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Swiss Re Asia Pte. Ltd.
Registration Number: 201737271G

Annual Report
Year ended 31 December 2022

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

(a) the financial statements set out on pages FS1 to FS58 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

In addition, we are satisfied with the adequacy and effectiveness of the Company's corporate governance framework and practices and its risk management and internal control systems.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Deanna Ong Aun Nee
John Robert Dacey
Lim Siong Guan
Masaaki Shirakawa
Melissa Anne Babbage
Paul Murray (appointed with effect from 1 April 2022)
Torben Thomsen (appointed with effect from 8 February 2022)
Urs Buchmann

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 ('the Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	Holdings at beginning of the year	Holdings at end of the year	Holdings at beginning of the year	Holdings at end of the year
Ultimate Holding Corporation				
- Swiss Re Ltd				
No. of ordinary shares				
Deanna Ong Aun Nee	2,672	4,271	–	–
John Robert Dacey	39,234	40,386	–	–
Paul Murray	6,839	9,074	289	1,373
Torben Thomsen	21,936	21,403	–	–
Urs Buchmann	600	600	–	–
Unvested Leadership Performance Plan Units				
John Robert Dacey	41,347	45,267	–	–
Paul Murray	26,889	26,889	–	–
Torben Thomsen	3,904	6,042	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

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

On behalf of the Board of Directors

Lim Siong Guan
Director

Paul Murray
Director

22 March 2023

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Independent auditors' report

Members of the Company
Swiss Re Asia Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Swiss Re Asia Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS58.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows 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 '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained Directors' Statement prior to the date of this auditors' report.

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 March 2023

Statement of financial position
As at 31 December 2022

	Note	2022 $'000	2021 $'000
Assets			
Property, plant and equipment	4	7,964	7,178
Right-of-use asset	5	30,599	24,710
Deferred tax asset	21	177,630	222,356
Reinsurers' share of outstanding claims and benefit reserves	6	3,392,423	2,916,888
Unearned premiums on reinsurance ceded	6	1,235,549	1,371,493
Deferred acquisition costs	7	1,499,979	1,791,465
Financial assets, at fair value through profit or loss	8	5,462,041	5,110,628
Trade and other receivables	9	4,136,459	3,756,737
Cash and cash equivalents	10	113,155	121,011
Total assets		16,055,799	15,322,466
Equity			
Share capital	11	3,398,890	3,398,890
Capital reserve		(512,310)	(512,310)
Translation reserve		(120,134)	(27,806)
Acquisition reserve		(825,131)	(825,131)
Accumulated profit		600,847	770,316
Total equity		2,542,162	2,803,959
Liabilities			
Outstanding claims and benefit reserves and participants' fund	6	8,657,251	7,692,943
Unearned premium reserves	6	2,684,266	2,872,200
Deferred reinsurance commission income	7	368,889	425,293
Derivatives liabilities	12	28,884	38,360
Lease liabilities	5	33,317	28,270
Income tax payable		17,333	32,147
Trade and other payables	13	1,723,697	1,429,294
Total liabilities		13,513,637	12,518,507
Total equity and liabilities		16,055,799	15,322,466

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

Statement of comprehensive income
Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Gross premium written		7,519,402	7,729,103
Outward reinsurance premiums		(2,869,798)	(3,018,476)
Net premium written		4,649,604	4,710,627
Decrease/(increase) in net unearned premium reserves		19,446	(159,832)
Net earned premium	14	**4,669,050**	**4,550,795**
Gross claims paid		(4,032,672)	(3,930,162)
Reinsurers' share		1,804,061	1,649,603
Net claims paid		**(2,228,611)**	**(2,280,559)**
Increase in gross outstanding claims and benefit reserves		(1,221,632)	(801,244)
Deficit arising from participants' fund		–	11,923
Reinsurers' share		616,669	(121,456)
Increase in net outstanding claims and benefit reserves		(604,963)	(910,777)
Net claims incurred	15	**(2,833,574)**	**(3,191,336)**
Commission expense		(1,406,913)	(1,372,000)
Commission income		533,141	560,928
Net commission expense		**(873,772)**	**(811,072)**
Decrease in net deferred acquisition costs	7	(230,677)	(109,141)
Net commission incurred	16	**(1,104,449)**	**(920,213)**
Employee compensation	17	(175,618)	(199,957)
Depreciation	4	(1,820)	(2,211)
Other operating expenses - net of recharges	18	(64,637)	(95,637)
Total expenses		**(242,075)**	**(297,805)**
Investment income	19	25,581	247,657
Investment expenses		(1,467)	(904)
Other reinsurance gains/(losses)		1	(248)
Other losses, net	20	(132,333)	(32,321)
Profit before income tax		**380,734**	**355,625**
Income tax expense	21	(90,203)	(54,032)
Profit after income tax		**290,531**	**301,593**
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(92,328)	(87,832)
Other comprehensive loss for the year, net of tax		**(92,328)**	**(87,832)**
Total comprehensive income for the year		**198,203**	**213,761**

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

Statement of changes in equity
Year ended 31 December 2022

	Note	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Acquisition reserve $'000	Accumulated profit $'000	Total $'000
At 1 January 2022		3,398,890	(512,310)	(27,806)	(825,131)	770,316	2,803,959
Total comprehensive income for the year							
Profit for the year		–	–	–	–	290,531	290,531
Other comprehensive income							
Foreign currency translation differences		–	–	(92,328)	–	–	(92,328)
Total other comprehensive income		–	–	(92,328)	–	–	(92,328)
Total comprehensive income for the year		–	–	(92,328)	–	290,531	198,203
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owner							
Dividends paid	26	–	–	–	–	(460,000)	(460,000)
Total transactions with owners		–	–	–	–	(460,000)	(460,000)
At 31 December 2022		3,398,890	(512,310)	(120,134)	(825,131)	600,847	2,542,162

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

Statement of changes in equity
Year ended 31 December 2022

	Note	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Acquisition reserve $'000	Accumulated profit $'000	Total $'000
At 1 January 2021		1,006,197	1,880,383	60,026	(825,131)	468,723	2,590,198
Total comprehensive income for the year							
Profit for the year		–	–	–	–	301,593	301,593
Other comprehensive income							
Foreign currency translation differences		–	–	(87,832)	–	–	(87,832)
Total other comprehensive income		–	–	(87,832)	–	–	(87,832)
Total comprehensive income for the year		–	–	(87,832)	–	301,593	213,761
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owner							
Issue of new shares	11	2,392,693	(2,392,693)	–	–	–	–
Total transactions with owners		2,392,693	(2,392,693)	–	–	–	–
At 31 December 2021		3,398,890	(512,310)	(27,806)	(825,131)	770,316	2,803,959

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

Statement of cash flows
Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Profit after income tax		290,531	301,593
Adjustments for:			
- Depreciation of property, plant and equipment	4	1,820	2,211
- Amortisation of right-of-use asset	5	8,933	9,306
- Realised and unrealised losses/(gains) on financial assets at fair value through profit or loss	8	60,935	(168,403)
- Unrealised foreign exchange losses/(gains) on financial assets at fair value through profit or loss	8	7,435	(16,678)
- Interest income	19	(105,657)	(75,881)
- Income tax expense	21	90,203	54,032
- Interest expense	5	449	449
- Property, plant and equipment written off		112	18
- Currency translation gains		(61,416)	(27,892)
- Provision/(writeback) of doubtful debt	18	6,640	(3,739)
		299,985	75,016
Changes in working capital:			
- Trade and other receivables		(386,362)	(727,272)
- Trade and other payables		284,929	96,664
- Unearned premium reserves		(25,696)	172,393
- Unearned premiums on reinsurance ceded		6,250	(12,561)
- Outstanding claims and benefit reserves and participants' fund		1,227,994	785,604
- Reinsurers' share of outstanding claims and benefit reserves		(616,668)	121,456
- Deferred acquisition costs		249,847	170,820
- Deferred reinsurance commission income		(19,170)	(61,679)
Cash used in operations		1,021,109	620,441
Income tax paid		(40,394)	(25,794)
Net cash from operating activities		980,715	594,647
Cash flows from investing activities			
Purchase of financial assets, at fair value through profit or loss	8	(10,266,975)	(7,897,688)
Proceeds of financial assets, at fair value through profit or loss	8	9,622,834	7,168,566
Interest received		132,877	113,935
Purchase of property, plant and equipment	4	(2,718)	(876)
Currency translation losses		(63)	(276)
Net cash flows used in investing activities		(514,045)	(616,339)

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

Statement of cash flows (cont'd)
Year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash flows from financing activities			
Principal repayment of lease liabilities	5	(9,712)	(10,424)
Interest paid		(449)	(449)
Dividends paid		(460,000)	–
Net cash flows used in financing activities		(470,161)	(10,873)
Net decrease in cash and cash equivalents		(3,491)	(32,565)
Cash and cash equivalents at 1 January		121,011	158,660
Effects of currency translation on cash and cash equivalents		(4,365)	(5,084)
Cash and cash equivalents at 31 December	10	113,155	121,011

<u>Non-cash transaction</u>

In March 2021, the Company issued 65,196 ordinary shares amounting to $2,392,693,200 through a capitalisation of the amount standing to the credit of the capital reserve account.

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 March 2023.

1 Domicile and activities

Swiss Re Asia Pte. Ltd. (the "Company") was incorporated in Switzerland on 13 September 1919 and transferred its registration to Singapore on 31 December 2017. The address of its registered office is 128 Beach Road #10-01 Guoco Midtown, Singapore 189773.

The principal activities of the Company are non-life and life reinsurance. Its client base consists of insurance companies.

The Company is 100% owned by its parent, Swiss Re Asia Holding Pte. Ltd., a company incorporated in Singapore. The Company's ultimate holding company is Swiss Re Ltd, incorporated in Switzerland.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States dollars ("USD"), which is the Company's functional currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

(i) Insurance contract provisions

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimation of the ultimate liability arising from claims is valued using conventional techniques.

