

FINANCIAL STATEMENTS

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Statement by the Members of The Board

In our opinion, the accompanying financial statements of the funds managed by the Central Provident Fund Board (the “Board”) as set out on pages 8 to 93 are drawn up so as to present fairly, in all material respects of the net assets of the funds managed by the Board as at 31 December 2020, and the changes in these fund balances and cash flows for the financial year then ended.

On behalf of the Board



Chiang Chie Foo
Chairman



Augustin Lee
Chief Executive Officer

17 May 2021

Independent Auditors’ Report

Members of the Board, Central Provident Fund Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the funds managed by the Central Provident Fund Board (‘the Board’), which comprise the statement of net assets of funds managed by the Board as at 31 December 2020, the statement of changes in fund balances and the statement of cash flows of the funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 93.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the ‘PSG’ Act), the Central Provident Fund Act Chapter 36, Revised Edition 2013 (the ‘Act’) and Statutory Board Financial Reporting Standards (‘SB-FRSs’) so as to present fairly, in all material respects, the net assets of the funds managed by the Board as at 31 December 2020 and the changes in these fund balances and cash flows 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 Board 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 all other information 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 for the financial statements

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

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Board'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 there is intention to wind up the Board or for the Board to cease operations.

The management of the Board is responsible for overseeing the Board'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.
- 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 Board'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 Board'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 Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management of the Board 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

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board; and
- (b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the compliance audit*' section of our report. We are independent of the Board in accordance with the 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 on management's compliance.

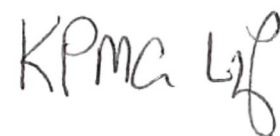
Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditors' responsibility for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board.

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



KPMG LLP

Public Accountants and Chartered Accountants

Singapore
17 May 2021

Statement of Net Assets of Funds

as at 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
Central Provident Fund			
Total assets			
Property, plant and equipment	3	163,313	172,890
Right-of-use assets	4	103,172	124,846
Intangible assets	5	152,206	97,780
Investments	6	460,232,204	423,732,270
Debtors and other receivables	7	5,139,162	4,683,730
Cash and cash equivalents	8	578,090	417,933
		<u>466,368,147</u>	<u>429,229,449</u>
Total liabilities			
Deferred capital grant	9	13,291	6,149
Creditors, accruals and provisions	10	609,580	598,790
Lease liabilities	4	114,867	136,018
		<u>737,738</u>	<u>740,957</u>
Net assets of the Central Provident Fund	17	<u>465,630,409</u>	<u>428,488,492</u>
Insurance Funds			
Net assets			
Home Protection Fund	20	698,614	1,275,892
MediShield Life Fund	20	2,141,019	1,884,173
Lifelong Income Fund	20	–	–
CareShield Life and ElderShield Insurance Fund	20	–	n/a
Other Funds			
Net assets of Trust Funds	21	1,200,589	1,670,740

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

Statement of Changes in Fund Balances

for the year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
Central Provident Fund			
Fund balances as at 1 January		428,488,492	394,327,342
Add:			
Contributions (net of refunds) by members	11	38,355,751	37,400,974
Government grants to members	12	2,446,505	2,302,825
Dividends from Special Discounted Shares		99,772	144,631
Net income from investments	13	17,171,093	15,846,376
Net change in fair value of equity investments at fair value through other comprehensive income		3,905	69,984
Net change in fair value of debt investments at fair value through other comprehensive income		55,367	45,853
Interest income from bank deposits		1,811	4,303
Other operating income	14	209,549	193,347
		58,343,753	56,008,293
Less:			
Withdrawals (net of refunds) by members	15	20,742,731	21,424,749
General and administrative expense		5,566	1,508
Other operating expenses	16	451,150	418,147
Interest on lease liabilities	4	2,389	2,739
		21,201,836	21,847,143
Net increase in the Central Provident Fund		37,141,917	34,161,150
Fund balances as at 31 December		465,630,409	428,488,492
Represented by:			
Members' accounts	17	462,130,587	425,110,201
General moneys of the Fund	17	67,512	63,799
Accumulated surplus	17	3,208,771	3,150,225
Fair value reserve	17	223,539	164,267
		465,630,409	428,488,492

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

Statement of Cash Flows

for the year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
Central Provident Fund			
Cash flows from operating activities			
Net increase in the Central Provident Fund			
Adjustments for:			
Net income from investments	13	(17,171,093)	(15,846,376)
Net change in fair value of equity investments at fair value through other comprehensive income		(3,905)	(69,984)
Net change in fair value of debt investments at fair value through other comprehensive income		(55,367)	(45,853)
Interest income from bank deposits		(1,811)	(4,303)
Depreciation and amortisation	16	73,452	61,725
Interest on lease liabilities	4	2,389	2,739
Government grants	14	(3,647)	(3,063)
Grant expense	16	570	–
Property, plant and equipment written off		41	278
Intangible assets written off		346	264
Cash generated before changes in operating assets and liabilities		19,982,892	18,256,577
Changes in operating assets and liabilities:			
Debtors and other receivables		(4,077)	(14,598)
Creditors, accruals and provisions		41,626	(18,813)
Net acquisition of special issues of Singapore Government securities		(35,328,176)	(33,068,274)
Net placement of advance deposits		(1,070,189)	(473,887)
Cash used in operations		(16,377,924)	(15,318,995)
Interest received from special issues of Singapore Government securities, advance deposits and bank deposits		16,619,538	15,340,532
Grants received from Government		5,606	3,078
Payment for interest portion of lease liabilities		(2,389)	(2,739)
Net cash generated from operating activities		244,831	21,876
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(15,291)	(29,742)
Payments for purchase of intangible assets		(74,047)	(67,101)
Acquisition of debt and equity investments		(607,564)	(388,396)
Proceeds from sale of investments		210,598	161,777
Redemption of investments and capital reduction by issuer		357,567	214,255
Interest received from debt investments		81,198	78,568
Dividends received		22,228	25,531
Net cash used in investing activities		(25,311)	(5,108)
Cash flows from financing activities			
Payment for principal portion of lease liabilities		(21,151)	(20,814)
Net cash used in financing activities		(21,151)	(20,814)
Net increase / (decrease) in cash and cash equivalents		198,369	(4,046)
Cash and cash equivalents as at 1 January		257,274	261,320
Cash and cash equivalents as at 31 December	8	455,643	257,274

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

Notes to the Financial Statements

for the year ended 31 December 2020

1. Domicile and activities

Central Provident Fund Board (the “Board”) is a statutory board established under the Central Provident Fund Act (Chapter 36, Revised Edition 2013) (the “Act”) under the purview of the Ministry of Manpower. As a statutory board, the Board is subject to the directions of the Ministry of Manpower and is required to implement policies as determined by the Ministry of Manpower and other Government ministries such as the Ministry of Finance from time to time.

The office address of the Board is 238B Thomson Road, #08-00 Tower B Novena Square, Singapore 307685.

Funds managed by the Board

As set out in the Act, the Board is the trustee of the Central Provident Fund (“CPF”) and the administrator of the Home Protection Fund and Lifelong Income Fund. The Board also administers the MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund which are established under the MediShield Life Scheme Act 2015 (No. 4 of 2015) and CareShield Life and Long Term Care Act 2019 respectively, on behalf of the Ministry of Health.

The Home Protection Fund, MediShield Life Fund, Lifelong Income Fund, and CareShield Life and ElderShield Insurance Fund are collectively known as the “Insurance Funds”.

The principal activities of the Board include the collection of CPF contributions, the processing of withdrawals of CPF savings by members under the various schemes and the administration of the Home Protection Fund, MediShield Life Fund, Lifelong Income Fund, and CareShield Life and ElderShield Insurance Fund.

The Board is also appointed as the trustee of, and administers the Deferment Bonus Fund, CPF LIFE Bonus Fund, Trust Fund for the Special Employment Credit Scheme and other trust funds received from the Government (collectively known as “Trust Funds”). Details of the Trust Funds are disclosed in note 21.

Central Provident Fund

The Central Provident Fund is established by the Act. It is the national social security savings scheme of Singapore, jointly supported by employees, employers and the Government. All contributions authorised under the Act are paid into the CPF and all payments authorised under the Act are paid out of the CPF.

Insurance Funds

(a) The **Home Protection Fund** is set up under section 33 of the Act to account for premiums received, claims paid for home mortgage insurance cover and operating expenses incurred under the Home Protection Insurance Scheme.

(b) The **MediShield Life Fund** is set up under section 7(1) of the MediShield Life Scheme Act 2015 (No. 4 of 2015). The MediShield Life Fund accounts for premiums and government grants received, claims paid for medical insurance cover and operating expenses incurred under the MediShield Life Scheme.

