the year:									
Final one-tier tax exempt dividend for the previous year	36	-	-	-	-	(236.7)	(236.7)	-	(236.7)
Interim one-tier tax exempt dividend	36	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(10.7)	(10.7)
Total distributions to shareholders		-	-	-	-	(284.0)	(284.0)	(10.7)	(294.7)
<b>Changes in ownership interests in subsidiaries</b>									
Acquisition of subsidiary	24	-	-	-	-	-	-	2.0	2.0
Disposal of subsidiary	24	-	(0.2)	-	-	-	(0.2)	(3.3)	(3.5)
Total changes in ownership interests in subsidiaries		-	(0.2)	-	-	-	(0.2)	(1.3)	(1.5)
Total transactions with shareholders in their capacity as shareholders		-	(0.2)	-	-	(284.0)	(284.2)	(12.0)	(296.2)
<b>Balance at 31 December 2019</b>		<b>152.7</b>	<b>8.4</b>	<b>338.3</b>	<b>0.2</b>	<b>8,111.1</b>	<b>8,610.7</b>	<b>90.9</b>	<b>8,701.6</b>

<sup>(1)</sup> Included in Retained Earnings are non-distributable reserves of \$1,970.2 million (31 December 2018: \$2,212.9 million), which arises from regulatory risk charges in Singapore and Malaysia. Refer to Notes 11 and Notes 33 for more details.

## STATEMENTS OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	Attributable to shareholders of the Company					Total	Non-Controlling Interests	Total Equity
		Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings <sup>(1)</sup>			
Balance at 1 January 2018		152.7	12.9	230.4	0.2	7,131.4	7,527.6	86.1	7,613.7
Profit for the year		–	–	–	–	740.7	740.7	9.3	750.0
<b>Other comprehensive income</b>									
Exchange differences arising on translation of overseas entities		–	(5.5)	–	–	–	(5.5)	0.2	(5.3)
Net revaluation losses on equity instruments at fair value through other comprehensive income		–	–	(305.9)	–	–	(305.9)	–	(305.9)
<b>Debt instruments at FVOCI:</b>									
Changes in fair value		–	–	(228.8)	–	–	(228.8)	(2.7)	(231.5)
Changes in allowance for expected credit losses	15, 33	–	–	(4.7)	–	–	(4.7)	–	(4.7)
Reclassification of realised loss on disposal of investments to Profit or Loss Statement	5	–	–	5.5	–	–	5.5	–	5.5
Income tax related to the above		–	–	39.3	–	–	39.3	0.1	39.4
Other comprehensive income for the year, after tax		–	(5.5)	(494.6)	–	–	(500.1)	(2.4)	(502.5)
Total comprehensive income for the year		–	(5.5)	(494.6)	–	740.7	240.6	6.9	247.5
Reclassification of net change in fair value of equity instruments upon derecognition	21	–	–	50.0	–	(50.0)	–	–	–
<b>Distributions to shareholders</b>									
<b>Dividends paid during the year:</b>									
Final and special one-tier tax exempt dividends for the previous year	36	–	–	–	–	(284.0)	(284.0)	–	(284.0)
Interim one-tier tax exempt dividend	36	–	–	–	–	(47.3)	(47.3)	–	(47.3)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(8.4)	(8.4)
Total distributions to shareholders		–	–	–	–	(331.3)	(331.3)	(8.4)	(339.7)
Total transactions with shareholders in their capacity as shareholders		–	–	–	–	(331.3)	(331.3)	(8.4)	(339.7)
<b>Balance at 31 December 2018</b>		<b>152.7</b>	<b>7.4</b>	<b>(214.2)</b>	<b>0.2</b>	<b>7,490.8</b>	<b>7,436.9</b>	<b>84.6</b>	<b>7,521.5</b>

<sup>(1)</sup> Included in Retained Earnings are non-distributable reserves of \$1,970.2 million (31 December 2018: \$2,212.9 million), which arises from regulatory risk charges in Singapore and Malaysia. Refer to Notes 11 and Notes 33 for more details.

## STATEMENTS OF CHANGES IN EQUITY – COMPANY

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	Share Capital	Merger Reserve	Retained Earnings	Total Equity
<b>Balance at 1 January 2019</b>		<b>152.7</b>	<b>419.2</b>	<b>3,014.6</b>	<b>3,586.5</b>
<b>Profit for the year</b>		–	–	<b>607.0</b>	<b>607.0</b>
<b>Total comprehensive income for the year</b>		–	–	<b>607.0</b>	<b>607.0</b>
<b>Distributions to shareholders</b>					
<b>Dividends paid during the year:</b>					
Final one-tier tax exempt dividend for the previous year	36	–	–	<b>(236.7)</b>	<b>(236.7)</b>
Interim one-tier tax exempt dividend	36	–	–	<b>(47.3)</b>	<b>(47.3)</b>
<b>Total distributions to shareholders</b>		–	–	<b>(284.0)</b>	<b>(284.0)</b>
<b>Total transactions with shareholders in their capacity as shareholders</b>		–	–	<b>(284.0)</b>	<b>(284.0)</b>
<b>Balance at 31 December 2019</b>		<b>152.7</b>	<b>419.2</b>	<b>3,337.6</b>	<b>3,909.5</b>
 Balance at 1 January 2018		 152.7	 419.2	 2,816.2	 3,388.1
<b>Profit for the year</b>		–	–	<b>529.7</b>	<b>529.7</b>
<b>Total comprehensive income for the year</b>		–	–	<b>529.7</b>	<b>529.7</b>
<b>Distributions to shareholders</b>					
<b>Dividends paid during the year:</b>					
Final and special one-tier tax exempt dividends for the previous year	36	–	–	<b>(284.0)</b>	<b>(284.0)</b>
Interim one-tier tax exempt dividend	36	–	–	<b>(47.3)</b>	<b>(47.3)</b>
<b>Total distributions to shareholders</b>		–	–	<b>(331.3)</b>	<b>(331.3)</b>
<b>Total transactions with shareholders in their capacity as shareholders</b>		–	–	<b>(331.3)</b>	<b>(331.3)</b>
<b>Balance at 31 December 2018</b>		<b>152.7</b>	<b>419.2</b>	<b>3,014.6</b>	<b>3,586.5</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		1,193.5	908.1
<i>Adjustments for non-cash items:</i>			
Tax attributable to policyholders' returns	8	403.8	40.1
Share of loss after income tax of associates		0.3	0.5
(Gain)/loss on sale of investments and changes in fair value	5	(4,601.8)	2,630.8
Gain on disposal of subsidiary	24	(3.5)	–
Increase/(decrease) in provision for impairment of assets	7	28.5	(40.4)
Increase in provision for agents' retirement benefits	6	42.3	27.8
Loss/(gain) on disposal of property, plant and equipment	7	0.1	(1.1)
Depreciation and amortisation expenses	7	73.5	56.7
Unrealised loss/(gain) on exchange differences		37.7	(39.2)
Change in insurance contract liabilities	15	8,553.2	3,188.2
Change in premium liabilities	15	12.6	11.4
Amortisation of capitalised transaction fees		0.1	0.1
Dividend income	4	(601.5)	(701.0)
Interest income	4	(2,251.8)	(2,045.2)
Interest expense		18.3	18.3
Interest expense on policy benefits and lease liabilities	7	190.4	173.4
Share-based payments	7	6.3	6.3
		<b>3,102.0</b>	4,234.8
<i>Changes in working capital:</i>			
Insurance receivables		(203.3)	(86.7)
Other debtors		(1.1)	545.8
Insurance payables		579.2	495.1
Other creditors		632.9	(484.9)
Cash generated from operations		<b>4,109.7</b>	4,704.1
Income tax paid		(203.0)	(367.2)
Interest paid on policy benefits and lease liabilities		(190.4)	(173.4)
Agents' retirement benefits paid	6	(23.7)	(26.7)
<b>Net cash flows from operating activities</b>		<b>3,692.6</b>	4,136.8

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December

in Singapore Dollars (millions)	Note	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturities and sale of investments		<b>34,761.6</b>	26,377.5
Purchase of investments		<b>(40,323.4)</b>	(32,233.6)
Net cash inflow from disposal of subsidiary	24	<b>1.9</b>	–
Net cash inflow from acquisition of subsidiary	24	<b>16.5</b>	–
Proceeds from sale of property, plant and equipment		<b>0.4</b>	6.3
Purchase of property, plant and equipment and investment properties	27, 28	<b>(81.9)</b>	(236.9)
Acquisition of intangible assets	26	<b>(4.0)</b>	–
Interest income received		<b>2,215.9</b>	2,002.7
Interest expense paid		<b>(18.2)</b>	(18.2)
Dividends received		<b>602.1</b>	720.7
<b>Net cash flows used in investing activities</b>		<b>(2,829.1)</b>	(3,381.5)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	36	<b>(284.0)</b>	(331.3)
Dividends paid to non-controlling interests		<b>(10.7)</b>	(8.4)
Principal element of lease payments	28	<b>(11.1)</b>	–
<b>Net cash flows used in financing activities</b>		<b>(305.8)</b>	(339.7)
<b>Net effect of currency translation reserve adjustment</b>		<b>(46.9)</b>	(75.3)
<b>Net increase in cash and cash equivalents</b>		<b>510.8</b>	340.3
<b>Cash and cash equivalents at the beginning of the year</b>		<b>5,705.1</b>	5,364.8
<b>Cash and cash equivalents at the end of the year</b>		<b>6,215.9</b>	5,705.1
<b>Cash and cash equivalents comprise:</b>			
<b>Cash and bank balances</b>		<b>1,433.1</b>	1,424.3
<b>Cash on deposit</b>		<b>2,863.3</b>	3,677.7
<b>Short term instruments</b>		<b>1,919.5</b>	603.1
		<b>6,215.9</b>	5,705.1

Included in the cash and cash equivalents are bank deposits amounting to \$1.8 million (31 December 2018: \$1.8 million) which are lodged with the regulator as statutory deposits, which are not available for use by the Group.

The changes in liabilities arising from financing activities for the years ended 31 December 2019 and 2018 were not material.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL

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

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

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

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

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

### 2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning or after 1 January 2019, including SFRS(I) 16 *Leases* as set out below. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company, except as disclosed below.

#### 2.2.1 Adoption of SFRS(I) 16 Leases

The Group has adopted SFRS(I) 16 *Leases* effective for annual periods beginning on or after 1 January 2019. The Group applied the standard from its mandatory adoption date, applying the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. The adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of SFRS(I) 1-17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.8%.

<b>in Singapore Dollars (millions)</b>	<b>2019</b>
Operating lease commitments disclosed as at 31 December 2018	59.2
Discounted using the lessee’s incremental borrowing rate at the date of initial application	(0.2)
Leases signed but commenced after 1 January 2019	(49.7)
(Less): short-term leases recognised on a straight-line basis as expense	(1.3)
(Less): low-value leases recognised on a straight-line basis as expense	(0.6)
<b>Lease liability recognised as at 1 January 2019</b>	<b>7.4</b>
Of which are:	
Current lease liabilities	4.7
Non-current lease liabilities	2.7
	<b>7.4</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in Accounting Policies (continued)

#### 2.2.1 Adoption of SFRS(I) 16 Leases (continued)

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

The recognised right-of-use assets on 1 January 2019 relate to the following types of assets:

in Singapore Dollars (millions)	1 Jan 2019
Leasehold land	8.5
Other right-of-use assets	0.2
<b>Total right-of-use assets</b>	<b>8.7</b>

#### Practical expedients applied

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying SFRS(I) 1-17 and SFRS(I) INT 4 Determining whether an Arrangement contains a Lease.

The Group's accounting policies on leases under SFRS(I) 16 are set out in Note 2.10.11.

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

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

SFRS(I)	Title	Effective date (Annual periods beginning on or after)
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020
SFRS(I) 3	Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 17	Insurance Contracts	1 January 2021
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in Accounting Policies (continued)

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

##### SFRS(I) 17 Insurance Contracts

SFRS(I) 17 was issued in May 2017 as replacement for SFRS(I) 4 *Insurance Contracts*. It is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. SFRS(I) 17 requires a general model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

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

The general model is supplemented by:

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

SFRS(I) 17 is effective for annual periods beginning on or after 1 January 2021<sup>1</sup>, with comparative figures required. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Group plans to adopt SFRS(I) 17 on the required effective date and a Project Steering Committee was formed to oversee the implementation of the standard. The Group expects that SFRS(I) 17 will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with the Group's financial statements' presentation and disclosures.

### 2.3 Basis of Consolidation and Business Combinations

#### 2.3.1 Basis of Consolidation

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

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

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

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

<sup>1</sup> The International Accounting Standards Board published an exposure draft Amendments to IFRS 17 in June 2019 which proposes that the effective date of IFRS 17 Insurance Contracts be deferred by one year, such that it would apply to entities with annual periods beginning on or after 1 January 2022.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### 2.3.1 Basis of Consolidation (continued)

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

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

#### 2.3.2 Business Combinations

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

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

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

The Group elects for each individual business combination, whether a non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.21. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.4 Subsidiaries

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interests in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in a joint venture is set out in Note 2.6.

### 2.6 Associates and Joint Ventures

Associates are entities over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, an excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and the respective carrying value and recognises the amount in the profit or loss.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Associates and Joint Ventures (continued)

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures the retained investment at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 2.7 Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to shareholders of the Company, and is presented separately in the Consolidated Profit or Loss Statement, Consolidated Statement of Comprehensive Income and within equity in the Consolidated Balance Sheet, separately from Shareholders' Equity. An exception to this occurs when non-controlling interests arise through minority unit holders' interest in consolidated investment funds, when they are recognised as a liability, reflecting the net assets of the consolidated entity. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash. Changes in these liabilities are recognised in the Consolidated Profit or Loss Statement as expenses.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

### 2.8 Foreign Currency Conversion and Translation

#### 2.8.1 Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional and presentation currency.

#### 2.8.2 Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the Profit or Loss Statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation. Exchange differences on non-monetary items such as equity investments classified as fair value through other comprehensive income and available-for-sale financial assets are included in the fair value reserve in equity.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Foreign Currency Conversion and Translation (continued)

#### 2.8.3 Consolidated Financial Statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period. The Profit or Loss Statement is translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising from the translation are recognised in the Statement of Comprehensive Income as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences recognised in other comprehensive income relating to that particular foreign operation is recognised in the Profit or Loss Statement as gain or loss on disposal of the operation.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and is not recognised in Profit or Loss Statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the Profit or Loss Statement.

### 2.9 Insurance Contracts

#### 2.9.1 Product Classification

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participating features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the issuer; and contractually based on the:
  - Performance of a specified pool of contracts or a specified type of contract,
  - Realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
  - The profit or loss of the company, fund or other entity that issues the contract.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Insurance Contracts (continued)

#### 2.9.1 Product Classification (continued)

For the purpose of SFRS(I) 4, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at inception of the insurance contract. Based on this definition, all policy contracts issued by insurance subsidiaries within the Group are considered insurance contracts as at the balance sheet date.

The insurance subsidiaries within the Group write insurance contracts in accordance with the local Insurance Regulations prevailing in the jurisdictions in which the insurance subsidiaries operate.

#### 2.9.2 Types of Insurance Contracts

Insurance contract liabilities are classified into principal components as follows:

- (a) Life Insurance contract liabilities; comprising
  - Participating Fund contract liabilities;
  - Non-Participating Fund contract liabilities; and
  - Investment Linked Fund contract liabilities.
- (b) Non-life Insurance contract liabilities.
- (c) Reinsurance contracts.

#### 2.9.3 Life Insurance Contract Liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by the respective insurance regulations. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the Profit or Loss Statement.

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, less the present value of future gross considerations arising from the policy discounted at the appropriate discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate risk margin allowance for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies and liabilities of non-unit investment-linked policies.

The liability in respect of participating insurance contract is based on the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above. Refer to Table 2.9 for details.

In the case of life policies where part of, or all the premiums are accumulated in a fund, the accumulated amounts, as declared to policyholders are shown as liabilities if the accumulated amounts are higher than the amounts as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, together with provision for claims outstanding, including an estimate of the incurred claims that have not yet been reported to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.9 Insurance Contracts (continued)

##### 2.9.3 Life Insurance Contract Liabilities (continued)

Adjustments to liabilities at each reporting date are recorded in the Profit or Loss Statements. Profits originating from margins for adverse deviations on run-off contracts are recognised in the Profit or Loss Statements over the lives of the contracts, whereas losses are fully recognised in the Profit or Loss Statements during the first year of run-off.

The liability is extinguished when the contract expires, is discharged or is cancelled.

The Group issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Group to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Group.

For non-participating policy contracts, both insurance and investment risks are transferred from policyholders to the Group. For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Contracts which transfer insurance risk alone from policyholders to the Group are commonly known as investment linked policies. As part of the pricing for these contracts, the insurance subsidiaries within the Group include certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholders accrue directly to the policyholders.

A significant portion of insurance contracts issued by subsidiaries within the Group contain discretionary participating features. These contracts are classified as participating policies. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contracts entitle the policyholder to receive benefits, which could vary according to investment performance of the fund. The Group does not recognise the guaranteed components separately from the discretionary participating features.

Profits to shareholders from the participating fund are allocated from the surplus or surplus capital, determined from the results of the annual actuarial valuation (such valuation also determines the liabilities relating to all the policyholders' benefits of the participating fund) parameters which are set out in the Insurance Regulations of the respective jurisdiction in which the insurance subsidiaries operate. The provisions in the Articles of Association of the insurance subsidiaries within the Group are applied in conjunction with the prescriptions in the respective Insurance regulations, such that the distribution for any year to policyholders of the participating fund and shareholders approximate 90% and 10% respectively of total distribution from the participating fund. The annual declaration of the quantum of policyholder bonus and correspondingly the profits to shareholders to be distributed out of the participating fund is approved by the Board of Directors of each insurance subsidiary under the advice of the Appointed Actuary of the respective insurance subsidiary, in accordance with the Insurance Regulations and the Articles of Association of the respective insurance subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.9 Insurance Contracts (continued)

##### 2.9.3 Life Insurance Contract Liabilities (continued)

The valuation of insurance contract liabilities is determined according to:

- (a) Singapore Insurance Act (Chapter 142), Insurance (Valuation and Capital) Regulations 2004 for insurance funds regulated in Singapore (“MAS Regulations”); and
- (b) Risk-Based Capital Framework for Insurers for insurance funds regulated in Malaysia.

Each insurance subsidiary within the Group is required by the Insurance Regulations and accounting standards to carry out a liability adequacy test using current estimates of future cash flows relating to its insurance contracts; the process is referred to as the gross premium valuation or bonus reserve valuation, depending on the jurisdiction in which the insurance subsidiary operates.

The liability adequacy test is applied to both the guaranteed benefits and the discretionary participating features; the assumptions are based on best estimates, the basis adopted is prescribed by the Insurance Regulations of the respective jurisdiction in which the insurance subsidiary operates. The Group performs liability adequacy tests on its actuarial reserves to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the Profit or Loss Statement.

The Group issues investment linked contracts as an insurance contract which insure human life events such as death or survival over a long duration; coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investments within the investment linked fund set up by the insurance subsidiary. As an embedded derivative meets the definition of an insurance contract it need not be separately accounted for from the host insurance contract. The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequencies in accordance with the terms and conditions of the insurance contracts.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.9 Insurance Contracts (continued)

##### 2.9.3 Life Insurance Contract Liabilities (continued)

TABLE 2.9 below provides the key underlying assumptions used for valuation of life insurance contract liabilities.

	SINGAPORE	MALAYSIA
<b>Valuation Method</b>	<p>Gross Premium Valuation</p> <p>For Participating Fund, the method that produces the higher reserves of:</p> <ul style="list-style-type: none"> <li>(i) Total assets backing policy benefits;</li> <li>(ii) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and</li> <li>(iii) Guaranteed cashflows discounted using the interest rate outlined under (i) below.</li> </ul>	<p>Gross Premium Valuation</p> <p>For Participating Fund, the method that produces the higher reserves of:</p> <ul style="list-style-type: none"> <li>(i) Guaranteed and non-guaranteed cashflows discounted at the appropriate rate of return reflecting the strategic asset allocation; and</li> <li>(ii) Guaranteed cashflows discounted using Malaysia Government Securities zero coupon spot yields (as outlined below).</li> </ul>
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>(i) Singapore Government Securities zero coupon spot yields for cash flows up to year 15, an interpolation of the 15-year Singapore Government Securities zero coupon spot yield and the Long Term Risk Free Discount Rate (LTRFDR) for cash flows between 15 to 20 years, and the LTRFDR for cash flows year 20 and after.</li> <li>(ii) For Universal Life policies denominated in US dollar: <ul style="list-style-type: none"> <li>a. Observable market yields of US Treasury Yield Curve Rates for cash flows up to year 30;</li> <li>b. Ultimate forward rate (UFR) of 3.5% applicable for cash flows beyond 60 years; and</li> <li>c. Extrapolated yields in between.</li> </ul> </li> </ul> <p><i>Data source: Bloomberg</i></p>	<p>Malaysia Government Securities yields determined based on the following:</p> <ul style="list-style-type: none"> <li>(i) For cashflows with duration less than 15 years, Malaysia Government Securities zero coupon spot yields of matching duration.</li> <li>(ii) For cashflows with duration 15 years or more, Malaysia Government Securities zero coupon spot yields of 15 years to maturity.</li> </ul> <p><i>Data source: Bond Pricing Agency Malaysia</i></p>
<b>Mortality, Disability, Dread disease, Expenses, Lapse and surrenders</b>	<p>Participating Fund:</p> <ul style="list-style-type: none"> <li>(i) Best estimates for Gross Premium Valuation method (ii);</li> <li>(ii) Best estimates plus provision for adverse deviation (PAD) for Gross Premium Valuation method (iii).</li> </ul> <p>Non-Participating and Non-Unit reserves of Investment Linked Fund: Best estimates plus provision for adverse deviation (PAD).</p> <p><i>Data source: internal experience studies</i></p>	<p>Participating Fund:</p> <ul style="list-style-type: none"> <li>(i) Best estimates for Gross Premium Valuation method (i);</li> <li>(ii) Best estimates plus provision for risk of adverse deviation (PRAD) for Gross Premium Valuation method (ii).</li> </ul> <p>Non-Participating and Non-Unit reserves of Investment Linked Fund: Best estimates plus provision for risk of adverse deviation (PRAD).</p> <p><i>Data source: internal experience studies</i></p>

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Insurance Contracts (continued)

#### 2.9.4 Non-life Insurance Contract Liabilities

The Group issues short term property and casualty contracts which protect the policyholder against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contracts and/or business interruption contracts; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contracts. The Group also issues short term medical and personal accident non-life insurance contracts.

Non-life insurance contract liabilities include premium liabilities and claim liabilities.

##### Claim liabilities

Claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when contracts expire, are discharged or are cancelled.

The valuation of non-life insurance claim liabilities at balance sheet date is based on best estimates of the ultimate settlement cost of claims plus a provision for adverse deviation. The provision of adverse deviation is set at 75% level of sufficiency for Singapore, Malaysia and Indonesia. The valuation methods used include the Paid and Incurred Loss Development methods (also known as the Link Ratio methods), the Paid and Incurred Bornhuetter-Ferguson methods and the Expected Loss Ratio method. For Singapore and Malaysia, the claim liabilities are not discounted for the time value of money. However, for Indonesia, the claim liabilities are discounted for the time value of money as per pre-acquisition practice. Discounting is expected to be applied consistently in line with the implementation of SFRS(I) 17. No provision for equalisation or catastrophe reserves is recognised.

##### Premium liabilities

Premium liabilities are the provision of unearned premiums representing premiums received for risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the terms of the contracts and is recognised as premium income. Further provisions are made if expected future cash flow of unexpired insurance contracts exceed the unearned premiums of these contracts.

#### 2.9.5 Reinsurance Contracts

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Insurance Contracts (continued)

#### 2.9.5 Reinsurance Contracts (continued)

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

### 2.10 Recognition of Income and Expense

#### 2.10.1 Premiums and Commissions

##### *Life Insurance Business*

First year premiums of insurance policies are recognised from inception date and subsequent renewal premiums are recognised when due. Single premiums are recognised on the dates on which the policies are effective. Premiums from the investment-linked business, universal life and certain Takaful Non-participating products are recognised as revenue when payment is received.

##### *Non-Life Insurance Business*

Premiums from the non-life insurance business are recognised as revenue upon commencement of insurance cover, in the Profit or Loss Statement. Premiums pertaining to periods outside of the financial reporting period are adjusted through the movement in premium liabilities. Commission is recognised as an expense when incurred, typically upon the risk underwritten as reflected in the premium recognised.

Premiums ceded out and the corresponding commission income from non-life insurance contracts are recognised in the Profit or Loss Statement upon receipt of acceptance confirmation from the ceding company or in accordance with provisions incorporated in the treaty contracts. Premiums ceded out pertaining to periods outside of the financial reporting period are adjusted through the movement in unexpired risk reserve.

#### 2.10.2 Interest Income

Interest income is recognised using the effective interest method.

#### 2.10.3 Dividend Income

Dividend income is recognised as investment income when the Group's right to receive the payment is established. Dividend income from the Company's subsidiaries is recognised when the dividend is declared payable.

#### 2.10.4 Rental Income

Rental income from operating leases is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

#### 2.10.5 Gain/Loss on Sale of Investments

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Recognition of Income and Expense (continued)

#### 2.10.6 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment test for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the Profit or Loss Statement.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the Profit or Loss Statement. Unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### 2.10.7 Impairment of Financial Assets

The Group recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

- (i) Debt instruments measured at FVOCI;
- (ii) Loans and receivables measured at amortised cost; and
- (iii) Loan commitments.

The Group assesses on a forward looking basis the ECL associated with its loans and debt instruments carried at amortised cost and FVOCI and its loan commitments. For trade and insurance receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. The Group recognises a loss allowance for ECL at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represents the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Note 33(h) provides more details on how the expected loss allowance is measured.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Recognition of Income and Expense (continued)

#### 2.10.7 Impairment of Financial Assets (continued)

##### *Modified financial assets*

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected modification will not result in derecognition of the existing asset then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group considers factors such as probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For financial assets that are not credit-impaired at the reporting date: the ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

For financial assets that are credit-impaired at the reporting date: the ECL is the difference between the gross carrying amount and the present value of estimated future cash flows.

##### *Write-off*

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### 2.10.8 Fees and Other Income

Fees and other income comprise mainly management and advisory fee income. Management and advisory fee income includes income earned from the provision of administration services, investment management services, surrenders and other contract fees. This fee income is recognised as revenue over the period in which the services are rendered. If the fees are for services to be provided in future periods, then they are deferred and recognised over those periods.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.10 Recognition of Income and Expense (continued)

##### 2.10.9 Employee Benefits

###### Defined Contribution Plans under Statutory Regulations

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Malaysia companies in the Group make contributions respectively to the Central Provident Fund and Employees' Provident Fund, which are defined contribution pension schemes. These contributions are recognised as an expense in the period in which the service is rendered.