The assumptions used by the Company, in determining its insurance liability are disclosed in Note 22.1 Insurance Risk.

(ii) Open tax assessments

The Company has open tax assessments with the tax authority at the reporting date. Management believes that the tax position as at 31 December 2022 is sustainable.

(iii) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Unobservable inputs and valuation adjustments are regularly reviewed. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in the valuations should be classified. Significant valuation issues are reported to the Company's Board of Directors.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of asset or liability positions fall into different levels of the fair value hierarchy, the Company will determine the appropriate level based on the lowest level input that is significant inputs other than quoted prices included into the determination of the fair value (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 22 - Insurance and financial risk management.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2022:

- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116)
- *Reference to the Conceptual Framework (*Amendments to FRS 103*)*
- *Property, Plant and Equipment: Proceeds before Intended Use (*Amendments to FRS 16*)*
- *Onerous Contracts – Costs of Fulfilling a Contract (*Amendments to FRS 37*)*
- *Annual Improvements to SFRS*

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(ii) Foreign operations

The results and financial position of foreign operation that have functional currency different from the Company's presentation currency are translated as follow:

- Assets and liabilities are translated at the closing exchange rate; and
- Revenues and expenses are translated at the average exchange rate over the period.

All resulting foreign exchange differences are recognised as a separate component of equity (translation reserves).

3.2 Financial instruments

Non-derivative financial assets

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. On initial recognition, the Company may designate a financial asset at fair value through profit or loss in either of the following circumstances:

- The assets are managed, evaluated and reported internally on a fair value basis; or
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company has designated its government securities, corporate securities and structured securities as at fair value through profit or loss as the Company's insurance contract liabilities are discounted using current market interest rates at the reporting date, and the designation therefore eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Derivatives are categorised as held for trading unless they are designated as hedges.

Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any interest income are recognised in profit or loss.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using effective interest rate method, less any impairment losses.

Loans and receivables comprise trade and other receivables (excluding prepayments), and cash and cash equivalents.

Cash and cash equivalents comprise cash and bank balances and short-term deposits with financial institutions that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes in its fair value are recognised immediately in profit or loss.

The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

Securities lending arrangements

The Company takes part in Swiss Re Group's Collateral Management program with the objective to manage its (re)insurance collateral, securities lending and repurchase arrangement and derivative collateral by efficiently allocating the Group's collateral to its best possible use. Under this program, the Company is able to be both lender and borrower.

The Company enters into securities lending arrangements under which it loans certain securities in exchange for collateral as required and receives securities lending fees. Cash received as collateral is recognised along with an obligation to return the cash. Securities received as collateral that can be sold or repledged are also recognised along with an obligation to return those securities. Securities lending fees are recognised over the term of the related loans.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss within “other gains/losses, net”.

(ii) Subsequent costs

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives as follows:

• Computers	3 to 15 years
• Office equipment	3 to 8 years
• Fixtures and fittings	5 to 20 years
• Office layout modifications	5 to 15 years or life of lease whichever shorter
• Automobiles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

3.4 Leases

As a lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is stated at cost less accumulated depreciation and impairment losses.

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's assessment of whether it will exercise an extension option or there are modifications in the scope or the consideration of the lease that was not part of the original term.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Extension options

Some property leases contain extension options exercisable by the Company. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to-maturity investment securities

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that financial assets are impaired.
The carrying amount of financial assets is reduced through the use of an impairment allowance account, which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal of impairment loss for an asset is recognised in profit or loss.

3.6 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related service are rendered by the employees.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iii) Share-based compensation

Swiss Re Group has a number of share-based compensation schemes, namely Leadership Share Plan (formerly known as Leadership Performance Plan), restricted shares and a Global Share Participation Plan (collectively "the Plans"). If eligible, the Company's employees are awarded these incentives.

Under the Plans, employees receive the share of these incentives only if they remain with the Company for a specified period in the future. The measurement of such benefits shall reflect the possibility that some of the employees may leave without receiving the incentives. A liability for the incentives shall be accrued over the vesting period.

3.7 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from rendering of services in the ordinary course of the Company's activities, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

Premium income - non-life insurance contracts

Premiums on insurance contracts (see Note 3.8) are recorded when written and include an estimate for written premium receivables at period end. Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium reserves. Premiums are shown before deduction of commissions.

Premium income - life insurance contracts

Premiums on insurance contracts (see Note 3.8) are recorded when written and include an estimate for written premium receivables at period end. Life and health insurance premiums are generally earned over the term of the coverage. For group contracts that allow for experience adjustments, such premiums are recognised as the related experience emerges.

Reinsurance commission income

Reinsurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

Interest income

Interest income is recognised using the effective interest method.

3.8 Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significant when compared to the premiums collected for such contracts.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date inclusive of provision for incurred but not reported claims.

3.9 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more insurance contracts issued by the Company where significant insurance risk is transferred are classified as reinsurance contracts held.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurers' share of insurance liabilities. These assets consist of short-term balances due from reinsurers, as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the contract, having regard to market data on the financial strength of each of the reinsurance companies. The impairment allowance is recognised in profit or loss.

The Company has adopted the accounting policy to fully recognise any gains and losses arising from the cession of its inforce books in the profit and loss on the transaction effective date.

3.10 Insurance liabilities

Insurance liabilities comprise premium liabilities, outstanding claims and benefit reserves and deferred acquisition costs. These liabilities are valued in accordance with the Insurance Act 1966 and the risk-based capital framework ("risk-based capital framework") issued by the Monetary Authority of Singapore.

(i) Premium liabilities

Non-life premium liabilities are calculated in accordance with the risk-based capital framework at the line of business level as an amount not less than the aggregate of unearned premium reserves ("UPR") or unexpired risk reserves ("URR"), whichever is higher. Note that this comparison mirrors the Liability Adequacy Test in Note 3.11.

The aggregate of unearned premium reserves ("UPR")

UPR represent the portion of the premium income of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year. UPR are generally calculated using the written and earning patterns based on the gross premiums written during the financial period less return premiums and reinsurance premiums.

The unexpired risk reserves ("URR")

URR is the sum of the value of the expected future payments arising from future events insured under policies in force as at the valuation date, including relevant claims, any expenses expected to be incurred in administering the policies and settling relevant claims, and provision for any adverse deviation from the expected experience.

(ii) Outstanding claims and benefit reserves

Outstanding claims and benefit

Liabilities for unpaid claims and claims adjustment expenses are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims, using reports and individual case estimates received from ceding companies. A provision is also included for claims incurred but not reported, which is developed on the basis of past experience adjusted for current trends and other factors that modify past experience. The estimates are regularly reviewed and adjustments for differences between estimates and actual payments for claims and for changes in estimates are reflected in the fund profit and loss account.

Additionally, for life insurance contracts, liabilities for policy benefits are determined on the basis of actuarially calculated present values of the future benefits, taking experience into account. Discount rates, mortality and morbidity assumptions are the key assumptions used in determining the policy benefit and other reserves.

Provisions for adverse deviation

Provision for adverse deviation ("PAD") have been added to the best estimate of liabilities.

Discounting

Discounting of liabilities is carried out for both the non-life and life insurance contracts. The discount rate adopted is the gross redemption yield or as prescribed by the Monetary Authority of Singapore as at the valuation date of a portfolio of government bonds (where available and applicable) with its currency and expected payment profile (or duration) similar to the insurance liabilities being valued.

(iii) Deferred acquisition costs ("DAC")

Commissions and other acquisition costs that vary with and are directly related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned. All other costs are recognised as expenses when incurred.

For the L&H portfolio, DAC is only held for large in-force transactions where the Company pays a large upfront financing cost. The initial recognition applies a haircut to the lower of the negative reserve, upfront financing costs and recapture value which is amortised over a term that is less that the underlying policy term. DAC recoverability is assessed at least once a year and any unrecoverable amounts are immediately written off as an expense in the technical income statement.

3.11 Liability adequacy test

At each reporting date, a liability adequacy test is performed to ensure the adequacy of contractual liabilities relative to the future premium to be earned. In performing the test, current best estimates of future contractual cash flows (in and out) are used, as expressed by the comparison of UPR (less DAC) with URR. Any deficiency is immediately charged to profit or loss and booked as the Premium Deficiency Reserve ("PDR").

3.12 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3.13 Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale and the Company has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.14 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

- Amendments to FRS 1: Conceptual classification of Liabilities as Current or Non-Current
- FRS 117 Insurance Contracts
- Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to FRS 8: Definition of Accounting Estimates
- Amendments to FRS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to FRS 28 and FRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Company in future financial periods, the Company is assessing the transition options and the potential impact on its financial statements, and to implement these standards. The Company does not plan to adopt these standards early.

Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (Amendments to FRS 104)

FRS 109 Financial Instruments introduces changes for the classification, measurement and impairment of financial assets together with simplifications to hedge accounting. FRS 109 is applicable to annual reporting periods beginning on or after 1 January 2018. Refer to application of the temporary exemption note below.

Application of the Temporary Exemption

The Company applies the temporary exemption from FRS 109 *Financial instruments*, as defined in the amendment "Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts* - FRS 104 amendments" issued by the ASC in December 2016. This amendment allows an entity to defer the implementation of FRS 109 if its activities are predominantly connected with insurance.

The Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2017 (date of re-domiciliation in Singapore). The Company's percentage of its gross liabilities connected with insurance relative to its total liabilities as at 31 December 2017 was 98%, which is in excess of the 90% threshold required by FRS 104. As a result, the Company will continue to apply FRS 39, Financial Instruments: Recognition and Measurement in its financial statements until the adoption of FRS 117. Since the review of the application requirements, there has been no significant change in business activities of the Company that requires reassessment of the use of the temporary exemption from FRS 109.