(c) The **Lifelong Income Fund** is set up under section 27N of the Act to account for premiums received, monthly payouts made and operating expenses incurred under the Lifelong Income Scheme. The Lifelong Income Scheme is designed to provide the insured member a monthly payout, starting from the annuity payout start age of the insured member, for as long as the member is alive. Investment of moneys in the Lifelong Income Fund is governed by section 27N(3) of the Act.

(d) The **CareShield Life and ElderShield Insurance Fund** is set up under section 35 of the CareShield Life and Long-Term Care Act 2019 (No. 26 of 2019) to account for premiums and government grants received, claims paid for severe disability insurance cover and operating expenses incurred under the CareShield Life Scheme. The CareShield Life and ElderShield Insurance Fund began issuing policies and assuming liabilities from 1 October 2020 for CareShield Life Scheme.

The assets and liabilities of the Insurance Funds are subjected to the requirements of the relevant Acts and Regulations governing the Insurance Funds. These assets and liabilities are segregated from each other, and from those of the CPF, and can only be withdrawn in accordance with the relevant legislation.

2. Summary of significant accounting policies

2.1 Basis of preparation

In its capacity as trustee of the CPF and administrator of the respective funds, all operating expenses of the Board pertaining to the funds and schemes administered are charged against the respective funds. Consequently, all the financial transactions of the Board are reported under the respective funds accordingly. The Board does not separately have any assets or liabilities.

The financial statements of the funds managed by the Board have been prepared in accordance with the provisions of the Act, the Public Sector (Governance) Act 2018 (No. 5 of 2018) (the “PSG” Act) and Statutory Board Financial Reporting Standards (“SB-FRS”). SB-FRS include Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General. The presentation of the financial statements of the Board is in accordance with SB-FRS 26 *Accounting and Reporting by Retirement Benefit Plan*.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S\$) which is the functional currency of the funds managed by the Board. All financial information presented in Singapore Dollars has been rounded to the nearest thousand (S\$’000), except when otherwise stated.

The preparation of financial statements in conformity with SB-FRS 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

Note 19.1 and 20.12 – Classification of financial instruments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included in the following notes:

Note 20.10 – Valuation of insurance contract liabilities

Note 20.12 – Valuation of financial instruments

Assumptions and estimates made by management are based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of management. Such changes are reflected in the assumptions when they occur.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

2.3 Basis of recognition of contributions, withdrawals, Government grants to members, interest, net income from investments and other operating income

Based on the Act and CPF Regulations:

- (a) Contributions, Government grants to members and dividends from Special Discounted Shares are recognised when received and credited directly to the members' accounts.
- (b) Withdrawals by members are recognised when authorised and debited from the members' accounts.
- (c) Penalty interest on late contributions is recognised when received.
- (d) Interest payable to members is recognised as it accrues.

Interest income from investments and interest income from bank deposits are recognised as they accrue, using the effective interest method.

Dividends from investments are recognised when the shareholder's right to receive payments has been established.

Agency fees and income from other services provided are recognised when the services have been rendered.

Rental income arising from operating leases on property, plant and equipment is accounted for on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income is recognised as 'other operating income'.

2.4 Operating expenses

All operating expenses incurred by the Board and relating to the CPF, Home Protection Fund, MediShield Life Fund, Lifelong Income Fund, CareShield Life and ElderShield Insurance Fund, are charged to the respective funds when incurred unless paid by the Government.

All operating expenses of trust funds are taken up in the respective trust funds when paid.

2.5 Insurance contracts

Insurance contracts issued under the Home Protection Insurance Scheme, MediShield Life Scheme and Lifelong Income Scheme and CareShield Life Scheme work on the principle of risk transfer. Insurance contracts are those contracts under which the Insurance Funds accept significant insurance risks from the insured member by agreeing to compensate the insured member or other beneficiary, if a specified uncertain future event adversely affects the insured member.

The Board is not required to unbundle any insurance contract as the accounting policy recognises all insurance premiums, claims and benefit payments, expenses and valuation of actuarial liabilities, through the changes in fund balances of the Insurance Funds.

2.6 Basis of recognition and measurement of insurance premiums, claims, benefits incurred and insurance contract liabilities

(a) Premiums

Premiums from insured members are recognised on their respective due dates. Premiums not received on the due date are recognised as revenue with the corresponding outstanding premiums receivable reported in the statement of net assets of the Insurance Funds.

(b) Claims and benefits incurred

Claims include surrenders, death claims and claims incurred under other claim events. Surrenders are recorded when the obligation to make the payouts arises. Death claims and payments on other claim events are recorded when notified. Annuity payouts from the Lifelong Income Fund are recognised when due.

(c) Insurance contract liabilities

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined using assumptions considered appropriate for the policies in force. The actuarial valuation basis is determined by the Board based on the advice of the independent actuarial advisers to the Board.

2.7 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenses incurred that are directly attributable to the acquisition of the asset. Costs of dismantlement, removal or restoration are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of an item of property, plant and equipment below S\$5,000 is recognised as an expense in the statement of changes in fund balances during the year in which the cost is incurred.

Subsequent costs incurred for an asset are recognised in the carrying amount of the asset, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the funds managed by the Board and the cost of the item can be measured reliably. Costs of day-to-day servicing of property, plant and equipment are recognised as an expense when incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each year and adjusted prospectively, if appropriate, to ensure that they reflect the expected economic benefits derived from these assets.

Property, plant and equipment are depreciated on a straight-line basis, over their estimated useful lives as follows:

	<u>Estimated useful life</u>
Leasehold land	period of the lease
Buildings	50 years or period of the lease, whichever is shorter
Building renovation and improvement	remaining life of the building
Machinery and equipment	4 to 10 years
Furniture and fittings	8 years
Data processing equipment	3 to 5 years

Depreciation is based on the cost of an asset less its residual value and is recognised from the date that the property, plant and equipment are installed and are ready for use. Assets classified as construction-in-progress are not depreciated, as these assets are not available for use.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss on derecognition of the asset is included in the statement of changes in fund balances in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets consist of computer software and application system, including those under development. They are measured at cost less accumulated amortisation and any accumulated impairment losses. Cost includes expenses incurred directly to bring the asset to use or to develop the computer software or application system.

The cost of an intangible asset below S\$5,000 is recognised as an expense in the statement of changes in fund balances during the year in which the cost is incurred.

Subsequent costs which enhance or extend the performance of computer software or application system beyond its original specifications and which can be reliably measured are recognised as capital improvements and recognised in the carrying amount of the asset. Costs associated with the support and maintenance of computer software and application systems are recognised as an expense when incurred.

The residual values, useful lives and amortisation methods of intangible assets are reviewed at the end of each year and adjusted prospectively, if appropriate, to ensure that they reflect the expected economic benefits derived from these assets.

Amortisation is calculated based on the cost of the asset, less its residual value. Intangible assets are amortised on a straight-line basis, over their estimated useful lives ranging from 3 to 5 years from the date they are available for use.

Intangible assets under development are not amortised, as these assets are not available for use.

The carrying amount of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An intangible asset is derecognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss on derecognition of the asset is included in the statement of changes in fund balances in the year the asset is derecognised.

2.9 Impairment of non-financial assets

The Board assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, the Board makes an estimate of the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, the value in use, of the asset, is used as the recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the continuing use of the asset and from its ultimate disposal are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the statement of changes in fund balances.

The Board also assesses at each reporting date as to whether there is an indication that an asset previously assessed to be impaired, may no longer be so. If any indication exists, the Board makes an estimate of the recoverable amount of the asset. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of changes in fund balances unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Leases

At inception of a contract, the Board 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.

(a) As a lessor

At inception or on modification of a contract that contains a lease component, the Board allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

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

To classify each lease, the Board makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. Leases is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to the ownership. Assets leased out under operating leases include property, plant and equipment.

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

(b) As a lessee

At commencement or on modification of a contract that contains a lease component, the Board allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Board 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 Board by the end of the lease term or the cost of the right-of-use asset reflects that the Board 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 re-measurements of the lease liability.

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 incremental borrowing rate. Generally, the Board uses the Government's borrowing rate as an estimate of its incremental borrowing rate.

Lease payments to be included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Board is reasonably certain to exercise, lease payments in an optional renewal period if the Board is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Board is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when:

- there is a change in future lease payments arising from a change in an index or rate;
- there is a change in the Board's estimate of the amount expected to be payable under a residual value guarantee;
- the Board changes its assessment of whether it will exercise a purchase, extension or termination option; or
- there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of changes in fund balances if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Board has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Board recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.11 Financial instruments

(a) Non-derivative financial assets

Recognition and initial measurement

Debtors and other receivables are recognised initially on the date that they originated. All other financial assets are initially recognised when the Board, as trustee and administrator of the funds, becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. In the case of financial assets not at fair value through profit or loss, they are initially measured at fair value plus directly attributable transaction costs.