###### Employee Leave Entitlements

An employee's entitlement to annual leave and long-service leave is estimated and accrued according to the Group's Human Resource policy.

###### Share Options

Senior executives of the Group are granted share options in the OCBC Bank's Share Option Scheme as consideration for services rendered. Options granted are exercisable for up to 10 years. The options may be exercised after the first anniversary of the date of the grant, and generally vest in one-third increments over a 3-year period. The cost of these options are recognised as expense in the Profit or Loss Statement based on the fair value of the options at the date of the grant. The expense is recognised over the vesting period of the grant, with a corresponding increase in intercompany balance with the holding company.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the senior executives, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the Profit or Loss Statement upon cancellation.

###### Deferred Share Plan

In addition to the OCBC Bank's Share Option Scheme, certain employees within the Group are granted OCBC shares under the OCBC Deferred Share Plan ("DSP"). The deferred share awards are granted as part of variable performance bonus. Half of the share awards will vest two years from the grant date and the remaining half will vest at the end of three years from the grant date. The cost of the DSP is recognised in the Profit or Loss Statement on the straight-line basis over the vesting period of the DSP.

At each balance sheet date, the cumulative expense is adjusted for the estimated number of shares granted under the DSP that have vested and/or lapsed.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Recognition of Income and Expense (continued)

#### 2.10.10 Leases (Policy applicable before 1 January 2019)

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of SFRS(I) 1-17.

##### As Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. The accounting policy for rental income is set out in Note 2.10.4.

##### As Lessee

Operating lease payments are recognised as an expense in the Profit or Loss Statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### 2.10.11 Leases (Policy applicable after 1 January 2019)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

##### As Lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group generally uses its incremental borrowing rate as the discount rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modifications or reassessments.

The Group presents its right-of-use assets in 'property, plant and equipment' and lease liabilities in 'other creditors' in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Recognition of Income and Expense (continued)

#### 2.10.11 Leases (Policy applicable after 1 January 2019) (continued)

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### *As Lessor*

The Group classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in 'rental income, net'.

### 2.11 Taxes

#### 2.11.1 Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 2.11.2 Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Exceptions include:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.11 Taxes (continued)

##### 2.11.2 Deferred Tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to taxable income in the year when the asset is realised or the liability is settled, based on tax rates (and applicable tax laws and jurisdictions) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

##### 2.11.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### 2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Policy Benefits

Policy benefits are recognised when the policyholder exercises the option to deposit the survival benefits with the life insurance subsidiary companies when the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the life insurance subsidiary companies. Interest payable on policy benefits is recognised in the Profit or Loss Statement as incurred.

### 2.14 Claims Admitted or Intimated

Full provision is made for the estimated cost of all life insurance claims notified but not settled at balance sheet date. Provision is made for estimated claims incurred but not reported for all classes of general insurance business written.

### 2.15 Cash and Cash Equivalents

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

### 2.16 Insurance Receivables

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. A loss allowance is measured at an amount equal to lifetime expected credit losses, with the impairment loss recognised in the Profit or Loss Statement. Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.17 has been met.

### 2.17 Financial Assets

#### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial asset. The Group determines the classification of its financial assets at initial recognition. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets carried at fair value through profit or loss are recognised as expense in the Profit or Loss Statement.

#### *Classification*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as measured at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.17 Financial Assets (continued)

An equity security that is not held for trading may, by irrevocable election, be designated as measured at FVOCI. This election is made on an investment-by-investment basis. The Group has designated certain equity securities held for strategic purposes as measured at FVOCI.

A financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI may, by irrevocable election, be designated as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group has designated certain debt securities which are held with the intent to hold to collect contractual cash flows and sell as measured at FVTPL.

All other financial assets are classified as measured at FVTPL.

##### *Business model assessment*

The Group assesses the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed, and 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 Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

##### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers the following key aspects:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Financial Assets (continued)

#### *Subsequent measurement*

##### 2.17.1 Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Gains or losses are also recognised in profit or loss when the assets are derecognised.

(ii) Fair value through other comprehensive income (FVOCI)

Debt instruments that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Any gains or losses from changes in fair value are recognised in other comprehensive income and accumulated in fair value reserve. Impairment, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss when the financial asset is derecognised.

(iii) Fair value through profit or loss (FVTPL)

Debt instruments that do not meet the criteria for classification as amortised cost or FVOCI are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in profit or loss.

##### 2.17.2 Equity Instruments

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of equity instruments at FVTPL are recognised in profit or loss.

##### 2.17.3 Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group applies hedge accounting for hedges of net investments in foreign operations. At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.17 Financial Assets (continued)

##### 2.17.3 Derivatives and Hedging Activities (continued)

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For hedges of net investments in foreign operations, gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the Profit or Loss Statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the Profit or Loss Statement.

The Group uses forward currency contracts as hedges of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

##### 2.17.4 Loans and Receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the Profit or Loss Statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

##### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or has been transferred such that substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, except for equity securities measured at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in Profit or Loss Statement.

On derecognition of equity securities measured at FVOCI, any cumulative gain/loss recognised in OCI is not recognised in Profit or Loss Statement.

On derecognition of all other financial assets in their entirety (or the carrying amount allocated to the portion of the asset derecognised), the difference between the carrying amount of the asset and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI is recognised in the Profit or Loss Statement.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group 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 Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Financial Liabilities

#### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when the Group becomes a party to the contractual obligations of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

The Group's financial liabilities include other creditors, provision for agents' retirement benefits, debt issued and insurance payables.

#### *Subsequent measurement*

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

#### **2.18.1 Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term and include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the Profit or Loss Statement.

#### **2.18.2 Financial Liabilities at Amortised Cost**

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Profit or Loss Statement.

### 2.19 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.

### 2.20 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.20 Determination of Fair Value of Financial Instruments (continued)

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 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 cost is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the balance sheet date.

#### 2.21 Intangible Assets

##### 2.21.1 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Profit or Loss Statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Intangible Assets (continued)

#### 2.21.2 Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit or Loss Statement.

### 2.22 Property, Plant and Equipment

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

Freehold land has an unlimited useful life and is not depreciated. No depreciation is provided for 999-year leasehold land. No depreciation is provided on capital works in progress as the assets are not yet available for use.

Depreciation of an asset begins when it is available for use and is calculated on a straight-line basis over the estimated useful life of an asset. The useful lives are as follows:

Leasehold land	Term of lease, up to 99 years
Buildings	50 years
Office furniture, fittings and equipment	5 to 10 years
Renovation	3 to 5 years
Computer equipment and software development costs	3 to 10 years
Motor vehicles	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate. This is to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the Profit or Loss Statement in the year the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.23 Investment Properties

Investment properties are properties that are owned by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Profit or Loss Statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the retirement or disposal of an investment property are recognised in the Profit or Loss Statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.22 up to the date of change in use.

#### 2.24 Provision for Agents' Retirement Benefits

Provision for agents' retirement benefits is set aside for agents of the Malaysian operations and is calculated in accordance with the terms and conditions in the respective agent's Agreement. The terms and conditions of the Agreement stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the agent shall be allocated a deferred benefit/retirement benefit. The deferred benefit/retirement benefit accumulated at Balance Sheet date includes accrued interest. The accrued deferred benefit shall only become payable provided the Agreement has been in force for certain continuous contract years and the agent has attained the minimum retirement age stipulated in the Agreement.

#### 2.25 Related Parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Related Parties (continued)

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In the Company's financial statements, loans to subsidiaries are interest-free and stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in the Profit or Loss Statement over the expected repayment period.

### 2.26 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.27 Share Capital and Share Issuance Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.28 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.29 Critical Accounting Estimates and Judgments

In the preparation of the Group's financial statements, management makes estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Estimates, assumptions and judgments are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### 2.29.1 Critical Accounting Estimates and Assumptions

##### (a) Liabilities of insurance business

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

For life insurance contracts, estimates are made for future deaths, morbidity, disabilities, lapses, voluntary terminations, investment returns and administration expenses. The Group relies on standard industry reinsurance and national mortality and morbidity tables which represent historical experience, and makes appropriate adjustments for its respective risk exposures and portfolio experience in deriving the mortality and morbidity estimates. These estimates provide the basis for the valuation of the future benefits to be paid to policyholders and to ensure adequate provisions which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures. Each year, these estimates are assessed for adequacy and changes will be reflected as adjustments to insurance fund contract liabilities. The carrying value of life insurance contract liabilities as at 31 December 2019 amounted to \$72,062.5 million (31 December 2018: \$65,592.9 million).

For non-life insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at the balance sheet date ("IBNR").

It can take a significant time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet liability. The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques such as Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that a company's past development experience can be used to project future claims development and hence, ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors, economic conditions as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all uncertainties involved. The carrying value of non-life insurance contract liabilities – claims liabilities, gross as at 31 December 2019 amounted to \$280.2 million (31 December 2018: \$236.7 million).

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.29 Critical Accounting Estimates and Judgments (continued)

##### 2.29.1 Critical Accounting Estimates and Assumptions (continued)

**(b) Share option costs**

The Group calculates the fair value of share options using the binomial model which requires input of certain variables which are determined based on assumptions made. Further details are provided in Note 29.

**(c) Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made. The carrying amount of the income tax and deferred tax provisions as at 31 December 2019 amounted to \$2,101.0 million (31 December 2018: \$1,639.8 million).

**(d) Provision for agents' retirement benefits**

Provision for agents' retirement benefits is calculated in accordance with the terms and conditions of the agreement, which stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Group shall allocate to the agent a deferred benefit/retirement benefit. Interest is accrued based on an estimated rate at the end of the financial year on the accumulated deferred benefit/retirement benefit with an adjustment made subsequent to year end for changes in certain statutory dividend rates. Additional provision is made to cover estimated liability for future benefits payable in the event of death, disability, investment returns and benefits payable. The agents' retirement benefit becomes vested and payable upon fulfilment of the stipulated conditions.

Judgment is required to estimate the provision to be made, based upon the likely fulfilment of the conditions and occurrence of the claimable event. At each reporting year, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the provision. The carrying amount of agents' retirement benefits as at 31 December 2019 amounted to \$294.0 million (31 December 2018: \$276.1 million).

## NOTES TO THE FINANCIAL STATEMENTS

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

#### 2.29 Critical Accounting Estimates and Judgments (continued)

##### 2.29.2 Critical Judgments in Applying Accounting Policies

**(a) Impairment of goodwill**

The Group conducts impairment tests on the carrying value of goodwill in accordance with the accounting policy stated in Note 2.21. The recoverable amounts of cash-generating units are determined based on the value-in-use method, which adopts a discounted cash flow approach on projections, budgets and forecasts over a 5-year period. Cash flows beyond the fifth year are extrapolated using estimated terminal growth rates not exceeding the long-term average growth of the industry and country in which the cash-generating unit operates. The discount rates applied to the cash flow projections are derived from the Group's weighted average cost of capital at the date of assessment. Changes to the assumptions, particularly the discount rate and terminal growth rate, may significantly affect the results of the impairment test. Further details of the key assumptions applied in the impairment assessment of goodwill are provided in Note 26.

**(b) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 33(h).

**(c) Insurance contract classification**

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Group. The Group exercises judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether upon the insured event the Group is required to pay significant additional benefits. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

**(d) Property classification**

The Group adopts certain criteria based on SFRS(I) 1-40, Investment Property in determining whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased separately under a finance lease), the Group would account for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SUBSIDIARIES AND ASSOCIATES

	Country of Incorporation	Principal Activities	Effective interest held by GEH	
			2019 %	2018 %
<b>(i) SIGNIFICANT SUBSIDIARIES</b>				
<b>Held by the Company</b>				
The Great Eastern Life Assurance Company Limited <sup>(3.1)</sup>	Singapore	Life assurance	100.0	100.0
Great Eastern General Insurance Limited <sup>(3.1)</sup>	Singapore	Composite insurance	100.0	100.0
Lion Global Investors Limited <sup>(3.1)</sup>	Singapore	Asset management	70.0	70.0
The Great Eastern Trust Private Limited <sup>(3.1)</sup>	Singapore	Investment holding	100.0	100.0
<b>Held through subsidiaries</b>				
Great Eastern Life Assurance (Malaysia) Berhad <sup>(3.2)</sup>	Malaysia	Life assurance	100.0	100.0
Great Eastern General Insurance (Malaysia) Berhad <sup>(3.2)</sup>	Malaysia	General insurance	100.0	100.0
P.T. Great Eastern Life Indonesia <sup>(3.2)</sup>	Indonesia	Life assurance	99.5	99.5
P.T. Great Eastern General Insurance Indonesia <sup>(3.3)&amp;(3.5)</sup>	Indonesia	General insurance	95.0	–
Straits Eastern Square Private Limited <sup>(3.1)</sup>	Singapore	Property investment	100.0	100.0
218 Orchard Private Limited <sup>(3.1)</sup>	Singapore	Property investment	100.0	100.0
Great Eastern Takaful Bhd <sup>(3.2)</sup>	Malaysia	Family Takaful business	70.0	70.0
LGlobal Funds-Asia High Dividend Equity <sup>(3.3)&amp;(3.4)</sup>	Luxembourg	Collective portfolio investment fund	15.2	14.2
Affin Hwang Wholesale Income Fund <sup>(3.3)</sup>	Malaysia	Wholesale fixed income fund	100.0	100.0
Aminstitutional Income Bond Fund <sup>(3.3)</sup>	Malaysia	Wholesale fixed income fund	100.0	–
<b>(ii) SIGNIFICANT ASSOCIATES</b>				
<b>Held through subsidiaries</b>				
Lion Indian Real Estate Fund <sup>(3.3)</sup>	Cayman Islands	Real Estate Investment Trust	45.5	45.5

<sup>(3.1)</sup> Audited by Ernst & Young LLP, Singapore.

<sup>(3.2)</sup> Audited by member firms of EY Global in the respective countries.

<sup>(3.3)</sup> Audited by PricewaterhouseCoopers.

<sup>(3.4)</sup> LGlobal Funds-Asia High Dividend Equity is considered a subsidiary as the Group is deemed to have control over the fund in accordance with SFRS(I) 10.

<sup>(3.5)</sup> In May 2019, Great Eastern General Insurance acquired 95% of the share capital of PT QBE General Insurance Indonesia, a general insurance company in Indonesia. The name changed to "P.T. Great Eastern General Insurance Indonesia" in May 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 INVESTMENT INCOME, NET

in Singapore Dollars (millions)	Group	
	2019	2018
Dividend income		
– Investments		
Financial assets measured at FVOCI	68.7	123.1
Financial assets mandatorily measured at FVTPL	532.8	577.9
	601.5	701.0
Interest income		
– Investments		
Financial instruments measured at FVOCI	270.6	246.6
Financial instruments mandatorily measured at FVTPL	146.4	83.9
Financial instruments designated as at FVTPL	1,495.0	1,393.6
– Financial assets at amortised cost	339.8	321.1
	2,251.8	2,045.2
	2,853.3	2,746.2
<i>less: Investment related expenses</i>	(141.1)	(121.9)
	2,712.2	2,624.3

During the year ended 31 December 2019, \$12.6 million (2018: \$17.0 million) of the dividend income relates to equity investments measured at FVOCI which were derecognised during the reporting year.

### 5 GAIN/(LOSS) ON SALE OF INVESTMENTS AND CHANGES IN FAIR VALUE

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Realised gain from sale of investments		–	1.5
Changes in fair value of investment properties	27	14.3	40.2
Net gain/(loss) on sale of debt securities measured at FVOCI		130.4	(5.5)
Changes in fair value of investments			
– mandatorily measured at FVTPL		2,720.1	(2,197.9)
– designated as at FVTPL		1,737.0	(469.1)
		4,457.1	(2,667.0)
		4,601.8	(2,630.8)

### 6 PROVISION FOR AGENTS' RETIREMENT BENEFITS

in Singapore Dollars (millions)	Group	
	2019	2018
Balance at the beginning of the year	276.1	276.0
Currency translation reserve adjustment	(0.7)	(1.0)
Increase in provision for the year	42.3	27.8
Paid during the year	(23.7)	(26.7)
Balance at the end of the year	294.0	276.1

As at 31 December 2019, \$115.1 million (31 December 2018: \$99.7 million) of the above provision for agents' retirement benefits is payable within one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 ADDITIONAL PROFIT OR LOSS DISCLOSURES

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Fees paid to auditors		10.8	4.9
Audit fees paid to Auditor of the Company		1.6	1.8
Audit fees paid to other auditors		0.7	0.4
Non-audit fees paid to Auditor of the Company		5.4	1.8
Non-audit fees paid to other auditors		3.1	0.9
Staff costs and related expenses (including executive directors and key management personnel compensation)		395.0	307.2
Salaries, wages, bonuses and other costs		353.8	269.0
Central Provident Fund / Employee Provident Fund		34.9	31.9
Share-based payments		6.3	6.3
Fee income		74.7	75.7
Fund management fee		73.4	74.7
Financial advisory fee		1.3	1.0
Gain/(Loss) on disposal of property, plant and equipment		0.1	(1.1)
Property, plant and equipment		0.1	0.4
Assets held for sale		–	(1.5)
Depreciation and amortisation expenses		73.5	56.7
Depreciation	28	73.4	56.7
Amortisation	26	0.1	–
Interest expense		190.4	173.4
On policy benefits		189.3	173.4
On lease liability	28	1.1	–
Provision for impairment of assets	33	28.5	(40.4)

### 8 INCOME TAX

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

in Singapore Dollars (millions)	Group	
	2019	2018
<b>(a) Tax attributable to policyholders' returns:</b>		
Current income tax:		
– Current income taxation	168.6	158.4
– (Over)/under provision in respect of previous years	(73.1)	0.7
	95.5	159.1
Deferred income tax:		
– Origination and reversal of temporary differences	308.3	(119.0)
	308.3	(119.0)
	403.8	40.1

## NOTES TO THE FINANCIAL STATEMENTS

### 8 INCOME TAX (CONTINUED)

#### Major components of income tax expense (continued)

in Singapore Dollars (millions)	Note	Group	
		2019	2018
<b>(b) Income tax expense</b>			
Current income tax:			
– Current income taxation		201.9	160.7
– Over provision in respect of previous years		(23.5)	(2.5)
		178.4	158.2
Deferred income tax:			
– Origination and reversal of temporary differences		(7.0)	(0.1)
		(7.0)	(0.1)
		171.4	158.1
<b>Total tax charge for the year recognised in Profit or Loss Statement</b>		<b>575.2</b>	<b>198.2</b>

Deferred tax (liabilities)/assets for the year, on fair value changes of fair value through other comprehensive income investments, charged directly to other comprehensive income:

– equity		(115.3)	97.2
– insurance funds	15	(0.3)	0.1

#### Relationship between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

Profit before share of loss of associates		1,193.8	908.6
Tax at the domestic rates applicable to profits in the countries where the Group operates		228.5	187.1
<u>Adjustments:</u>			
Foreign tax paid not recoverable		4.1	8.6
Permanent differences		100.5	67.7
Tax exempt income		(128.5)	(102.9)
Deferred tax assets not recognised		–	0.1
Over provision in respect of previous years		(23.5)	(2.5)
Deferred tax recognised for prior years' losses		(9.7)	–
<b>Income tax expense recognised in the Profit or Loss Statement</b>		<b>171.4</b>	<b>158.1</b>

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## NOTES TO THE FINANCIAL STATEMENTS

### 8 INCOME TAX (CONTINUED)

in Singapore Dollars (millions)	Note	Group	
		2019	2018
<b>Deferred Tax</b>			
Balance at the beginning of the year		1,132.1	1,348.0
Currency translation reserve adjustment		(0.9)	0.4
Acquisition of subsidiary	24	(4.7)	–
Deferred tax charge taken to Profit or Loss Statement:			
Other temporary differences		(0.3)	28.3
Fair value changes		91.0	(98.3)
Provision against future policyholders' bonus	15	220.2	(49.1)
Deferred tax on fair value changes of investments at FVOCI		115.3	(97.2)
Deferred tax recognised for prior years' losses		(9.7)	–
		<b>1,543.0</b>	<b>1,132.1</b>

#### Deferred taxes at 31 December related to the following:

	Balance Sheets	
<u>Deferred tax liabilities:</u>		
Differences in depreciation for tax purposes	11.5	10.8
Accrued investment income	1.3	1.4
Net unrealised gains on investments	278.0	111.2
Net accretion on fixed income investments	45.9	47.6
Undistributed bonus to policyholders	1,181.3	961.9
Differences in insurance items	42.6	42.7
<b>Deferred tax liabilities</b>	<b>1,560.6</b>	<b>1,175.6</b>
<u>Deferred tax assets:</u>		
Net unrealised loss on investments	0.3	40.4
Unutilised tax losses carried forward	10.6	–
Net amortisation on fixed income investments	–	1.7
Other accruals and provisions	6.6	1.4
Leases	0.1	–
<b>Deferred tax assets</b>	<b>17.6</b>	<b>43.5</b>
<b>Net deferred tax liabilities</b>	<b>1,543.0</b>	<b>1,132.1</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 8 INCOME TAX (CONTINUED)

in Singapore Dollars (millions)	Note	Group	
		2019	2018
<b>Deferred taxes at 31 December related to the following:</b>			
		<b>Profit or Loss Statement</b>	
<u>Deferred tax liabilities:</u>			
Differences in depreciation for tax purposes		0.7	(1.3)
Accrued investment income		(0.1)	(0.2)
Net unrealised gain/(loss) on investments		51.5	(42.9)
Net accretion on fixed income investments		(1.7)	29.7
Undistributed bonus to policyholders	15	220.2	(49.1)
<u>Deferred tax assets:</u>			
Net unrealised gain/(loss) on investments		40.1	(40.4)
Unutilised tax losses carried forward		(7.7)	–
Net amortisation on fixed income investments		1.8	(11.8)
Other accruals and provisions		(3.4)	(3.1)
Leases		(0.1)	–
<b>Deferred tax expense</b>		<b>301.3</b>	<b>(119.1)</b>

#### Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately \$28.3 million (31 December 2018: \$2.8 million) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

There are no unrecognised temporary differences relating to investments in subsidiaries.

### 9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted and basic earnings per share are the same as there are no dilutive potential ordinary shares.

The following reflects the profit for the year attributable to ordinary shareholders and the weighted average number of shares outstanding during the year, used in the computation of basic and diluted earnings per share for the years ended 31 December:

		Group	
		2019	2018
Profit attributable to ordinary shareholders for computation of basic and diluted earnings per share	(in millions of Singapore Dollars)	1,003.8	740.7
Weighted average number of ordinary shares on issue applicable to basic and diluted earnings per share	(in millions)	473.3	473.3
Basic and diluted earnings per share	(in Singapore Dollars)	\$2.12	\$1.56

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 10 SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares	Amount \$'mil	Number of shares	Amount \$'mil
<b>Ordinary shares: Issued and fully paid</b>				
Balance at the beginning and end of the year	<b>473,319,069</b>	<b>152.7</b>	473,319,069	152.7

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

In accordance with the Companies Act Cap. 50, the shares of the Company have no par value.

### 11 RESERVES

Merger reserve represents the difference between the fair value and nominal value of shares issued for the acquisition of a subsidiary. The merger reserve had been utilised in part in prior years to write-off the goodwill on acquisition of the subsidiary.

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The currency translation reserve is also used to record the effect of hedging of net investment in foreign operations.

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at FVOCI and the related loss allowance recognised in profit or loss until the assets are derecognised, net of tax.

The other reserve represents the gain or loss on disposal of interest in subsidiary, without loss of control, reclassified to equity.

As at 31 December 2019, non-distributable reserves of \$1,970.2 million (31 December 2018: \$2,212.9 million) have been set aside by the Group's insurance entities to meet risk-based capital requirements for regulatory reporting purposes. These reserves are deemed statutory reserves and are not available for distribution to shareholders. These statutory reserves are measured according to the regulatory prescriptions and are subject to changes in line with the underlying risks underwritten by the respective businesses. Refer to Note 33 for more details.

### 12 INSURANCE PAYABLES

in Singapore Dollars (millions)	Group	
	2019	2018
Claims admitted or intimated	<b>336.7</b>	279.4
Policy benefits	<b>4,672.1</b>	4,192.0
Reinsurance liabilities	<b>196.2</b>	147.8
	<b>5,205.0</b>	4,619.2

Policy benefits bear interest at 3% per annum (2018: 3% per annum) for the Group's insurance subsidiaries in Singapore and at 5% per annum (2018: 5% per annum) for the Group's insurance subsidiaries in Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

### 13 OTHER CREDITORS

Other creditors comprise the following:

in Singapore Dollars (millions)	Note	Group		Company	
		2019	2018	2019	2018
Financial Liabilities:					
Accrued expenses and other creditors		1,484.9	1,377.8	7.1	7.7
Amount due to Ministry of Health <sup>(1)</sup>	15	1,572.3	–	–	–
Investment creditors		705.5	192.5	–	–
Interest payable		9.2	9.2	–	–
Amount due to holding company <sup>(2)</sup>		2.8	5.0	–	–
Third-party interests in consolidated investment funds <sup>(3)</sup>		27.9	27.6	–	–
Lease liabilities		95.6	–	–	–
		<b>3,898.2</b>	1,612.1	<b>7.1</b>	<b>7.7</b>
Non-Financial Liabilities:					
Premiums in suspense		44.1	35.0	–	–
Provision for reinstatement costs		3.3	–	–	–
		<b>3,945.6</b>	1,647.1	<b>7.1</b>	<b>7.7</b>

<sup>(1)</sup> On 28 December 2018, The Great Eastern Life Assurance Company Limited entered into an Agreement to Transfer with Ministry of Health ("MOH") for the Government to take over the administration of the ElderShield scheme. Following the enactment of CareShield Life and Long-Term Care Act 2019, The Great Eastern Life Assurance Company Limited has derecognised the liabilities of the EldersShield portfolio as at 31 December 2019. The Great Eastern Life Assurance Company Limited is expected to transfer the amount due to MOH and corresponding assets backing these liabilities to MOH at a later date.

<sup>(2)</sup> Amount due to holding company is non-trade related, unsecured, interest-free, repayable upon demand and is to be settled in cash.

<sup>(3)</sup> Third-party interests in consolidated investment funds consist of third-party unit holders' interests in consolidated investment funds which are reflected as a liability since they can be put back to the Group for cash.