In December 2021, the ASC introduced a transition option relating to financial assets' comparative information on initial application of FRS 117, "Amendment to FRS 117 *Insurance Contracts: Initial Applicable of FRS 117 and FRS 109 – Comparative Information*".

This option is intended to help the Company avoid temporary accounting mismatches between financial assets and insurance contract liabilities in the 2022 comparative year, thereby improving the usefulness of comparative information for users of financial statements. It allows for an overlay in the classification of financial assets in the comparative period that is presented on initial applicable of FRS 117 ("overlay approach"). This overlay makes it possible to classify all financial assets, including those not connected with contracts within the scope of FRS 117, on a case-by-case basis in the comparative period in a way that corresponds to how the Company expects to classify these assets on initial application of FRS 109. The Company intends to apply this overlay approach on all eligible financial assets.

Disclosures about the temporary exemption from FRS 109

The Company applies the FRS 109 temporary exemption. As required by the application of this exemption, the table below presents an analysis of the fair value of the classes of financial assets as at the end of the reporting period, as well as the change in fair value during the reporting period.

	Fair value as at 31 December $'000	**Fair value changes for the year ended 31 December $'000**
2022		
Financial assets that met SPPI criteria and not held for trading or managed on fair value basis	5,456,336	(134,196)
Other financial assets	7,647,742	54,120
	13,104,078	(80,076)

	Fair value as at 31 December $'000	**Fair value changes for the year ended 31 December $'000**
2021		
Financial assets that met SPPI criteria and not held for trading or managed on fair value basis	5,464,192	(24,851)
Other financial assets	6,440,580	196,627
	11,904,772	171,776

Credit risk of these financial assets is disclosed in Note 22.2 (ii).

Applicable to 2023 financial statements

FRS 117 *Insurance Contracts*

FRS 117 *Insurance Contracts* was issued in March 2018 and is effective for years beginning on 1 January 2023 and is to be applied retrospectively. If full retrospective application to a group of contracts is impracticable, the modified retrospective or fair value methods may be used. The standard will replace FRS 104 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements.

FRS 117 replaces the existing transitional arrangement of FRS 104 and establishes a comprehensive accounting framework for the recognition, measurement and disclosure of insurance contracts and investment contracts with discretionary participant features. In addition, FRS 117 requires extensive new disclosures in the notes.

Measurement of Insurance Contracts

FRS 117 introduces a discounted measurement approach as the general measurement model (GMM) for all insurance contracts. The premium allocation approach (PAA) is a simplified measurement model for short-term contracts, when certain criteria are met. The variable fee approach (VFA) is a model solely dedicated to contracts with direct participating features, which is not applicable to reinsurance business. The Company has determined that it will apply GMM to all its contracts issued and reinsurance contracts held.

Under GMM, insurance liabilities will be measured as the sum of fulfilment cash flows and the contractual service margin (CSM). The CSM represents the unearned profit from existing contracts that is to be recognised in the statement of income as the service is performed across the period of coverage.

Fulfilment Cash Flows comprise the following:

- estimates of future cash flows associated to groups of contracts;
- an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- risk adjustment for non-financial risk

Level of aggregation

As a general principle, contracts are group together and measures on an aggregate level. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines will be in different portfolios. Each portfolio is then divided into annual cohorts and each annual cohort into three groups:

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

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added.

The level of aggregation requirements of FRS 117 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a CSM, against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under FRS 104 (i.e. portfolio of contracts level), the level of aggregation under FRS 117 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

The Company has developed a framework for identifying relevant facts and circumstances that may be indicators of onerous contracts. This includes management information used for planning and performance monitoring.

Contract Boundaries

Under FRS 117, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the current accounting, the Company expects that for certain contracts the FRS 117 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in FRS 117.

(Re)insurance contracts

For (re)insurance contracts, cash flows are within the contract boundary if they arise during the period that is the longer of:

- the period over which SRAL has a substantive right to compel policyholders to pay the premiums; and
- the period over which SRAL has a substantive obligation to provide services until it can reprice to fully reflect the risks of the policyholder (or of the portfolio of insurance contracts that contains the contract).

The contract boundary is reassessed at each reporting period.

Retrocession contracts

For retrocession contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which SRAL is compelled to pay amounts to the retrocessionaire or has a substantive right to receive services from the retrocessionaire. A substantive right to receive services from the retrocessionaire ends when the retrocessionaire:

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

Risk Adjustment

The risk adjustment measures the compensation required for uncertainty related to non-financial risk and reflects the compensation the Company would require for bearing this non-financial risk and its degree of risk aversion. Provision for uncertainty related to financial risks are included in the present value of future cash flows under FRS 117.

The risk adjustment is measured by a cost of capital method implemented via a factor-based approach. Risk adjustment factors are applied on volumes reflect the risk characteristics of the portfolio and are proportional to the measures used to calculate the compensation for risk charged by Swiss Re when costing new business.

Risk Adjustment factors are calibrated ahead of the annual reporting cycle using the latest information available. Risk Adjustment factors are reviewed annually considering the most recent margin for non-financial risk required as compensation when costing new business.

Discounting

The Company will determine risk-free discount rates using a bottom-up approach consisting of the following two elements:

- A risk-free yield curve
- An illiquidity premium curve

The risk-free yield curve will be derived from Government bond prices.

The illiquidity premium is derived from financial instruments with different liquidity characteristics than Government Bonds. It will be determined by taking a percentage of the yield differences between Government Bonds and Corporate Bonds. The resulting illiquidity premium rates are differentiated by term and currency.

CSM

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

Transition

Whenever possible, changes in accounting policies resulting from the adoption of FRS 117 are applied retrospectively to the contracts in force as at 1 January 2022 to prepare the transition balance sheet.

- Full retrospective approach is applied to remeasure contracts for which reasonable and supportable information can be made available as at the transition date.
- When the information required for the full retrospective approach is not fully available, or cannot be made available, the Company apply the modified retrospective approach or the fair value approach.

At the date of these financial statements, the Company remain in the process of finalizing the methodology that will be used to determine fair value.

The Company is currently finalizing the adoption of FRS 117, however, we expect the following impacts:

- An impact to total equity on transition to FRS 117, which is still being quantified as the Company finalises its transition approaches.
- An impact to the profit or loss recognised for the period due to the recognition of contractual service margin (CSM), which reflects the expected profits at initial recognition and is released overtime when services are provided.

The Company is currently finalising the transition impact expected from adoption FRS 117 *Insurance Contracts*, and FRS 109 *Financial Instruments*. The quantum of the final transition adjustments may be different upon finalisation.

4 Property, plant and equipment

	Furniture and fittings $'000	Office equipment $'000	Computer equipment $'000	Office layout $'000	Motor vehicle $'000	Total $'000
Cost						
At 1 January 2021	4,262	1,458	2,744	16,319	85	24,868
Additions	29	30	791	26	–	876
Disposal	(52)	(727)	(604)	(73)	–	(1,456)
At 31 December 2021	4,239	761	2,931	16,272	85	24,288
Additions	3	140	641	1,934	–	2,718
Disposal	(480)	(54)	(95)	(2,134)	(85)	(2,848)
At 31 December 2022	3,762	847	3,477	16,072	–	24,158
Accumulated depreciation						
At 1 January 2021	3,195	962	1,519	10,596	65	16,337
Disposals	(42)	(726)	(596)	(74)	–	(1,438)
Depreciation charge	413	184	663	934	17	2,211
At 31 December 2021	3,566	420	1,586	11,456	82	17,110
Disposals	(480)	(20)	(95)	(2,056)	(85)	(2,736)
Depreciation charge	226	210	720	661	3	1,820
At 31 December 2022	3,312	610	2,211	10,061	–	16,194
Carrying amounts						
At 1 January 2021	1,067	496	1,225	5,723	20	8,531
At 31 December 2021	673	341	1,345	4,816	3	7,178
At 31 December 2022	450	237	1,266	6,011	–	7,964

5 Leases

Leases as lessee

The Company leases office space for the purpose of business operations. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	2022 $'000	2021 $'000
Balance at 1 January	24,710	35,741
Addition during the year	16,417	284
Depreciation charge for the year	(8,933)	(9,306)
Effect of movements in exchange rates	(1,595)	(2,009)
Balance at 31 December	30,599	24,710

Amounts recognised in profit or losses

	2022 $'000	2021 $'000
Interest expense on lease liabilities	449	449

Lease liabilities

	2022 $'000	2021 $'000
Current	7,257	10,371
Non-current	26,060	17,899
Total	33,317	28,270

Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	At 1 January 2021 $'000	Principal and interest payments $'000	Addition $'000	Interest expense $'000	Foreign exchange movement $'000	At 31 December 2021 $'000
Lease liabilities	40,695	(10,873)	284	449	(2,285)	28,270

			Non-cash changes			
	At 1 January 2022 $'000	Principal and interest payments $'000	Addition $'000	Interest expense $'000	Foreign exchange movement $'000	At 31 December 2022 $'000
Lease liabilities	28,270	(10,161)	16,417	449	(1,658)	33,317

6 Insurance liabilities and reinsurance assets

Insurance liabilities and reinsurance assets comprise the following:

	2022 $'000	2021 $'000
Non-life insurance contracts		
Gross		
Gross unearned premium reserves	(2,680,082)	(2,842,171)
Gross outstanding claims reserves	(5,487,236)	(5,085,089)
Participants' fund	–	6,384
Non-life insurance liabilities – gross	(8,167,318)	(7,920,876)
Recoverable from reinsurers		
Unearned premium reserves on reinsurance ceded	1,232,713	1,353,668
Reinsurers' share of outstanding claims reserves	1,730,053	1,701,328
Non-life reinsurers' share of insurance liabilities	2,962,766	3,054,996
Net		
Net unearned premium reserves	(1,447,369)	(1,488,503)
Net outstanding claims reserves	(3,757,183)	(3,383,761)
Participants' fund	–	6,384
Non-life insurance liabilities – net	(5,204,552)	(4,865,880)
Life insurance contracts		
Gross		
Gross unearned premium reserves	(4,184)	(30,029)
Gross outstanding claims and benefit reserves	(3,170,015)	(2,614,217)
Participants' fund	–	(21)
Life insurance liabilities – gross	(3,174,199)	(2,644,267)
Recoverable from reinsurers		
Unearned premium reserves on reinsurance ceded	2,836	17,825
Reinsurers' share of outstanding claims and benefit reserves	1,662,370	1,215,560
Life reinsurers' share of insurance liabilities	1,665,206	1,233,385
Net		
Net unearned premium reserves	(1,348)	(12,204)
Net outstanding claims and benefit reserves	(1,507,645)	(1,398,657)
Participants' fund	–	(21)
Life insurance liabilities – net	(1,508,993)	(1,410,882)
Total insurance liabilities	(6,713,545)	(6,276,762)

	2022 $'000	2021 $'000
Total Life and Non-Life insurance contracts		
Gross unearned premium reserves		
Current portion	(1,941,293)	(2,022,035)
Non-current portion	(742,973)	(850,165)
	(2,684,266)	(2,872,200)
Unearned premium reserves on reinsurance ceded		
Current portion	893,824	966,601
Non-current portion	341,725	404,892
	1,235,549	1,371,493
Gross outstanding claims and benefit reserves		
Current portion	(5,121,342)	(4,636,484)
Non-current portion	(3,535,909)	(3,062,822)
	(8,657,251)	(7,699,306)
Reinsurers' share of outstanding claims and benefit reserves		
Current portion	1,971,298	1,852,178
Non-current portion	1,421,125	1,064,710
	3,392,423	2,916,888

Participants' fund is non-current until distribution is declared.

Movements in insurance liabilities and reinsurance assets:

(i) Outstanding claims reserves - Non-life

	Note	Gross $'000	Reinsurance $'000	Net $'000
2022				
Total at beginning of financial year		(5,085,089)	1,701,328	(3,383,761)
Cash paid for claims settled in the financial year	15	2,345,585	(1,082,012)	1,263,573
Claims incurred		(2,954,685)	1,221,263	(1,733,422)
Effect of movements in exchange rates		206,953	(110,526)	96,427
Total at end of financial year		(5,487,236)	1,730,053	(3,757,183)
2021				
Total at beginning of financial year		(5,233,835)	2,378,382	(2,855,453)
Cash paid for claims settled in the financial year	15	2,509,357	(1,117,913)	1,391,444
Claims incurred		(2,565,130)	559,636	(2,005,494)
Effect of movements in exchange rates		204,519	(118,777)	85,742
Total at end of financial year		(5,085,089)	1,701,328	(3,383,761)

(ii) Unearned premium reserves - Non-life

	Note	Gross $'000	Reinsurance $'000	Net $'000
2022				
Total at beginning of financial year		(2,842,171)	1,353,668	(1,488,503)
Change in unearned premium reserves	14	(133)	8,738	8,605
Effect of movements in exchange rates		162,222	(129,693)	32,529
Total at end of financial year		(2,680,082)	1,232,713	(1,447,369)
2021				
Total at beginning of financial year		(2,785,197)	1,440,107	(1,345,090)
Change in unearned premium reserves	14	(200,229)	27,336	(172,893)
Effect of movements in exchange rates		143,255	(113,775)	29,480
Total at end of financial year		(2,842,171)	1,353,668	(1,488,503)

(iii) Outstanding claims and benefit reserves - Life

	Note	Gross $'000	Reinsurance $'000	Net $'000
2022				
Total at beginning of financial year		(2,614,217)	1,215,560	(1,398,657)
Cash paid for claims settled in the financial year		1,687,087	(722,049)	965,038
Claims incurred	15	(2,299,619)	1,199,467	(1,100,152)
Effect of movements in exchange rates		56,734	(30,608)	26,126
Total at end of financial year		(3,170,015)	1,662,370	(1,507,645)

	Note	Gross $'000	Reinsurance $'000	Net $'000
2021				
Total at beginning of financial year		(1,915,023)	789,839	(1,125,184)
Cash paid for claims settled in the financial year		1,420,805	(531,690)	889,115
Claims incurred	15	(2,166,276)	968,511	(1,197,765)
Effect of movements in exchange rates		46,277	(11,100)	35,177
Total at end of financial year		(2,614,217)	1,215,560	(1,398,657)

(iv) ***Unearned premium reserves - Life***

	Note	Gross $'000	Reinsurance $'000	Net $'000
2022				
Total at beginning of financial year		(30,029)	17,825	(12,204)
Change in unearned premium reserves	14	25,829	(14,988)	10,841
Effect of movements in exchange rates		16	(1)	15
Total at end of financial year		(4,184)	2,836	(1,348)
2021				
Total at beginning of financial year		(57,894)	32,617	(25,277)
Change in unearned premium reserves	14	27,836	(14,775)	13,061
Effect of movements in exchange rates		29	(17)	12
Total at end of financial year		(30,029)	17,825	(12,204)

(v) ***Participants' fund***

	Note	Non-life $'000	Life $'000	Total $'000
2022				
Total at beginning of financial year		6,384	(21)	6,363
Reversal of accumulated (deficit)/surplus during the year		(6,384)	21	(6,363)
Total at end of financial year		–	–	–
2021				
Total at beginning of financial year		(1,301)	(7,976)	(9,277)
Distribution during the year		386	3,331	3,717
Deficit arising during the year	15	7,299	4,624	11,923
Total at end of financial year		6,384	(21)	6,363

7 Deferred acquisition costs (net)

	Gross $'000	Reinsurance $'000	Net $'000
2022			
Total at beginning of financial year	1,791,465	(425,293)	1,366,172
Movement in deferred acquisition costs/income	(249,847)	19,170	(230,677)
Effect of movements in exchange rates	(41,639)	37,234	(4,405)
Total at end of financial year	1,499,979	(368,889)	1,131,090
2021			
Total at beginning of financial year	2,001,678	(521,725)	1,479,953
Movement in deferred acquisition costs/income	(170,820)	61,679	(109,141)
Effect of movements in exchange rates	(39,393)	34,753	(4,640)
Total at end of financial year	1,791,465	(425,293)	1,366,172

	2022 $'000	2021 $'000
Deferred acquisition cost		
Current portion	547,721	598,001
Non-current portion	952,258	1,193,464
	1,499,979	1,791,465
Deferred reinsurance commission income		
Current portion	(266,628)	(298,085)
Non-current portion	(102,261)	(127,208)
	(368,889)	(425,293)

8 Financial assets, at fair value through profit or loss

	2022 $'000	2021 $'000
Beginning of financial year	5,110,628	4,421,521
Additions	10,266,975	7,897,688
Maturities/disposals	(9,622,834)	(7,168,566)
Realised and unrealised (losses)/gains on financial assets at fair value through profit or loss	(60,935)	168,403
Unrealised foreign exchange (losses)/gains on financial assets at fair value through profit or loss	(7,435)	16,678
Movement in accrued interest	(27,220)	(38,054)
Effect of movements in exchange rates	(197,138)	(187,042)
End of financial year	5,462,041	5,110,628

Financial assets, at fair value through profit or loss include the following:

	2022 $'000	2021 $'000
Government securities	4,128,089	4,158,867
Corporate securities	1,214,391	777,323
Structured securities	701	934
Collective investment schemes	109,721	165,606
Derivatives	9,139	7,898
	5,462,041	5,110,628
Contractually maturing		
- Within 1 year	2,766,769	2,684,979
- 1 to 2 years	1,288,646	1,339,797
- Over 2 years	1,296,905	920,246
	5,352,320	4,945,022

The weighted average effective per annum interest rates at year end date for the interest-bearing financial assets, at fair value through profit or loss are as follows:

	2022 %	2021 %
Government securities	3.34	0.84
Corporate securities	5.44	2.58
Structured securities	7.85	2.95

The financial assets, at fair value through profit or loss are denominated in the following currencies:

	2022 $'000	2021 $'000
United States Dollar	1,402,924	1,308,960
China Renminbi	1,167,074	1,030,475
Japanese Yen	531,978	279,745
Korean Won	508,843	499,721
Australian Dollar	1,171,092	1,258,108
Others	680,130	733,619
	5,462,041	5,110,628

The financial assets, at fair value through profit or loss include securities amounting to $865,077,000 (2021: $820,870,000) transferred to the Swiss Reinsurance Company Ltd under a securities lending agreement. These are collateralised by securities and cash amounting to $866,594,000 (2021: $875,326,000) and $4,626,000 (2021: nil) respectively.

9 Trade and other receivables

	2022 $'000	2021 $'000
Amounts due from ceding companies, brokers and reinsurers	3,451,897	3,295,008
Deposits withheld by cedants	256,823	115,669
Reinsurance recoverables	66,531	43,153
Balances due from related corporations - non-trade	307,714	243,370
Other receivables	51,623	59,045
Prepayments	1,871	492
	4,136,459	3,756,737

All trade and other receivables are current in nature, unsecured, interest free and are recoverable on demand.

Concentration risk with respect of receivables is limited due to the Company's fairly diversified portfolio and customer base which includes a number of related companies operating in the Asia Pacific region. These related entities also carry a fairly diversified portfolio and customer base, well rated and on equal footing with the Company in financial strength.

The carrying amounts of trade and other receivables approximate their fair values.