Assessment whether contractual cash flows are solely payments of principal and interest

'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Board considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that the condition would not be met. In making this assessment, the Board considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features; and
- prepayment and extension features.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as financial assets at amortised cost, debt investments at fair value through other comprehensive income, equity investments at fair value through other comprehensive income or financial assets at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless there are changes to business model for managing the financial assets. Upon change in business model, all affected financial assets are to be reclassified from the first day of the first reporting period.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss ("FVTPL"):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income, impairment and any gain or loss on derecognition are recognised in the statement of changes in fund balances.

(ii) Debt investments at fair value through other comprehensive income ("FVOCI")

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt investments at FVOCI are measured at fair value. Any gains and losses from changes in fair value of the debt investments are recognised in the statement of changes in fund balances and presented in the fair value reserve.

Impairment losses, foreign exchange gains and losses, and interest calculated using the effective interest method, are recognised in the statement of changes in fund balances.

On derecognition, gains and losses accumulated in fair value reserve are reclassified to the statement of changes in fund balances.

(iii) Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Board may irrevocably elect to designate the investment at FVOCI. The election to designate investment is made on an investment-by-investment basis.

Subsequent to initial recognition, equity investments at FVOCI are measured at fair value, and the changes are recognised in the statement of changes in fund balances and presented in the fair value reserve.

Dividends are recognised in the statement of changes in fund balances unless the dividend clearly represents a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Board may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

After initial recognition, these assets are measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of changes in fund balances.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset has expired, or when the rights to receive the contractual cash flows on the financial asset are transferred in a transaction, in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained is recognised as a separate asset or liability.

(b) Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities, are initially recognised on the trade date, which is the date that the Board, as trustee and administrator of the funds, become a party to the contractual provisions of the financial instrument.

Non-derivative financial liabilities comprise creditors and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, or is cancelled, or expires.

(c) Derivative financial instruments

The Insurance Funds hold derivative financial instruments to hedge their foreign currency risk and interest rate risk exposures. Hedge accounting is not adopted.

Derivatives are recognised initially at fair value, attributable transaction costs are recognised as an expense when incurred.

Subsequent to initial recognition, derivatives are measured at fair value, and the changes are recognised in the statement of changes in fund balances.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of net assets when, and only when, there are legal rights to offset the amounts, and intention to either settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.12 Fair value of assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

(a) Fair value measurement of financial instruments

The fair value of an instrument is measured using quoted prices in an active market for that instrument, where available. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, its fair value is established using a valuation technique.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument, that is, without modification, or based on a valuation technique whose variables include only data from observable markets.

(b) Fair value hierarchy

The Board categorises fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for individual assets or liabilities.
- Level 2: valuation techniques on observable inputs either directly, that is, as prices, or indirectly, that is, derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.13 Impairment of financial assets

The Board recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and debt investments measured at FVOCI.

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Board applies the simplified approach to provide for ECLs for debtors and other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Board applies the general approach to provide for ECLs on all other financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Board assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Board considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Board's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Board considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Board in full, without recourse by the Board to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Board is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Board in accordance with the contract and the cash flows that the Board expects to receive).

Credit impaired financial assets

At each reporting date, the Board assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or

- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of net assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets. For debt investments at FVOCI, loss allowances are recognised in the statement of changes in fund balances.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Board determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Board's procedures for recovery of amounts due.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and bank deposits. Cash at banks managed by the Board on behalf of trust funds and Government ministries is excluded from cash and cash equivalents in the statement of cash flows.

2.15 Foreign currency transactions and balances

Transactions in foreign currencies are measured and are recorded on initial recognition in Singapore Dollars at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are translated to Singapore Dollars at the exchange rate at the end of the year.

Foreign currency exchange gains or losses on monetary items is the difference between the amortised costs of the monetary items, reported in Singapore Dollars, at the start of the year, adjusted for effective interest and payments during the year, and the amortised costs of the monetary items, translated from foreign currency to Singapore Dollars, at the exchange rate at the end of the year.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the year are recognised in the statement of changes in fund balances.

Non-monetary assets and non-monetary liabilities measured at fair value in foreign currencies are translated to Singapore Dollars using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions.

2.16 Provisions

A provision is recognised when, as a result of a past event, the Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are estimated, based on the best estimate of the expenditure required to settle the obligations, taking into consideration the time value of money.

Provisions are reviewed at the end of each year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.17 Employee benefits

(a) Defined contribution plans

Contributions on the salaries of the employees of the Board are made to the CPF as required by law. The CPF contributions are recognised as expenses in the period when the employees rendered their services.

(b) Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related benefits are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Board has a present legal or constructive obligation to pay the amount as a result of past service rendered by the employee and the obligation can be reliably estimated.

(c) Employees' leave entitlements

Employees' entitlements to annual leave are recognised when they accrue to the employees. A liability is recognised for leave earned by the employees as a result of services rendered up to the reporting date.

2.18 Trust Funds

Trust Funds are funds to which the Board acts as trustee, administrator or agent but does not exercise control over the funds.

The assets and liabilities of these funds held in trust are presented as a line item at the bottom of the statement of net assets with additional disclosures in the notes to the financial statements (as set out in note 21), as prescribed by SB-FRS Guidance Note 3 *Accounting and Disclosures for Trust Funds*.

The receipts and disbursements relating to these funds are accounted for directly in these funds on a cash basis, in which funds received are accounted for when received, instead of when earned, and funds disbursed are accounted for when paid, instead of when incurred, and recognised in the statement of receipts and disbursements accordingly (as set out in notes 21.1 to 21.4).

2.19 Government grants

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grant. Deferred capital grant is amortised and recognised as income over the respective useful life of the assets to match the annual depreciation charge of these assets. When the asset is disposed or written off, the remaining balance of the deferred grant not yet amortised will be credited to income.

Government grants received by the Board to meet operating expenses are recognised as income in the year these operating expenses are incurred.

2.20 Standards issued but not yet effective

The following SB-FRSs, interpretations and amendments to SB-FRSs have been issued but are not yet effective for the reporting period ended 31 December 2020:

Description	Effective for annual periods beginning on or after
Amendments to SB-FRS 116: <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to SB-FRS 103: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SB-FRS 16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SB-FRS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SB-FRSs 2018 – 2020 <i>(Amendments to SB-FRS 101, SB-FRS 109, Illustrative Examples Accompanying SB-FRS 116, and SB-FRS 41)</i>	1 January 2022
Amendments to SB-FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

The Board does not expect that the adoption of the SB-FRSs, interpretations and amendments to SB-FRSs above to have any significant impact on the financial statements.

3. Property, plant and equipment

Non-current assets	Leasehold land S\$'000	Building renovation and improvement			Machinery and equipment S\$'000	Furniture and fittings S\$'000	Data processing equipment S\$'000	Construction-in-progress S\$'000	Total S\$'000
		Buildings S\$'000	improvement S\$'000	and S\$'000					
At 1 January 2019	62,741	74,278	7,384	39,451	13,136	61,584	487	259,061	
Additions	-	-	-	63	19	16,739	9,621	26,442	
Disposals/Written off	-	-	-	(302)	(204)	(5,681)	-	(6,187)	
Reclassification	-	-	-	2,507	860	6,545	(9,912)	-	
Adjustment	-	-	(27)	-	-	-	-	(27)	
At 31 December 2019	62,741	74,278	7,357	41,719	13,811	79,187	196	279,289	
Additions	-	-	-	189	-	12,493	2,998	15,680	
Disposals/Written off	-	-	-	(4,845)	(13)	(7,431)	-	(12,289)	
At 31 December 2020	62,741	74,278	7,357	37,063	13,798	84,249	3,194	282,680	
Accumulated depreciation									
At 1 January 2019	10,111	22,198	1,193	28,188	5,286	25,151	-	92,127	
Depreciation for the year	719	1,985	227	2,612	1,693	12,800	-	20,036	
Disposals/Written off	-	-	-	(218)	(93)	(5,453)	-	(5,764)	
At 31 December 2019	10,830	24,183	1,420	30,582	6,886	32,498	-	106,399	
Depreciation for the year	719	1,985	225	2,471	1,724	15,017	-	22,141	
Disposals/Written off	-	-	-	(4,844)	(13)	(4,316)	-	(9,173)	
At 31 December 2020	11,549	26,168	1,645	28,209	8,597	43,199	-	119,367	
Carrying amounts									
At 1 January 2019	52,630	52,080	6,191	11,263	7,850	36,433	487	166,934	
At 31 December 2019	51,911	50,095	5,937	11,137	6,925	46,689	196	172,890	
At 31 December 2020	51,192	48,110	5,712	8,854	5,201	41,050	3,194	163,313	

Depreciation charges amounting to S\$224,000 (2019: S\$299,000) were allocated to Home Protection Fund. The remaining depreciation charge of S\$21,917,000 (2019: S\$19,737,000) was accounted for under the Central Provident Fund.