### 14 DEBT ISSUED

in Singapore Dollars (millions)	Issue Date	Maturity Date	Group	
			2019	2018
<b>Issued by The Great Eastern Life Assurance Company Limited:</b>				
\$400.0 million 4.6% subordinated fixed rate notes	19 Jan 2011	19 Jan 2026	399.9	399.8
			<b>399.9</b>	<b>399.8</b>

On 19 January 2011, one of the Group's subsidiaries issued \$400.0 million subordinated fixed rate notes ("Notes") due 2026 callable in 2021. The Notes will initially bear interest at the rate of 4.6% per annum, payable semi-annually on 19 January and 19 July each year up to 19 January 2021. If the Notes are not redeemed or purchased and cancelled on 19 January 2021, the interest rate from that date will be reset at a fixed rate per annum equal to the aggregate of the then prevailing 5-year SGD Swap Offer Rate and 1.35%, payable semi-annually in arrears. The subordinated notes qualify as Tier 2 capital for the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 15 INSURANCE CONTRACT LIABILITIES

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Life insurance contracts	15.1	75,204.4	68,260.3
Non-life insurance contracts	15.2	459.2	383.5
		<b>75,663.6</b>	<b>68,643.8</b>

#### 15.1 Life insurance contracts

Life insurance contract liabilities		72,062.5	65,592.9
Unallocated surplus		3,138.3	2,668.0
Fair value reserve <sup>(1)</sup>		3.6	(0.6)
		<b>75,204.4</b>	<b>68,260.3</b>

#### Movement in life insurance contract liabilities

Balance at the beginning of the year		68,260.3	65,151.0
Adoption of SFRS(I) 9		–	(3.2)
Balance at the beginning of the year, restated		68,260.3	65,147.8
Currency translation reserve adjustment		(44.5)	(70.3)
Fair value reserve movement			
– Fair value changes on remeasuring FVOCI investments		5.0	(1.3)
– Changes in allowance for expected credit losses		–	0.3
– Transfer of fair value reserve to Profit or Loss Statement on sale of investments		(0.5)	0.3
– Deferred tax on fair value changes	8	(0.3)	0.1
Change in life insurance contract liabilities			
– Due to assumptions change		48.0	(8.4)
– Due to change in discount rate		342.0	(138.7)
– Due to movement during the year		7,913.1	3,527.2
Provision for deferred tax on future policyholders' bonus	8	(220.2)	49.1
Changes due to transfer of Eldersfield portfolio	13	(1,572.3)	–
Unallocated surplus		473.8	(245.8)
Balance at the end of the year	15	<b>75,204.4</b>	<b>68,260.3</b>

Life insurance contract liabilities at 31 December comprised the following:

Contracts with Discretionary Participating Features ("DPF")		53,498.3	48,091.2
Contracts without Discretionary Participating Features ("DPF")		11,322.2	11,325.3
Investment-linked contracts		7,242.0	6,176.4
		<b>72,062.5</b>	<b>65,592.9</b>

<sup>(1)</sup> The above fair value reserve is deemed equity of Life Insurance Fund.

## NOTES TO THE FINANCIAL STATEMENTS

### 15 INSURANCE CONTRACT LIABILITIES (CONTINUED)

#### 15.2 Non-life insurance contracts

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Non-life Insurance Contracts comprises:			
Net claims liabilities		<b>148.2</b>	116.3
Reinsurers' share of claims liabilities	17	<b>132.0</b>	120.4
Claims liabilities, gross		<b>280.2</b>	236.7
Net premium liabilities		<b>115.3</b>	95.7
Reinsurers' share of premium liabilities	17	<b>63.7</b>	51.1
Premium liabilities, gross		<b>179.0</b>	146.8
Total	15	<b>459.2</b>	383.5
<u>Movement in claims liabilities</u>			
Balance at the beginning of the year		<b>116.3</b>	111.6
Currency translation reserve adjustment		<b>0.1</b>	(0.1)
Acquisition of subsidiary	24	<b>35.3</b>	–
Increase in claims liabilities during the year, gross		<b>32.5</b>	(3.2)
Movement in reinsurer's share of claims liabilities during the year		<b>(36.0)</b>	8.0
Balance at the end of the year		<b>148.2</b>	116.3
<u>Movement in premium liabilities</u>			
Balance at the beginning of the year		<b>95.7</b>	84.5
Currency translation reserve adjustment		<b>(1.0)</b>	(0.2)
Acquisition of subsidiary	24	<b>8.0</b>	–
Increase in premium liabilities during the year, gross		<b>24.8</b>	17.5
Movement in reinsurer's share in premium liabilities during the year		<b>(12.2)</b>	(6.1)
Balance at the end of the year		<b>115.3</b>	95.7

### 16 OTHER DEBTORS

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Other debtors comprise the following:			
Financial Assets:			
Accrued interest and dividend receivable		<b>626.7</b>	575.4
Investment debtors		<b>409.8</b>	380.0
Other receivables		<b>32.9</b>	55.5
Deposits collected		<b>7.5</b>	3.7
	19	<b>1,076.9</b>	1,014.6
Non-Financial Assets:			
Prepayments and others		<b>48.0</b>	58.9
		<b>1,124.9</b>	1,073.5

As at 31 December 2019, the Company had prepayments of \$0.2 million (31 December 2018: \$0.1 million).

## NOTES TO THE FINANCIAL STATEMENTS

### 17 INSURANCE RECEIVABLES

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Insurance receivables comprise the following:			
Financial Assets:			
Due from policyholders:			
Outstanding premiums	33	416.7	261.5
Policy loans		2,387.0	2,344.9
Due from reinsurers:			
Amounts due from reinsurers	19	32.4	16.2
		2,836.1	2,622.6
Non-Financial Assets:			
Reinsurers' share of:			
Premium liabilities	15	63.7	51.1
Claims liabilities	15	132.0	120.4
		3,031.8	2,794.1

### 18 AMOUNTS DUE FROM SUBSIDIARIES

in Singapore Dollars (millions)	Note	Company	
		2019	2018
Amounts due from subsidiaries		3,003.1	2,655.4
Loans to subsidiaries		9.1	9.1
Provision for impairment of unsecured loan to subsidiary		(7.0)	(7.0)
	19	3,005.2	2,657.5

The amounts due from subsidiaries and loans to subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS

### 19 LOANS AND FINANCIAL ASSETS AT AMORTISED COST

in Singapore Dollars (millions)	Note	Group		Company	
		2019	2018	2019	2018
<b>Loans comprise the following:</b>					
Secured loans		874.1	1,049.9	-	-
Unsecured loans		245.0	300.4	-	-
		<b>1,119.1</b>	<b>1,350.3</b>	-	-
less: Provision for impairment of secured loans	33	43.4	15.3	-	-
Provision for impairment of unsecured loans	33	4.2	5.4	-	-
		<b>1,071.5</b>	<b>1,329.6</b>	-	-

If loans were carried at fair value, the carrying amounts would be as follows:

Loans		1,083.0	1,344.2	-	-
<b>Loans and financial assets at amortised cost:</b>					
Cash and cash equivalents		6,215.9	5,705.1	17.3	42.6
Other debtors	16	1,076.9	1,014.6	-	-
Insurance receivables	17	2,836.1	2,622.6	-	-
Loans		1,071.5	1,329.6	-	-
Debt securities	21	126.5	-	-	-
Amounts due from subsidiaries	18	-	-	3,005.2	2,657.5
<b>Total loans and financial assets at amortised cost</b>		<b>11,326.9</b>	<b>10,671.9</b>	<b>3,022.5</b>	<b>2,700.1</b>

#### 19.1 Loans analysed by Interest Rate Sensitivity and Geography

<b>Fixed</b>					
Singapore		221.9	174.5	-	-
Malaysia		442.6	817.9	-	-
		<b>664.5</b>	<b>992.4</b>	-	-
<b>Floating</b>					
Singapore		407.0	337.2	-	-
<b>Total</b>		<b>1,071.5</b>	<b>1,329.6</b>	-	-

The analysis by interest rate sensitivity is based on where the transactions are booked and where the credit risk resides.

## NOTES TO THE FINANCIAL STATEMENTS

### 20 DERIVATIVE FINANCIAL INSTRUMENTS

	Notional Principal	Derivative Financial Assets	Derivative Financial Liabilities	Notional Principal	Derivative Financial Assets	Derivative Financial Liabilities
in Singapore Dollars (millions)	2019	2019	2019	2018	2018	2018
Foreign exchange:						
Forwards	19,288.8	187.6	(68.7)	12,831.5	88.3	(28.9)
Currency swaps	6,842.1	147.3	(123.4)	6,706.6	105.1	(261.4)
Options	484.1	0.5	(0.1)	163.6	0.2	(0.4)
Interest rates:						
Swaps	1,217.1	51.8	(0.4)	783.7	27.6	(0.6)
Exchange traded futures	467.7	0.5	(1.6)	457.2	5.4	(2.3)
Equity:						
Futures	202.8	0.2	(1.4)	0.2	0.3	(1.0)
Options	39.0	4.2	-	-	-	(0.1)
Credit:						
Swaps	327.3	25.1	-	-	-	-
	<b>28,868.9</b>	<b>417.2</b>	<b>(195.6)</b>	20,942.8	226.9	(294.7)

The table above shows the fair value of derivative financial instruments, recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and the basis upon which changes in the value of derivatives are measured.

The fair value of derivatives shown above represents the current risk exposure but not the maximum risk exposure that would arise in the future as a result of the changes in value.

#### 20.1 Hedge of net investments in foreign operations

Included in derivative financial instruments as at 31 December 2018 were foreign exchange forward contracts designated as hedges of the net investments in the Group's subsidiaries. The foreign exchange forward contracts are being used to hedge the Group's exposure to foreign exchange risk on these investments. The movement in fair value of the foreign exchange forward contracts are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries. There is no ineffectiveness in the year ended 31 December 2018.

	Notional Principal	Derivative Financial Assets	Derivative Financial Liabilities	Notional Principal	Derivative Financial Assets	Derivative Financial Liabilities
in Singapore Dollars (millions)	2019	2019	2019	2018	2018	2018
Foreign exchange:						
Forwards	-	-	-	493.7	1.4	(1.9)

## NOTES TO THE FINANCIAL STATEMENTS

### 21 INVESTMENTS

#### 21.1 Financial assets at FVOCI

in Singapore Dollars (millions)	Group	
	2019	2018
Equity securities designated at FVOCI		
(i) Quoted equity securities	1,554.6	1,819.6
– Singapore Exchange	358.8	528.7
– Hong Kong Stock Exchange	407.1	198.2
– Australian Stock Exchange	233.7	516.4
– Taiwan Stock Exchange	206.1	233.2
– Others	348.9	343.1
(ii) Unquoted equity securities	34.5	32.5
	1,589.1	1,852.1
Debt securities		
(iii) Quoted debt securities <sup>(1)</sup>	6,758.0	5,414.9
(iv) Unquoted debt securities	1,908.5	1,543.8
	8,666.5	6,958.7
<b>Total securities measured at FVOCI</b>	<b>10,255.6</b>	<b>8,810.8</b>

During the financial year ended 31 December 2019, the Group sold listed equity securities as the underlying investments are no longer aligned with the Group's long-term investment strategy. These investments had a fair value of \$1,275.7 million (2018: \$1,379.5 million) at the date of disposal. The cumulative loss on disposal of \$99.5 million (2018: \$50.0 million) was reclassified from fair value reserve to retained earnings.

#### 21.2 Financial assets at FVTPL

##### Mandatorily measured at FVTPL

Equity securities		
(i) Quoted equity securities	12,593.9	11,643.0
(ii) Unquoted equity securities	648.3	554.6
	13,242.2	12,197.6
Debt securities		
(iii) Quoted debt securities	1,822.0	1,233.7
(iv) Unquoted debt securities	1,869.2	1,889.7
	3,691.2	3,123.4
Other investments		
(v) Collective investment schemes <sup>(2)</sup>	12,086.3	9,568.3
<b>Total financial assets mandatorily measured at FVTPL</b>	<b>29,019.7</b>	<b>24,889.3</b>

##### Designated as at FVTPL

Debt securities		
(i) Quoted debt securities	28,044.8	25,142.8
(ii) Unquoted debt securities	14,670.9	12,678.4
<b>Total financial assets designated at FVTPL<sup>(3)</sup></b>	<b>42,715.7</b>	<b>37,821.2</b>
<b>Total financial assets at FVTPL</b>	<b>71,735.4</b>	<b>62,710.5</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 21 INVESTMENTS (CONTINUED)

#### 21.3 Financial assets at Amortised Cost

in Singapore Dollars (millions)	Group	
	2019	2018
Debt securities		
(i) Quoted debt securities	126.5	–
Total financial assets at Amortised Cost <sup>(4)</sup>	126.5	–
<b>TOTAL INVESTMENTS</b>	<b>82,117.5</b>	<b>71,521.3</b>

(1) Included in quoted debt securities are quoted government securities amounting to \$8.9 million (2018: \$8.6 million) which are lodged with the regulator as statutory deposits.

(2) Collective investment schemes include but are not limited to unit trusts, hedge funds and real estate investment funds.

(3) These securities are designated as fair value through Profit or Loss Statement on initial recognition.

(4) If these financial assets are measured using market value, the carrying amount would be as follows:

in Singapore Dollars (millions)	Group	
	2019	2018
Quoted Debt Securities	143.7	–

### 22 ASSETS HELD FOR SALE

in Singapore Dollars (millions)	Group	
	2019	2018
<b>Carrying Value:</b>		
At 1 January	–	3.9
Disposals	–	(3.9)
At 31 December	–	–

### 23 ASSOCIATES

in Singapore Dollars (millions)	Group	
	2019	2018
Investment in shares, at cost	14.6	14.6
Share of post-acquisition results	(13.9)	(13.6)
Currency translation reserve adjustment	1.0	0.7
	(12.9)	(12.9)
<b>Carrying amount at 31 December</b>	<b>1.7</b>	<b>1.7</b>

For the current financial year, the Group recognised its associate's share of operating results based on unaudited records available up to 30 November 2019 as the information as at 31 December 2019 was not available at the reporting date.

Aggregate information about the Group's investment in associates that are not individually material are as follows:

in Singapore Dollars (millions)	2019	2018
Loss after tax from continuing operations	(0.3)	(1.0)
Total comprehensive income	(0.3)	(1.0)

## NOTES TO THE FINANCIAL STATEMENTS

### 24 SUBSIDIARIES

in Singapore Dollars (millions)	Company	
	2019	2018
Investment in shares, at cost	1,175.7	1,175.7
Distribution from pre-acquisition reserve	(281.8)	(281.8)
	<b>893.9</b>	<b>893.9</b>

#### Significant restrictions:

The ability of insurance subsidiaries to transfer funds to the Group in the form of cash dividends is subject to local insurance laws and regulations and solvency requirements in certain jurisdictions in which the subsidiaries operate. These requirements do not constitute a material limitation on the ability of the subsidiaries to transfer funds to the Group.

#### 24.1 Interest in subsidiary with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that is material to the Group.

Name of Subsidiary in Singapore Dollars (millions)	Principal place of business	Proportion of ownership interest held by NCI	Profit/(Loss) allocated to NCI during the reporting year	Accumulated NCI at the end of the reporting year	Dividends paid to NCI
<b>31 December 2019:</b>					
Lion Global Investors Limited	Singapore	30%	18.2	79.4	10.7
31 December 2018:					
Lion Global Investors Limited	Singapore	30%	10.9	72.2	8.4

#### Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

## NOTES TO THE FINANCIAL STATEMENTS

### 24 SUBSIDIARIES (CONTINUED)

#### 24.2 Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

##### Summarised balance sheets

in Singapore Dollars (millions)	Lion Global Investors Ltd	
	2019	2018
<b>Current</b>		
Assets	260.5	225.6
Liabilities	(39.8)	(38.0)
Net current assets	220.7	187.6
<b>Non-current</b>		
Assets	48.4	57.2
Liabilities	0.1	–
Net non-current assets	48.5	57.2
Net assets	269.2	244.8

##### Summarised statement of comprehensive income

Revenue	95.8	95.6
Profit before income tax	69.3	44.9
Income tax expense	(8.7)	(8.3)
Profit after tax – continuing operations	60.6	36.6
Other comprehensive income	–	–
Total comprehensive income	60.6	36.6

##### Other summarised information

Net cash flows from operations	43.1	45.3
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#### 24.3 Acquisition of subsidiary

On 2 May 2019 (the "acquisition date"), the Group's subsidiary company, Great Eastern General Insurance Limited ("GEG") acquired 95% of the share capital of PT QBE General Insurance Indonesia ("PT QBE"), a general insurance company in Indonesia, for a cash consideration of USD 29.9 million (approximately S\$40.7 million). Upon the acquisition, PT QBE became a subsidiary of the Group.

On 17 May 2019, PT QBE changed its name to PT Great Eastern General Insurance Indonesia ("GEGI").

The Group has acquired GEGI to be better positioned to comprehensively provide both general and life insurance solutions to the business community and consumers and deepen its footprint in Indonesia.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of GEGI's net identifiable assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 24 SUBSIDIARIES (CONTINUED)

#### 24.3 Acquisition of subsidiary (continued)

The fair value of the identifiable assets and liabilities of GEGI as at the acquisition date were:

in Singapore Dollars (millions)	Note	Fair value recognised on acquisition
Property, plant and equipment	28	1.3
Deferred tax asset	8	4.7
Other debtors		3.2
Insurance receivables		10.2
Investments		16.0
Cash and cash equivalents		57.2
		<b>92.6</b>
Insurance payables		(6.6)
Other creditors		(1.7)
Income tax payable		(0.6)
Insurance contract liabilities	15	(43.3)
		<b>(52.2)</b>
<b>Total net identifiable net assets at fair value</b>		<b>40.4</b>
Non-controlling interest measured at the non-controlling interest's proportionate share of GEGI's net identifiable assets		(2.0)
Goodwill arising from acquisition	26	2.3
Cash consideration paid		40.7
<b>Effect of the acquisition of PT QBE on cash flows</b>		
Total consideration for 95% equity interest acquired settled in cash		40.7
Less: cash and cash equivalents of subsidiary acquired		(57.2)
<b>Net cash inflow on acquisition</b>		<b>(16.5)</b>

#### Acquisition-related costs

Acquisition-related costs of \$1.4 million have been recognised in the "Management and other expenses" line item in the Group's profit or loss for the year ended 31 December 2019.

#### Other debtors acquired

Other debtors acquired comprise of trade and other receivables with a fair value of \$3.2 million. The gross amount is \$3.4 million. At the acquisition date, \$0.2 million of the contractual cash flows pertaining to trade and other receivables are not expected to be collected.

#### Goodwill arising from acquisition

The goodwill of \$2.3 million arises from the excess of the fair value of the consideration over the fair value of the identifiable net asset less the non-controlling interest's proportionate share of PT QBE's net identifiable assets. Goodwill is allocated entirely to the individual entity which is also the cash-generating unit. None of the goodwill recognised is expected to be deductible for income tax purposes.

#### Impact of the acquisition on profit or loss

From the acquisition date, PT QBE has contributed \$8.8 million of revenue and \$5.3 million to the Group's profit for the year, net of tax. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been \$14.3 million and the Group's profit from continuing operations, net of tax would have been \$5.4 million.

## NOTES TO THE FINANCIAL STATEMENTS

### 24 SUBSIDIARIES (CONTINUED)

#### 24.4 Loss of control in subsidiary

On 29 November 2019, Lion Global Investors Limited ("LGI") divested its entire equity stake in Pacific Mutual Fund Berhad ("PMF") for a cash consideration of RM24.9 million (approximately S\$8.1 million). The stake represented 70% of the total issued and paid-up share capital of PMF.

The value of assets and liabilities of PMF recorded in the consolidated financial statements as at 29 November 2019, and the effects of the disposal were:

in Singapore Dollars (millions)	Note	2019
<u>Carrying amounts of assets and liabilities disposed of</u>		
Other debtors		3.6
Goodwill	26	2.0
Property, plant and equipment	28	0.6
Cash and cash equivalents		6.2
		<u>12.4</u>
Other creditors		(4.5)
Provision for income tax		0.2
Carrying value of net assets		<u>8.1</u>
Total consideration		8.1
Cash and cash equivalents of the subsidiary		(6.2)
Net cash inflow on disposal of subsidiary		<u>1.9</u>
<u>Gain on disposal:</u>		
Cash received		8.1
Net asset derecognised		(8.1)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on disposal		0.2
Non controlling interest reversed on disposal		3.3
Gain on disposal		<u>3.5</u>

### 25 INTERESTS IN STRUCTURED ENTITIES

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Group has interests in unconsolidated structured entities as described below.

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

- Debt securities which comprise: Mortgage-Backed-Securities (MBS), Asset Backed Securities (ABS) and Structured Deposits (SD).
- Collective Investment Schemes which comprise: hedge funds, private equity funds, unit trusts, Real Estate Investment Trusts (REITs), Exchange Traded Funds (ETF) and Open Ended Investment Companies (OEIC).

The Group's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles.

The investment vehicles in the investment portfolio are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee, and is reflected in the valuation of the investment vehicles.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

#### 25.1 Interests in unconsolidated structured entities

As part of its investment activities, the Group invests in unconsolidated structured entities. As at 31 December 2019, the Group's total interest in unconsolidated structured entities was \$13,081.3 million (31 December 2018: \$11,043.3 million) on the Group's balance sheet.

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

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

in Singapore Dollars (millions)	Interest in Associates		Financial Investments		Total Assets	
	2019	2018	2019	2018	2019	2018
<b>Debt securities</b>						
<i>Analysed as:</i>						
MBS	-	-	172.8	174.9	172.8	174.9
ABS	-	-	222.5	143.0	222.5	143.0
SD	-	-	598.0	1,155.4	598.0	1,155.4
<b>Collective investment schemes</b>						
<i>Analysed as:</i>						
Hedge funds	-	-	1,310.6	798.3	1,310.6	798.3
Private equity funds	1.7	1.7	1,312.6	871.8	1,314.3	873.5
Unit trusts	-	-	3,514.3	2,894.6	3,514.3	2,894.6
REITs	-	-	811.1	654.8	811.1	654.8
ETF	-	-	452.1	718.6	452.1	718.6
OEIC	-	-	4,685.6	3,630.2	4,685.6	3,630.2
<b>Total</b>	<b>1.7</b>	<b>1.7</b>	<b>13,079.6</b>	<b>11,041.6</b>	<b>13,081.3</b>	<b>11,043.3</b>

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

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

#### 25.2 Other interests in unconsolidated structured entities

The Group receives management fees in respect of its asset management business. The Group does not sponsor any of the funds or investment vehicles from which it receives fees. Management fees received for investments that the Group manages but does not have a holding in also represent an interest in unconsolidated structured entities. As these investments are not held by the Group, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees. The table below shows the assets under management of entities that the Group manages but does not have a holding in and the fees earned from those entities.

in Singapore Dollars (millions)	Assets under Management		Investment Management Fees	
	2019	2018	2019	2018
Collective investment schemes	3,108.9	3,567.5	32.5	38.7
<b>Total</b>	<b>3,108.9</b>	<b>3,567.5</b>	<b>32.5</b>	<b>38.7</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 26 INTANGIBLE ASSETS

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Goodwill	26.1	<b>27.3</b>	26.9
Other intangible assets	26.3	<b>4.4</b>	0.5
<b>Carrying amount at 31 December</b>		<b>31.7</b>	27.4

#### 26.1 Goodwill

##### Cost:

At 1 January		<b>38.4</b>	38.5
Acquisition of subsidiary	24	<b>2.3</b>	–
Disposal of subsidiary	24	<b>(6.7)</b>	–
Currency translation reserve adjustment		<b>0.1</b>	(0.1)
At 31 December		<b>34.1</b>	38.4

##### Impairment:

At 1 January		<b>(11.5)</b>	(11.5)
Reversal upon disposal of subsidiary	24	<b>4.7</b>	–
At 31 December		<b>(6.8)</b>	(11.5)

##### Net carrying amount:

At 31 December	26	<b>27.3</b>	26.9
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In accordance with SFRS(I) 1-36, the carrying value of the Group's goodwill on acquisition of subsidiaries and businesses was assessed for impairment. In respect of the acquisition of the additional interest in Lion Global Investors Limited group, goodwill is allocated for impairment testing purposes to the individual entity which is also the cash-generating unit. Goodwill arising from the acquisition of Straits Eastern Square Pte Ltd is allocated for impairment testing to the investment property held which is also the cash-generating unit. Goodwill arising from the acquisition of the business of Tahan Insurance Malaysia Berhad is allocated for impairment testing purposes to the business of Great Eastern General Insurance (Malaysia) Berhad, which is also the cash-generating unit. Goodwill arising from the acquisition of GEGI is allocated to the individual entity, which is also the cash-generating unit.

## NOTES TO THE FINANCIAL STATEMENTS

### 26 INTANGIBLE ASSETS (CONTINUED)

#### 26.2 Impairment test for goodwill

##### Subsidiary – Lion Global Investors Limited

Carrying value of capitalised goodwill as at 31 December 2019	\$18.9 million
Basis on which recoverable values are determined <sup>(1)</sup>	Value in use
Terminal growth rate <sup>(2)</sup>	2%
Discount rate <sup>(3)</sup>	8%

##### Subsidiary – Straits Eastern Square Pte Ltd

Carrying value of capitalised goodwill as at 31 December 2019	nil
Basis on which recoverable values are determined <sup>(4)</sup>	Fair value of investment property held, less cost of disposal

##### Business acquired – Tahan Insurance Malaysia Berhad

Carrying value of capitalised goodwill as at 31 December 2019	\$6.1 million
Basis on which recoverable values are determined <sup>(1)</sup>	Value in use
Terminal growth rate <sup>(2)</sup>	5%
Discount rate <sup>(3)</sup>	6%

##### Subsidiary – PT Great Eastern General Insurance Indonesia

Carrying value of capitalised goodwill as at 31 December 2019	\$2.3 million
Basis on which recoverable values are determined <sup>(1)</sup>	Value in use
Terminal growth rate <sup>(2)</sup>	6%
Discount rate <sup>(3)</sup>	14%

<sup>(1)</sup> The value-in-use calculation applies a discounted cash flow model using cash flow projections based on financial budget and forecast approved by management covering a five-year period. Cash flows beyond the fifth year are extrapolated using the terminal growth rate stated above.

<sup>(2)</sup> The terminal growth rates used do not exceed the long term average past growth rates of the industries and countries in which Lion Global Investors Limited, Great Eastern General Insurance (Malaysia) Berhad and PT Great Eastern General Insurance Indonesia operate.

<sup>(3)</sup> The discount rate applied to the cash flow projections is pre-tax and is derived from the cost of capital plus a reasonable risk premium. This is the benchmark used by management to assess the operating performance.

<sup>(4)</sup> The fair value of investment property held is determined based on objective valuations undertaken by independent valuers. The fair value is supported by market evidence and represents the amount at which assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. Valuations are performed on an annual basis. The fair value derived is categorised under Level 3 of the fair value hierarchy.