Trade and other receivables (excluding prepayments) are denominated in the following currencies:

	2022 $'000	2021 $'000
Australian Dollar	360,095	481,683
China Renminbi	1,226,321	1,050,214
Hong Kong Dollar	261,089	338,150
Indian Rupee	342,089	330,253
Japanese Yen	224,650	228,556
South Korean Won	325,783	217,190
Singapore Dollar	361,259	304,519
Thai Baht	190,536	136,916
US Dollar	380,094	296,552
Others	462,672	372,212
	4,134,588	3,756,245

10 Cash and cash equivalents

	2022 $'000	2021 $'000
Cash at bank and on hand	113,155	121,011

All cash and cash equivalents are current in nature. The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents at the reporting date are denominated in the following currencies:

	2022 $'000	2021 $'000
Australian Dollar	5,759	14,385
China Renminbi	2,359	6,907
Hong Kong Dollar	2,728	2,362
Indonesian Rupiah	619	2,665
Japanese Yen	2,608	5,669
Korean Won	10,593	6,486
Malaysia Ringgit	7,940	4,591
New Zealand Dollar	44,772	44,789
Singapore Dollar	4,852	8,923
United States Dollar	30,150	23,461
Others	775	773
	113,155	121,011

11 Share capital

	No of ordinary shares		Amount	
	2022	2021	2022 $'000	2021 $'000
In issue at 1 January	183,888	118,692	3,398,890	1,006,197
Issued during the year	–	65,196	–	2,392,693
In issue at 31 December	183,888	183,888	3,398,890	3,398,890

In March 2021, the Company issued 65,196 ordinary shares amounting to $2,392,693,200 through a capitalisation of the amount standing to the credit of the capital reserve account.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

12 Derivatives

In the ordinary course of its business, the Company uses foreign exchange forward and swap contracts to hedge its exposure in respect of foreign currency denominated net assets and liabilities. The notional amount of these financial instruments are not recognised in the Company's financial statements, but their fair values are recognised as an asset or liability, as appropriate with changes in fair value being taken to the Profit and Loss account. The derivatives as at 31 December 2022 and 31 December 2021 are held with a related corporation.

Foreign exchange forward and swap contracts by currencies

	2022		2021	
	Notional amount sales $'000	**Notional amount purchase $'000**	**Notional amount sales $'000**	**Notional amount purchase $'000**
Korean Won	136,311	–	144,000	–
Chinese Renminbi	–	(978,883)	–	(526,565)
Australian Dollar	833,420	–	1,055,163	–
Japanese Yen	224,406	–	278,098	–
Malaysian Ringgit	60,274	–	70,738	–
New Zealand Dollar	407,322	–	475,043	–
Singapore Dollar	239,836	–	238,626	–
Indian Rupee	–	(193,991)	–	(134,357)
Swiss Franc	–	(32,254)	–	(36,593)
	1,901,569	(1,205,128)	2,261,668	(697,515)

Foreign exchange forward and swap contracts - remaining term to maturity

All the foreign exchange forward and swap contracts outstanding as at the reporting date are due in two years or less.

Foreign exchange forward and swap contracts - unrealised gains and losses

The following table summarises the fair value of the Company's hedging portfolio of foreign exchange forward and swap contracts at the reporting date:

	2022		2021	
	Sales $'000	**Purchase $'000**	**Sales $'000**	**Purchase $'000**
Unrealised gain/(loss)	9,139	(28,884)	7,898	(38,360)

13 Trade and other payables

	2022 $'000	2021 $'000
Amounts due to ceding companies, brokers and reinsurers	(1,354,028)	(1,210,396)
Reinsurance deposit	(171,065)	(33,299)
Balances due to related corporation - non-trade	(115,190)	(98,146)
Accrued expenses	(48,320)	(64,490)
Sundry creditors	(4,939)	(3,276)
Provision for commission	(17,761)	(7,191)
Pension liabilities	(1,691)	(2,832)
Other liabilities	(10,703)	(9,664)
	(1,723,697)	(1,429,294)

Trade and other payables are current in nature, unsecured, interest free and are repayable on demand. The carrying amounts of trade and other payables approximate their fair value.

The Company contributes to the following pension liabilities:

- The Japan Branch has a Top-Up Retirement Plan for eligible full-time employee. The branch contributes annually to the plan an amount equivalent to a fixed percentage of eligible employee's annual base salary exceeding JPY 12 million, in accordance with a stipulated service table defined in the Plan.

- In addition, the Japan Branch also has a Retirement Lump Sum Allowance Plan where the branch will make a one-time payment to eligible employees at retirement or when the employee leaves the branch. The payment is equivalent to the accumulated total base salary during the service period (cap at 300 months or 25 years) at a rate of 5.5%, subject to a payment cap of JPY 1 million per employee.

- The Australia Branch has a pension fund named Swiss Re Superannuation Plan for selected employee within the Sunsuper Superannuation Fund.

- The Lifetime Pensioners are for selected employee who are currently in receipt of a pension payable for life. A reversionary pension is payable to an eligible spouse upon the primary pensioner's death. The plan is closed to new members.

Trade and other payables are denominated in the following currencies:

	2022 $'000	2021 $'000
Australian Dollar	(66,556)	(30,139)
Swiss Franc	(31,964)	(60,499)
Chinese Yuan Renminbi	(498,497)	(394,984)
Japanese Yen	(288,327)	(267,478)
South Korean Won	(116,884)	(115,375)
Malaysian Ringgit	(71,469)	(49,572)
Singapore Dollar	(234,429)	(162,574)
Thai Baht	(41,498)	(28,388)
US Dollar	(211,219)	(224,767)
Others	(162,854)	(95,518)
	(1,723,697)	(1,429,294)

14 Net earned premium

	Note	2022 $'000	2021 $'000
Non-life insurance contracts			
Gross premium written		4,826,376	4,928,457
Outward reinsurance premiums		(1,775,768)	(1,842,923)
Net premium written		3,050,608	3,085,534
Decrease/(increase) in net unearned premium reserves	6(ii)	8,605	(172,893)
		3,059,213	2,912,641
Life insurance contracts			
Gross premium written		2,693,026	2,800,646
Outward reinsurance premiums		(1,094,030)	(1,175,553)
Net premium written		1,598,996	1,625,093
Decrease in net unearned premium reserves	6(iv)	10,841	13,061
		1,609,837	1,638,154
Net earned premium		4,669,050	4,550,795

15 Net claims incurred

	Note	2022 $'000	2021 $'000
Non-life insurance contracts			
Gross claims paid		2,345,585	2,509,357
Reinsurance recoveries		(1,082,012)	(1,117,913)
Net claims paid		1,263,573	1,391,444
Increase in net outstanding claims and benefit reserves	6(i)	469,849	614,050
Deficit arising from participants' fund		–	(7,299)
		1,733,422	1,998,195
Life insurance contracts			
Gross claims paid		1,687,087	1,420,805
Reinsurance recoveries		(722,049)	(531,690)
Net claims paid		965,038	889,115
Increase in net outstanding claims and benefit reserves	6(iii)	135,114	308,650
Deficit arising from participants' fund		–	(4,624)
		1,100,152	1,193,141
Net claims incurred		2,833,574	3,191,336

16 Net commission incurred

	Note	2022 $'000	2021 $'000
Non-life insurance contracts			
Commission expense		(1,098,827)	(1,146,543)
Commission income		380,303	373,088
(Decrease)/increase in net deferred acquisition costs	7	(14,189)	35,261
		(732,713)	(738,194)
Life insurance contracts			
Commission expense		(308,086)	(225,457)
Commission income		152,838	187,840
Decrease in net deferred acquisition costs	7	(216,488)	(144,402)
		(371,736)	(182,019)
Net commission incurred		(1,104,449)	(920,213)

17 Employee compensation

	2022 $'000	2021 $'000
Wages and salaries	(140,499)	(163,142)
Employer's contribution to defined contribution plans	(17,823)	(16,389)
Other benefits	(17,296)	(20,426)
	(175,618)	(199,957)

18 Other operating expenses - net of recharges

	2022 $'000	2021 $'000
Depreciation of right-of-use assets	(8,933)	(9,306)
Bad debts written off	(237)	(35)
Rental expenses	(242)	(3,284)
Repairs and maintenance	(2,155)	(2,820)
License and association fees	(48,086)	(49,098)
Fees paid to related corporation	(222,590)	(252,381)
Recovery of expenses from related corporation	262,890	259,459
Professional fees	(27,411)	(37,300)
(Provision)/writeback of doubtful debt	(6,640)	3,739
Travelling and other expenses	(11,233)	(4,611)
	(64,637)	(95,637)

19 Investment income/(loss)

	2022 $'000	2021 $'000
Interest income	105,657	75,881
Realised and unrealised (loss)/gain on financial assets at fair value through profit or loss[1]	(45,690)	178,321
Unrealised foreign exchange loss on financial assets at fair value through profit or loss[1]	(34,386)	(6,545)
	25,581	247,657

[1] The realised and unrealised (loss)/gain on financial assets at fair value through profit or loss and unrealised foreign exchange (loss)/gain on financial assets at fair value through profit or loss includes derivatives gain/(loss).