4. Leases

(i) Leases when the Board is the lessee

The Board leases commercial properties under non-cancellable lease agreements. The leases have varying fixed terms, with an option to renew the lease after that date. Lease payments are renegotiated at every renewal to reflect market rentals.

The Board leases equipment with contract terms of varying years. These leases are leases of low-value items. The Board has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Board is a lessee is presented below.

Right-of-use assets

	Buildings S\$'000	Total S\$'000
Cost		
At 1 January 2019	134,965	134,965
Additions	11,126	11,126
At 31 December 2019	146,091	146,091
Additions	-	-
At 31 December 2020	146,091	146,091

Accumulated depreciation

At 1 January 2019	-	-
Depreciation*	21,245	21,245
At 31 December 2019	21,245	21,245
Depreciation*	21,674	21,674
At 31 December 2020	42,919	42,919

Carrying amounts

At 1 January 2019	134,965	134,965
At 31 December 2019	124,846	124,846
At 31 December 2020	103,172	103,172

* Depreciation of right-of-use assets is recognised under other operating expenses.

Lease liabilities

	2020 S\$'000	2019 S\$'000
Current	22,162	21,151
Non-current	92,705	114,867
	114,867	136,018

Amounts recognised in statement of changes in fund balances

	2020 S\$'000	2019 S\$'000
Interest on lease liabilities	2,389	2,739
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets*	2,469	1,976

* Rental expense is recognised under general and administrative expense.

Amounts recognised in statement of cash flows

	2020 S\$'000	2019 S\$'000
Total cash outflow for leases	23,540	23,553

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities S\$'000
Balance as at 1 January 2019	<u>146,301</u>
Payment for principal portion of lease liabilities	(20,814)
Total changes from financing cash flows	(20,814)
Payment for interest portion of lease liabilities	(2,739)
New lease	10,531
Interest on lease liabilities	2,739
Balance as at 31 December 2019	<u>136,018</u>
Balance as at 1 January 2020	<u>136,018</u>
Payment for principal portion of lease liabilities	(21,151)
Total changes from financing cash flows	(21,151)
Payment for interest portion of lease liabilities	(2,389)
Interest on lease liabilities	2,389
Balance as at 31 December 2020	<u>114,867</u>

Renewal options

Some property leases contain renewal options exercisable by the Board before the end of the non-cancellable contract period. Where practicable, the Board seeks to include renewal options in new leases to provide operational flexibility. The renewal options held are exercisable only by the Board and not by the lessors. The Board assesses at lease commencement date whether it is reasonably certain to exercise the renewal options. The Board also reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Board has estimated that the potential future lease payments, should it exercise the renewal option, would amount to S\$253,000,000 (2019: S\$253,000,000).

(ii) Leases when the Board is the lessor

The Board leases out the space in buildings under property, plant and equipment. These leases are classified as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Board during 2020 was S\$6,513,000 (2019: S\$7,297,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2020 S\$'000	2019 S\$'000
- Less than one year	5,894	7,210
- One to two years	3,512	4,661
- Two to three years	1,807	2,284
- Three to four years	-	999
	<u>11,213</u>	<u>15,154</u>

5. Intangible assets

	Computer software/ application system S\$'000	Computer software/ application system under development S\$'000	Total S\$'000
Non-current assets			
Cost			
At 1 January 2019	117,167	3,754	120,921
Additions	6,985	52,953	59,938
Disposals/Written off	(5,538)	(18)	(5,556)
Transfer	14,343	(14,343)	–
At 31 December 2019	132,957	42,346	175,303
Additions	34,114	52,526	86,640
Disposals/Written off	(6,304)	–	(6,304)
Transfer	61,060	(61,060)	–
At 31 December 2020	221,827	33,812	255,639
Accumulated amortisation			
At 1 January 2019	62,068	–	62,068
Amortisation charge for the year	20,747	–	20,747
Disposals/Written off	(5,292)	–	(5,292)
At 31 December 2019	77,523	–	77,523
Amortisation charge for the year	31,868	–	31,868
Disposals/Written off	(5,958)	–	(5,958)
At 31 December 2020	103,433	–	103,433
Carrying amounts			
At 1 January 2019	55,099	3,754	58,853
At 31 December 2019	55,434	42,346	97,780
At 31 December 2020	118,394	33,812	152,206

Amortisation charges amounting to S\$4,000 (2019: S\$4,000), S\$1,676,000 (2019: S\$Nil) and S\$327,000 (2019: S\$Nil) were allocated to MediShield Life Fund, Home Protection Fund and Lifelong Income Fund respectively. The remaining amortisation charge of S\$29,861,000 (2019: S\$20,743,000) was accounted for under the Central Provident Fund.

6. Investments

	Note	2020 S\$'000	2019 S\$'000
Financial assets at amortised cost			
Special issues of Singapore Government securities:			
- Floating rate	(a)	368,247,102	341,905,537
- Fixed rate	(b)	74,911,649	65,925,038
		<u>443,158,751</u>	<u>407,830,575</u>
Advance deposits	(c)	13,946,625	12,876,436
		<u>457,105,376</u>	<u>420,707,011</u>
Debt investments at FVOCI			
Singapore Government securities		407,658	448,717
Statutory Board bonds		529,840	358,819
Corporate bonds		1,486,907	1,543,930
		<u>2,424,405</u>	<u>2,351,466</u>
Debt investments at FVTPL			
Corporate bonds		103,063	132,581
Equity investments at FVOCI	(d)	599,360	541,212
		<u>460,232,204</u>	<u>423,732,270</u>

(a) The floating rate special issues of Singapore Government securities are bonds issued specifically to the Board to meet its interest and other obligations. They do not have quoted market values and the Board cannot trade them in the market. The interest rates of 2.50%, 3.50%, 4.00%, 4.50%, 5.00% and 6.00% (2019: 2.50%, 3.50%, 4.00%, 4.50%, 5.00% and 6.00%) per annum for the securities are pegged to the rates at which the Board pays interest to the members of CPF. The effective interest rates for the securities approximate the interest rates quoted above.

(b) The CPF invested jointly with the Lifelong Income Fund in fixed rate special issues of Singapore Government securities, which are issued specifically to the Board to meet its interest and other obligations for Retirement Accounts of members. The effective interest rate on these securities is within the range of 4.00% to 6.00% (2019: 4.00% to 6.00%) per annum.

(c) The advance deposits are deposits placed with the Accountant-General through the Monetary Authority of Singapore to purchase special issues of Singapore Government securities. The interest rate of 2.50% (2019: 2.50%) per annum on the advance deposits is pegged to the rate at which the Board pays interest for the Ordinary Accounts of members.

(d) Equity investments designated as FVOCI

The Board designated the equity investments shown below as FVOCI because these equity investments are intended to be held for long-term for strategic purposes.

	Fair value at 31 December 2020 S\$'000	Dividend income recognised during 2020 S\$'000
Equity investments held as at 31 December 2020		
Preference shares	261,900	9,168
Singapore Real Estate Investment Trusts (S-REIT)	337,460	12,309
	599,360	21,477

	Fair value at 31 December 2019 S\$'000	Dividend income recognised during 2019 S\$'000
Equity investments held as at 31 December 2019		
Preference shares	239,868	8,100
Singapore Real Estate Investment Trusts (S-REIT)	301,344	11,923
	541,212	20,023

Equity investments with the fair value of S\$27,574,000 (2019: S\$203,627,000) were redeemed or sold during the year. The equity investments were sold to keep the investments within the portfolio guidelines, as well as to participate in better investment opportunities. Relating to these equity investments disposed, dividend income of S\$751,000 (2019: S\$5,508,000) was recognised. There is a transfer of cumulative gain of S\$6,910,000 (2019: loss of S\$1,951,000) from fair value reserves to accumulated surplus on disposal.

7. Debtors and other receivables

	Note	2020 S\$'000	2019 S\$'000
Debtors – schemes	(a)	24,127	17,391
Interest receivable			
- special issues of Singapore Government securities and advance deposits		5,033,174	4,584,515
- other investments		22,205	23,824
Deposits paid		6,371	6,375
Prepayments		7,283	7,550
Other receivables		46,002	44,075
		5,139,162	4,683,730

(a) Debtors – schemes include all receivable amounts linked to the various CPF schemes.

At the reporting date, the debtors and other receivables are not past due and are usually settled within 6 months from the date of invoice.

The Board assessed that no impairment allowance is required for debtors and other receivables as these are mainly due from Government ministries.