No impairment loss (2018: nil) was recognised for the financial year ended 31 December 2019 against the amounts of goodwill recorded above to write down the carrying value to recoverable value. A reasonably possible change in key assumptions will not cause the carrying values above to materially exceed the recoverable amounts.

## NOTES TO THE FINANCIAL STATEMENTS

### 26 INTANGIBLE ASSETS (CONTINUED)

#### 26.3 Other intangible assets

in Singapore Dollars (millions)	Note	Group		Total
		Club Membership	Distribution Platform	
<b>Cost</b>				
At 1 January 2018		0.6	–	0.6
Additions		–	–	–
At 31 December 2018		0.6	–	0.6
<b>Additions</b>		–	<b>4.0</b>	<b>4.0</b>
<b>At 31 December 2019</b>		<b>0.6</b>	<b>4.0</b>	<b>4.6</b>
<b>Accumulated amortisation</b>				
At 1 January 2018		–	–	–
Amortisation		(0.1)	–	(0.1)
At 31 December 2018		(0.1)	–	(0.1)
<b>Amortisation</b>	7	–	<b>(0.1)</b>	<b>(0.1)</b>
<b>At 31 December 2019</b>		<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>
<b>Net book value</b>				
At 31 December 2018	26	0.5	–	0.5
<b>At 31 December 2019</b>	26	<b>0.5</b>	<b>3.9</b>	<b>4.4</b>

Other intangible assets comprise a portal developed to sell or distribute the Group's products digitally. This Distribution Platform is recognised at cost on initial recognition. Following initial recognition, this Distribution Platform is amortised on a straight line basis over its estimated useful life of 6.5 years.

## NOTES TO THE FINANCIAL STATEMENTS

### 27 INVESTMENT PROPERTIES

in Singapore Dollars (millions)	Note	Group	
		2019	2018
<b>Balance sheet:</b>			
At 1 January		1,771.3	1,553.0
Additions (subsequent expenditure)		0.3	179.1
Net gain from fair value adjustments	5	14.3	40.2
Disposals/assets written off		–	(0.9)
Reclassification from property, plant and equipment	28	0.4	0.6
Currency translation reserve adjustment		(0.8)	(0.7)
At 31 December		1,785.5	1,771.3
<b>Profit or Loss Statement:</b>			
Rental income from investment properties:			
– Minimum lease payments		44.5	40.8
Direct operating expenses (including repairs and maintenance) arising from:			
– Rental generating properties		(17.2)	(16.0)
– Non-rental generating properties		(0.2)	(0.1)
		(17.4)	(16.1)

Investment properties collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life insurance business.

Investment properties are stated at fair value, which has been determined based on objective valuation undertaken by independent valuers as at the balance sheet date. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued.

## NOTES TO THE FINANCIAL STATEMENTS

### 28 PROPERTY, PLANT AND EQUIPMENT

in Singapore Dollars (millions)	Note	Group							Total
		Right-Of-Use Assets		Property, Plant and Equipment Owned					
		Leasehold Land <sup>(1)</sup>	Other Right-Of-Use Assets	Freehold Land <sup>(1)</sup>	Capital Works in Progress	Buildings <sup>(1)</sup>	Computer Equipment and Software Development Costs	Other Assets <sup>(2)</sup>	
<b>Cost</b>									
At 1 January 2018		38.0	–	61.2	4.3	609.9	415.5	86.2	1,215.1
Additions		–	–	–	6.3	–	46.8	4.7	57.8
Disposals/assets written off		–	–	–	–	(0.5)	(10.2)	(2.7)	(13.4)
Reclassification		–	–	–	(1.2)	0.2	–	1.0	–
Reclassification to investment properties	27	–	–	(0.6)	–	–	–	–	(0.6)
Currency translation reserve adjustment		–	–	–	–	(0.4)	(0.8)	(0.1)	(1.3)
At 31 December 2018		38.0	–	60.6	9.4	609.2	451.3	89.1	1,257.6
<b>Adoption of SFRS(I) 16</b>		<b>8.5</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8.7</b>
At 1 January 2019		46.5	0.2	60.6	9.4	609.2	451.3	89.1	1,266.3
Additions		89.3	0.9	–	17.6	–	54.0	10.0	171.8
Acquisition of subsidiary	24	0.9	–	–	–	–	0.2	0.2	1.3
Disposal of subsidiary	24	(0.5)	–	–	–	–	(1.3)	(0.5)	(2.3)
Disposals/assets written off		–	–	–	(0.1)	–	(1.6)	(1.2)	(2.9)
Reclassification		–	–	–	(5.9)	–	–	5.9	–
Remeasurement		10.6	–	–	–	–	–	–	10.6
Reclassification to investment properties	27	–	–	–	(0.4)	–	–	–	(0.4)
Currency translation reserve adjustment		–	–	–	–	(0.3)	(0.2)	(0.1)	(0.6)
At 31 December 2019		146.8	1.1	60.6	20.6	608.9	502.4	103.4	1,443.8
<b>Accumulated Depreciation and Impairment Loss</b>									
At 1 January 2018		(2.1)	–	(1.4)	–	(255.2)	(308.2)	(56.8)	(623.7)
Depreciation charge for the year	7	–	–	–	–	(12.3)	(37.9)	(6.5)	(56.7)
Disposals/assets written off		–	–	–	–	0.5	10.1	2.4	13.0
Currency translation reserve adjustment		–	–	–	–	0.2	0.6	0.1	0.9
At 31 December 2018 and 1 January 2019		(2.1)	–	(1.4)	–	(266.8)	(335.4)	(60.8)	(666.5)
Depreciation charge for the year	7	(10.3)	(0.3)	–	–	(12.3)	(42.9)	(7.6)	(73.4)
Disposal of subsidiary	24	0.2	–	–	–	–	1.2	0.3	1.7
Disposals/assets written off		–	–	–	–	–	1.4	1.0	2.4
Currency translation reserve adjustment		–	–	–	–	0.1	0.3	0.2	0.6
At 31 December 2019		(12.2)	(0.3)	(1.4)	–	(279.0)	(375.4)	(66.9)	(735.2)
<b>Net Book Value</b>									
At 31 December 2018		35.9	–	59.2	9.4	342.4	115.9	28.3	591.1
At 31 December 2019		134.6	0.8	59.2	20.6	329.9	127.0	36.5	708.6

As at year end, the Company held other assets with a net book value of \$0.1 million (31 December 2018: other assets with a net book value of \$0.1 million). Depreciation for the year on computer equipment was \$0.1 million (31 December 2018: \$0.1 million).

<sup>(1)</sup> If the freehold land, leasehold land and buildings were measured using market value, the carrying amount would be as follows:

in Singapore Dollars (millions)	Group	
	2019	2018
Freehold land, Leasehold land and Buildings	844.0	818.1

<sup>(2)</sup> Other assets include motor vehicles, office furniture, fittings and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

### 28 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 28.1 Leases

This note provides information for leases where the group is a lessee.

The Group has entered into operating lease agreements for computer equipment and office rental. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 4 years. There are several lease contracts that include extension and termination options.

The Group also has certain leases of office rental with lease terms of 12 months or less and leases of computer equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in Profit or Loss Statement:

in Singapore Dollars (millions)	Note	Group	
		2019	2018
Depreciation expense of right-of-use assets		10.6	–
Interest expense on lease liabilities	7	1.1	–
Expense relating to leases of low-value assets		0.4	–
<b>Total amount recognised in Profit or Loss Statement</b>		<b>12.1</b>	<b>–</b>

The total cash outflow for leases in 2019 was \$11.1 million.

### 29 EXECUTIVES' SHARE OPTION SCHEME

#### 29.1 OCBC Share Option Scheme

In April 2005, the GEH Optionholders were nominated to participate in the OCBC Bank Share Option Scheme (2001) ("OCBC Option Scheme"). The acquisition price of the options granted is equal to the average of the last dealt price of the ordinary shares of OCBC Bank over five consecutive trading days immediately prior to the date of the grant. The options vest in one-third increments over a period of three years, and are exercisable after the first anniversary of the date of grant up to the date of expiration of the options. The share options have a validity period of 10 years from date of grant.

The fair value of the share options is recognised by the GEH Group as staff costs in the Profit or Loss Statement. The Group uses the binomial model to derive the fair value of share options granted by OCBC Bank. The value of the share options is recognised in the Profit or Loss Statement over the vesting period of the share options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable, and the impact of the change to the original estimates, if any, is recognised in the Profit or Loss Statement.

At the Extraordinary General Meeting of OCBC Bank held on 19 April 2007, certain alterations proposed by OCBC Bank's Remuneration Committee to OCBC Option Scheme were approved by its shareholders. These alterations enable option holders to select one of the following alternatives when exercising their options:

- (i) All share election – an election to receive in full the number of ordinary shares upon full payment of the aggregate acquisition cost in respect of options exercised;
- (ii) Partial share election – an election to receive ordinary shares representing the notional profit which would have been derived if the ordinary shares in respect of the options exercised had been sold; or
- (iii) Cash election – an election to receive in cash the profit derived from the sale of OCBC Bank's share in respect of the options exercised.

## NOTES TO THE FINANCIAL STATEMENTS

### 29 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

#### 29.1 OCBC Share Option Scheme (continued)

For the financial year ended 31 December 2019, there were no options granted under the OCBC Share Option Scheme (2018: 539,575 options) to GEH Optionholders to acquire ordinary shares in OCBC Bank ("OCBC shares") pursuant to 2001 scheme, and no options were granted to a director of the Company (2018: nil).

The fair value of share options granted during the year ended 31 December 2018, determined using the binomial valuation model, was \$1.3 million. Significant inputs that were used to determine the fair value of options granted are set out below.

	2018
Acquisition price (\$)	13.34
Share price (\$)	13.73
Expected volatility based on last 250 days historical price volatility as of acceptance date (%)	17.29
Risk-free rate based on SGS bond yield at acceptance date (%)	2.54
Expected dividend yield (%)	2.62
Exercise multiple (times)	1.52
Option life (years)	10

Information with respect to the number of options granted under the OCBC Option Scheme to GEH Optionholders is as follows:

	2019		2018	
	Number of Options	Average Price	Number of Options	Average Price
Number of shares comprised in options:				
At beginning of year	3,979,675	\$9.916	4,090,658	\$9.392
Granted during the year	–	–	539,575	\$13.340
Lapsed during the year	(34,281)	\$10.552	(133,688)	\$9.722
Exercised during the year	(334,147)	\$8.792	(516,870)	\$9.397
Outstanding at end of year	3,611,247	\$10.014	3,979,675	\$9.916
Exercisable at end of year	2,941,133	\$9.664	2,661,562	\$9.366
Average share price underlying the options exercised during the financial year		\$11.344		\$12.956

## NOTES TO THE FINANCIAL STATEMENTS

### 29 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

#### 29.1 OCBC Share Option Scheme (continued)

Details of the options outstanding as at 31 December 2019 are as follows:

Grant Year	Grant Date	Exercise Period	Acquisition Price	2019	
				Outstanding	Exercisable
2010	15.03.2010	16.03.2011 – 14.03.2020	\$8.762	61,440	61,440
2011	14.03.2011	15.03.2012 – 13.03.2021	\$9.350	137,216	137,216
2012	14.03.2012	15.03.2013 – 13.03.2022	\$8.798	300,856	300,856
2013	14.03.2013	15.03.2014 – 13.03.2023	\$10.302	714,978	714,978
2014	14.03.2014	15.03.2015 – 13.03.2024	\$9.428	604,266	604,266
2015	16.03.2015	16.03.2016 – 15.03.2025	\$10.378	184,948	184,948
2016	16.03.2016	16.03.2017 – 15.03.2026	\$8.814	235,618	235,618
2017	23.03.2017	23.03.2018 – 22.03.2027	\$9.598	850,873	529,882
2018	22.03.2018	22.03.2019 – 21.03.2028	\$13.340	521,052	171,929
				<b>3,611,247</b>	<b>2,941,133</b>

The carrying amount of the liability recognised on the Group's balance sheet related to the above equity-settled options at 31 December 2019 is \$2.9 million (31 December 2018: \$5.1 million).

As at 31 December 2019, the weighted average remaining contractual life of outstanding options was 5.1 years (2018: 6.1 years). There were no outstanding options held by directors of the Company as at 31 December 2019 (2018: nil).

#### 29.2 OCBC Deferred Share Plan ("DSP")

The DSP is a share-based plan implemented in 2003 and administered by the OCBC Remuneration Committee. The DSP is a discretionary share-based incentive and retention award program extended to executives of OCBC's subsidiaries at the discretion of the Remuneration Committee. The awards are granted at no cost to the grantees, on a deferred basis as part of their performance bonus. Such awards shall lapse by reason of cessation of service but may be preserved at the discretion of the Remuneration Committee. The DSP does not involve the issue of new shares. Instead, existing shares will be purchased from the market for release to the grantees at the end of the respective vesting periods.

During the financial year, 313,495 (2018: 330,110) OCBC ordinary shares were granted to eligible executives of GEH Group under the DSP, of which none (2018: nil) were granted to a director of the Company. The fair value of the shares at grant date was \$3.5 million (2018: \$4.4 million). In addition, 28,753 OCBC shares (of which none were granted to directors of the Company) were awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2018 (2018: 16,379 OCBC shares (of which none were granted to directors of the Company) awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2017).

#### 29.3 OCBC Employee Share Purchase Plan ("ESP")

All employees of OCBC Bank and their subsidiaries who have attained the age of 21 years and have been employees for a period of not less than six months are eligible to participate in the ESP Plan unless they are also controlling shareholders of the Bank or their associates. The purpose of the ESP Plan is to provide employees with an opportunity to increase their personal equity interest in the Bank. The Bank will either issue new shares or transfer treasury shares to employees upon the exercise or conversion of acquisition rights. The ESP Plan is administered by the OCBC Bank Remuneration Committee.

The acquisition price is equal to the average of the last traded price of the ordinary shares of OCBC Bank on the Singapore Exchange Securities Trading Limited over the five consecutive trading days immediately preceding the price fixing date for the acquisition price of the ordinary shares (as determined by the OCBC Bank Remuneration Committee).

A participant may participate in the ESP Plan for an offering period by making contributions in cash by means of monthly deductions from his monthly base salary and/or his designated account; and/or by monthly debits from his CPF Ordinary Account to his ESP Plan account.

## NOTES TO THE FINANCIAL STATEMENTS

### 29 EXECUTIVES' SHARE OPTION SCHEME (CONTINUED)

#### 29.3 OCBC Employee Share Purchase Plan ("ESP") (continued)

In June 2019, the fourteenth offering of the ESP Plan was launched for employees to acquire the shares of OCBC Bank at \$11.32 per share. The plan commenced on 1 July 2019 and will expire on 30 June 2021. Under the offering, OCBC Bank granted 980,689 (2018: 972,298) rights to acquire ordinary shares in the Bank. The fair value of the rights, determined using the binomial valuation model was \$0.8 million (2018: \$1.5 million). Significant inputs to the valuation model are set out below.

	2019	2018
Acquisition price (\$)	<b>11.32</b>	11.60
Share price (\$)	<b>10.78</b>	12.13
Expected volatility based on last 250 days historical price volatility as of acceptance date (%)	<b>17.57</b>	18.45
Risk-free rate based on 2-year swap rate (%)	<b>1.72</b>	1.96
Expected dividend yield (%)	<b>3.62</b>	2.97

A summary of the movement in the number of acquisition rights of the ESP Plan issued to GEH Group's employees is as follows:

	2019		2018	
	Number of Subscription Rights	Weighted Average Subscription Price	Number of Subscription Rights	Weighted Average Subscription Price
At 1 January	<b>1,627,967</b>	<b>\$11.221</b>	1,771,508	\$9.644
Subscriptions on commencement of plan	<b>980,689</b>	<b>\$11.320</b>	972,298	\$11.600
Exercised	<b>(684,853)</b>	<b>\$10.772</b>	(887,101)	\$8.601
Lapsed/Forfeited	<b>(307,936)</b>	<b>\$11.384</b>	(228,738)	\$10.775
At 31 December	<b>1,615,867</b>	<b>\$11.441</b>	1,627,967	\$11.221

Average share price underlying acquisition rights exercised during the financial year	<b>\$11.539</b>	\$11.568
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As at 31 December 2019, the weighted average remaining contractual life of outstanding acquisition rights was 1.1 years (2018: 1.0 year). No director of GEH Group has acquisition rights under the ESP Plan (2018: nil).

### 30 COMMITMENTS AND CONTINGENCIES

#### 30.1 Capital commitments

	Group	
in Singapore Dollars (millions)	2019	2018
Commitments for capital expenditure not provided for in the financial statements:		
– investment properties	<b>28.0</b>	33.7
– property, plant and equipment	<b>72.3</b>	61.6
	<b>100.3</b>	95.3

## NOTES TO THE FINANCIAL STATEMENTS

### 30 COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### 30.2 Operating lease commitments

The Group has entered into commercial property leases on its property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum lease payments receivable under non-cancellable operating leases are as follows as of 31 December:

in Singapore Dollars (millions)	Group	
	2019	2018
Within one year	40.1	40.6
After one year but not more than five years	20.7	19.3
	<b>60.8</b>	<b>59.9</b>

The Group has entered into operating lease agreements for computer equipment and office rental. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 4 years. Operating lease payments recognised in the consolidated Profit or Loss Statement during the year amounted to \$0.3 million (2018: \$0.5 million).

From 1 January 2019, the group has recognised right-of-use assets for these leases, except for short term and low-value leases, see note 28.1 and note 2.2.1 for further information.

### 31 RELATED PARTY TRANSACTIONS

The Group enters into transactions with its related parties in the normal course of business. Transactions are carried out on an arm's length basis.

#### 31.1 Significant related party transactions

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

in Singapore Dollars (millions)	Group		Company	
	2019	2018	2019	2018
Management and performance fees paid by insurance funds to subsidiaries	70.9	67.1	-	-
Fees and commission and other income received from:				
– holding company	7.9	6.2	-	-
– related parties of the holding company	37.7	14.3	-	-
Premiums received from key management personnel	1.1	2.4	-	-
Fees and commission expense paid to:				
– holding company	177.1	148.7	-	-
– related parties of the holding company	67.9	62.6	-	-
Interest income received from:				
– holding company	3.2	3.4	-	-
– related parties of the holding company	35.4	28.2	-	-
Rental income received from:				
– related parties of the holding company	0.3	0.3	-	-
Other expenses paid to:				
– holding company	6.3	7.8	-	-
– related parties of the holding company	11.9	14.8	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 RELATED PARTY TRANSACTIONS (CONTINUED)

#### 31.2 Balance sheet balances with related parties

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

in Singapore Dollars (millions)	Group		Company	
	2019	2018	2019	2018
Cash and cash equivalents held with:				
– holding company	480.1	619.9	17.3	14.0
– related parties of the holding company	485.6	817.6	–	–
Cash collateral held with:				
– holding company	–	92.6	–	–
Amount due to holding company	110.0	4.8	–	–
Investments in debt securities of:				
– related parties of the holding company	380.0	252.4	–	–
Derivative financial assets held with:				
– holding company	237.8	147.7	–	–
Derivative financial liabilities held with:				
– holding company	73.6	162.2	–	–

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 (2018: nil).

#### 31.3 Compensation of key management personnel

in Singapore Dollars (millions)	Group		Company	
	2019	2018	2019	2018
Short-term employee benefits	22.4	21.8	1.8	1.8
Other long-term benefits	0.7	0.8	–	–
Central Provident Fund/Employee Provident Fund	1.3	1.3	–	–
Share-based payments	3.0	5.3	–	–
	27.4	29.2	1.8	1.8
Comprise amounts paid to:				
Directors of the Company	2.8	3.0	1.8	1.8
Other key management personnel	24.6	26.2	–	–
	27.4	29.2	1.8	1.8

## NOTES TO THE FINANCIAL STATEMENTS

### 32 SEGMENTAL INFORMATION

#### Business Segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products for the different markets. The Group's principal operations are organised into the Life Insurance, Non-life Insurance and Shareholders segments. The results of these segments are reported separately in internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

a. Life Insurance Segment

The Life Insurance segment provides different types of products, comprising life insurance, long-term health and accident insurance, annuity business written and includes the unit-linked business. All revenues in the Life Insurance segment are from external customers.

b. Non-life Insurance Segment

Under the Non-life Insurance business, the Group issues short term property and casualty contracts which protect the policyholder against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contract and/or business interruption contract; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contract. The Group also issues short term medical and personal accident non-life insurance contracts.

c. Shareholders Segment

The Shareholders segment provides fund management services for absolute return/balanced mandates with different risk-return characteristics and manages a range of products, including Asia Pacific equities, Asian and global fixed income securities portfolios. Clients include Singapore statutory boards, government-linked corporations, public and private companies, insurance companies and charity organisations.

The Shareholders segment also comprises activities not related to the core business segments, and includes general corporate income and expense items.

#### Geographical Segments

The Group's risks and rewards are affected by operating conditions in different countries and geographical areas. Therefore, for management purposes, the Group is also organised on a geographical basis into Singapore, Malaysia and Other Asia, based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the respective location of its customers.

#### Segment Accounting Policies, Allocation Basis and Transfer Pricing

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, interest-bearing loans and related expenses. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to an unrelated third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

### 32 SEGMENTAL INFORMATION (CONTINUED)

#### (1) By Business Segments

in Singapore Dollars (millions)	Group									
	Shareholders		Non-life Insurance		Life Insurance		Adjustments and Eliminations <sup>(1)</sup>		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net premiums	-	-	201.0	176.1	10,964.9	11,673.5	(1.3)	(0.9)	11,164.6	11,848.7
Commissions received from reinsurers	-	-	32.9	27.6	43.9	44.0	-	-	76.8	71.6
Investment income, net	166.1	186.4	19.5	15.7	2,513.5	2,410.5	13.1	11.7	2,712.2	2,624.3
Rental income, net	-	-	-	-	53.5	54.5	(0.2)	(0.9)	53.3	53.6
Fees and other income	89.3	89.2	-	-	-	-	(13.1)	(11.7)	76.2	77.5
Gain/(loss) on sale of investments and changes in fair value	234.2	(118.5)	2.3	1.7	4,365.3	(2,514.0)	-	-	4,601.8	(2,630.8)
Change in third-party interests in consolidated investment funds	(10.3)	10.9	-	-	-	-	-	-	(10.3)	10.9
Gain on disposal of subsidiary	3.5	-	-	-	-	-	-	-	3.5	-
(Loss)/gain on exchange differences	(0.3)	2.4	(0.6)	0.7	(36.8)	36.1	-	-	(37.7)	39.2
<b>Total income</b>	<b>482.5</b>	<b>170.4</b>	<b>255.1</b>	<b>221.8</b>	<b>17,904.3</b>	<b>11,704.6</b>	<b>(1.5)</b>	<b>(1.8)</b>	<b>18,640.4</b>	<b>12,095.0</b>
Gross claims, surrenders and annuities	-	-	174.3	139.7	6,636.6	6,430.5	-	-	6,810.9	6,570.2
Claims, surrenders and annuities recovered from reinsurers	-	-	(65.6)	(53.1)	(232.1)	(164.9)	-	-	(297.7)	(218.0)
Commissions and distribution expenses	27.3	3.4	61.5	51.5	1,061.7	957.1	(0.1)	-	1,150.4	1,012.0
Increase/(decrease) in provision for impairment of assets	0.6	(2.1)	-	(0.5)	27.9	(37.8)	-	-	28.5	(40.4)
Management and other expenses	121.4	53.2	55.9	53.5	487.5	426.6	(1.4)	(1.8)	663.4	531.5
Interest expense	18.3	18.3	-	-	-	-	-	-	18.3	18.3
Agents' retirement benefits	-	-	-	-	42.3	27.8	-	-	42.3	27.8
Depreciation and amortisation expenses	5.4	3.4	3.0	2.6	65.1	50.7	-	-	73.5	56.7
Change in insurance contract liabilities	-	-	(3.5)	4.8	8,556.7	3,183.4	-	-	8,553.2	3,188.2
Tax attributable to policyholders' returns	-	-	-	-	403.8	40.1	-	-	403.8	40.1
<b>Total expenses</b>	<b>173.0</b>	<b>76.2</b>	<b>225.6</b>	<b>198.5</b>	<b>17,049.5</b>	<b>10,913.5</b>	<b>(1.5)</b>	<b>(1.8)</b>	<b>17,446.6</b>	<b>11,186.4</b>
<b>Profit before share of loss of associates</b>	<b>309.5</b>	<b>94.2</b>	<b>29.5</b>	<b>23.3</b>	<b>854.8</b>	<b>791.1</b>	<b>-</b>	<b>-</b>	<b>1,193.8</b>	<b>908.6</b>
Share of loss after income tax of associates	-	-	-	-	(0.3)	(0.5)	-	-	(0.3)	(0.5)
<b>Profit before income tax</b>	<b>309.5</b>	<b>94.2</b>	<b>29.5</b>	<b>23.3</b>	<b>854.5</b>	<b>790.6</b>	<b>-</b>	<b>-</b>	<b>1,193.5</b>	<b>908.1</b>
Income tax	(24.1)	(17.2)	(3.4)	(4.6)	(143.9)	(136.3)	-	-	(171.4)	(158.1)
<b>Profit after income tax</b>	<b>285.4</b>	<b>77.0</b>	<b>26.1</b>	<b>18.7</b>	<b>710.6</b>	<b>654.3</b>	<b>-</b>	<b>-</b>	<b>1,022.1</b>	<b>750.0</b>

<sup>(1)</sup> Inter-segment income and expenses comprising mainly dividend and management fee income are eliminated on consolidation.



## NOTES TO THE FINANCIAL STATEMENTS

### 32 SEGMENTAL INFORMATION (CONTINUED)

#### (2) By Geographical Segments

in Singapore Dollars (millions)	Group									
	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue from external customers	13,226.7	8,709.4	5,130.4	3,195.1	285.0	192.4	(1.7)	(1.9)	18,640.4	12,095.0
Dividend from subsidiaries	225.7	187.0	-	-	-	-	(225.7)	(187.0)	-	-
Total revenue	13,452.4	8,896.4	5,130.4	3,195.1	285.0	192.4	(227.4)	(188.9)	18,640.4	12,095.0
Profit/(loss) after income tax	950.6	606.9	279.4	306.2	10.0	22.6	(217.9)	(185.7)	1,022.1	750.0
<u>As at 31 December:</u>										
Non-current assets	1,953.9	1,828.9	563.2	554.9	8.7	6.0	-	-	2,525.8	2,389.8

Non-current assets information presented above consist of intangible assets, investment properties and property, plant and equipment as presented in the consolidated balance sheet.