20 Other losses, net

The following items have been included in arriving at profit before tax:

	2022 $'000	2021 $'000
Realised foreign exchange gain/(loss)	15,137	(9,992)
Unrealised foreign exchange loss	(141,456)	(8,153)
Other losses - net	(6,014)	(14,176)
	(132,333)	(32,321)

21 Income taxes

	2022 $'000	2021 $'000
Tax expense attributable to profit is made up of:		
- Current income tax	50,816	28,236
- Deferred income tax	39,387	25,796
	90,203	54,032

Reconciliation of effective tax rate

	2022 $'000	2021 $'000
Profit before income tax	380,734	355,625
Tax calculated using Singapore tax rate of 17% (2021: 17%)	64,725	60,456
Effects of:		
- income not subject to tax	(563)	(4,429)
- expenses not deductible for tax purposes	2,101	2,090
- expenses/(income) subject to a concessionary tax of 10%	2,968	(5,736)
- different tax rate in other countries	7,138	12,468
- over/(under) provision of prior year	14,888	(9,880)
- others	(1,054)	(937)
	90,203	54,032

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	2022 $'000	2021 $'000
Deferred tax assets	177,630	222,356

The movement in deferred tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

Deferred tax assets

	Net insurance liabilities $'000	Tax losses $'000	Total $'000
Deferred tax assets			
2022			
Total at beginning of financial year	4,557	229,058	233,615
Charged to profit or loss	(9,136)	(29,032)	(38,168)
Effect of movements in exchange rates	(5,339)	–	(5,339)
Total at end of financial year	(9,918)	200,026	190,108
2021			
Total at beginning of financial year	38,367	227,152	265,519
(Charged)/credited to profit or loss	(26,289)	1,906	(24,383)
Effect of movements in exchange rates	(7,521)	–	(7,521)
Total at end of financial year	4,557	229,058	233,615

	Deferred acquisition costs $'000	Trade receivables - net $'000	Unrealised investment gains $'000	Total $'000
Deferred tax liabilities				
2022				
Total at beginning of financial year	(61)	9,605	1,715	11,259
Charged to profit or loss	–	1,219	–	1,219
Effect of movements in exchange rates	–	–	–	–
Total at end of financial year	(61)	10,824	1,715	12,478
2021				
Total at beginning of financial year	–	8,131	1,715	9,846
(Credited)/charged to profit or loss	(61)	1,474	–	1,413
Effect of movements in exchange rates	–	–	–	–
Total at end of financial year	(61)	9,605	1,715	11,259

22 Insurance and financial risk management

22.1 Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company faces the possibility of incurring higher claims costs than expected owing to the nature of the claims, their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting pricing and conditions of insurance or reinsurance cover.

The Company seeks to minimise and manage these risks through its underwriting strategy, adequate retrocession arrangements and proactive claims handling. The Company's underwriting policy supports the seeking of risks with adequate pricing that is commensurate with the risk profiles and claims experience.

The underwriting strategy attempts to ensure that there are appropriate risk criteria. There are underwriting policies setting the Company's risk appetite, risk management and control. Also in place are underwriting and claims authority limits. Where applicable, the Company has the right to reject payment of any fraudulent claim.

Non-life insurance contracts

A variety of actuarial methods and assumptions are normally employed to estimate losses for the business although the most common are the Benktander method, a weighted average of the Chain Ladder and Bornhuetter-Ferguson loss development methods. These methods ordinarily involve the use of loss development factors intended to reflect the estimated annual growth in loss costs from one development year to the next. Loss development factors reflect many items including changes in claims handling, exposure and treaty conditions; current and future estimates of monetary inflation and social inflation and increases in litigation and awards. These factors are periodically reviewed and subsequently adjusted, as appropriate, to reflect emerging trends which are based upon past loss experience. Thus, many factors are implicitly considered in estimating the year to year growth in loss costs recognised.

A number of actuarial assumptions are made in the review of reserves for each line of business. Changes in these actuarial assumptions could result in a corresponding significant change in the estimate of insurance liabilities.

These actuarial assumptions generally are made with respect to the following:

- Initial expected loss ratios, which are used to establish expected ultimate losses for the underwriting year in question. This loss ratio generally reflects the loss ratio from prior underwriting years, adjusted for loss development and the impact of pricing, changes to exposure, underwriting terms and conditions and other quantifiable factors.
- Loss development factors which are used to project the reported losses for each underwriting year to an ultimate basis.

Loss reserves

Outstanding claims reserves include unpaid losses, loss adjustment expenses and estimates for ultimate reserves for incurred but not reported ("IBNR").

The reserves represent estimates of future payments of reported and unreported claims for losses and related expenses with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgements. Significant delays occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the year-end date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available and assessed regularly by reference to both levels of business and actual claims development. The statistics are divided by class of business and arranged on a policy year basis. Estimates of ultimate outcome are assessed by policy year allowing for past experience, levels of business and known claims trends.

The establishment of an ultimate outcome for older policy years has higher certainty. IBNR is established mainly to allow for the adverse deterioration in the case of more recent years, and it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Ultimate reserves for IBNR are established at a statistically relevant and homogeneous portfolio level which may cover single or multiple market covers. The IBNR is then allocated to each contract within the reserving portfolio on a consistent basis.

Reinsurance

The Company cedes insurance premiums and risks in the normal course of its business in order to limit the potential for single large loss or losses arising from a single event or longer exposures. Retrocession does not, however, relieve the originating insurer of its liability. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses, ceded unearned premiums and ceded future policy benefits. Amounts recoverable from reinsurers are estimated in a manner consistent with the claims liability associated with the reinsured policy. Reinsurance is recorded gross in the Balance Sheet unless a right of offset exists.

Life insurance contracts

The risks inherent in the life business assumed by the Company include mortality, morbidity. disability, longevity, persistency, expense and interest rate risks. Generally, contracts that are written on guaranteed terms will introduce higher risk exposures to the Company.

Uncertainties arising from mortality and morbidity business pose the key risks to the Company given the material size and long duration of the portfolios. The diversification between various risks has been considered in the process of monitoring and assessment of the risks. For example, there is negative correlation between mortality and longevity risks. Active risk management is essential to ensure the exposure is within the risk appetite of the Company.

Liabilities for policy benefits are determined on the basis of actuarially calculated present values of the future benefits, taking experience into account. Discount rates, decline rates, mortality and morbidity assumptions are the key assumptions used in determining the policy benefit and other reserves. Changes in these key assumptions could result in a corresponding significant change in the estimate of the future policy benefits and other payments further described in (a) to (b) below.

The benefit costs and other reserves of the Company can be grouped into two main categories being:

(a) Reserves for outstanding benefit and claims include incurred but not reported claims (IBNR) and disability income claims. The key assumption used in determining these reserves are the ultimate losses of the claims portfolios.

(b) Provision for profit commissions moderates the effect of any changes in assumptions. The size of this moderating effect has not been considered but it would serve to reduce the sensitivities mentioned above.

We have determined our assumptions on the major statistical portfolio based on the historical experience in the past for up to 7 years.

Reinsurance

Intra-group retrocession (IGR) is the main mean employed by the Company for the purpose of risk transfer. The Company currently has a number of IGR arrangements with other Swiss Re entities, including Swiss Re Zurich (SRZ) and Swiss Re L&H Australia (SRLHA).

The risks being ceded to external parties are not material.

Concentration of insurance risk

The concentration of insurance risk before and after reinsurance by main lines of business ("LOB") in relation to the type of insurance risk accepted by the Company is summarised below, with reference to the carrying amount of the premiums (gross and net of reinsurance) arising from insurance contracts:

	Gross premium written		Net premium written	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Non-life insurance contracts				
Main LOB				
Property	1,942,027	1,988,477	1,153,861	1,145,607
Motor	1,302,307	1,356,912	786,285	789,795
Casualty and others	1,582,042	1,583,068	1,110,462	1,150,132
	4,826,376	4,928,457	3,050,608	3,085,534
Life insurance contracts				
Main LOB				
Life	1,118,421	1,213,608	685,139	730,010
Accident & Health	1,574,605	1,587,038	913,857	895,083
	2,693,026	2,800,646	1,598,996	1,625,093
Total	7,519,402	7,729,103	4,649,604	4,710,627

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities in respect of risks exposed.

(i) *Non-life insurance contracts*

	Change in assumptions	Impact on net outstanding claims reserves $'000	Impact on profit before income tax $'000	Impact on equity $'000
2022				
- Projected ultimate loss ratio	+5%	187,124	(187,124)	(155,313)
- Yield curve	+0.9%	(58,453)	58,453	48,516
- Claims handling experience	+5%	3,952	(3,952)	(3,280)
- Projected ultimate loss ratio	-5%	(187,124)	187,124	155,313
- Yield curve	-0.9%	61,688	(61,688)	(51,201)
- Claims handling experience	-5%	(3,951)	3,951	3,279
2021				
- Projected ultimate loss ratio	+5%	167,973	(167,973)	(139,418)
- Yield curve	+0.9%	(55,722)	55,722	46,249
- Claims handling experience	+5%	3,601	(3,601)	(2,989)
- Projected ultimate loss ratio	-5%	(167,973)	167,973	139,418
- Yield curve	-0.9%	58,151	(58,151)	(48,265)
- Claims handling experience	-5%	(3,601)	3,601	2,989

(ii) *Life insurance contracts*

	Change in assumptions	Impact on net outstanding claims reserves $'000	Impact on profit before income tax $'000	Impact on equity $'000
2022				
- Projected ultimate loss ratio	+5%	329,039	(329,039)	(273,102)
- Yield curve	+0.9%	(39,746)	39,746	32,989
- Projected ultimate loss ratio	-5%	(216,713)	216,713	179,872
- Yield curve	-0.9%	39,746	(39,746)	(32,989)
2021				
- Projected ultimate loss ratio	+5%	245,526	(245,526)	(203,786)
- Yield curve	+0.9%	(23,534)	23,534	19,533
- Projected ultimate loss ratio	-5%	(113,897)	113,897	94,534
- Yield curve	-0.9%	23,534	(23,534)	(19,533)

Loss development tables - Non-life insurance contracts

2022

The loss development table presented below is gross of reinsurance. All items (including cumulative payments to date) are revalued based on the foreign exchange rates as at year end.