8. Cash and cash equivalents

	Note	2020 S\$'000	2019 S\$'000
Cash at banks		578,090	357,933
Bank deposits		–	60,000
Cash and cash equivalents		578,090	417,933
Less: Cash at banks managed by the Board on behalf of trust funds and Government ministries	21.4	(122,447)	(160,659)
Cash and cash equivalents in the statement of cash flows		455,643	257,274

9. Deferred capital grant

	Note	2020 S\$'000	2019 S\$'000
At 1 January		6,149	3,507
Received/receivable during the year		9,278	5,587
Amortisation charge for the year	14(a)	(2,136)	(2,945)
At 31 December		13,291	6,149
Current		2,136	2,945
Non-current		11,155	3,204
		13,291	6,149

Deferred capital grant is provided by the Government to enhance the application system for the MediShield Life Scheme and CareShield Life Scheme. There are no unfulfilled conditions or contingencies attached to this grant.

10. Creditors, accruals and provisions

	Note	2020 S\$'000	2019 S\$'000
Cash at banks managed by the Board on behalf of trust funds and Government ministries	8	122,447	160,659
Creditors – schemes	(a)	328,981	289,952
Security, renovation and rental deposits received		1,616	2,084
Accrued expenses		15,928	13,734
Provisions	(b)	78,258	72,766
Other payables		62,350	59,595
		609,580	598,790

(a) Creditors - schemes include all payable amounts linked to the various CPF schemes.

(b) Provisions include provision on potential claims of S\$9,576,000 (2019: S\$9,648,000), and provision on administration and operating expenses of S\$3,099,000 (2019: S\$3,066,000) transferred from the dissolved Dependants' Protection Residual Fund to meet future liabilities and expenditure before the Dependents' Protection Residual Fund was dissolved in December 2013. Payments on claims are made as and when it is received by the Board.

Creditors and other payables are usually paid within 6 months from the date of invoice.

11. Contributions (net of refunds) by members

	Note	2020 S\$'000	2019 S\$'000
Contributions credited in the year		38,403,154	37,447,116
Less: Refund of contributions:			
- Refunds of excess contributions on additional wages	(a)	(18,990)	(23,299)
- Refunds to self-employed persons	(b)	(2,883)	(2,449)
- Other refunds	(c)	(25,530)	(20,394)
		38,355,751	37,400,974

(a) Refunds of excess contributions on additional wages refer to refunds made under regulation 3(c) of the CPF (Refunds) Regulations 2019.

(b) Refunds to self-employed persons refer mainly to refunds for excess contributions to self-employed persons and refunds for excess voluntary contributions paid by or for self-employed persons under regulations 3(e) to 3(j) of the CPF (Refunds) Regulations 2019.

(c) Other refunds refer mainly to refunds under regulation 3(a) of the CPF (Refunds) Regulations 2019 for contributions paid in error to CPF and refunds (other than refunds to self-employed persons) made under regulations 3(i) and 3(k) of the CPF (Refunds) Regulations 2019 for excess voluntary contributions paid.

12. Government grants to members

	Note	2020 S\$'000	2019 S\$'000
CPF Housing Grant Scheme		1,065,931	881,476
Home Ownership Plus Education Scheme		1,778	1,223
MediSave Top-Up Schemes	(a)	444,558	447,639
Workfare Income Supplement Scheme	(b)	530,651	399,162
Deferment Bonus		11,114	10,378
National Service Housing, Medical and Education Award		143,774	213,121
MediSave Grant for Newborns		138,365	139,514
Budget 2019 CPF Top-Up	(c)	105	210,312
Post-Secondary Education Account	(d)	110,229	–
		2,446,505	2,302,825

(a) MediSave Top-Up Schemes include grants under the MediSave Top-ups, MediSave Top-up for Pioneer Generation and MediSave Top-up for Merdeka Generation.

(b) In 2020, this includes Workfare Special Payment of S\$10,820,000 to eligible Singaporeans as announced in Budget 2020.

(c) One-off Budget 2019 CPF Top-up in 2019 for eligible Singaporeans and in 2020 for successful appeal.

(d) In 2019, an amount of S\$93,024,000 from Post-Secondary Education Account was presented under "Contributions credited in the year" in note 11.

13. Net income from investments

	2020 S\$'000	2019 S\$'000
Interest income from investments at amortised cost:		
- Special issues of Singapore Government securities	16,858,734	15,550,043
- Advance deposits	207,614	191,458
	<u>17,066,348</u>	<u>15,741,501</u>
Interest income from debt investments at FVOCI:		
- Singapore Government securities	12,088	13,283
- Statutory Board bonds	10,725	9,641
- Corporate bonds	51,516	51,267
	<u>74,329</u>	<u>74,191</u>
Interest income from debt investments at FVTPL:		
- Corporate bonds	5,289	5,769
Dividend income from equity investments at FVOCI	22,228	25,531
Net (loss)/gain on disposal of:		
- debt investments at FVOCI	(4,492)	(841)
- equity investments at FVOCI	6,910	(1,951)
	<u>2,418</u>	<u>(2,792)</u>
Net change in fair value of debt investments at FVTPL	481	2,176
	<u>17,171,093</u>	<u>15,846,376</u>

14. Other operating income

	Note	2020 S\$'000	2019 S\$'000
Agency, consultancy and data processing fees		162,325	145,752
Penalty interest on late contributions		20,823	22,843
Miscellaneous revenue		14,709	12,607
Rent, service charges and car park receipts	4	8,045	9,082
Government grants	(a)	3,647	3,063
		<u>209,549</u>	<u>193,347</u>

(a)

	Note	2020 S\$'000	2019 S\$'000
Amortisation of deferred capital grant	9	2,136	2,945
Operating grant	(i)	1,511	118
		<u>3,647</u>	<u>3,063</u>

(i) Operating grant is received from the Government to fully defray the start-up costs incurred to facilitate the administration of the CareShield Life Scheme. Arising from the Covid-19 pandemic, the Board also received S\$1,399,000 property tax rebate from landlord and cash grants from the Government.

15. Withdrawals (net of refunds) by members

	Note	2020 S\$'000	2019 S\$'000
Sections 15 and 25 of CPF Act	(a)	6,426,615	7,265,086
Amount restored from general moneys of the Fund	(b)	19	14
Approved Housing Schemes	(c)	5,129,727	6,276,199
Home Protection Insurance Scheme	(c)	(514,213)	121,750
Residential Properties Scheme	(c)	3,268,654	3,808,537
MediSave Scheme	(c)	1,015,611	1,094,489
Retirement Sum Scheme	(c)	1,366,404	942,862
Dependants' Protection Insurance Scheme	(c)	201,578	200,134
Education Scheme	(c)	56,624	55,378
MediShield Life Scheme	(c)	1,398,799	1,330,670
Private Medical Insurance Scheme	(c)	903,076	881,111
Lifelong Income Scheme	(c)	731,115	610,652
Non-residential Properties Scheme	(c)	(12,834)	(13,772)
Investment Schemes	(c)	148,967	(1,598,036)
CareShield Life and ElderShield Schemes	(c)	631,792	475,126
Special Discounted Shares Scheme		(9,203)	(25,451)
		<u>20,742,731</u>	<u>21,424,749</u>

(a) Withdrawals under sections 15 and 25 of the CPF Act (Chapter 36, Revised Edition 2013) mainly refer to withdrawals by members who have attained the age of 55 years and by members who have left or are about to leave Singapore and West Malaysia permanently, as well as on grounds of death.

(b) The amount restored and paid out from general moneys of the Fund refers to the amount restored to members' CPF subsidiary accounts and subsequently paid out to members/ other persons entitled to the moneys (e.g. members' nominees) upon application made under the CPF Act.

(c) The details and operations of the schemes are set out in the CPF Act, MediShield Life Scheme Act 2015 (No. 4 of 2015), CareShield Life and Long-Term Care Act 2019 (No. 26 of 2019) and relevant subsidiary legislation made under the respective Acts.

16. Other operating expenses

	Note	2020 S\$'000	2019 S\$'000
Salaries and staff benefits	(a)	252,929	247,407
Computer software and supplies		81,747	60,291
Depreciation and amortisation		73,452	61,725
Maintenance of buildings and equipment		15,766	18,001
Professional and other charges		11,901	13,156
Publicity and campaigns		7,583	10,314
Printing and postage		4,074	3,915
Public utilities		1,894	2,142
Property tax		1,234	1,196
Grant expense	(b)	570	-
		451,150	418,147

(a) Included in salaries and staff benefits are the following items:

	2020 S\$'000	2019 S\$'000
Employer's CPF contributions	31,877	30,791
Staff welfare and training	5,150	5,574
Allowances for members of the Board	290	278

(b) The Board provided 2 to 4 months of rental waiver amounting to S\$1,660,000 to eligible tenants as part of the Covid-19 support measures announced by the Government. The grant expense of S\$570,000 formed part of this rental waiver and the remaining S\$1,090,000 was paid by the Government.