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES

#### Governance framework

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

- Operate within parameters and limits that have been set based on the risk appetite approved by the Board; and
- Pursue appropriate risk-adjusted returns.

Group Risk Management department spearheads the development and implementation of the ERM Framework for the Group.

The Board is responsible to provide oversight on the risk management initiatives. The Board may delegate this responsibility to the Risk Management Committee ("RMC"). At the group level, detailed risk management and oversight activities are undertaken by the following group management committees chaired by the Group Chief Executive Officer and comprising 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 with regards to all matters of the Group. The GMC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. The GMC is supported by the Group IC, Group ALC, Group PMAC, Group TSC, Local Senior Management Team ("SMT"), Local ALC, Local Product Development Committee ("PDC") and Local TSC.

Group IC is responsible for the oversight of all investment management activities of the company with added oversight to ensure that for the insurance funds, 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### **Governance framework** *(continued)*

Group TSC is responsible for assisting GMC in providing the overall strategic direction and approval of all IT related issues and initiatives to support Great Eastern's group strategic growth into the future. Group TSC is supported by Local TSC.

Group PMAC is responsible for reviewing, approving and managing new and existing products, ensuring the business operates within the risk appetite to deliver the annual business targets. Local PDC is responsible for reviewing and endorsing new products at the local operating subsidiaries.

#### **Regulatory framework**

Insurers are required to comply with the Insurance Act and Regulations, as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the investment policy rests with the respective Board of Directors ("Board"). The Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

#### **Capital management**

The objectives of GEH's capital management policy are to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

The Group had no significant changes in the policies and processes relating to its capital structure during the year.

#### Regulatory Capital

The insurance subsidiaries of the Group are required to comply with capital ratios prescribed by the Insurance Regulations of the jurisdiction in which they operate. The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remained well above the regulatory minimum ratios under the Risk based Capital Frameworks established by the Monetary Authority of Singapore and Bank Negara, Malaysia respectively.

The Group's approach to capital management aims to maintain an adequate level of capital to meet regulatory requirements, including any additional amounts required by the respective regulators. This involves managing assets, liabilities and risks in a coordinated way by assessing and monitoring available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking suitable actions to influence the capital position of the Group in light of changes in economic conditions and risk characteristics.

The primary sources of capital of the Group are shareholders' equity and issued subordinated debt. The Group defines available capital as the amount of assets in excess of liabilities measured in accordance with the Insurance Regulations of the respective jurisdictions in which the insurance subsidiaries operate. Available capital of the consolidated Singapore insurance subsidiaries as at 31 December 2019 amounted to \$13.9 billion (31 December 2018: \$11.5 billion) while available capital of the consolidated Malaysia insurance subsidiaries as at 31 December 2019 amounted to \$7.9 billion (31 December 2018: \$8.0 billion).

#### Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

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

There has been no change to the Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### ***Insurance Risk***

The principal activity of the Group is the provision of insurance products and related financial advisory services. The products cover risks such as mortality, morbidity (health, disability, critical illness, personal accident) and property and casualty, and meet customer needs in investment and retirement provision.

The Group's underwriting strategy is designed to ensure that risks are well diversified across the types of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience, as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

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

#### **Insurance Risks of Life Insurance Contracts**

Insurance risks arise when the Group underwrites insurance contracts. While insurance risks do not vary significantly across the geographical locations in which the Group currently operates, the types of risks insured, assumptions used in pricing the insurance products as well as subsequent setting aside of the technical provisions may give rise to potential shortfalls in provision for future claims and expenses when actual experience is different from the underlying assumptions. Assumptions that may cause insurance risks to be underestimated include assumptions on policy lapses, mortality, morbidity and expenses.

The Group utilises reinsurance to manage the mortality and morbidity risks. The Group's reinsurance management strategy and policy are reviewed annually by RMC and Group ALC. Reinsurance structures are set based on the type of risk insured. Catastrophe reinsurance is procured to limit catastrophic losses. The Group's exposure to group insurance business is not significant, and there is no material concentration risk.

In general, reinsurers must have a minimum credit rating of S&P A- or equivalent to be considered for reinsurance business. The Group limits its risk to any one reinsurer by ceding different products to different reinsurers or to a panel of reinsurers.

Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses to ensure that the policies, guidelines and limits put in place to manage the risks remain adequate and appropriate.

A substantial portion of the Group's life insurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus and dividends payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment markets perform below expectations, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for the Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

Stress Testing ("ST") is performed at least once a year. The purpose of the ST is to test the solvency of the life fund under various scenarios according to prescribed statutory valuation basis, simulating drastic changes in major parameters such as new business volume, investment scenarios, expense patterns, mortality/morbidity patterns and lapse rates.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### **Insurance Risks of Life Insurance Contracts** (continued)

**TABLE 33(A):** The table below sets out the distribution of the various categories of the life insurance risk as at the balance sheet date:

in Singapore Dollars (millions)	Life Insurance Contracts	
	As at 31 December 2019 Insurance liabilities	As at 31 December 2018 Insurance liabilities
<b>(i) by Class of business:</b>		
Whole life	40,932.8	36,350.0
Endowment	28,504.1	25,367.5
Term	498.7	452.5
Accident and health	371.6	1,803.7
Annuity	507.0	520.1
Others	1,248.3	1,099.1
<b>Total</b>	<b>72,062.5</b>	<b>65,592.9</b>
<b>(ii) by Country:</b>		
Singapore	50,917.9	45,583.7
Malaysia	20,358.6	19,384.5
Others	786.0	624.7
<b>Total</b>	<b>72,062.5</b>	<b>65,592.9</b>

The sensitivity analysis below shows the impact of change in key parameters on the value of policy liabilities, and hence on the Profit or Loss Statement and Shareholders' Equity.

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

	Change in assumptions
(a) Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b) Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c) Scenario 3 – Health and Disability	+ 25% for all future years
(d) Scenario 4 – Health and Disability	– 25% for all future years
(e) Scenario 5 – Lapse and Surrender rates	+ 25% for all future years
(f) Scenario 6 – Lapse and Surrender rates	– 25% for all future years
(g) Scenario 7 – Expenses	+ 30% for all future years

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### **Insurance Risks of Life Insurance Contracts** (continued)

**TABLE 33(B1):** Profit/(Loss) After Tax and Shareholders' Equity sensitivity for the Singapore segment:

Impact on 1-year's Profit/(Loss) After Tax and Shareholders' Equity

in Singapore							
Dollars (millions)	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
<b>2019</b>							
Gross impact	(177.8)	97.8	(87.0)	35.5	68.7	(79.1)	(12.0)
Reinsurance ceded	-	-	-	-	-	-	-
<b>Net impact</b>	<b>(177.8)</b>	<b>97.8</b>	<b>(87.0)</b>	<b>35.5</b>	<b>68.7</b>	<b>(79.1)</b>	<b>(12.0)</b>
<b>2018</b>							
Gross impact	(100.3)	23.1	34.7	(77.1)	55.9	(65.4)	(26.0)
Reinsurance ceded	-	-	-	-	-	-	-
<b>Net impact</b>	<b>(100.3)</b>	<b>23.1</b>	<b>34.7</b>	<b>(77.1)</b>	<b>55.9</b>	<b>(65.4)</b>	<b>(26.0)</b>

**TABLE 33(B2):** Profit/(Loss) After Tax and Shareholders' Equity sensitivity for the Malaysia segment:

Impact on 1-year's Profit/(Loss) After Tax and Shareholders' Equity

in Singapore							
Dollars (millions)	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
<b>2019</b>							
Gross impact	(95.0)	85.9	(17.8)	13.1	1.2	1.5	(28.1)
Reinsurance ceded	-	-	-	-	-	-	-
<b>Net impact</b>	<b>(95.0)</b>	<b>85.9</b>	<b>(17.8)</b>	<b>13.1</b>	<b>1.2</b>	<b>1.5</b>	<b>(28.1)</b>
<b>2018</b>							
Gross impact	(76.9)	67.2	(15.3)	11.9	(4.4)	6.1	(24.8)
Reinsurance ceded	-	-	-	-	-	-	-
<b>Net impact</b>	<b>(76.9)</b>	<b>67.2</b>	<b>(15.3)</b>	<b>11.9</b>	<b>(4.4)</b>	<b>6.1</b>	<b>(24.8)</b>

The tables above demonstrate the sensitivity of the Group's Profit or Loss After Tax to a possible change in actuarial valuation assumptions on an individual basis with all other variables held constant.

The effect of sensitivity analysis on reinsurance ceded for the Singapore and Malaysia segments are not material.

The method used, including the significant assumptions made, for performing the above sensitivity analysis did not change from the previous year.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### **Insurance Risk of Non-Life Insurance Contracts**

Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claims liabilities, as set out under Note 15 of the financial statements. The premium liabilities comprise reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

**TABLE 33(C1):** The table below sets out the distribution of the various categories of the non-life insurance risk as at the balance sheet date:

(i) by Class of business:

in Singapore Dollars (millions)	Non-life Insurance Contracts					
	As at 31 December 2019			As at 31 December 2018		
	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities
Fire	27.4	(10.1)	17.3	19.1	(6.3)	12.8
Motor	38.3	(2.7)	35.6	34.8	(2.3)	32.5
Marine & aviation	10.7	(6.0)	4.7	3.0	(2.6)	0.4
Workmen's compensation	26.8	(10.8)	16.0	16.4	(4.3)	12.1
Personal accident & health	23.7	(1.4)	22.3	24.0	(1.7)	22.3
Miscellaneous	52.1	(32.7)	19.4	49.5	(33.9)	15.6
<b>Total</b>	<b>179.0</b>	<b>(63.7)</b>	<b>115.3</b>	<b>146.8</b>	<b>(51.1)</b>	<b>95.7</b>
in Singapore Dollars (millions)	Non-life Insurance Contracts					
	As at 31 December 2019			As at 31 December 2018		
	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities
Fire	50.2	(33.4)	16.8	28.8	(19.1)	9.7
Motor	56.2	(5.5)	50.7	55.0	(4.6)	50.4
Marine & aviation	51.1	(36.3)	14.8	25.1	(21.8)	3.3
Workmen's compensation	28.4	(10.5)	17.9	26.0	(9.1)	16.9
Personal accident & health	22.3	(2.6)	19.7	17.6	(2.1)	15.5
Miscellaneous	72.0	(43.7)	28.3	84.2	(63.7)	20.5
<b>Total</b>	<b>280.2</b>	<b>(132.0)</b>	<b>148.2</b>	<b>236.7</b>	<b>(120.4)</b>	<b>116.3</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Insurance Risk (continued)*

#### **Insurance Risk of Non-Life Insurance Contracts** (continued)

**TABLE 33(C1):** The table below sets out the distribution of the various categories of the non-life insurance risk as at the balance sheet date (continued):

(ii) by Country:

in Singapore Dollars (millions)	Non-life Insurance Contracts					
	As at 31 December 2019			As at 31 December 2018		
	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities
Singapore	94.6	(43.1)	51.5	77.6	(34.7)	42.9
Malaysia	71.1	(18.8)	52.3	69.2	(16.4)	52.8
Indonesia	13.3	(1.8)	11.5	–	–	–
<b>Total</b>	<b>179.0</b>	<b>(63.7)</b>	<b>115.3</b>	<b>146.8</b>	<b>(51.1)</b>	<b>95.7</b>

in Singapore Dollars (millions)	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities
	Singapore	111.4	(61.3)	50.1	123.1	(73.5)
Malaysia	126.9	(55.1)	71.8	113.6	(46.9)	66.7
Indonesia	41.9	(15.6)	26.3	–	–	–
<b>Total</b>	<b>280.2</b>	<b>(132.0)</b>	<b>148.2</b>	<b>236.7</b>	<b>(120.4)</b>	<b>116.3</b>

#### **Key Assumptions**

Non-life insurance contract liabilities are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by achieving diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, thorough claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Group. The Group further enforces a policy of active management and prompt pursuit of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, e.g. hurricanes, earthquakes and flood damages.





## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### **Market and Credit Risk**

Market risk arises when the market values of assets and liabilities do not move consistently as financial markets change. Changes in interest rates, foreign exchange rates, equity prices and alternative investment prices can impact present and future earnings of the insurance operations as well as shareholders' equity.

The Group is exposed to market risk in the investments of the Shareholders' Fund as well as in the mismatch risk between the assets and liabilities of the Insurance Funds. In the case of the third-party funds managed by Lion Global Investors, investment risks are borne by investors and the Group does not assume any liability in the event of occurrence of loss or write-down in market valuation.

Group ALC, Group IC and local ALCs actively manage market risks through setting of investment policy and asset allocation, approving portfolio construction and risk measurement methodologies, approving hedging and alternative risk transfer strategies. Investment limits are monitored at various levels to ensure that all investment activities are conducted within the Group's risk appetite and in line with the Group's management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by the Group in managing the various types of risk, including interest rate risk, foreign exchange risk, equity price risk, credit risk, alternative investment risk and liquidity risk, is briefly described below:

- (a) **Interest rate risk (including asset liability mismatch).** The Group is exposed to interest rate risk through (i) investments in fixed income instruments and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur an economic loss when interest rates rise. Given the long duration of policy liabilities and the uncertainty of the cash flows of the Insurance Funds, it is not possible to hold assets that will perfectly match the policy liabilities. This results in a net interest rate risk or asset liability mismatch risk which is managed and monitored by Group ALC and the local ALCs. The Insurance Funds will incur an economic loss when interest rates drop since the duration of policy liabilities is generally longer than the duration of the fixed income assets.

Under Singapore regulations governed by the Monetary Authority of Singapore (MAS), the liability cash flows with durations less than 20 years are discounted using zero-coupon spot yield of Singapore Government Securities (SGS) while liability cash flows with duration more than 20 years for Singapore funds are discounted using the Long Term Risk Free Discount Rate ("LTRFDR"). As a result, the Singapore Non Participating funds could have negative earnings impact when the LTRFDR decreases.

Under Malaysia regulations governed by Bank Negara Malaysia (BNM), the liability cash flows with durations less than 15 years are discounted using zero-coupon spot yield of Malaysia Government Securities (MGS) with matching duration while the liability cash flows with durations of 15 years or more are discounted using zero-coupon spot yield of MGS with 15 years term to maturity. As a result, the Malaysia non-participating fund could have negative earnings impact when the zero-coupon spot yield of MGS decreases.

- (b) **Foreign currency risk.** Hedging through currency forwards and swaps is typically used for the foreign currency denominated fixed income portfolio. Portfolios are mostly hedged where practical and cost-effective. Foreign exchange instruments are also used for efficient portfolio management.

The Group is also exposed to foreign exchange risk on the net investment in its foreign subsidiaries. Such risk mainly arises from the Group's subsidiaries in Malaysia. The Insurance and Shareholders' Funds in Malaysia are predominantly held in Malaysian Ringgit, as prescribed by Bank Negara, Malaysia.

Limits are set on the total amount of foreign currency (net of liabilities) to cap the Group's foreign currency risk.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (b) *Foreign currency risk. (continued)*

**TABLE 33(D):** The tables below show the foreign exchange position of the Group's financial and insurance-related assets and liabilities by major currencies:

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
<b>As at 31 December 2019</b>					
<b>FINANCIAL AND</b>					
<b>INSURANCE-RELATED ASSETS</b>					
<b>Financial assets at FVOCI</b>					
Equity securities	364.5	220.5	–	1,004.1	1,589.1
Debt securities	4,833.6	815.6	2,616.3	401.0	8,666.5
<b>Financial assets at FVTPL</b>					
Equity securities	1,434.7	7,017.0	1,161.3	3,629.2	13,242.2
Debt securities	16,432.5	14,351.9	9,993.4	5,629.1	46,406.9
Other investments	5,645.7	213.3	4,375.0	1,852.3	12,086.3
<b>Financial assets at Amortised Cost</b>					
Debt securities	–	–	111.8	14.7	126.5
Derivative financial assets	375.4	–	25.0	16.8	417.2
Loans	607.9	442.6	1.6	19.4	1,071.5
Insurance receivables	1,117.9	1,858.8	14.0	41.1	3,031.8
Other debtors	754.2	239.5	33.4	49.8	1,076.9
Cash and cash equivalents	3,768.4	1,760.7	294.8	392.0	6,215.9
	<b>35,334.8</b>	<b>26,919.9</b>	<b>18,626.6</b>	<b>13,049.5</b>	<b>93,930.8</b>
<b>FINANCIAL AND</b>					
<b>INSURANCE-RELATED LIABILITIES</b>					
Other creditors	3,469.2	297.7	95.8	35.5	3,898.2
Insurance payables	1,620.9	3,565.1	2.7	16.3	5,205.0
Derivative financial liabilities	18.6	–	68.3	108.7	195.6
Provision for agents' retirement benefits	–	294.0	–	–	294.0
Debt issued	399.9	–	–	–	399.9
Insurance contract liabilities	49,214.1	20,556.6	2,129.5	621.5	72,521.7
	<b>54,722.7</b>	<b>24,713.4</b>	<b>2,296.3</b>	<b>782.0</b>	<b>82,514.4</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (b) *Foreign currency risk. (continued)*

**TABLE 33(D):** The tables below show the foreign exchange position of the Group's financial and insurance-related assets and liabilities by major currencies (continued):

in Singapore Dollars (millions)	SGD	RM	USD	Others	Total
<u>As at 31 December 2018</u>					
<u>FINANCIAL AND</u>					
<u>INSURANCE-RELATED ASSETS</u>					
Financial assets at FVOCI					
Equity securities	534.6	192.1	–	1,125.4	1,852.1
Debt securities	3,730.4	695.0	2,304.6	228.7	6,958.7
Financial assets at FVTPL					
Equity securities	1,696.0	6,004.9	910.8	3,585.9	12,197.6
Debt securities	13,511.0	14,044.9	8,966.7	4,422.0	40,944.6
Other investments	4,558.9	199.4	3,289.9	1,520.1	9,568.3
Derivative financial assets	217.2	–	7.5	2.2	226.9
Loans	510.1	817.8	1.7	–	1,329.6
Insurance receivables	1,114.9	1,674.5	0.2	4.5	2,794.1
Other debtors	604.3	246.4	132.3	31.6	1,014.6
Cash and cash equivalents	3,505.3	1,387.4	540.8	271.6	5,705.1
	<u>29,982.7</u>	<u>25,262.4</u>	<u>16,154.5</u>	<u>11,192.0</u>	<u>82,591.6</u>
<u>FINANCIAL AND</u>					
<u>INSURANCE-RELATED LIABILITIES</u>					
Other creditors	1,168.1	324.4	97.5	22.1	1,612.1
Insurance payables	1,358.9	3,244.6	3.7	12.0	4,619.2
Derivative financial liabilities	6.2	1.9	120.7	165.9	294.7
Provision for agents' retirement benefits	–	276.1	–	–	276.1
Debt issued	399.8	–	–	–	399.8
Insurance contract liabilities	44,142.7	19,567.2	1,763.7	502.8	65,976.4
	<u>47,075.7</u>	<u>23,414.2</u>	<u>1,985.6</u>	<u>702.8</u>	<u>73,178.3</u>

The Group has no significant concentration of foreign currency risk.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

- (c) **Equity price risk.** Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity, equity derivatives and fund investments, where the Group, through investments, bears all or most of the volatility in returns and investment performance risk. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the value of the underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of equity holdings.
- (d) **Credit spread risk.** Exposure to credit spread risk exists in the Group's investments in bonds. Credit spread is the difference between the quoted rates of return of two different investments of different credit quality. When spreads widen between bonds with different quality ratings, it implies that the market is factoring more risk of default on lower grade bonds. A widening in credit spreads will result in a fall in the values of the Group's bond portfolio.
- (e) **Alternative investment risk.** The Group is exposed to alternative investment risk through investments in direct real estate that it owns in Singapore and Malaysia and through real estate, private equity, infrastructure and hedge funds for exposures in other countries. A monitoring process is in place to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RMC and Group IC.
- (f) **Commodity risk.** The Group does not have any direct exposure to commodity risk.
- (g) **Liquidity risk.** Liquidity risk arises when a company is unable to meet the cash flow needs of its financial liabilities, or if the assets backing the liabilities cannot be sold quickly enough without incurring unreasonable losses. For an insurance company, the greatest liquidity needs typically arise from its insurance liabilities. Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in 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 monitored and a reasonable amount of assets are kept in liquid instruments 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 managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (g) Liquidity risk. (continued)

##### Maturity Profile

**TABLE 33(E1):** The following tables show the expected recovery or settlement of financial and insurance-related assets and maturity profile of the Group's financial and insurance contract liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on net cash outflows resulting from recognised liabilities.

in Singapore Dollars (millions)	Carrying Amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
<b>As at 31 December 2019</b>						
<b>FINANCIAL AND</b>						
<b>INSURANCE-RELATED ASSETS</b>						
<b>Financial assets at FVOCI</b>						
Equity securities	1,589.1	–	–	–	1,589.1	1,589.1
Debt securities	8,666.5	516.2	3,817.2	7,637.9	–	11,971.3
<b>Financial assets at FVTPL</b>						
Equity securities	13,242.2	–	–	–	13,242.2	13,242.2
Debt securities	46,406.9	3,862.3	14,368.4	41,665.9	2,330.1	62,226.7
Other investments	12,086.3	–	–	–	12,086.3	12,086.3
<b>Financial assets at Amortised Cost</b>						
Debt securities	126.5	6.8	27.2	234.8	–	268.8
Loans	1,071.5	291.2	795.6	103.5	–	1,190.3
Insurance receivables	3,031.8	642.7	2.1	–	2,387.0	3,031.8
Other debtors	1,076.9	1,055.0	–	18.1	3.8	1,076.9
Cash and cash equivalents	6,215.9	6,215.9	–	–	–	6,215.9
	<b>93,513.6</b>	<b>12,590.1</b>	<b>19,010.5</b>	<b>49,660.2</b>	<b>31,638.5</b>	<b>112,899.3</b>
<b>FINANCIAL AND</b>						
<b>INSURANCE-RELATED LIABILITIES</b>						
Other creditors	3,802.6	3,774.6	0.1	–	27.9	3,802.6
Lease liabilities	95.6	13.4	51.2	45.1	–	109.7
Insurance payables	5,205.0	5,180.1	13.3	–	11.6	5,205.0
Provision for agents' retirement benefits	294.0	115.1	59.0	119.9	–	294.0
Debt issued	399.9	18.4	409.2	–	–	427.6
Insurance contract liabilities	72,521.7	12,269.8	15,465.4	44,776.1	10.4	72,521.7
	<b>82,318.8</b>	<b>21,371.4</b>	<b>15,998.2</b>	<b>44,941.1</b>	<b>49.9</b>	<b>82,360.6</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (g) Liquidity risk. (continued)

#### Maturity Profile (continued)

**TABLE 33(E1):** The following tables show the expected recovery or settlement of financial and insurance-related assets and maturity profile of the Group's financial and insurance contract liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on net cash outflows resulting from recognised liabilities (continued).

in Singapore Dollars (millions)	Carrying Amount	< 1 Year	1 – 5 Years	> 5 Years	No maturity date	Total
<b>As at 31 December 2018</b>						
<b>FINANCIAL AND</b>						
<b>INSURANCE-RELATED ASSETS</b>						
Financial assets at FVOCI						
Equity securities	1,852.1	–	–	–	1,852.1	1,852.1
Debt securities	6,958.7	330.7	2,077.0	8,283.3	–	10,691.0
Financial assets at FVTPL						
Equity securities	12,197.6	–	–	–	12,197.6	12,197.6
Debt securities	40,944.5	2,452.6	15,359.1	37,798.9	2,224.9	57,835.5
Other investments	9,568.3	–	–	–	9,568.3	9,568.3
Loans	1,329.6	532.9	738.5	215.6	–	1,487.0
Insurance receivables	2,794.1	385.1	3.5	–	2,405.5	2,794.1
Other debtors	1,014.6	951.9	10.5	18.2	34.0	1,014.6
Cash and cash equivalents	5,705.1	5,705.1	–	–	–	5,705.1
	<b>82,364.6</b>	<b>10,358.3</b>	<b>18,188.6</b>	<b>46,316.0</b>	<b>28,282.4</b>	<b>103,145.3</b>
<b>FINANCIAL AND</b>						
<b>INSURANCE-RELATED LIABILITIES</b>						
Other creditors	1,612.1	1,579.6	4.6	0.3	27.6	1,612.1
Insurance payables	4,619.2	3,571.4	1,043.4	–	4.4	4,619.2
Provision for agents' retirement						
benefits	276.1	99.7	59.1	117.3	–	276.1
Debt issued	399.8	18.4	427.6	–	–	446.0
Insurance contract liabilities	65,976.4	7,934.7	14,988.5	43,032.9	20.3	65,976.4
	<b>72,883.6</b>	<b>13,203.8</b>	<b>16,523.2</b>	<b>43,150.5</b>	<b>52.3</b>	<b>72,929.8</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (g) *Liquidity risk. (continued)*

**TABLE 33(E2):** The following tables show the current/non-current classification of assets and liabilities:

in Singapore Dollars (millions)	Current*	Non-Current	Unit-linked	Total
<b>As at 31 December 2019</b>				
<b>ASSETS</b>				
Cash and cash equivalents	5,900.5	–	315.4	6,215.9
Other debtors	1,016.8	47.1	61.0	1,124.9
Insurance receivables	1,545.7	1,486.1	–	3,031.8
Loans	216.5	855.0	–	1,071.5
Derivative financial assets	241.5	170.8	4.9	417.2
Investments	11,195.2	64,644.9	6,277.4	82,117.5
Associates	–	1.7	–	1.7
Intangible assets	–	31.7	–	31.7
Property, plant and equipment	–	708.6	–	708.6
Investment properties	–	1,785.5	–	1,785.5
	<b>20,116.2</b>	<b>69,731.4</b>	<b>6,658.7</b>	<b>96,506.3</b>
<b>LIABILITIES</b>				
Insurance payables	5,188.4	16.6	–	5,205.0
Other creditors	3,750.4	112.6	82.6	3,945.6
Derivative financial liabilities	93.0	97.6	5.0	195.6
Income tax payable	553.6	–	4.4	558.0
Provision for agents' retirement benefits	115.1	178.9	–	294.0
Deferred tax	–	1,541.3	1.7	1,543.0
Debt issued	–	399.9	–	399.9
Insurance contract liabilities	5,398.9	63,022.9	7,241.8	75,663.6
	<b>15,099.4</b>	<b>65,369.8</b>	<b>7,335.5</b>	<b>87,804.7</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (g) *Liquidity risk. (continued)*

**TABLE 33(E2):** The following tables show the current/non-current classification of assets and liabilities (continued):

in Singapore Dollars (millions)	Current*	Non-Current	Unit-linked	Total
<u>As at 31 December 2018</u>				
<u>ASSETS</u>				
Cash and cash equivalents	5,170.2	–	534.9	5,705.1
Other debtors	947.7	64.1	61.7	1,073.5
Insurance receivables	385.1	2,409.0	–	2,794.1
Loans	482.4	847.2	–	1,329.6
Derivative financial assets	93.5	128.9	4.5	226.9
Investments	14,207.3	52,046.4	5,267.6	71,521.3
Associates	–	1.7	–	1.7
Intangible assets	–	27.4	–	27.4
Property, plant and equipment	–	591.1	–	591.1
Investment properties	–	1,771.3	–	1,771.3
	21,286.2	57,887.1	5,868.7	85,042.0
<u>LIABILITIES</u>				
Insurance payables	3,571.3	1,047.9	–	4,619.2
Other creditors	1,526.4	33.4	87.3	1,647.1
Derivative financial liabilities	50.9	241.7	2.1	294.7
Income tax payable	501.2	–	6.5	507.7
Provision for agents' retirement benefits	99.7	176.4	–	276.1
Deferred tax	–	1,131.0	1.1	1,132.1
Debt issued	–	399.8	–	399.8
Insurance contract liabilities	1,839.2	60,628.4	6,176.2	68,643.8
	7,588.7	63,658.6	6,273.2	77,520.5

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

- (h) **Credit risk.** Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk through (i) investments in cash and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a credit default by the borrower or counterparty. For investments in bonds, financial loss may also materialise as a result of the widening of credit spreads or a downgrade of credit rating.