Underwriting year	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**2021 $'000**	**2022 $'000**	**Total $'000**
Estimate of ultimate claims costs								
At the end of year	1,317,410	992,657	1,998,065	2,639,761	1,765,827	1,649,423	1,731,596	
One year later	1,898,288	1,662,322	2,885,613	3,674,578	2,802,955	2,869,355		
Two years later	1,857,634	1,621,721	2,866,915	3,531,049	2,668,807			
Three years later	1,846,139	1,606,580	2,760,955	3,145,096				
Four years later	1,826,089	1,601,072	2,475,336					
Five years later	1,842,190	1,450,306						
Six years later	1,698,378							
Seven years later								
Current estimate of cumulative ultimate claims	1,698,378	1,450,306	2,475,336	3,145,096	2,668,807	2,869,355	1,731,596	16,038,874
Cumulative payments to date (include loss portfolio transferred)	(1,495,422)	(1,323,993)	(2,172,550)	(2,727,972)	(1,819,050)	(1,288,767)	(196,136)	(11,023,890)
Best estimate outstanding	202,956	126,313	302,786	417,124	849,757	1,580,588	1,535,460	5,014,984
Liabilities in respect of earlier years								472,252
Total gross outstanding claims reserve (Note 6)								5,487,236

The loss development tables presented below is net of reinsurance. All items (including cumulative payments to date) are revalued based on the foreign exchange rates as at year end.

Underwriting year	**2016 $'000**	**2017 $'000**	**2018 $'000**	**2019 $'000**	**2020 $'000**	**2021 $'000**	**2022 $'000**	**Total $'000**
Estimate of ultimate claims costs								
At the end of year	1,288,161	986,799	1,546,889	1,210,795	682,769	1,211,150	762,847	
One year later	1,837,147	1,043,879	1,956,715	2,306,175	1,413,436	2,202,993		
Two years later	1,849,230	1,074,821	2,068,513	2,347,877	1,415,055			
Three years later	1,869,966	1,064,025	2,020,048	1,929,231				
Four years later	1,865,448	1,060,961	1,813,672					
Five years later	1,864,638	969,049						
Six years later	1,723,729							
Seven years later								
Current estimate of cumulative ultimate claims	1,723,729	969,049	1,813,672	1,929,231	1,415,055	2,202,993	762,847	10,816,576
Cumulative payments to date (include loss portfolio transferred)	(1,576,968)	(860,319)	(1,587,676)	(1,634,433)	(818,533)	(924,265)	(6,105)	(7,408,299)
Best estimate outstanding	146,761	108,730	225,996	294,798	596,522	1,278,728	756,742	3,408,277
Liabilities in respect of earlier years								348,906
Total net outstanding claims reserve (Note 6)								3,757,183

22.2 Financial risk management

The Company's activities also expose it to a variety of financial risks, including the effects of changes in debt market prices and foreign currency exchange rates.

Financial risk management objectives

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from claims as they fall due. The most important components of this financial risk are market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company manages these positions within an investment strategy that has been developed with the following objectives:

(i) to preserve capital in reasonably liquid investments to pay claims

(ii) to maximise returns to the Company's income needs

The Company's investment strategy is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. The Company does not use hedge accounting.

(i) Market risk

Currency risk

The Company's business is exposed to foreign exchange risk arising from transactions primarily with respect to the Singapore Dollar ("SGD"), Chinese Renminbi ("CNY"), Indian Rupee ("INR"), Japanese Yen ("JPY"), Australian Dollar ("AUD"), Korean Won ("KRW"), Malaysia Ringgit ("MYR"), Hong Kong Dollar ("HKD"), New Zealand Dollar ("NZD"). The Company manages this risk by monitoring the foreign currency balances and exchange rates movements closely.

Foreign exchange forward and swap contracts are used to reduce exposure to fluctuations in foreign exchange rates by the Company.

If the following major currencies change against USD by 3% (2021: 3%) with all other variables being held constant and assuming no offsetting impact from the Company's foreign exchange hedging activities, the effects arising from the net financial asset/liability position will be as follows:

	Increase/ (decrease) in profit before tax $'000	Impact on equity $'000
2022		
SGD against USD		
- strengthened	3,139	2,606
- weakened	(3,139)	(2,606)
CNY against USD		
- strengthened	(4,328)	(3,593)
- weakened	4,328	3,593
JPY against USD		
- strengthened	1,147	952
- weakened	(1,147)	(952)
INR against USD		
- strengthened	(5,916)	(4,911)
- weakened	5,916	4,911
KRW against USD		
- strengthened	5,920	4,913
- weakened	(5,920)	(4,913)
AUD against USD		
- strengthened	(224)	(186)
- weakened	224	186
MYR against USD		
- strengthened	5,533	4,592
- weakened	(5,533)	(4,592)
HKD against USD		
- strengthened	142	117
- weakened	(142)	(117)
NZD against USD		
- strengthened	521	432
- weakened	(521)	(432)

	Increase/ (decrease) in profit before tax $'000	Impact on equity $'000
2021		
SGD against USD		
- strengthened	2,199	1,825
- weakened	(2,199)	(1,825)
CNY against USD		
- strengthened	1,169	970
- weakened	(1,169)	(970)
JPY against USD		
- strengthened	936	777
- weakened	(936)	(777)
INR against USD		
- strengthened	(8,281)	(6,873)
- weakened	8,281	6,873
KRW against USD		
- strengthened	5,744	4,768
- weakened	(5,744)	(4,768)
AUD against USD		
- strengthened	(481)	(399)
- weakened	481	399
MYR against USD		
- strengthened	4,356	3,615
- weakened	(4,356)	(3,615)
HKD against USD		
- strengthened	(1,437)	(1,193)
- weakened	1,437	1,193
NZD against USD		
- strengthened	485	403
- weakened	(485)	(403)

Interest rate risk

The Company's interest rate risk mainly arises from interest bearing securities (see Note 8). The Company manages the interest rate risk by maintaining securities with varying interest rates and maturities.

Any changes in the interest rate would affect the value of those securities carried at fair value. As at 31 December 2022, if the interest rate at that date had been 100 basis points higher or lower with all other variables including tax rate being held constant, the Company's profit or loss for the year would have decreased by $83,940,000 (2021: $78,085,000) or increased by $89,229,000 (2021: $84,499,000).

(ii) Credit risk

Credit risk is the risk of incurring a financial loss due to diminished creditworthiness or default of the Company's counterparties or of third parties. Issuers or borrowers whose securities or loans the Company holds, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, clearing houses and other financial intermediaries may default on their obligations to the Company due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operations failure, fraud or other reasons, which could also have a material adverse effect on the Company. A substantial portion of the credit risk to which the Company is exposed, arises as a result of established reinsurance agreements.

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate exposures are material in relation to the Company's total exposures. The Company's portfolio of financial assets is diversified along industry and product sectors. The Company has been monitoring its concentration risks by adopting appropriate risk control measures, such as settling limits on exposures to individual counterparties.

The Company's investments in debt securities include counterparties having appropriate credit rating by Standard and Poor's ("S&P") rating or equivalent when not available from S&P. The cash deposits are also placed by the Company with financial institutions having appropriate credit rating (minimum of investment grade) by S&P rating or equivalent when not available from S&P. The Company has also policies in place to ensure the rendering of services are made via brokers with an appropriate credit history.

The Company has established credit policies that govern credit approval, review and monitoring processes and impairment assessment processes to manage credit risk. The credit policies also lay down the actions to be taken to handle debts overdue for a certain period of time. There are also monthly management reports showing the aging analysis of balances overdue which are submitted for management review and discussion in the meeting. Outstanding receivables are analysed on the basis of the length of time that has passed since the due date with the following distribution; less than 3 months, 4-6 months, 7-12 months, and over 1 year. These analysis comprise the basis for various collections activities, as does the supporting documentation regarding the assessment of the counter-party's credit risk status and any write-down requirements.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

	AAA $'000	AA $'000	A $'000	BBB + or less or not rated $'000	Total $'000
2022					
Cash and cash equivalents	–	46,062	67,093	–	113,155
Financial assets, at fair value through profit or loss	914,571	1,214,668	640,622	2,692,180	5,462,041
Trade and other receivables (excluding prepayments)		508,811	1,994,540	1,631,237	4,134,588
Deferred acquisition costs	–	7,769	814,157	678,053	1,499,979
Unearned premiums on reinsurance ceded	–	1,235,372	5	172	1,235,549
Reinsurers' share of outstanding claims and benefit reserves	–	3,373,756	2,727	15,940	3,392,423
	914,571	6,386,438	3,519,144	5,017,582	15,837,735
2021					
Cash and cash equivalents	–	55,063	65,948	–	121,011
Financial assets, at fair value through profit or loss	1,006,851	764,806	678,663	2,660,308	5,110,628
Trade and other receivables (excluding prepayments)	–	1,004,797	2,738,228	13,220	3,756,245
Deferred acquisition costs	–	12,244	505,025	1,274,196	1,791,465
Unearned premiums on reinsurance ceded	–	1,371,313	–	180	1,371,493
Reinsurers' share of outstanding claims and benefit reserves	–	2,902,162	1,811	12,915	2,916,888
	1,006,851	6,110,385	3,989,675	3,960,819	15,067,730

The age analysis of trade and other receivables (excluding prepayments) is as follows:

	Neither past due nor impaired $'000	Past due but not impaired Up to 1 year $'000	Past due but partially impaired more than 1 year $'000	Total carrying amount $'000
2022				
Trade and other receivables (excluding prepayments)	3,925,891	174,893	33,804	4,134,588
2021				
Trade and other receivables (excluding prepayments)	3,556,406	162,202	37,637	3,756,245

The carrying amount of trade and other receivables (excluding prepayments) individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2022 $'000	2021 $'000
Gross amount	41,303	38,579
Less: Allowance for impairment	(7,499)	(942)
	33,804	37,637
Beginning of financial year	942	4,748
Allowance provided/(written back)	6,557	(3,806)
End of financial year	7,499	942

There is no other class of financial assets that is past due and/or impaired.

(iii) Liquidity risk

Liquidity risk is the risk that a company will not be able to meet both expected and unexpected future cash flow and collateral needs without affecting either its daily operations or its financial condition. The Company maintains sufficient liquid securities to pay reasonably foreseeable claims payments. The Company also reviews, on a regular basis, the time period required to liquidate the investment portfolio.