17. Movements in net assets of the Central Provident Fund

	Note	Members' accounts S\$'000	General moneys of the Fund S\$'000	Accumulated surplus S\$'000	Fair value reserve S\$'000	Total S\$'000
At 1 January 2019		391,117,517	58,367	3,103,028	48,430	394,327,342
Contributions (net of refunds) by members	11	37,400,974	-	-	-	37,400,974
Government grants to members	12	2,302,825	-	-	-	2,302,825
Dividends from Special Discounted Shares		144,631	-	-	-	144,631
Net income from investments	13	-	-	15,846,376	-	15,846,376
Transferred to statement of changes in fund balances on disposal of debt investments at FVOCI		-	-	-	967	967
Change in fair value						
- equity investments at FVOCI		-	-	-	69,984	69,984
- debt investments at FVOCI		-	-	-	44,886	44,886
Interest income from bank deposits		-	-	4,303	-	4,303
Other operating income	14	-	-	193,347	-	193,347
Withdrawals (net of refunds) by members	15	(21,424,749)	-	-	-	(21,424,749)
General and administrative expense		-	-	(1,508)	-	(1,508)
Other operating expenses	16	-	-	(418,147)	-	(418,147)
Interest on lease liabilities	4	-	-	(2,739)	-	(2,739)
Interest credited to members		15,574,435	-	(15,574,435)	-	-
Transferred to general moneys of the Fund		(5,432)	5,432	-	-	-
At 31 December 2019		425,110,201	63,799	3,150,225	164,267	428,488,492

	Note	Members' accounts S\$'000	General moneys of the Fund S\$'000	Accumulated surplus S\$'000	Fair value reserve S\$'000	Total S\$'000
At 1 January 2020		425,110,201	63,799	3,150,225	164,267	428,488,492
Contributions (net of refunds) by members	11	38,355,751	-	-	-	38,355,751
Government grants to members	12	2,446,505	-	-	-	2,446,505
Dividends from Special Discounted Shares		99,772	-	-	-	99,772
Net income from investments	13	-	-	17,171,093	-	17,171,093
Transferred to statement of changes in fund balances on disposal of debt investments at FVOCI		-	-	-	4,065	4,065
Change in fair value						
- equity investments at FVOCI		-	-	-	3,905	3,905
- debt investments at FVOCI		-	-	-	51,302	51,302
Interest income from bank deposits		-	-	1,811	-	1,811
Other operating income	14	-	-	209,549	-	209,549
Withdrawals (net of refunds) by members	15	(20,742,731)	-	-	-	(20,742,731)
General and administrative expense		-	-	(5,566)	-	(5,566)
Other operating expenses	16	-	-	(451,150)	-	(451,150)
Interest on lease liabilities	4	-	-	(2,389)	-	(2,389)
Interest credited to members		16,864,802	-	(16,864,802)	-	-
Transferred to general moneys of the Fund		(3,713)	3,713	-	-	-
At 31 December 2020		462,130,587	67,512	3,208,771	223,539	465,630,409

Members' accounts

Members' accounts refer to moneys of the Fund standing to the members' credit, that are accounted for in subsidiary accounts, which are specifically designated and maintained for members, for any purposes of the CPF Act.

General moneys of the Fund

The Reserve Account of the Fund is set up under the CPF Regulations (Rg 15, Revised Edition 1998). With the amendment to CPF Act and related subsidiary legislation which took effect from 1 January 2011, Reserve Account of the Fund is currently known as the general moneys of the Fund, pursuant to section 2(1) of the CPF Act.

All unclaimed moneys which satisfy the conditions stipulated under the CPF Act and CPF Regulations were transferred from members' balances to this account. The balance in this account is refundable to members or their nominees upon application made under the relevant legislation.

Accumulated surplus

Accumulated surplus comprises the cumulative excess of fund flows into and out of the Fund. It includes a sum that the Board has set aside, by way of a legally binding arrangement, for the modernisation of the Board's IT systems. In accordance with the treatment of accumulated surplus for statutory boards listed under the Fifth Schedule of the Constitution, the earmarked sum does not form part of CPF Board's past reserves to be protected.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt investments at FVOCI held until they are impaired or derecognised.

18. Commitments

Capital expenditure approved by the Board but not provided for in the financial statements is as follows:

	2020 S\$'000	2019 S\$'000
Amount approved and contracted for	85,842	92,956
Amount approved but not contracted for	58,970	81,060
	144,812	174,016

19. Financial risk management of the CPF

Overview

Risk management is integral to the operation of the CPF managed by the Board. The Board has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board continually monitors the risk management process of CPF to ensure that an appropriate balance between risk and control is achieved. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the activities of the fund.

Market risk

Market risk refers to changes in market prices that will affect the income of CPF or the value of its holdings of financial instruments. Market risk comprises risks arising from changes in interest rates, equity prices and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Equity price risk

Sensitivity analysis

The analysis below is performed for reasonably possible movements in equity prices with all other variables remaining constant.

Change in variable	Impact on fund balance	
	2020 S\$'000	2019 S\$'000
Equity prices		
+10%	59,936	54,121
-10%	(59,936)	(54,121)

Interest rate risk

The CPF is exposed to interest rate risk as a result of investments in debt securities and interest payable on members' accounts placed with the CPF. In the management of the interest rate risk of the CPF, the interest rates of the investments in special issues of Singapore Government securities and advance deposits are pegged to the rates at which the Board pays interest to its members. These interest rates are affected by changes in the market interest rates and reset every quarter. The fixed interest rate which is issued for the Lifelong Income Fund and Retirement Accounts of members is also affected by changes in the market interest rates and reset yearly. The Ordinary Account of members is subject to an interest rate floor of 2.50% per annum, while the Special Account, MediSave Account and Retirement Account ("SMRA") are subject to an interest rate floor of 4.00% per annum. All other investments are in fixed rate debt securities such as Singapore Government securities and statutory board bonds, and the interest rate risks are mitigated by diversifying the portfolio to include high quality credits as well as managing portfolio duration.

Sensitivity analysis

The analysis below is performed for reasonably possible movements in interest rate with all other variables remaining constant.

Change in variable	Impact on fund balance	
	2020 S\$'000	2019 S\$'000
Interest rate		
+50bps	(76,355)	(71,406)
-50bps	73,970	69,266

The interest rates, carrying amounts and maturities of the financial assets are shown in the following table.

	Years to maturity							
	Interest rate (per annum)		Not later than one year		Later than one year and not later than five years		Later than five years	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Special issues of Singapore Government securities	2.50 – 6.00	2.50 – 6.00	16,864,973	16,849,114	67,442,664	67,396,458	358,851,114	323,585,003
Advance deposits	2.50	2.50	13,946,625	12,876,436	–	–	–	–
Singapore Government securities	0.50 – 3.50	2.38 – 3.50	–	146,833	334,435	264,420	73,223	37,464
Statutory Board bonds	0.00 – 3.95	0.00 – 3.95	98,008	32,509	220,255	179,783	211,577	146,527
Corporate bonds	2.00 – 4.60	2.80 – 4.75	43,256	26,939	532,163	339,856	1,014,551	1,309,716
Cash and cash equivalents	0.00 – 0.23	0.00 – 1.84	578,090	417,933	–	–	–	–
			31,530,952	30,349,764	68,529,517	68,180,517	360,150,465	325,078,710

Foreign currency risk

The monetary assets and monetary liabilities of the CPF are denominated primarily in Singapore Dollars. Accordingly, CPF does not have any significant foreign currency risk exposure as at the reporting date.

Liquidity risk

A maturity analysis for financial assets of the fund that shows the remaining contractual maturities is shown in the table under interest rate risk. These financial assets can be readily sold or redeemed when the need arises.

In addition, management monitors and maintains adequate bank balances to finance its operations and mitigate the effects of fluctuations in cash flows.

Exposure to liquidity risk

The following are the remaining contractual maturities of lease liabilities. The amounts are gross and undiscounted and exclude the impact of netting agreements:

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2020								
Non-derivative financial liabilities								
Lease liabilities	114,867	120,140	24,139	25,665	25,665	25,665	19,006	–
2019								
Non-derivative financial liabilities								
Lease liabilities	136,018	143,679	23,539	24,139	25,665	25,665	25,665	19,006

Credit risk

The maximum credit risk exposure at the end of the year, in relation to each class of financial assets, is the carrying amount of those assets at the reporting date. The Board does not hold collateral in respect of its financial assets.