The task of evaluating and monitoring credit risk is undertaken by the local ALCs. Group wide credit risk is managed by Group ALC. The Group has internal limits by issuer, counterparty and investment grade. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is mitigated through counterparty limits that are reviewed and approved on an annual basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

##### (h) **Credit risk.** *(continued)*

Credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

The Group issues unit-linked investment policies. In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Group has no material credit risk on unit-linked financial assets.

The loans in the Group's portfolio are generally secured by collateral, with a maximum loan to value ratio of 70%. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines on the eligibility of collateral have been established, and all collaterals are revalued on a regular basis. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The fair value of collateral, held by the Group as lender, for which it is entitled to sell or pledge in the event of default is as follows:

<b>in Singapore Dollars (millions)</b>	<b>Type of Collateral</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>As at 31 December 2019</b>			
<b>Secured loans</b>	<b>Properties</b>	<b>730.9</b>	<b>1,342.9</b>
	<b>Others</b>	<b>99.8<sup>(1)</sup></b>	<b>0.7</b>
<b>Policy loans</b>	<b>Cash value of policies</b>	<b>2,387.0</b>	<b>4,862.5</b>
		<b>3,217.7</b>	<b>6,206.1</b>
<b>As at 31 December 2018</b>			
Secured loans	Properties	604.4	1,033.1
	Others	430.2 <sup>(1)</sup>	8.4
Policy loans	Cash value of policies	2,344.9	4,805.7
		3,379.5	5,847.2

<sup>(1)</sup> This includes secured loans which are guaranteed by the government although there is no collateral held.

There were no securities lending arrangements as at 31 December 2019 (31 December 2018: nil).

As at the balance sheet date, no investments (2018: nil) were placed as collateral for currency hedging purposes.

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

The following table sets out information about the credit quality of loans and debt securities measured at amortised cost and debt securities measured at FVOCI. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. For loan commitments, the amounts in the table represent the amounts committed.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

##### (h) Credit risk. (continued)

For explanation of the terms: '12-month ECL', 'lifetime ECL' and 'credit-impaired', refer to Note 2.10.7.

		31 December 2019			
in Singapore Dollars (millions)	Note	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
<b>Loans at amortised cost</b>					
Investment Grade* (BBB to AAA)		716.7	-	-	716.7
Non Investment Grade* (C to BB)		66.4	225.2	109.4	401.0
Not Rated		1.4	-	-	1.4
		784.5	225.2	109.4	1,119.1
Loss allowance	19	(0.7)	(4.6)	(42.3)	(47.6)
Carrying amount		783.8	220.6	67.1	1,071.5
<b>Debt securities at Amortised Cost</b>					
Investment Grade* (BBB to AAA)		121.6	-	-	121.6
Non Investment Grade* (C to BB)		5.6	-	-	5.6
		127.2	-	-	127.2
Loss allowance		(0.7)	-	-	(0.7)
Carrying amount		126.5	-	-	126.5
<b>Debt securities at FVOCI</b>					
Investment Grade* (BBB to AAA)		7,892.9	18.6	-	7,911.5
Non Investment Grade* (C to BB)		714.4	40.6	-	755.0
		8,607.3	59.2	-	8,666.5
		31 December 2018			
in Singapore Dollars (millions)	Note	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
<b>Loans at amortised cost</b>					
Investment Grade* (BBB to AAA)		862.4	44.0	-	906.4
Non Investment Grade* (C to BB)		39.5	292.5	109.4	441.4
Not Rated		2.5	-	-	2.5
		904.4	336.5	109.4	1,350.3
Loss allowance	19	(0.5)	(6.4)	(13.8)	(20.7)
Carrying amount		903.9	330.1	95.6	1,329.6
<b>Debt securities at FVOCI</b>					
Investment Grade* (BBB to AAA)		6,580.4	26.2	-	6,606.6
Non Investment Grade* (C to BB)		294.3	55.8	2.0	352.1
		6,874.7	82.0	2.0	6,958.7
<b>Loan commitments</b>					
Investment Grade* (BBB to AAA)		25.9	0.9	-	26.8

\* Based on internal ratings grades which are equivalent to grades of external rating agencies.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

##### (h) Credit risk. (continued)

The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and amortised cost, other than loans and debt securities measured at amortised cost:

in Singapore Dollars (millions)	Investment Grade* (BBB to AAA)	Non Investment Grade* (C to BB)	Not Rated	Unit-linked	Not subject to credit risk	Total carrying amount
<b>As at 31 December 2019</b>						
<b>Financial assets at FVOCI</b>						
Equity securities	-	-	-	-	1,589.1	1,589.1
<b>Financial assets at FVTPL</b>						
Equity securities	-	-	0.7	2,665.4	10,576.1	13,242.2
Debt securities	37,576.1	1,970.6	5,472.1	1,388.1	-	46,406.9
Other investments	-	-	135.8	2,743.7	9,206.8	12,086.3
Derivative financial assets	411.7	-	0.3	5.2	-	417.2
Insurance receivables	47.0	-	2,978.5	6.3	-	3,031.8
Other debtors	2.7	-	1,013.9	60.3	-	1,076.9
Cash and cash equivalents	5,761.1	-	92.8	362.0	-	6,215.9
	<b>43,798.6</b>	<b>1,970.6</b>	<b>9,694.1</b>	<b>7,231.0</b>	<b>21,372.0</b>	<b>84,066.3</b>

#### As at 31 December 2018

##### Financial assets at FVOCI

Equity securities	-	-	-	-	1,852.1	1,852.1
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##### Financial assets at FVTPL

Equity securities	-	-	0.8	1,978.7	10,218.1	12,197.6
Debt securities	33,349.0	1,482.3	4,868.1	1,245.2	-	40,944.6
Other investments	-	-	132.0	2,306.9	7,129.4	9,568.3
Derivative financial assets	219.1	-	3.3	4.5	-	226.9
Insurance receivables	3.6	-	2,616.9	2.1	-	2,622.6
Other debtors	1.5	-	952.3	60.8	-	1,014.6
Cash and cash equivalents	5,101.7	-	87.2	516.2	-	5,705.1
	<b>38,674.9</b>	<b>1,482.3</b>	<b>8,660.6</b>	<b>6,114.4</b>	<b>19,199.6</b>	<b>74,131.8</b>

\* Based on internal ratings grades which are equivalent to grades of external rating agencies.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (h) **Credit risk.** *(continued)*

##### **Amounts arising from ECL**

##### **Measurement of ECL – Explanation of inputs, assumptions and estimation techniques**

The key inputs into the measurement of ECL are the following variables:

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

These parameters are derived from internally developed statistical models as developed by the Group based on historical data. They are adjusted to reflect forward-looking information.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ('12M PD'), or over the remaining lifetime ('Lifetime PD') of the obligation. PD estimates are based on rating models that consider both quantitative and qualitative inputs derived from internal and external compiled data.

LGD is the magnitude of the likely loss incurred during a default. LGD is expressed as a percentage per loss per unit of exposure at the time of default and represents an estimate of the economic loss in the event of the default of the counterparty. Drivers of LGD include the seniority of the claim, the availability and quality of collateral, legal enforceability processes in the jurisdiction and industry of borrower and existing market conditions. They are estimates at a certain date, which are calculated based on statistical models. These statistical models are developed using internally compiled data, and comprised both quantitative and qualitative factors.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty, including amortisation schedules. The EAD of a financial asset is its gross carrying amount.

The ECL is determined by projecting PD, LGD and EAD for each individual exposure. These three components are multiplied together and adjusted for forward looking information. This is then discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

##### **Significant increase in credit risk**

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

A movement of an instrument's credit rating along the rating scale will represent changes in credit risk, measured by the change in PD.

The criteria for assessing whether credit risk has increased significantly will be determined by both quantitative changes in 12M PDs and qualitative factors. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative model, the 12M PD is determined to have more than doubled since origination except where the counterparty remains within the investment grade rating. The criteria as described above would only apply if the financial instrument does not have an investment grade rating.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (h) **Credit risk.** *(continued)*

##### **Significant increase in credit risk** (continued)

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The Group uses the watch-list as an additional trigger for the identification of significant increase in credit risk.

The Group considers “low credit risk” to be an investment grade credit rating using a combination of internal and external credit rating models.

##### **Credit risk grades**

The Group assigns each exposure to a credit risk grade reflecting the PD of the counterparty and applying experienced credit judgement. Credit risk grades are established based on qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of counterparty.

Credit risk grades are defined and calibrated such that the risk of default occurring increases as the credit risk deteriorates. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves the use of information obtained during periodic review, including published financial statements, external rating (where available), qualitative information about an obligor’s industry characteristics, competitive positioning, management, financial policy and financial flexibility.

##### **Definition of default**

The Group considers a financial asset to be in default by assessing the following criteria:

##### Quantitative criteria

For insurance receivables, the counterparty fails to make contractual payments within 12 months when they fall due. For bonds and loans, the instrument is considered as default if it is in overdue status and there are non-payments on another debt obligation of the same issuer to the Group.

##### Qualitative criteria

The counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption or breach of material loan covenants not rectified within a given timeframe, restructuring with expected principal haircut or a breach in material loan covenant that is not rectified within given timeframe.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group’s expected loss calculations.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

##### (h) *Credit risk. (continued)*

#### **Incorporating of forward-looking information**

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analysis and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, after which, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components of LGD and EAD.

In addition to the base economic scenario, the Group uses multiple scenarios to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 31 December 2019, for all portfolios, the Group concluded that two scenarios appropriately captured non-linearities. The scenario weightings are determined by expert credit judgement, taking into account the range of possible outcomes the chosen scenario is representative of. The assessment of significant increase in credit risk is performed using the 12M PD under each of the base, and the other scenario, multiplied by the associated scenario weighting. This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence whether 12M or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12M ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and the actual outcomes may be significantly different from those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Group for the year ended 31 December 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (h) *Credit risk. (continued)*

##### **Loss allowance**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

in Singapore Dollars (millions)	Note	31 December 2019			Total
		12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
<b>Loans at amortised cost</b>					
Balance at the beginning of the year		0.5	6.5	13.7	20.7
Net remeasurement of loss allowance		–	(0.9)	28.6	27.7
New financial assets purchased		0.3	–	–	0.3
Financial assets that have been derecognised		(0.2)	(1.1)	–	(1.3)
Changes in models/risk parameters		0.1	0.1	–	0.2
Balance at the end of the year	19	0.7	4.6	42.3	47.6
<b>Debt securities at Amortised Cost</b>					
Balance at the beginning of the year		–	–	–	–
New financial assets purchased		0.6	–	–	0.6
Changes in models/risk parameters		0.1	–	–	0.1
Balance at the end of the year		0.7	–	–	0.7
<b>Debt securities at FVOCI</b>					
Balance at the beginning of the year		4.6	1.9	2.8	9.3
Additional loss due to transfer		–	0.3	–	0.3
Net remeasurement of loss allowance		–	(0.3)	–	(0.3)
New financial assets purchased		2.0	–	–	2.0
Financial assets that have been derecognised		(1.7)	(0.3)	–	(2.0)
Changes in models/risk parameters		0.9	–	–	0.9
Balance at the end of the year		5.8	1.6	2.8	10.2
Increase/(decrease) in provision for impairment of financial assets for the year		2.1	(2.2)	28.6	28.5

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Market and Credit Risk (continued)*

#### (h) **Credit risk.** (continued)

##### **Loss allowance** (continued)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument (continued).

in Singapore Dollars (millions)	Note	31 December 2018			Total
		12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
<b>Loans at amortised cost</b>					
Balance at the beginning of the year		0.3	9.2	47.3	56.8
Net remeasurement of loss allowance		0.2	0.3	(33.5)	(33.0)
New financial assets purchased		0.1	–	–	0.1
Financial assets that have been derecognised		(0.2)	(2.9)	–	(3.1)
Foreign exchange and other movements		0.1	(0.1)	(0.1)	(0.1)
Balance at the end of the year	19	0.5	6.5	13.7	20.7
<b>Debt securities at FVOCI</b>					
Balance at the beginning of the year		3.5	3.5	6.6	13.6
Transfer to 12-month ECL		0.2	(0.2)	–	–
New financial assets purchased		2.0	0.2	–	2.2
Financial assets that have been derecognised		(1.1)	(1.7)	(3.9)	(6.7)
Changes in models/risk parameters		0.1	–	–	0.1
Foreign exchange and other movements		(0.1)	0.1	0.1	0.1
Balance at the end of the year		4.6	1.9	2.8	9.3
Increase/(decrease) in provision for impairment of financial assets for the year		1.1	(4.1)	(37.4)	(40.4)

The above loss allowance as at 31 December 2019 for debt securities at FVOCI is not recognised in the statement of financial position because the carrying amount of debt securities at FVOCI is their fair value.

The carrying amount of outstanding premiums as at 31 December 2019 is \$416.7 million (31 December 2018: \$261.5 million). The ECL relating to outstanding premiums as at 31 December 2019 was \$4.7 million (31 December 2018: \$2.7 million) for the Group. The changes in credit loss recognised in the Profit or Loss Statement during the period was \$1.6 million (31 December 2018: negative \$1.7 million).

- (i) **Concentration risk.** An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Group's exposures are within the concentration limits set by the respective local regulators.

The Group actively manages its investment mix to ensure that there is no significant concentration of market and credit risk.

- (j) **Sensitivity analysis on financial risks.** The sensitivity analysis below shows the impact on the Group's net profit after tax by applying possible shocks to each key variable, with all other variables constant. While the co-movement of key variable can significantly affect the fair values and/or amortised cost of financial assets, but to demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the Profit or Loss Statement, and changes in valuation of insurance contract liabilities. The equity sensitivity represents the impact on net profit after tax and the effect on changes in fair value of financial assets measured at FVOCI.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Market and Credit Risk (continued)

#### (j) Sensitivity analysis on financial risks (continued).

Market risk sensitivity analysis:

in Singapore Dollars (millions)	Impact on Profit After Tax		Impact on Equity	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Change in variables:</b>				
<b>(a) Interest Rate</b>				
+ 100 basis points	38.6	62.4	(482.1)	(383.2)
- 100 basis points	(238.8)	(160.4)	371.8	365.9
<b>(b) LTRFDR<sup>(1)</sup></b>				
+ 10 basis points	19.9	41.0	19.9	41.0
- 10 basis points	(21.0)	(43.6)	(21.0)	(43.6)
<b>(c) Foreign Currency</b>				
5% increase in market value of foreign currency denominated assets	50.4	22.8	94.3	71.2
5% decrease in market value of foreign currency denominated assets	(50.4)	(22.8)	(94.3)	(71.2)
<b>(d) Equity</b>				
20% increase in market indices:				
- STI	51.3	67.9	111.0	156.0
- KLCI	6.0	27.5	30.7	49.1
20% decrease in market indices:				
- STI	(51.3)	(67.9)	(111.0)	(156.0)
- KLCI	(6.0)	(27.5)	(30.7)	(49.1)
<b>(e) Credit</b>				
Spread + 100 basis points	(204.2)	(164.8)	(605.8)	(490.0)
Spread - 100 basis points	221.9	177.5	693.6	558.7
<b>(f) Alternative Investments<sup>(2)</sup></b>				
10% increase in market value of all alternative investments	69.9	49.1	71.6	53.5
10% decrease in market value of all alternative investments	(69.9)	(49.1)	(71.6)	(53.5)

<sup>(1)</sup> LTRFDR refers to Long Term Risk Free Discount Rate formulated under the Singapore regulations governed by the Monetary Authority of Singapore.

<sup>(2)</sup> Alternative Investments comprise investments in real estate, private equity, infrastructure and hedge funds.

The method for deriving sensitivity information and significant variables did not change from the previous year.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 33 ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### **Operational and Compliance Risk** (continued)

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives, as a result of its failure to comply with the following applicable laws, regulations and standards:

- local laws, regulations and rules governing licensed activities undertaken by Great Eastern;
- foreign laws, regulations and rules that have extraterritorial jurisdiction over Great Eastern's licensed activities;
- codes of practice promoted by industry associations of which Great Eastern are members of; and
- any other applicable regulations which do not specifically govern the licensed activities undertaken by Great Eastern but can expose the organisation to legal, regulatory or reputational loss.

The day-to-day management of operational and compliance risk is through the maintenance of comprehensive internal control frameworks, supported by an infrastructure of systems and procedures to monitor processes and transactions. GMC reviews operational and compliance issues on a group basis at its monthly meetings while local level issues are managed and monitored by the local SMTs. The Internal Audit team reviews the systems of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to the Audit Committee.

#### **Technology, Information and Cyber Risks**

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, system/hardware failure, capacity deficiency arising from the use of technologies such as electronic hardware/devices, software, online networks and telecommunications systems.

Information Risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber Risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information & communication technologies.

Great Eastern adopts a risk based approach in managing technology, information and cyber risks relating to cyber-attacks, data loss/leakage, deficiency in change management, emerging technology, inadequate vendor management, inferior system acquisition and development, network security vulnerability, privilege access misuse, system security vulnerability, system unavailability and technology obsolescence. Key risk indicators related to technology, information and cyber risks are reported to the Board on a regular basis. Independent assessment is performed by Internal Audit for its adequacy and effectiveness.

### 34 FAIR VALUE OF ASSETS AND LIABILITIES

#### 34.1 Fair Value Hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, quotes from brokers and market makers, discounted cash flow and other valuation techniques commonly used by market participants, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.2 Assets and Liabilities Measured at Fair Value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year:

in Singapore Dollars (millions)	Group 2019			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>Fair value measurements at the end of the reporting year using</b>				
<b>As at 31 December 2019</b>				
<b>Recurring Fair Value Measurements</b>				
<b>FINANCIAL ASSETS</b>				
<b>Derivative financial assets</b>				
Foreign exchange				
Forwards	–	187.6	–	187.6
Currency swaps	–	147.3	–	147.3
Options	–	0.5	–	0.5
Interest rates				
Swaps	–	51.8	–	51.8
Exchange traded futures	0.5	–	–	0.5
Equity				
Futures	0.2	–	–	0.2
Options	4.2	–	–	4.2
Credit derivatives				
Swaps	–	25.1	–	25.1
	4.9	412.3	–	417.2
<b>Financial assets at FVOCI</b>				
Equity securities				
Quoted equity securities	1,554.6	–	–	1,554.6
Unquoted equity securities	–	–	34.5	34.5
Debt securities				
Quoted debt securities	6,511.6	246.4	–	6,758.0
Unquoted debt securities	–	1,908.5	–	1,908.5
	8,066.2	2,154.9	34.5	10,255.6
<b>Financial assets at FVTPL</b>				
Equity securities				
Quoted equity securities	12,593.9	–	–	12,593.9
Unquoted equity securities	–	8.0	640.3	648.3
Debt securities				
Quoted debt securities	27,593.3	2,273.5	–	29,866.8
Unquoted debt securities	–	16,540.1	–	16,540.1
Other investments				
Collective investment schemes	7,255.5	3,518.3	1,312.5	12,086.3
	47,442.7	22,339.9	1,952.8	71,735.4
<b>Financial assets as at 31 December 2019</b>	<b>55,513.8</b>	<b>24,907.1</b>	<b>1,987.3</b>	<b>82,408.2</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

	Group			Total
	2019			
	Fair value measurements at the end of the reporting year using			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
in Singapore Dollars (millions)				
<b>NON-FINANCIAL ASSETS</b>				
Investment properties	-	-	1,785.5	1,785.5
<b>Non-financial assets as at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>1,785.5</b>	<b>1,785.5</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Derivative financial liabilities</b>				
Foreign exchange				
Forwards	-	68.7	-	68.7
Currency swaps	-	123.4	-	123.4
Options	-	0.1	-	0.1
Interest rates				
Swaps	-	0.4	-	0.4
Exchange traded futures	1.6	-	-	1.6
Equity				
Futures	1.4	-	-	1.4
<b>Financial liabilities as at 31 December 2019</b>	<b>3.0</b>	<b>192.6</b>	<b>-</b>	<b>195.6</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

	Group 2018			Total
	Fair value measurements at the end of the reporting year using			
in Singapore Dollars (millions)	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<u>As at 31 December 2018</u>				
<u>Recurring Fair Value Measurements</u>				
<u>FINANCIAL ASSETS</u>				
Derivative financial assets				
Foreign exchange				
Forwards	–	88.3	–	88.3
Currency swaps	–	105.1	–	105.1
Options	–	0.2	–	0.2
Interest rates				
Swaps	–	27.6	–	27.6
Exchange traded futures	5.4	–	–	5.4
Equity				
Futures	0.3	–	–	0.3
	5.7	221.2	–	226.9
Financial assets at FVOCI				
Equity securities				
Quoted equity securities	1,819.6	–	–	1,819.6
Unquoted equity securities	–	–	32.5	32.5
Debt securities				
Quoted debt securities	5,365.4	49.5	–	5,414.9
Unquoted debt securities	–	1,543.8	–	1,543.8
	7,185.0	1,593.3	32.5	8,810.8
Financial assets at FVTPL				
Equity securities				
Quoted equity securities	11,643.0	–	–	11,643.0
Unquoted equity securities	–	8.7	545.9	554.6
Debt securities				
Quoted debt securities	23,809.0	2,567.5	–	26,376.5
Unquoted debt securities	–	14,568.1	–	14,568.1
Other investments				
Collective investment schemes	7,051.7	1,644.8	871.8	9,568.3
	42,503.7	18,789.1	1,417.7	62,710.5
Financial assets as at 31 December 2018	49,694.4	20,603.6	1,450.2	71,748.2

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.2 Assets and Liabilities Measured at Fair Value (continued)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting year (continued):

in Singapore Dollars (millions)	Group 2018			Total
	Fair value measurements at the end of the reporting year using			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>NON-FINANCIAL ASSETS</b>				
Investment properties	–	–	1,771.3	1,771.3
Non-financial assets as at 31 December 2018	–	–	1,771.3	1,771.3
<b>FINANCIAL LIABILITIES</b>				
Derivative financial liabilities			–	
Foreign exchange				
Forwards	–	28.9	–	28.9
Currency swaps	–	261.4	–	261.4
Options	–	0.4	–	0.4
Interest rates				
Swaps	–	0.6	–	0.6
Exchange traded futures	2.3	–	–	2.3
Equity				
Futures	1.0	–	–	1.0
Options	0.1	–	–	0.1
Financial liabilities as at 31 December 2018	3.4	291.3	–	294.7

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.3 Level 3 Fair Value Measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December 2019	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties	1,785.5	Income approach	Rental psf per month Rental growth rate Long-term vacancy rate Discount rate	\$0.77 to \$1.91 12.50% 7.5% 6.00% to 6.50%
Investments		Comparison approach	Estimated psf	\$15 to \$5,823
Unquoted equities	674.8	Net asset value <sup>(1)</sup>	not applicable	not applicable
Collective Investment Schemes	1,312.5	Net asset value <sup>(1)</sup>	not applicable	not applicable

Description	Fair value as at 31 December 2018	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties	1,771.3	Income approach	Rental psf per month Rental growth rate Long-term vacancy rate Discount rate	\$1.04 to \$1.82 12.50% 7.5% 6.00% to 6.50%
Investments		Comparison approach	Estimated psf	\$15 to \$3,755
Unquoted equities	578.4	Net asset value <sup>(1)</sup>	not applicable	not applicable
Collective Investment Schemes	871.8	Net asset value <sup>(1)</sup>	not applicable	not applicable

<sup>(1)</sup> These investments are valued using net asset value. The net asset value of these investments as at the reporting date is an unobservable input as it is not published. Accordingly, these investments are classified as Level 3 investments within the fair value hierarchy. Changing unobservable inputs to reasonably possible alternative assumptions would not have a significant impact on profit for the year or total equity.

For investment properties, a significant increase/(decrease) in unobservable inputs would result in a significantly higher/(lower) fair value measurement.