The table below provides a maturity analysis of the Company's liabilities based on contractual undiscounted cash flows.

	Carrying value $'000	Up to 1 year $'000	1 to 2 years $'000	Over 2 years $'000	Total $'000
2022					
Cash and cash equivalents	113,155	113,155	–	–	113,155
Financial assets, at fair value through profit or loss	5,352,320	2,909,835	1,382,343	1,416,731	5,708,909
Trade and other receivables (excluding prepayments)	4,134,588	4,100,784	26,522	7,282	4,134,588
Deferred acquisition costs	1,499,979	547,721	58,816	893,442	1,499,979
Unearned premiums on reinsurance ceded	1,235,549	893,824	13,809	327,916	1,235,549
Reinsurers' share of outstanding claims and benefit reserves[1]	3,392,423	1,995,521	507,134	1,694,470	4,197,125
	15,728,014	10,560,840	1,988,624	4,339,841	16,889,305

	Carrying value $'000	Up to 1 year $'000	1 to 2 years $'000	Over 2 years $'000	Total $'000
2022					
Trade and other payables	(1,723,697)	(1,699,360)	(6,885)	(17,452)	(1,723,697)
Derivative liabilities	(28,884)	(28,884)	–	–	(28,884)
Reinsurers' share of deferred acquisition costs	(368,889)	(266,628)	(4,132)	(98,129)	(368,889)
Unearned premium reserves	(2,684,266)	(1,941,293)	(30,024)	(712,949)	(2,684,266)
Outstanding claims and benefit reserves[1]	(8,657,251)	(5,248,156)	(1,366,963)	(3,742,170)	(10,357,289)
	(13,462,987)	(9,184,321)	(1,408,004)	(4,570,700)	(15,163,025)

[1] The undiscounted cash flows exclude claims handling expenses and provision for adverse deviation.

	Carrying value $'000	Up to 1 year $'000	1 to 2 years $'000	Over 2 years $'000	Total $'000
2021					
Cash and cash equivalents	121,011	121,011	–	–	121,011
Financial assets, at fair value through profit or loss	4,945,022	2,751,816	1,364,623	904,611	5,021,050
Trade and other receivables (excluding prepayments)	3,756,245	3,714,265	23,017	18,963	3,756,245
Deferred acquisition costs	1,791,465	598,001	81,013	1,112,451	1,791,465
Unearned premiums on reinsurance ceded	1,371,493	966,601	30,441	374,451	1,371,493
Reinsurers' share of outstanding claims and benefit reserves[1]	2,916,888	2,189,680	511,979	851,742	3,553,401
	14,902,124	10,341,374	2,011,073	3,262,218	15,614,665
Trade and other payables	(1,429,294)	(1,380,959)	(36,312)	(12,023)	(1,429,294)
Derivative liabilities	(38,360)	(37,558)	(802)	–	(38,360)
Reinsurers' share of deferred acquisition costs	(425,293)	(298,085)	(9,564)	(117,644)	(425,293)
Unearned premium reserves	(2,872,200)	(2,022,035)	(63,914)	(786,251)	(2,872,200)
Outstanding claims and benefit reserves[1]	(7,699,306)	(4,923,591)	(1,150,541)	(2,357,145)	(8,431,277)
	(12,464,453)	(8,662,228)	(1,261,133)	(3,273,063)	(13,196,424)

[1] The undiscounted cash flows exclude claims handling expenses and provision for adverse deviation.

Outstanding claims and benefit reserves excludes participants' fund.

(iv) Capital risk

As a reinsurer who conducts its business in Singapore, the Company is registered with the Monetary Authority of Singapore and is subject to the prudential standards which set out the basis for calculating the fund solvency requirements ("FSR") and capital adequacy requirement ("CAR") which is a minimal level of capital that must be held to meet policyholders' obligations. The FSR and CAR apply a risk-based approach to capital adequacy and are determined to be the aggregate of the risk requirement of the insurance funds established and maintained by the reinsurer under the Singapore Insurance Act, Chapter 142.

It is the Company's policy to hold capital levels in excess of FSR and CAR with the aim of having sufficient capital and liquidity to meet its outstanding liabilities.

The Company is in compliance with the FSR and CAR requirements for the financial year ended 31 December 2022.

(v) Fair value measurements

The Company's assets measured at fair value are its financial assets at fair value through profit or loss, which are classified by level of the following fair value measurement hierarchy:

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

The fair value of Level 1 financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The fair value of Level 2 financial instruments is determined using broker quotes at the reporting date. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3. These inputs reflect the Company's own assumptions about market pricing using the best internal and external information available.

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2022				
Financial assets, at fair value through profit or loss	977,406	4,251,262	233,373	5,462,041
2021				
Financial assets, at fair value through profit or loss	948,043	3,853,813	308,772	5,110,628

There were no transfers between Level 1, Level 2 and Level 3 fair values during 2022 and 2021.

The following table presents the changes in Level 3 instruments:

	Private equity funds $'000	Infrastructure loans $'000	Short-term securities $'000	Total $'000
2022				
Beginning of financial year	165,606	104,936	38,230	308,772
Purchases	–	3	–	3
Disposal	(17,386)	(2,864)	–	(20,250)
Realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	(38,499)	(6,448)	(2,234)	(47,181)
Movement in accrued interest	–	88	1,278	1,366
Effect of movements in exchange rates	–	(6,801)	(2,536)	(9,337)
End of financial year	109,721	88,914	34,738	233,373

	Private equity funds $'000	Infrastructure loans $'000	Short-term securities $'000	Total $'000
2021				
Beginning of financial year	169,272	83,558	40,343	293,173
Purchases	–	29,749	–	29,749
Disposal	(28,203)	(2,659)	–	(30,862)
Realised and unrealised gains on financial assets at fair value through profit or loss	24,537	124	245	24,906
Movement in accrued interest	–	12	(19)	(7)
Effect of movements in exchange rates	–	(5,848)	(2,339)	(8,187)
End of financial year	165,606	104,936	38,230	308,772

The following table shows the valuation technique and input used in Level 3 fair value measurements.

Description	**Fair value at 31 December 2022 $'000**	**Valuation technique**	**Unobservable inputs**	**Reasonable possible shift +/-**	**Change in valuation $'000**
Private equity funds	109,721 (2021: 165,606)	NAV - Adjusted	NAV and fair value adjustments	+/- 5%	+/- 5,486 (2021: +/- 8,280)
Infrastructure loans	88,914 (2021: 104,936)	Discounted cash flow model	Valuation spread	+/- 5%	+/- 4,466 (2021: +/- 5,247)
Short-term securities	34,738 (2021: 38,230)	Discounted cash flow model	Illiquidity premium	+/- 5%	+/- 1,737 (2021: +/- 1,912)

(vi) ***Financial instruments by category***

	2022 $'000	**2021 $'000**
Financial assets		
Financial assets, at fair value through profit or loss	5,462,041	5,110,628
Loans and receivables		
- Cash and cash equivalents	113,155	121,011
- Trade and other receivables (excluding prepayments)	4,134,588	3,756,245
	9,709,784	8,987,884
Financial liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	(1,723,699)	(1,429,294)
- Derivatives liabilities	(28,884)	(38,360)
	(1,752,583)	(1,467,654)

23 Off-balance sheet arrangements

In prior year, Swiss Reinsurance Company Ltd has placed securities in a trust in favour of Swiss Re Asia Pte. Ltd., Australia Branch due to a collateralisation requirement on intra-group reinsurance between these two parties. The value of the securities held in the trust amounted to $125 million as at 31 December 2022 (2021: $265 million).

24 Commitments

The Company has commitments for uncalled capital in investment classified as "Fair value through profit or loss" amounting to $42 million as at 31 December 2022 (2021: $42 million).

25 Related party transactions

(a) Income and charges for services rendered during the year

	2022 $'000	2021 $'000
Gross premium written	3,305,616	3,438,236
Outward reinsurance premium	(2,850,085)	(3,012,453)
Gross claims paid	(1,742,758)	(1,743,592)
Reinsurers' share of gross claims paid	1,797,767	1,644,302
Commission expense	(888,465)	(767,386)
Commission income	533,688	554,694
Trademark fees paid to ultimate holding company	(46,756)	(48,687)
Securities lending fee	1,612	851
Interest income from cash pooling	2,524	119
Fees paid to related companies	(219,425)	(138,688)
Recovery of expense from immediate holding company and related companies	259,723	145,837

(b) Outstanding balances as at year-end

Outstanding balances as at year-end are unsecured and payable within 12 months from year end date disclosed in Notes 9 and 13 are as follows:

	2022 $'000	2021 $'000
Amount due from related corporation - trade	1,476,138	1,260,626
Deposit withheld by cedents - related corporation	78,810	62,118
Reinsurance recoverable - related corporation	65,346	40,685
Amount due to related corporation - trade	(1,252,780)	(1,121,879)
Reinsurance deposit - related corporation	(172,923)	(32,449)

These balances are unsecured and payable within 12 months from year end date.

(c) Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors, the chief executive and certain executive officers are considered as key management personnel of the Company.

	2022 $'000	2021 $'000
Wages and salaries	5,739	6,990
Employers contribution to CPF	239	311
Other benefits	462	403
Directors' remuneration	683	787
	7,123	8,491

26 Dividend

During the year, the Company paid a dividend of $2,502 per ordinary share, one-tier exempt, totalling $460,000,000 in respect of the financial year ended 31 December 2021.

The directors have proposed a final dividend of $2,175 (2021: $2,502) per ordinary share, one-tier exempt, totalling $400,000,000 (2021: $460,000,000) in respect of the financial year ended 31 December 2022. This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted to shareholders' approval at the forthcoming Annual General Meeting of the Company.