The Board has performed an analysis on the credit risk exposure of each class of financial assets based on 12 months probabilities of default published by Bloomberg and assessed that no impairment loss was required to be recognised.

The CPF is exposed mainly to sovereign risk, as most of the investments are in non-tradeable special issues of Singapore Government securities, and majority of receivable balances at the reporting date is made up of interest receivable arising from the special issues of Singapore Government securities.

Other than investments in special issues of Singapore Government securities, the CPF is also exposed to credit risk that arises from bank deposits, investments in fixed deposits and debt securities. Financial loss may materialise should the issuer default on the debt securities. Those financial assets have low credit risk as the financial assets are rated AAA to BBB based on internal and external credit ratings of the debt issuers and securities.

Cash and fixed deposits are placed with banks and financial institutions which are regulated by the Monetary Authority of Singapore which are rated Aa1 to A1, based on Moody's ratings.

The Board manages credit risk actively through the setting of minimum credit rating requirements and investment limits for issuers within the approved investment guidelines. These limits are reviewed regularly with ongoing monitoring and reporting undertaken at various levels.

	AAA*	AA*	A*	BBB*	Not rated**	Total
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
2020						
Special issues of Singapore						
Government securities	–	–	–	–	443,159	443,159
Advance deposits	–	–	–	–	13,947	13,947
Singapore Government securities	301	–	–	–	106***	407
Statutory Board bonds	125	–	–	–	405***	530
Corporate bonds	150	17	367	230	826***	1,590
	576	17	367	230	458,443	459,633
2019						
Special issues of Singapore						
Government securities	–	–	–	–	407,831	407,831
Advance deposits	–	–	–	–	12,876	12,876
Singapore Government securities	433	–	–	–	16***	449
Statutory Board bonds	33	–	–	–	326***	359
Corporate bonds	151	16	331	261	917***	1,676
	617	16	331	261	421,966	423,191

* Based on public bond credit ratings assigned by external credit rating agencies Standard & Poor's, Moody's and Fitch.

** No rating was performed by external credit rating agencies.

*** Based on internal bond credit ratings, and holdings are rated equivalent to Standard & Poor's bond credit ratings of "AAA to BBB".

19.1 Fair value of assets and liabilities

(a) Assets carried at fair value

Financial assets carried at fair value comprise equity investments at FVOCI, debt investments at FVOCI and FVTPL. These investments are quoted and classified under Level 1 and Level 2 in the fair value hierarchy (note 2.12(b)).

(b) Financial assets and financial liabilities that are not carried at fair value, and whose carrying amounts are reasonable approximates of their fair values

The carrying amount of advance deposits is estimated to approximate their fair value at the end of the year because of their short-term nature.

The carrying amount of special issues of Singapore Government securities approximate their fair value at the end of the year due to the investment arrangements made with the Singapore Government.

The carrying amounts of other financial assets and financial liabilities, including cash and cash equivalents, debtors and other receivables, creditors, accruals and provisions are estimated to approximate their fair values at the end of the year because of their short periods of maturities.

Although the Board assessed that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The fair value of assets and liabilities, together with the carrying amounts shown in the statement of net assets of funds, are as follows:

		← At fair value →	← At amortised cost →				
	Note	FVTPL S\$'000	FVOCI S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Year end fair value estimate S\$'000
31 December 2020							
Investments							
- Special issues of Singapore Government securities	6	-	-	443,158,751	-	443,158,751	443,158,751
- Advance deposits	6	-	-	13,946,625	-	13,946,625	13,946,625
- Debt securities	6	103,063	2,424,405	-	-	2,527,468	2,527,468
- Equity securities	6	-	599,360	-	-	599,360	599,360
Debtors and other receivables*	7	-	-	5,131,879	-	5,131,879	5,131,879
Cash and cash equivalents	8	-	-	578,090	-	578,090	578,090
		103,063	3,023,765	462,815,345	-	465,942,173	465,942,173
Creditors, accruals and provisions	10	-	-	-	(609,580)	(609,580)	(609,580)

* excludes prepayment

		← At fair value →	← At amortised cost →				
	Note	FVTPL S\$'000	FVOCI S\$'000	Amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Year end fair value estimate S\$'000
31 December 2019							
Investments							
- Special issues of Singapore Government securities	6	-	-	407,830,575	-	407,830,575	407,830,575
- Advance deposits	6	-	-	12,876,436	-	12,876,436	12,876,436
- Debt securities	6	132,581	2,351,466	-	-	2,484,047	2,484,047
- Equity securities	6	-	541,212	-	-	541,212	541,212
Debtors and other receivables*	7	-	-	4,676,180	-	4,676,180	4,676,180
Cash and cash equivalents	8	-	-	417,933	-	417,933	417,933
		132,581	2,892,678	425,801,124	-	428,826,383	428,826,383
Creditors, accruals and provisions	10	-	-	-	(598,790)	(598,790)	(598,790)

* excludes prepayment

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the year.

	Note	Fair value measurements at the end of the year			
		Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Central Provident Fund					
2020					
Assets measured at fair value					
Debt investments at FVOCI	6	407,658	2,016,747	-	2,424,405
Debt investments at FVTPL	6	-	103,063	-	103,063
Equity investments at FVOCI	6	599,360	-	-	599,360
Total financial assets		1,007,018	2,119,810	-	3,126,828
2019					
Assets measured at fair value					
Debt investments at FVOCI	6	448,717	1,902,749	-	2,351,466
Debt investments at FVTPL	6	-	132,581	-	132,581
Equity investments at FVOCI	6	541,212	-	-	541,212
Total financial assets		989,929	2,035,330	-	3,025,259

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Debt securities

Debt securities are valued using valuation techniques that reflect market participants' assumptions, maximising the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs. To reflect current market conditions, the evaluated pricing applications incorporate market information obtained throughout the trading day from market sources and integrated relative credit rating information, observed market movements, and sector news.

20. Statements of net assets of Insurance Funds

	Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund	
		2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Total assets									
Investments	20.3	948,716	830,568	9,182,500	8,020,500	12,097,504	11,320,963	156,500	8,565
Premium and other receivables	20.4	9,864	13,442	143,335	140,367	-	-	-	1,047
Interest receivables		4,544	8,997	108,141	93,870	182,567	169,879	1,047	1,047
Cash and cash equivalents	20.5	177,532	818,459	95,122	43,963	-	10	127,081	127,081
		1,140,656	1,671,466	9,529,098	8,298,700	12,280,071	11,490,852	293,193	293,193
Total liabilities									
(i) Insurance contract liabilities									
At 1 January		370,599	346,120	6,357,718	5,192,112	11,490,460	10,764,924	-	-
Valuation premium		122,397	121,930	1,475,932	1,421,474	-	-	-	-
Liabilities released for payments on death and other terminations		(7,404)	5,976	(150,516)	(130,786)	(63,808)	(65,196)	-	-
Accretion of interest		5,024	4,885	59,257	20,271	538,126	505,889	-	-
Other movements		(20,547)	(19,841)	876,720	638,870	(14,870)	(13,116)	99,618	99,618
Expected claims		(102,233)	(114,583)	(1,334,293)	(1,090,721)	(265,293)	(211,860)	-	-
New business		22,096	18,497	10,233	2,703	593,808	509,819	178,905	178,905
Change in valuation basis		70,150	43,349	36,544	303,795	-	-	-	-
Effect of minimum values on reserves		(40,368)	(34,472)	-	-	-	-	-	-
Change in incurred but not reported claims		2,214	(1,262)	-	-	-	-	-	-
At 31 December		421,928	370,599	7,331,595	6,357,718	12,278,423	11,490,460	278,523	278,523
Current portion		36,090	34,719	498,060	216,733	350,205	286,957	(160,380)	(160,380)
Non-current portion		385,838	335,880	6,833,535	6,140,985	11,928,218	11,203,503	438,903	438,903
		421,928	370,599	7,331,595	6,357,718	12,278,423	11,490,460	278,523	278,523

Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(ii) <u>Claims intimated or admitted but not paid</u>								
At 1 January	23,267	29,726	10,025	16,220	–	–	–	–
Claims paid	(87,340)	(93,773)	(1,040,533)	(1,035,974)	(55,903)	(46,146)	(145)	(145)
Claims incurred	83,354	87,314	1,045,632	1,029,779	55,903	46,146	404	404
At 31 December	19,281	23,267	15,124	10,025	–	–	259	259
(iii) <u>Other payables</u>								
	833	1,708	41,360	46,784	1,648	392	14,411	14,411
	442,042	395,574	7,388,079	6,414,527	12,280,071	11,490,852	293,193	293,193
Net assets	698,614	1,275,892	2,141,019	1,884,173	–	–	–	–