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.3 Level 3 Fair Value Measurements (continued)

##### (ii) Movements in Level 3 assets and liabilities measured at fair value:

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

in Singapore Dollars (millions)	Group			
	Fair value measurements using significant unobservable inputs (Level 3)			
	31 December 2019			
	Investments			
	Unquoted Equities	Collective Investment Schemes	Investment Properties	Total
<b>Opening balance</b>	<b>578.4</b>	<b>871.8</b>	<b>1,771.3</b>	<b>3,221.5</b>
Total gain/(loss) for the year:				
Included in Profit or Loss Statement				
– Gain/(loss) on sale of investments and changes in fair value	<b>19.8</b>	<b>(17.7)</b>	<b>14.3</b>	<b>16.4</b>
Included in other comprehensive income				
– Changes in fair value	<b>2.2</b>	<b>–</b>	<b>–</b>	<b>2.2</b>
Purchases and sales for the year:				
Purchases	<b>152.6</b>	<b>612.2</b>	<b>0.3</b>	<b>765.1</b>
Sales	<b>(78.2)</b>	<b>(153.8)</b>	<b>–</b>	<b>(232.0)</b>
Reclassification from property, plant and equipment	<b>–</b>	<b>–</b>	<b>0.4</b>	<b>0.4</b>
Currency translation reserve adjustment	<b>–</b>	<b>–</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>Closing balance</b>	<b>674.8</b>	<b>1,312.5</b>	<b>1,785.5</b>	<b>3,772.8</b>

in Singapore Dollars (millions)	Group			
	Fair value measurements using significant unobservable inputs (Level 3)			
	31 December 2018			
	Investments			
	Unquoted Equities	Collective Investment Schemes	Investment Properties	Total
Opening balance	413.2	850.1	1,553.0	2,816.3
Total gain/(loss) for the year:				
Included in Profit or Loss Statement				
– Gain/(loss) on sale of investments and changes in fair value	74.5	(10.3)	40.2	104.4
Included in other comprehensive income				
– Changes in fair value	25.7	–	–	25.7
Purchases and sales for the year:				
Purchases	132.4	185.7	179.1	497.2
Sales	(67.4)	(153.7)	(0.9)	(222.0)
Reclassification from property, plant and equipment	–	–	0.6	0.6
Currency translation reserve adjustment	–	–	(0.7)	(0.7)
Closing balance	578.4	871.8	1,771.3	3,221.5

## NOTES TO THE FINANCIAL STATEMENTS

### 34 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 34.4 Assets and Liabilities Not Carried at Fair Value but for which Fair Value is Disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

in Singapore Dollars (millions)	Group			Total	Carrying Amount
	31 December 2019				
	Fair value measurements at the end of the reporting year using				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)		
<b>Assets</b>					
Loans	-	1,083.0	-	1,083.0	1,071.5
Freehold land, leasehold land and buildings	-	-	844.0	844.0	523.7

in Singapore Dollars (millions)	Group			Total	Carrying Amount
	31 December 2018				
	Fair value measurements at the end of the reporting year using				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)		
<b>Assets</b>					
Loans	-	1,344.2	-	1,344.2	1,329.6
Freehold land, leasehold land and buildings	-	-	818.1	818.1	437.5

#### 34.5 Fair Value of Financial Instruments by Classes that are not Carried at Fair Value and whose Carrying Amounts are not Reasonable Approximation of Fair Value

The carrying amounts of the Group's financial assets and liabilities approximate their fair value, either due to their short-term nature or because they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date, except as disclosed below:

in Singapore Dollars (millions)	Group			
	31 December 2019		31 December 2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Financial liabilities</b>				
Debt issued	399.9	411.4	399.8	414.3

Fair value is determined directly by reference to the published market bid price at the end of the reporting year.

## NOTES TO THE FINANCIAL STATEMENTS

### 35 FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING ARRANGEMENTS

Financial assets and liabilities are offset in the balance sheet when the Group has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The Group's financial assets and liabilities that are off-set are as follows:

in Singapore Dollars (millions)	31 December 2019		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
<b>Financial assets</b>			
Insurance receivables	48.4	(10.9)	37.5
Total	48.4	(10.9)	37.5
<b>Financial liabilities</b>			
Insurance payables	351.4	(168.6)	182.8
Total	351.4	(168.6)	182.8
in Singapore Dollars (millions)	31 December 2018		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
<b>Financial assets</b>			
Insurance receivables	48.1	(10.4)	37.7
Total	48.1	(10.4)	37.7
<b>Financial liabilities</b>			
Insurance payables	325.0	(181.0)	144.0
Total	325.0	(181.0)	144.0

## NOTES TO THE FINANCIAL STATEMENTS

### 36 DIVIDENDS

in Singapore Dollars (millions)	Group and Company	
	2019	2018
Final one-tier tax exempt dividend for the previous year of 50 cents per ordinary share (2018: 50 cents per ordinary share)	<b>236.7</b>	236.6
Special one-tier tax exempt dividend for the previous year of nil cents per ordinary share (2018: 10 cents per ordinary share)	–	47.4
Interim one-tier tax exempt dividend of 10 cents per ordinary share (2018: 10 cents per ordinary share)	<b>47.3</b>	47.3
	<b>284.0</b>	331.3

The Directors proposed a final one-tier tax exempt dividend of 50 cents per ordinary share amounting to \$236.7 million (2018: \$236.7 million) be paid in respect of the financial year ended 31 December 2019. These have not been recognised as distributions to shareholders.

There are no income tax consequences attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

### 37 EVENTS AFTER THE REPORTING PERIOD

On 9 November 2018 and 24 January 2019, the Group announced that as part of its corporate social responsibility efforts and in line with the objectives of the Malaysian authorities, the Group has opted to make a contribution of RM2 billion (approximately S\$658 million) to the National B40 Protection Trust Fund in satisfaction and in lieu of the local shareholder requirement imposed on its subsidiary, Great Eastern Life Assurance (Malaysia) Berhad. Subsequent to the financial year end, the Group has received the necessary approval from the relevant authorities and is currently finalizing the details of the contribution.

### 38 AUTHORISATION OF FINANCIAL STATEMENTS

At the Board of Directors' Meeting held on 18 February 2020, the Board authorised these financial statements for issue and that two Directors of the Board, Mr Koh Beng Seng and Mr Kyle Lee Khai Fatt, sign the Directors' Report on behalf of the Board.

## LIST OF MAJOR PROPERTIES

Location	Tenure	Site Area (sq m)	Gross Floor Area (sq m)	Purpose
<b>SINGAPORE PROPERTIES – 100% HELD BY THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED:</b>				
Great Eastern Centre 1 Pickering Street	99 years leasehold (Expiry date: 31 August 2096)	6,600	21,515 (strata area excluding voids)	Commercial – Offices
Great Eastern @ Changi 200 Changi Road	Freehold	2,997	10,891	Commercial – Offices
Holland GEMS 1, 3 & 5 Taman Nakhoda	Freehold	8,685	13,895	Residential – 64-unit condominium
Gallop Court 6, 6A, 6B Gallop Road	Freehold	8,225	5,565	Residential – 25-unit condominium
Gallop Gardens 1, 1A, 1B, 1C, 3, 3A, 3B, 3C Tyersall Road	Freehold	12,636	4,805	Residential – 8-unit-Good Class Bungalows
Newton GEMS 50, 52 & 54 Newton Road Lot 660 TS 28, Newton Road  and  Lot 56 TS 28, Lincoln Road	Freehold   999 years leasehold (Expiry date: 12 February 2884)	2,809   6,945	28,819	Residential – 190-unit condominium
3 Pickering Street	99 years leasehold (Expiry date: 31 August 2096)	7,086	15,004 (strata area excluding voids)	Commercial – Retail & Offices 65-unit shop houses
Orchard Gateway @ Emerald 216 & 218 Orchard Road	Freehold	1,444	9,733	Commercial – Retail & Offices (including adjoining conservation shophouse)
<b>MALAYSIA PROPERTIES – 100% HELD BY GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD:</b>				
Menara Great Eastern/ Great Eastern Mall 303 Jalan Ampang, Kuala Lumpur	Freehold	25,600	149,464	Commercial – Retail and Offices
Seri Hening Residence 28, Jln Ampang Hilir, Kuala Lumpur	Freehold	21,484	53,111	Residential – Condominiums
Menara Weld/The Weld 76 Jln Raja Chulan, Kuala Lumpur	Freehold	6,404	75,126	Commercial – 30-storey building with 4 levels basement, 5 levels of shopping & 26 floors of office
Equatorial Plaza Office Lot 12312, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	Freehold	strata title	51,873	Commercial – Offices
<b>INDONESIA PROPERTIES – 100% HELD BY P.T. GREAT EASTERN LIFE INDONESIA:</b>				
Menara Karya Building Jl. HR. Rasuna Said Blok X-5, Kav. 1-2, Setiabudi Kuningan, Jakarta Selatan 12950	Freehold	6,109	1,318	Commercial – Offices

## ADDITIONAL INFORMATION

Required under the Listing Manual of the Singapore Exchange Securities Trading Limited

### 1. INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year under review:-

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$ million	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$ million
<b>OCBC Group of Companies</b>			
- Bank of Singapore Limited – Sale of the entire 70% equity stake in Pacific Mutual Fund Berhad	Associated Company	5.695	NA
- e2Power Pte. Ltd. – Data centre facilities, technical infrastructure services, database administration, network facilities and infrastructure support	Associated Company	1.088	NA
- e2Power Sdn Bhd – Data centre facilities, technical infrastructure services and network facilities	Associated Company	2.071	NA
- OCBC Bank Berhad – Payment of commission	Associated Company	0.125	NA
- OCBC Square Private Limited – Lease of premises at OCBC Center	Associated Company	1.234	NA
- Oversea-Chinese Banking Corporation Limited –	Holding Company		
• Sponsorship for branch activities support, seminars, events and product launch support		2.274	NA
• Cyber Security Operation Center		0.360	NA
• Oracle Software Maintenance		0.905	NA
• Leasing of Properties		0.101	NA

### 2. MATERIAL CONTRACTS

Since the end of the previous financial year, no material contract involving the interest of any Director or any controlling shareholder of the Company has been entered into by the Company or any of its subsidiary companies, and no such contract subsisted as at 31 December 2019, save as disclosed above, in the Directors' Statement and in the financial statements for FY2019.

# SHAREHOLDING STATISTICS

As at 28 February 2020

## CLASS OF SHARES

Ordinary shares

## VOTING RIGHTS

1 vote per share (other than treasury shares and subsidiary holdings, which are treated as having no voting rights)

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
1 – 99	44	2.04	922	0.00
100 – 1,000	1,131	52.53	734,503	0.16
1,001 – 10,000	720	33.44	2,614,761	0.55
10,001 – 1,000,000	248	11.52	18,280,617	3.86
1,000,001 and above	10	0.46	451,688,266	95.43
<b>Total</b>	<b>2,153</b>	<b>100.00</b>	<b>473,319,069</b>	<b>100.00</b>

Number of issued shares : 473,319,069

Number of treasury shares : Nil

Number of subsidiary holdings : Nil

Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares : Nil

Note:

“Subsidiary holdings” is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% <sup>(1)</sup>
1	Citibank Nominees Singapore Pte Ltd	422,301,498	89.22
2	HSBC (Singapore) Nominees Pte Ltd	11,128,075	2.35
3	DBS Nominees (Private) Limited	5,040,175	1.06
4	Wong Hong Sun	3,178,000	0.67
5	Kuchai Development Berhad	3,032,000	0.64
6	Wong Hong Yen	2,015,668	0.43
7	Sungei Bagan Rubber Company (Malaya) Berhad	1,733,120	0.37
8	Shaw Vee Meng	1,204,000	0.25
9	Shaw Vee Foong	1,036,800	0.22
10	Raffles Nominees (Pte.) Limited	1,018,930	0.22
11	Maybank Kim Eng Securities Pte Ltd	826,400	0.17
12	Lee Hak Heng	728,150	0.15
13	Yeo Kok Seng	626,500	0.13
14	United Overseas Bank Nominees (Private) Limited	533,960	0.11
15	OCBC Securities Private Limited	488,602	0.10
16	Yeap Holdings (Pte.) Limited	487,238	0.10
17	Svasti Daniel Yoke Kwong Patanadej	469,540	0.10
18	The Estate of Alan Loke (Deceased)	455,094	0.10
19	Svasti Penny Baninadh Ping Yearn	443,220	0.09
20	The Bank of East Asia (Nominees) Private Limited	437,000	0.09
<b>Total</b>		<b>457,183,970</b>	<b>96.57</b>

Note:

(1) Based on 473,319,069 issued shares as at 28 February 2020.

## SHAREHOLDING STATISTICS

As at 28 February 2020

<b>Substantial Shareholder</b>	<b>Direct Interest No. of Shares</b>	<b>Deemed Interest No. of Shares</b>	<b>Total Interest No. of Shares</b>	<b>% of Issued Shares<sup>(1)</sup></b>
Oversea-Chinese Banking Corporation Limited	416,010,959 <sup>(2)</sup>	74,000 <sup>(3)</sup>	416,084,959	87.91

Notes:

(1) Based on 473,319,069 issued shares as at 28 February 2020.

(2) Shares registered in the name of Citibank Nominees Singapore Pte Ltd.

(3) Oversea-Chinese Banking Corporation Limited is deemed to have an interest in 7,000 shares held by its subsidiary, BOS Trustee Limited, as trustee of Kudz Trust, and 67,000 shares held by its subsidiary, BOS Trustee Limited as trustee of The SOME Trust.

Based on information available to the Company as at 28 February 2020, approximately 12% of the issued ordinary shares of the Company are held by the public, and therefore Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

## FURTHER INFORMATION ON DIRECTORS

As at 28 February 2020

### KOH BENG SENG

#### Current Directorships and Principal Commitments/ Appointments

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

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

- |  |          |
|--|----------|
| 1. Hon Sui Sen Endowment CLG Limited             | Director |
| 2. Singapore Technologies Engineering Ltd*       | Director |
| 3. Sing-Han International Financial Services Ltd | Director |
| 4. United Engineers Limited*                     | Director |

#### Academic and Professional Qualifications

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

#### Board Committees Served On

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

#### Date of First Appointment

Director since 2 January 2008  
Chairman since 1 September 2014

#### Date of Last Re-election

19 April 2018

#### Length of Service

12 years 2 months

#### Independent Status

Non-executive and non-independent director

#### Country of Principal Residence

Singapore

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

Mr Koh Beng Seng who was appointed as Chairman of the Board in September 2014, has extensive experience in the financial sector, and was previously with the Monetary Authority of Singapore for 24 years, where he was Deputy Managing Director, Banking and Financial Institution Group. His significant contributions during board and board committee deliberations continue to make him invaluable to the Great Eastern Group.

### NORMAN IP

#### Current Directorships and Principal Commitments/ Appointments

- |  |                            |
|--|----------------------------|
| 1. Great Eastern Capital (Malaysia) Sdn Bhd          | Chairman                   |
| 2. Great Eastern General Insurance (Malaysia) Berhad | Chairman                   |
| 3. Great Eastern Life Assurance (Malaysia) Bhd       | Chairman                   |
| 4. I Great Capital Holdings Sdn Bhd                  | Chairman                   |
| 5. Overseas Assurance Corporation (Holdings) Bhd     | Chairman                   |
| 6. WBL Corporation Limited                           | Chairman                   |
| 7. Great Eastern General Insurance Limited           | Director                   |
| 8. Great Eastern Takaful Bhd                         | Director                   |
| 9. The Great Eastern Life Assurance Company Limited  | Director                   |
| 10. United Engineers Limited*                        | Senior Advisor             |
| 11. Building and Construction Authority              | Member/<br>Deputy Chairman |
| 12. Securities Industry Council                      | Member                     |

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

- |   |          |
|---|----------|
| 1. Far Island Bay Sdn Bhd (In Voluntary Liquidation)    | Chairman |
| 2. AIMS AMP Capital Industrial REIT Management Limited* | Director |
| 3. Lion Global Investors Limited                        | Director |

- |                              |                                      |
|------------------------------|--------------------------------------|
| 4. United Engineers Limited* | Director/<br>Group Managing Director |
|------------------------------|--------------------------------------|

#### Academic and Professional Qualifications

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

#### Board Committees Served On

Member, Nominating Committee  
Member, Risk Management Committee

#### Date of First Appointment

5 March 2010

#### Date of Last Re-election

18 April 2019

#### Length of Service

10 years

#### Independent Status

Non-executive and non-independent director

#### Country of Principal Residence

Singapore

\* Listed company

## FURTHER INFORMATION ON DIRECTORS

As at 28 February 2020

### LAW SONG KENG

#### Current Directorships and Principal Commitments/ Appointments

- |   |          |
|---|----------|
| 1. Concord Insurance Company Limited              | Chairman |
| 2. Frasers Hospitality Asset Management Pte. Ltd. | Chairman |
| 3. Frasers Hospitality Trust Management Pte. Ltd. | Chairman |
| 4. IFS Capital Limited*                           | Director |

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

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

#### Academic and Professional Qualifications

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

#### Board Committees Served On

Member, Audit Committee  
Member, Executive Committee  
Member, Risk Management Committee

#### Date of First Appointment

1 January 2013

#### Date of Last Re-election

19 April 2018

#### Length of Service

7 years 2 months

#### Independent Status

Independent director

#### Country of Principal Residence

Singapore

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

Mr Law Song Keng has in-depth knowledge and operating experience in both life and general insurance operations. His contributions during board and board committee deliberations continue to make him invaluable to the Great Eastern Group.

### LEE FOOK SUN

#### Current Directorships and Principal Commitments/ Appointments

- |   |   |
|---|---|
| 1. D'Crypt Pte Ltd  | Chairman  |
| 2. Ensign Infosecurity Pte. Ltd.  | Chairman  |
| 3. Ensign Infosecurity (Cybersecurity) Pte. Ltd.                                    | Chairman  |
| 4. SMRT TEL Pte. Ltd.   | Deputy<br>Chairman                                  |
| 5. SMRT Trains Ltd.   | Deputy<br>Chairman                                  |
| 6. Ensign Asia Pte. Ltd.<br>(formerly known as Tyree Investments Pte. Ltd.)         | Director  |
| 7. Ensign Technologies Pte. Ltd.<br>(formerly known as Leone Investments Pte. Ltd.) | Director  |
| 8. SMRT Corporation Ltd   | Director/<br>Chairman,<br>Audit & Risk<br>Committee |
| 9. Building and Construction Authority  | Chairman  |
| 10. DSO National Laboratories   | Director/<br>Chairman,<br>Audit<br>Committee        |
| 11. Temasek International Advisors Pte. Ltd.  | Corporate<br>Advisor                                |

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

- |   |          |
|---|----------|
| 1. ST Electronics (Info-Comm Systems) Pte. Ltd.             | Chairman |
| 2. ST Electronics (Info-Security) Pte. Ltd.                 | Chairman |
| 3. ST Electronics (Info-Software Systems) Pte. Ltd.         | Chairman |
| 4. ST Electronics (Satcom & Sensor Systems) Pte. Ltd.       | Chairman |
| 5. ST Electronics (Satellite Systems) Pte. Ltd.             | Chairman |
| 6. ST Electronics (Training & Simulation Systems) Pte. Ltd. | Chairman |

- |  |                       |
|--|-----------------------|
| 7. VT iDirect Inc.                               | Co-Chairman           |
| 8. Singapore Technologies Dynamics Pte Ltd       | Director              |
| 9. ST Engineering Management Services Pte. Ltd.  | Director              |
| 10. ST Electronics (Shanghai) Co., Ltd           | Director              |
| 11. Vision Technologies Electronics, Inc         | Director              |
| 12. Vision Technologies Kinetics, Inc            | Director              |
| 13. ST Engineering Electronics Ltd.              | Alternate<br>Director |
| 14. Public Sector Data Security Review Committee | Member                |

#### Academic and Professional Qualifications

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

#### Board Committees Served On

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

#### Date of First Appointment

1 August 2017

#### Date of Last Re-election

19 April 2018

#### Length of Service

2 years 7 months

#### Independent Status

Independent director

#### Country of Principal Residence

Singapore

\* Listed company

## FURTHER INFORMATION ON DIRECTORS

As at 28 February 2020

### KYLE LEE KHAI FATT

#### Current Directorships and Principal Commitments/ Appointments

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

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

- |  |          |
|--|----------|
| 1. MFS Technology Ltd*                       | Chairman |
| 2. Jurong International Holdings Pte. Ltd.   | Director |
| 3. National Art Gallery<br>– Audit Committee | Member   |

#### Academic and Professional Qualifications

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

#### Board Committees Served On

Chairman, Audit Committee  
Member, Nominating Committee

#### Date of First Appointment

1 July 2014

#### Date of Last Re-election

18 April 2019

#### Length of Service

5 years 8 months

#### Independent Status

Independent director

#### Country of Principal Residence

Singapore

### SOON TIT KOON

#### Current Directorships and Principal Commitments/ Appointments

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

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

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

#### Academic and Professional Qualifications

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

#### Board Committee Served On

Member, Risk Management Committee

#### Date of First Appointment

1 January 2016

#### Date of Last Re-election

19 April 2018

#### Length of Service

4 years 2 months

#### Independent Status

Independent director

#### Country of Principal Residence

Singapore

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

Mr Soon Tit Koon has more than 30 years of corporate banking and financial experience. His extensive experience in the financial sector, investments and business management and contributions during board and board committee deliberations continue to make him invaluable to the Great Eastern Group.

\* Listed company

## FURTHER INFORMATION ON DIRECTORS

As at 28 February 2020

### TEOH LIAN EE

#### Current Directorships and Principal Commitments/ Appointments

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

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

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

#### Academic and Professional Qualifications

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

#### Board Committee Served On

Member, Audit Committee

#### Date of First Appointment

1 August 2017

#### Date of Last Re-election

19 April 2018

#### Length of Service

2 years 7 months

#### Independent Status

Independent director

#### Country of Principal Residence

Singapore

### THEAN NAM YEW

#### Current Directorships and Principal Commitments/ Appointments

–

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

–

#### Academic and Professional Qualifications

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

#### Board Committees Served On

Member, Audit Committee  
Member, Executive Committee

#### Date of First Appointment

5 January 2017

#### Date of Last Re-election

18 April 2017

#### Length of Service

3 years 2 months

#### Independent Status

Independent director

#### Country of Principal Residence

Singapore

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

Mr Thean Nam Yew has more than 24 years of experience in consulting, technology, change and transformation delivery. He has extensive financial services industry experience and his contributions during board and board committee deliberations continue to make him invaluable to the Great Eastern Group.

## FURTHER INFORMATION ON DIRECTORS

As at 28 February 2020

### SAMUEL N. TSIEH

#### Current Directorships and Principal Commitments/Appointments

1. Bank of Singapore Limited	Director
2. Mapletree Investments Pte Ltd	Director
3. OCBC Bank (Malaysia) Bhd	Director
4. OCBC Overseas Investments Pte Ltd	Director
5. OCBC Wing Hang Bank Ltd	Director
6. OCBC Wing Hang Bank (China) Limited	Director
7. Oversea-Chinese Banking Corporation Limited*	Executive Director and Group Chief Executive Officer
8. PT Bank OCBC NISP Tbk*	Commissioner
9. Association of Banks in Singapore	Chairman
10. MAS Steering Committee for SGD Swap Offer Rate Transition to Singapore Overnight Rate Average	Chairman
11. The Institute of Banking and Finance	Vice Chairman/Chairman of Standards Committee
12. ASEAN Bankers Association	Director
13. Dr Goh Keng Swee Scholarship Fund	Director
14. International Monetary Conference	Director
15. Advisory Board of the Asian Financial Leaders Programme	Member
16. MAS Financial Sector Tripartite Committee	Member
17. MAS Financial Centre Advisory Panel	Member/Chairman of China Workgroup
18. MAS Payments Council	Member

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

1. ASEAN Finance Corporation Limited	Director
2. OCBC Al-Amin Bank Berhad	Director
3. OCBC Pearl Limited	Director
4. ABS Benchmarks Administration Co. Pte. Ltd. – Oversight Committee	Member
5. Advisory Council on Community Relations in Defence (Employer & Business)	Member
6. Malaysia-Singapore Business Council	Member
7. Singapore Business Federation – Finance and Investment Committee	Council Member

#### Academic and Professional Qualifications

Bachelor of Arts with Honours in Economics, University of California, Los Angeles, USA  
Financial Industry Certified Professional, The Institute of Banking and Finance

#### Board Committees Served On

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

#### Date of First Appointment

15 April 2012

#### Date of Last Re-election

18 April 2019

#### Length of Service

7 years 11 months

#### Independent Status

Non-executive and non-independent director

#### Country of Principal Residence

Singapore

### WEE JOO YEOW

#### Current Directorships and Principal Commitments/Appointments

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

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

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

#### Academic and Professional Qualifications

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

#### Board Committees Served On

Member, Nominating Committee  
Member, Remuneration Committee

#### Date of First Appointment

1 January 2016

#### Date of Last Re-election

18 April 2019

#### Length of Service

4 years 2 months

#### Independent Status

Non-executive and non-independent director

#### Country of Principal Residence

Singapore

\* Listed company

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

The Directors seeking re-election at the Twenty-First Annual General Meeting (“AGM”), namely, Mr Koh Beng Seng, Mr Law Song Keng, Mr Soon Tit Koon and Mr Thean Nam Yew, have each:

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

The shareholding interest in the Company and its subsidiaries (if any) of each of these Directors are disclosed in the “Directors’ Statement” on pages 99 to 100.

Further information required under Rule 720(6) of the Listing Manual of the SGX-ST for Directors seeking re-election at the Company’s AGM are disclosed in the “Board of Directors” on pages 16 to 20 and “Further Information on Directors” on pages 221 to 225.

\*\* The information relating to the above Directors as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST was announced on 28 December 2007 (Mr Koh Beng Seng), 31 December 2012 (Mr Law Song Keng), 8 December 2015 (Mr Soon Tit Koon) and 4 January 2017 (Mr Thean Nam Yew), in connection with their appointment as Directors of the Company.

# MANAGEMENT TEAM

## GROUP AND SINGAPORE

**Great Eastern Holdings Limited**  
**The Great Eastern Life Assurance**  
**Company Limited**  
**Great Eastern General**  
**Insurance Limited**

**Khor Hock Seng**  
Group Chief Executive Officer

**Ronnie Tan**  
Group Chief Financial Officer

**Dato Koh Yaw Hui**  
Chief Executive Officer (Malaysia)

**Jimmy Tong**  
Managing Director, General and Group  
Insurance

**Ben Tan Tiong Kheng**  
Managing Director, Regional Agency/  
FA/Bancassurance

**Clement Lien Cheong Kiat**  
Chief Executive Officer (Indonesia)

**Ryan Cheong Kwok Leong**  
Managing Director, Digital for Business

**Colin Chan**  
Managing Director, Group Marketing

**Raymond Ong**  
Group Chief Risk Officer

**Wee Ai Ning**  
Group Chief Investment Officer

**Jennifer Wong Pakshong**  
Group Company Secretary and  
General Counsel

**Gary Teh**  
Managing Director,  
Group Information Technology

**James Lee**  
Managing Director,  
Group Human Capital

**Patrick Kok**  
Managing Director, Group Operations

**Jeffrey Lowe**  
Group Chief Internal Auditor

**Jesslyn Tan**  
Chief Executive Officer,  
Great Eastern Financial Advisers

**Tan Eng Yau**  
Appointed Actuary

**Leow Yung Khee (Dr)**  
Head, Group Insurance

**Hong Siu Ming**  
Head, People, Culture and Group  
Reward  
Group Human Capital

**Wendy Anne Teo**  
Deputy General Counsel

## MALAYSIA

**Great Eastern Life Assurance**  
**(Malaysia) Berhad**

**Dato Koh Yaw Hui**  
Chief Executive Officer

**Loke Chang Yueh**  
Chief Financial Officer

**Jeffrey Yem Voon Cheat**  
Chief Operations Officer

**Nicholas Kua Choo Ming**  
Chief Marketing Officer

**Cheong Soo Ching**  
Chief Risk Officer

**Alexis Jong Kian Wei**  
Chief Investment Officer

**Audra Chung Kit Li**  
Chief Internal Auditor

**Leslie Chow Khee Leong**  
Head, Group Insurance – Employee  
Benefits

**Chan Chee Wei**  
Head, Bancassurance

**Foong Chee Kwan**  
Head, Group Insurance – Affinity

**Chan Chia Khaw**  
Appointed Actuary

**Vincent Chin Kok Lean**  
Head, Information Technology

**Liza Hanim Binti Zainal Abidin**  
Company Secretary,  
Secretariat and Legal

**Dennis Tan Koh Tiong**  
Head, Human Capital

## MANAGEMENT TEAM

### Great Eastern General Insurance (Malaysia) Berhad

**Ng Kok Kheng**  
Chief Executive Officer

**Khoo Sook Hooi**  
Chief Financial Officer

**Chong Kah Lay**  
Head, Corporate Distribution

**Goh Ching On**  
Head, Claims Management

**Wong Eng Yan**  
Head, Underwriting and  
Policy Processing Management

**Chong Wan Leng**  
Appointed Actuary

### Great Eastern Takaful Berhad

**Shahrul Azlan Shahrman**  
Chief Executive Officer

**Jasveen Kaur Marne**  
Chief Financial Officer

**Allen Tan Chee Keong**  
Head, Operations

**Norizan Yahya**  
Head, Agency Distribution

**Tengku Sheila Tengku Azib**  
Head, Brand & Communications

**Mohd Khalid Khairullah**  
Appointed Actuary

**Norazlin Mohd Dahari**  
Head, Corporate Takaful Business

**Raja Mazlena Raja Aziz**  
Head, Legal, Secretarial and Shariah

**Razali Kipli**  
Head, Human Capital

### INDONESIA

#### PT Great Eastern Life Indonesia

**Clement Lien Cheong Kiat**  
President Director & CEO

**Fauzi Arfan**  
Finance Director

**Yungki Aldrin**  
Compliance Director

**Nina Ong**  
Bancassurance Director

**Chang Yeong Kiat**  
Technical Advisor, Affinity

**Hesti Handayani**  
Head, Operations and Strategic  
Initiatives

**R. Daniel Herjun Putranto**  
Head, Group Insurance and Affinity  
Division

#### PT Great Eastern General Insurance Indonesia

**Aziz Adam Sattar**  
President Director

**Andy Soen**  
Finance Director

**Cong Chun Ling**  
Marketing Director

**Lee Pooi Hor**  
Operations Director

### BRUNEI

#### The Great Eastern Life Assurance Company Limited

**Thomas Thian**  
Interim Head

### CHINA

#### The Great Eastern Life Assurance Company Limited Beijing Representative Office

**Ryan Cheong Kwok Leong**  
Authorised Representative

**Ada Zhou**  
Chief Representative

### MYANMAR

#### The Great Eastern Life Assurance Co., Ltd. Great Eastern General Insurance Limited Myanmar Representative Office

**Jimmy Tong**  
Chief Representative

## GROUP NETWORK

### SINGAPORE

#### Great Eastern Holdings Limited

#### The Great Eastern Life Assurance Company Limited

#### Great Eastern General Insurance Limited

1 Pickering Street #01-01  
Great Eastern Centre  
Singapore 048659  
Tel: +65 6248 2000  
Fax: +65 6532 2214  
Website: www.greasternlife.com  
E-mail: wecare-sg@greasternlife.com  
Website: www.greasterngeneral.com  
Email: gicare-sg@greasterngeneral.com

#### Customer Service Centres

1 Pickering Street, Level 1  
Great Eastern Centre  
Singapore 048659  
Tel: +65 6248 2888  
Fax: +65 6535 2836  
E-mail: wecare-sg@greasternlife.com

Great Eastern @ Paya Lebar Quarter  
2 Tanjong Katong Road,  
#13-01 PLQ 3  
Paya Lebar Quarter  
Singapore 437161

#### Service Centres for Financial Representatives

Great Eastern House  
49 Beach Road #01-01  
Singapore 189685

Great Eastern @ Westgate  
1 Gateway Drive  
Westgate Tower #18-00  
Singapore 608531

#### VOLTAGE

1 Pickering Street #01-03  
Great Eastern Centre  
Singapore 048659

#### Great Eastern Financial Advisers Private Limited

1 Pickering Street #01-01  
Great Eastern Centre  
Singapore 048659  
Tel: +65 6248 2121  
Fax: +65 6327 3073  
Website: www.greasternfa.com.sg  
E-mail: contact\_us@greasternfa.com.sg

#### Lion Global Investors Limited

65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513  
Tel: +65 6417 6800  
Fax: +65 6417 6801  
Website: www.lionglobalinvestors.com  
E-mail: contactus@lionglobalinvestors.com

### MALAYSIA

#### Great Eastern Life Assurance (Malaysia) Berhad

Menara Great Eastern  
303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 8888  
Fax: +603 4259 8000  
Website: www.greasternlife.com  
E-mail: wecare-my@greasternlife.com

#### Branch Offices

##### Alor Setar

66 & 68 Jalan Teluk Wanjah  
05200 Alor Setar, Kedah  
Malaysia

##### Batu Pahat

109, Jalan Rahmat,  
83000 Batu Pahat, Johor  
Malaysia

##### Bintulu

No 313, Lot 3956, Phase 4  
Bintulu Parkcity Commerce Square  
Jalan Tun Ahmad Zaidi /  
Jalan Tanjung Batu  
97000 Bintulu, Sarawak  
Malaysia

#### Ipoh

Wisma Great Eastern  
No 16, Persiaran Tugu  
Greentown Avenue  
30450 Ipoh, Perak  
Malaysia

#### Johor Bahru

Wisma Great Eastern  
02-01, Blok A, Komersial Southkey  
Mozeq,  
Persiaran Southkey 1,  
Kota Southkey  
80150 Johor Bahru  
Malaysia

#### Klang

No.8 & 10 Jalan Tiara 2A  
Bandar Baru Klang  
41150 Klang, Selangor  
Malaysia

#### Kluang

No 22 & 24  
Jalan Md Lazim Saim  
86000 Kluang, Johor  
Malaysia

#### Kota Bharu

No. S25 /5252-T & U  
Jalan Sultan Yahya Petra  
15200 Kota Bharu, Kelantan  
Malaysia

#### Kota Kinabalu

Wisma Great Eastern  
Level 4 & 5  
No. 65 Jalan Gaya  
88000 Kota Kinabalu, Sabah  
Malaysia

#### Kuala Terengganu

2nd Floor, 6F  
Bangunan Persatuan Hin Ann  
Jalan Air Jernih  
20300 Kuala Terengganu  
Terengganu  
Malaysia

#### Kuantan

A25 Jalan Dato Lim Hoe Lek  
25200 Kuantan, Pahang  
Malaysia

## GROUP NETWORK

### ***Kuching***

No 51, Lot 435,  
Section 54,  
KTLD Travilion Commercial Centre  
Jalan Padungan  
93100 Kuching, Sarawak  
Malaysia

### ***Lahad Datu***

Ground & 1st Floor,  
MDLD 3804, Lot 66  
Fajar Centre, Jalan Segama  
91100 Lahad Datu, Sabah  
Malaysia

### ***Melaka***

No.23 Jalan PM 15,  
Plaza Mahkota  
75000 Melaka  
Malaysia

### ***Miri***

Lots 1260 & 1261, Block 10, M.C.L.D  
Jalan Melayu  
98000 Miri, Sarawak  
Malaysia

### ***Penang***

25, Light Street  
10200 Penang  
Malaysia

### ***Sandakan***

Lot 5 & 6, Block 40, Lorong Indah 15,  
Bandar Indah Phase 7, Mile 4,  
North Road,  
90000 Sandakan, Sabah  
Malaysia

### ***Seremban***

101 & 103  
Jalan Yam Tuan  
70000 Seremban  
Negeri Sembilan  
Malaysia

### ***Sibu***

Wisma Great Eastern  
No. 10 A-F, Persiaran Brooke  
96000 Sibu, Sarawak  
Malaysia

### ***Taiping***

133A Jalan Barrack  
34000 Taiping  
Perak  
Malaysia

### ***Tawau***

Wisma Great Eastern  
Ground Floor, Jalan Billian,  
91000 Tawau, Sabah  
Malaysia

### **Great Eastern General Insurance (Malaysia) Berhad**

Menara Great Eastern  
Level 18, 303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 8888  
Fax: +603 4813 0055  
[www.greasterngeneral.com](http://www.greasterngeneral.com)  
E-mail: [gicare-my@greasterngeneral.com](mailto:gicare-my@greasterngeneral.com)

### **Branch Offices**

#### ***Kuala Lumpur***

Menara Great Eastern  
Level 18, 303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 7888  
Fax: +603 4813 0088

#### ***Alor Setar***

Level 1, 69 & 70  
Jalan Teluk Wanjah  
05200 Alor Setar, Kedah  
Malaysia  
Tel: +604 734 6515  
Fax: +604 734 6516

#### ***Ipoh***

Wisma Great Eastern  
Level 2, No.16, Persiaran Tugu  
Greentown Avenue  
30450 Ipoh, Perak  
Malaysia  
Tel: +605 253 6649  
Fax: +605 255 3066

### ***Johor Bahru***

Wisma Great Eastern, 03-01 Blok A  
Komersil Southkey Mozek  
Persiaran Southkey 1, Kota Southkey  
80150 Johor Bahru, Johor  
Malaysia  
Tel: +607 336 9899  
Fax: +607 336 9869

### ***Klang***

3rd Floor, No. 10 Jalan Tiara 2A  
Bandar Baru Klang  
41150 Klang, Selangor  
Malaysia  
Tel: +603 3345 1027  
Fax: +603 3345 1029

### ***Kota Bharu***

No. S25/5252-S Tingkat 1  
Jalan Sultan Yahya Petra  
15200 Kota Bharu, Kelantan  
Malaysia  
Tel: +609 748 2698  
Fax: +609 744 8533

### ***Kota Kinabalu***

Wisma Great Eastern  
Suite 6.3, Level 6  
No. 65, Jalan Gaya,  
88000 Kota Kinabalu, Sabah  
Malaysia  
Tel: +6088 235 636  
Fax: +6088 248 879

### ***Kuantan***

Level 1, No. A25,  
Jalan Dato' Lim Hoe Lek  
25200 Kuantan, Pahang  
Malaysia  
Tel: +609 516 2849  
Fax: +609 516 2848

### ***Kuching***

No. 51, Level 3,  
Lot 435, Section 54 KTLD  
Travilion Commercial Centre  
Jalan Padungan  
93100 Kuching, Sarawak  
Malaysia  
Tel: +6082 420 197  
Fax: +6082 248 072

## GROUP NETWORK

### **Melaka**

No. 2-23, Jalan PM 15  
Plaza Mahkota  
75000 Melaka  
Malaysia  
Tel: +606 284 3297  
Fax: +606 283 5478

### **Penang**

Suite 2-3 Level 2  
25 Lebu Light  
10200 Pulau Pinang  
Malaysia  
Tel: +604 261 9361  
Fax: +604 261 9058

### **Seremban**

103-2 Jalan Yam Tuan  
70000 Seremban  
Negeri Sembilan  
Malaysia  
Tel: +606 764 9082  
Fax: +606 761 6178

### **Sibu**

Wisma Great Eastern  
Level 2, No. 10 A-F  
Persiaran Brooke  
96000 Sibu, Sarawak  
Tel: +6084 328 392  
Fax: +6084 326 392

### **Great Eastern Takaful Berhad 201001032332 (916257-H)**

Level 3, Menara Great Eastern  
303 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: +603 4259 8338  
Fax: +603 4259 8808  
Website: [www.greateasterntakaful.com](http://www.greateasterntakaful.com)  
E-mail: [i-greatcare@greateasterntakaful.com](mailto:i-greatcare@greateasterntakaful.com)

### **Agency Synergy Stations**

#### **Alor Setar**

No. 18-D1 & D2,  
Lebuhraya Darulaman,  
05100 Alor Star, Kedah

#### **Kota Bharu**

Lot 360 Tingkat 1,  
Jalan Seri Cemerlang,  
Seksyen 27,  
15300 Kota Bharu Kelantan

### **INDONESIA**

#### **PT Great Eastern Life Indonesia**

Menara Karya, 5th Floor  
Jl. H.R. Rasuna Said, Blok X-5 Kav. 1-2  
Jakarta Selatan 12950  
Indonesia  
Tel: +6221 2554 3888  
Website: [www.greateasternlife.com/id](http://www.greateasternlife.com/id)  
E-mail: [wecare-ID@greateasternlife.com](mailto:wecare-ID@greateasternlife.com)

#### **PT Great Eastern General Insurance Indonesia**

MidPlaza 2, 23rd Floor,  
Jalan Jenderal Sudirman Kav. 10-11  
Jakarta 10220, Indonesia.  
Tel +62-21 5723737  
Website: [www.greateasterngeneral.com/id](http://www.greateasterngeneral.com/id)  
Email: [wecare-id@greateasterngeneral.com](mailto:wecare-id@greateasterngeneral.com)

### **Branch, Marketing and Sales Offices**

#### **Jakarta**

Maspion Plaza 8th Floor  
Jalan Gunung Sahari Raya Kav. 18  
Jakarta 14420  
Tel : +62 21 64701278  
Fax : +62 21 64701267/8

#### **Surabaya**

Gedung Medan Pemuda 7th Floor  
Jalan Pemuda No. 27 – 31  
Surabaya 60271  
Tel : +62 31 5477300  
Fax : +62 31 5477370

#### **Medan**

Kompleks Ruko Jati Junction  
Jalan Timor No. 3 – T  
Medan 20234  
Tel : +62 61 88817009  
Fax : +62 61 88817010

### **Makassar**

Jalan Jenderal Ahmad Yani  
Komplek Ruko A. Yani No. 23/25  
Blok C 46, Makassar 90174  
Tel : +62 411 3617978  
Fax : +62 411 3610434

### **Bali**

Pusat Pertokoan Sudirman Agung  
Blok B12,  
Jalan Jenderal Sudirman  
Denpasar 80225  
Tel : +62 361 229894, 255149  
Fax : +62 361 255150

### **Batam**

Komplek Tanjung Pantun Blok R  
No. 5. Sei Jodoh, Batam 29433  
Tel : +62 778 421066  
Fax : +62 778 430492

### **Samarinda**

Jalan Jenderal Ahmad Yani No. 12  
Samarinda 75117  
Tel : +62 541 200833  
Fax : +62 541 748878

### **Semarang**

Ruko Metro Plaza Blok B-12  
Jalan MT Haryono 970  
Semarang 50242  
Tel : +62 24 8457058/9  
Fax : +62 24 8417867

### **Serpong**

Sutera Niaga 3 Blok C No. 11  
Jalan Raya Serpong  
Tangerang 15325  
Tel : +62 21 53122468  
Fax : +62 21 53122431

### **Cirebon**

Komplek Ruko Pulasaren  
Jalan Pulasaren Raya No. C-5  
Cirebon 45116  
Tel : +62 231 207784, 234054  
Fax : +62 231 207784

### **Pekanbaru**

Jalan KH. Hasyim Ashari 16  
Pekanbaru 28113  
Tel : +62 761 32708  
Fax : +62 761 31427

## GROUP NETWORK

### **Balikpapan**

JL. MT. Haryono  
Komplek Balikpapan Baru Blok AB 2  
No. 26  
Balikpapan – Kaltim  
Telp : +62 541 200833

### **BRUNEI**

#### **The Great Eastern Life Assurance Company Limited**

Unit 17/18, Block B  
Bangunan Habza  
Spg 150, Kpg. Kiarong  
Bandar Seri Begawan BE1318  
Negara Brunei Darussalam  
Tel: +673 223 3118  
Fax: +673 223 8118  
Website: [www.greateasternlife.com/bn](http://www.greateasternlife.com/bn)  
E-mail: [wecare-bn@greateasternlife.com](mailto:wecare-bn@greateasternlife.com)

#### **Lion Global Investors Limited**

Unit 3A, Level 5  
Retail Arcade  
The Empire Hotel & Country Club  
Jerudong BG3122  
Negara Brunei Darussalam  
Tel: +673 261 0925/6  
Fax: +673 261 1823

### **CHINA**

#### **The Great Eastern Life Assurance Company Limited**

(Beijing Representative Office)  
Room 901  
China Garments Mansion  
No. 99 Jianguo Rd  
Beijing 100020  
People's Republic of China  
Tel: +8610 6581 5501  
Fax: +8610 6583 8727

### **MYANMAR**

#### **The Great Eastern Life Assurance Company Limited**

#### **Great Eastern General Insurance Limited**

(Myanmar Representative Office)  
Level 3, Unit No. 03-09  
Union Business Centre  
Nat Mauk Road, Bo Cho Quarter  
Bahan Township, Yangon  
Myanmar  
Tel/Fax: +951 860 3384

# NOTICE OF ANNUAL GENERAL MEETING

## GREAT EASTERN HOLDINGS LIMITED

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)  
(COMPANY REGISTRATION NO. 199903008M)

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of Great Eastern Holdings Limited (the “Company”) will be held at 1 Pickering Street, #02-02 Great Eastern Centre, Singapore 048659 on Wednesday, 15 April 2020 at 3.00 p.m. (“AGM”) to transact the following business:

### AS ORDINARY BUSINESS

- 1 To receive and adopt the Directors’ Statement and the audited Financial Statements for the financial year ended 31 December 2019 and the Auditor’s Report thereon.
- 2 To approve a final one-tier tax exempt dividend of 50 cents per ordinary share in respect of the financial year ended 31 December 2019.
- 3 To re-elect the following Directors, who are retiring by rotation under article 97 of the Company’s Constitution and who, being eligible, offer themselves for re-election:
  - (i) Mr Koh Beng Seng
  - (ii) Mr Law Song Keng
  - (iii) Mr Soon Tit Koon
  - (iv) Mr Thean Nam Yew
- 4 To approve Directors’ fees of S\$2,181,000 for the financial year ended 31 December 2019 (2018: S\$2,263,000).
- 5 To appoint PricewaterhouseCoopers LLP as the Auditor of the Company in place of the retiring Auditor, Ernst & Young LLP, and to authorise the Directors to fix its remuneration.

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions, which will be proposed as Ordinary Resolutions:

- 6 That authority be and is hereby given to the Directors of the Company to:
  - (a)
    - (i) issue shares of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
    - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,  
  
on a *pro rata* basis to shareholders of the Company, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and
  - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

## NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
  - (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
- 7 That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares as may be required to be allotted and issued pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme.

By Order of the Board

**JENNIFER WONG PAKSHONG**  
Company Secretary

Singapore  
23 March 2020

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES

### Resolutions 3(i), (ii), (iii) and (iv)

Resolutions 3(i), (ii), (iii) and (iv) are to re-elect Directors who are retiring by rotation under article 97 of the Company's Constitution.

Mr Koh Beng Seng will, upon re-election, continue to serve as Chairman of the Board, the Executive Committee and Risk Management Committee, respectively, and a Member of the Nominating Committee and the Remuneration Committee, respectively.

Mr Law Song Keng will, upon re-election, continue to serve as a Member of the Audit Committee, the Executive Committee and the Risk Management Committee, respectively.

Mr Soon Tit Koon will, upon re-election, continue to serve as a Member of the Risk Management Committee.

Mr Thean Nam Yew will, upon re-election, continue to serve as a Member of the Audit Committee and the Executive Committee, respectively.

Please refer to the "Board of Directors" section, the "Board Composition and Independence" section in the Corporate Governance Report and the "Further Information on Directors" section on pages 16, 80 and 221 respectively in the Annual Report 2019 for information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

### Resolution 5

Resolution 5 is to appoint PricewaterhouseCoopers LLP as the auditor of the Company in place of the retiring Auditor, Ernst & Young LLP, and to authorise the Directors to fix its remuneration.

Ernst & Young LLP has served as the external Auditor of the Company since the Company's incorporation in 1999 and will not be seeking re-appointment at the AGM. The Company had previously disclosed in its Annual Report 2018 that the Audit Committee has nominated PricewaterhouseCoopers LLP for appointment as the external Auditor of the Company in place of Ernst & Young LLP for the financial year ending 31 December 2020. The nomination was made following a tender process based on an established framework for the selection of an external auditor. Please refer to the Letter to Shareholders dated 23 March 2020 and the "Principle 10: Audit Committee" section in the Corporate Governance Report on page 90 in the Annual Report 2019 for more details.

### Resolution 6

Resolution 6 is to authorise the Directors of the Company from the date of the AGM until the next annual general meeting to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares on a *pro rata* basis to shareholders of the Company, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings). For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) at the time this proposed Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this proposed Ordinary Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. For the avoidance of doubt, any consolidation or subdivision of shares of the Company will require shareholders' approval. The Directors will only issue shares and instruments under this Resolution if they consider it necessary and in the interests of the Company. As at 28 February 2020, the Company had no treasury shares and no subsidiary holdings.

### Resolution 7

Resolution 7 is to authorise the Directors of the Company to issue shares pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. (a) *A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*  
  
(b) *A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*  
  
*"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.*
2. *A proxy need not be a member of the Company.*
3. *The instrument appointing a proxy or proxies (a form is enclosed) must be deposited with the Company, c/o The Great Eastern Life Assurance Company Limited, 1 Pickering Street, #01-01 Great Eastern Centre, Singapore 048659, no later than 12 April 2020 at 3.00 p.m., being 72 hours before the time set for holding the AGM.*

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## RECORD DATE AND PAYMENT DATE FOR DIVIDEND

Subject to the approval of the shareholders to the final one-tier tax exempt dividend at the AGM, the Share Transfer Books and Register of Members of the Company will be closed on 25 April 2020 for the purpose of determining the entitlement of shareholders to the recommended final one-tier tax exempt dividend of 50 cents per ordinary share. Duly completed registrable transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 24 April 2020 will be registered to determine shareholders' entitlement to the proposed dividend. Subject to the aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 24 April 2020 will be entitled to the proposed dividend.

The final one-tier tax exempt dividend, if approved by shareholders, will be paid on 8 May 2020.

**IMPORTANT:***Multiple Proxies*

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

*CPF/SRS Investors*

2. For CPF/SRS investors who have used their CPF/SRS monies to buy Great Eastern Holdings Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

*Personal Data*

3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 March 2020.

# PROXY FORM

## GREAT EASTERN HOLDINGS LIMITED

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

(COMPANY REGISTRATION NO. 199903008M)

I/We, \_\_\_\_\_

NRIC/Passport/CompanyRegistrationNo. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Great Eastern Holdings Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	No. of Shares Represented	Proportion of Shareholdings (%)

and/or (delete as appropriate)

--	--	--	--	--

or, failing whom, the Chairman of the annual general meeting ("AGM") of the Company as my/our proxy/proxies to attend, speak and vote for me/us and on my/our behalf at the AGM of the Company to be held at 1 Pickering Street, #02-02 Great Eastern Centre, Singapore 048659 on Wednesday, 15 April 2020 at 3.00 p.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against each item below how I/we wish my/our proxy/proxies to vote, or to abstain from voting. If no specific direction as to voting is given, or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.	Ordinary Resolutions:	For	Against	Abstain
<b>ORDINARY BUSINESS</b>				
1	Adoption of Directors' Statement, 2019 audited Financial Statements and Auditor's Report			
2	Approval of a final one-tier tax exempt dividend of 50 cents per ordinary share			
3(i)	Re-election of Mr Koh Beng Seng			
3(ii)	Re-election of Mr Law Song Keng			
3(iii)	Re-election of Mr Soon Tit Koon			
3(iv)	Re-election of Mr Thean Nam Yew			
4	Approval of Directors' fees of S\$2,181,000			
5	Appointment of PricewaterhouseCoopers LLP as the new Auditor in place of the retiring Auditor, Ernst & Young LLP, and authorisation for Directors to fix its remuneration			
<b>SPECIAL BUSINESS</b>				
6	Authority for Directors to allot and issue shares and make or grant instruments convertible into shares			
7	Authority for Directors to allot and issue shares pursuant to the Great Eastern Holdings Limited Scrip Dividend Scheme			

Note: Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided. Alternatively, please indicate the number of votes as appropriate. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy/proxies is directed to abstain from voting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

**Total Number of Shares held**

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF.**

**NOTES TO PROXY FORM:**

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. The instrument appointing a proxy or proxies must be deposited with the Company, c/o **The Great Eastern Life Assurance Company Limited, 1 Pickering Street, #01-01 Great Eastern Centre, Singapore 048659**, no later than 12 April 2020 at 3.00 p.m., being 72 hours before the time set for holding the Annual General Meeting.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

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5. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Annual General Meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 12 April 2020, being 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

2<sup>nd</sup> fold here

**Proxy Form  
Annual Report 2019**

**BUSINESS REPLY SERVICE  
PERMIT NO. 01008**



**THE COMPANY SECRETARY**  
Great Eastern Holdings Limited  
c/o The Great Eastern Life Assurance Company Limited  
1 Pickering Street  
#01-01 Great Eastern Centre  
Singapore 048659

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# CORPORATE INFORMATION

As at 28 February 2020

## BOARD OF DIRECTORS

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

## NOMINATING COMMITTEE

Lee Fook Sun, *Chairman*  
Norman Ip  
Koh Beng Seng  
Kyle Lee Khai Fatt  
Samuel N. Tsien  
Wee Joo Yeow

## EXECUTIVE COMMITTEE

Koh Beng Seng, *Chairman*  
Law Song Keng  
Lee Fook Sun  
Thean Nam Yew  
Samuel N. Tsien

## AUDIT COMMITTEE

Kyle Lee Khai Fatt, *Chairman*  
Law Song Keng  
Teoh Lian Ee  
Thean Nam Yew

## REMUNERATION COMMITTEE

Lee Fook Sun, *Chairman*  
Koh Beng Seng  
Wee Joo Yeow

## RISK MANAGEMENT COMMITTEE

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

## GROUP CHIEF EXECUTIVE OFFICER

Khor Hock Seng

## GROUP COMPANY SECRETARY

Jennifer Wong Pakshong

## REGISTERED OFFICE

1 Pickering Street  
#16-01 Great Eastern Centre  
Singapore 048659  
Telephone: (65) 6248 2000  
Facsimile: (65) 6438 3889  
Website: [www.greateasternlife.com](http://www.greateasternlife.com)  
Email: [wecare-sg@greateasternlife.com](mailto:wecare-sg@greateasternlife.com)

## SHARE REGISTRAR

M & C Services Private Limited  
112 Robinson Road #05-01  
Singapore 068902  
Telephone: (65) 6228 0505

## AUDITOR

Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
Partner In Charge: Shekaran Krishnan  
(since financial year 2018)



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GREAT EASTERN HOLDINGS LIMITED  
(Incorporated in the Republic of Singapore)  
(Company Reg. No. 199903008M)

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# GREAT EASTERN HOLDINGS LIMITED ANNUAL REPORT 2019