20.6

20.1 Statements of changes in fund balances of Insurance Funds

Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	1,275,892	1,149,443	1,884,173	1,895,327	–	–	–	–
(a) Add:								
Insurance premiums	136,417	136,324	1,970,590	1,923,253	591,563	503,606	277,890	1,333
Net investment gain	94,566	131,724	341,548	293,650	538,126	505,889	1,333	9
Interest income from bank deposits	344	4,416	218	664	–	–	–	–
Other income	–	–	721	439	–	–	–	–
	231,327	272,464	2,313,077	2,218,006	1,129,689	1,009,495	279,232	279,232
(b) Less:								
Claims	83,354	87,314	1,045,632	1,029,779	55,903	46,146	404	–
Surrenders	10,626	14,573	–	–	5,660	12,837	–	–
Payouts	–	–	–	–	265,293	211,860	–	–
Premium rebates	640,000	–	–	–	–	–	–	–
Professional and other charges	14,314	12,268	20,527	23,226	11,212	9,913	–	–
Salaries and staff benefits	5,183	4,858	6,054	7,099	3,271	3,168	–	–
Depreciation and amortisation	1,900	299	4	4	327	–	–	–
General and administrative expense	1,271	1,496	7,388	150	7	3	305	–
Computer software and supplies	394	465	1,962	2,324	2	3	–	–
Printing and postage	216	263	787	971	51	29	–	–
Other expenses	18	–	–	1	–	–	–	–
Net change in insurance contract liabilities	51,329	24,479	973,877	1,165,606	787,963	725,536	278,523	279,232
Net increase/(decrease)	808,605	146,015	2,056,231	2,229,160	1,129,689	1,009,495	–	–
	(577,278)	126,449	256,846	(11,154)	–	–	–	–
Fund balances as at 31 December	698,614	1,275,892	2,141,019	1,884,173	–	–	–	–

20.7

(b)

(c)

(a) Insurance premiums

Insurance premiums of MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund include premium subsidies and grants provided by the Government to help Singapore Citizens and Permanent Residents with their respective premiums and extend coverage to those with pre-existing conditions.

(b) Home Protection Fund Premium Rebates

The Board conducted a round of premium rebate exercise in January 2020. Over 760,000 members received the premium rebate which was credited to their CPF Ordinary Account. This was the sixth time the Board had distributed the premium rebates to members, having made similar distributions on five prior occasions in 1986, 1989, 1997, 2006 and 2015.

(c) Salaries and staff benefits

Included in salaries and staff benefits is the following:

	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund
	2020	2019	2020	2019	2020	2019	Period from 1/10/2020 to 31/12/2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Employer's CPF contributions	673	659	872	1,020	481	457	–

20.2 Statements of cash flows of Insurance Funds

	Note	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	Period from 1/10/2020 to 31/12/2020
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities												
Net increase/(decrease) in funds		(577,278)	126,449	256,846	(11,154)	–	–	–	–	–	–	–
Adjustments for:												
Interest and dividend income		(20,165)	(36,650)	(341,749)	(294,306)	(538,126)	(505,889)	(538,126)	(505,889)	(1,342)	(1,342)	
Changes in operating assets and liabilities:												
Investments		(118,148)	489,250	(1,162,000)	(1,134,000)	(776,541)	(714,088)	(776,541)	(714,088)	(156,500)	(156,500)	
Premium and other receivables		3,591	(516)	(2,968)	(6,335)	–	–	–	–	(8,565)	(8,565)	
Insurance contract liabilities		51,329	24,479	973,877	1,165,606	787,963	725,536	787,963	725,536	278,523	278,523	
Claims intimated or admitted but not paid		(3,986)	(6,459)	5,099	(6,195)	–	–	–	–	259	259	
Other payables		(875)	(296)	(822)	(2,977)	1,256	(519)	1,256	(519)	12,463	12,463	
Cash generated from/(used in) operations		(665,532)	596,257	(271,717)	(289,361)	(525,448)	(494,960)	(525,448)	(494,960)	124,838	124,838	
Interest received		21,007	24,609	327,478	280,825	525,438	494,960	525,438	494,960	295	295	
Dividends received		3,598	10,000	–	2	–	–	–	–	–	–	–
Net cash generated from/(used in) operating activities		(640,927)	630,866	55,761	(8,534)	(10)	–	(10)	–	125,133	125,133	
Net increase/(decrease) in cash and cash equivalents		(640,927)	630,866	55,761	(8,534)	(10)	–	(10)	–	125,133	125,133	
Cash and cash equivalents as at 1 January		818,459	187,593	14,848	23,382	10	10	10	10	–	–	–
Cash and cash equivalents as at 31 December	20.5	177,532	818,459	70,609	14,848	–	10	–	10	125,133	125,133	

20.3 Investments

	Home Protection Fund	
	2020 S\$'000	2019 S\$'000
Debt securities		
Denominated in Singapore Dollars	459,578	458,970
Denominated in US Dollars	54,268	44,362
Denominated in other currencies	129,807	93,807
	<u>643,653</u>	<u>597,139</u>
Equity securities		
Denominated in Singapore Dollars	1,381	509
Denominated in US Dollars	215,935	164,631
Denominated in other currencies	86,211	66,388
	<u>303,527</u>	<u>231,528</u>
Derivatives		
Index futures contracts purchased		
- with positive fair value	13	3
- with negative fair value	-	-
Forward foreign exchange contracts		
- with positive fair value	4,706	3,481
- with negative fair value	(3,183)	(1,583)
	<u>1,536</u>	<u>1,901</u>
	<u>948,716</u>	<u>830,568</u>

Derivative transactions were entered with various counterparties and the funds have a legally enforceable right to set off the balances and have the intention to realise the derivative assets and settle the derivative liabilities simultaneously when needed. The gross amounts of the derivative assets and liabilities are presented in the above table.

Debt securities in Home Protection Fund are designated as financial assets at FVTPL because this designation eliminates or significantly reduces the accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. Equity securities that Home Protection Fund also invest in are measured at FVTPL.

	MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000
Special issues of Singapore Government securities	9,182,500	8,020,500	12,097,297	11,320,535	156,500
Advance deposits	-	-	207	428	-
	<u>9,182,500</u>	<u>8,020,500</u>	<u>12,097,504</u>	<u>11,320,963</u>	<u>156,500</u>

The Lifelong Income Fund invests jointly with the Central Provident Fund in special issues of Singapore Government securities. The effective interest rate on special issues of Singapore Government securities paying LIFE and Retirement Account rate is within the range of 4.00% to 6.00% (2019: 4.00% to 6.00%) per annum.

MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund are invested in special issues of Singapore Government securities that pay interest rate of 4.00% per annum.

The special issues of Singapore Government securities are issued specifically to the Board to meet interest and other obligations of the respective funds. They do not have quoted market values and cannot be traded in the open market.

The advance deposits are deposits placed with the Accountant-General through the Monetary Authority of Singapore to purchase special issues of Singapore Government securities. The effective interest rate on advance deposits is 2.50% (2019: 2.50%) per annum.

The investment in special issues of Singapore Government securities and advance deposits are accounted for as financial assets at amortised cost.

Under the current investment arrangement with the Singapore Government, the carrying amounts of special issues of Singapore Government securities and advance deposits recorded at the reporting date are not expected to be significantly different from the values that would eventually be received. Investments in these securities are readily redeemable. In view of this, the carrying amounts of these investments approximate their fair values.

20.4 Premium and other receivables

	Home Protection Fund		MediShield Life Fund		CareShield Life and ElderShield Insurance Fund
	2020	2019	2020	2019	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Premium receivables	–	–	73,252	58,967	8,730
Allowance for impairment loss	–	–	(12,670)	(8,528)	(285)
	–	–	60,582	50,439	8,445
Other receivables	9,864	13,442	82,753	89,928	120
	9,864	13,442	143,335	140,367	8,565

The ageing of premium receivables at the reporting date was:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	S\$'000	S\$'000	S\$'000	S\$'000
MediShield Life Fund				
Past due 1 year or less	45,246	457	30,819	525
Past due more than 1 year	28,006	12,213	28,148	8,003
	73,252	12,670	58,967	8,528

	2020	
	Gross	Impairment
	S\$'000	S\$'000
CareShield Life and ElderShield Insurance Fund		
Past due 1 year or less	8,730	285
	8,730	285

The movement in the allowance for impairment in respect of premium receivables during the year was as follow:

	MediShield Life Fund		CareShield Life and ElderShield Insurance Fund
	2020	2019	2020
	S\$'000	S\$'000	S\$'000
At 1 January	8,528	8,510	–
Allowance for the year	7,250	4,754	285
Allowance utilised for the year	(3,108)	–	–
Reversal for the year	–	(4,736)	–
At 31 December	12,670	8,528	285

The Board evaluates whether there is any objective evidence that premium receivables are impaired and determines the amount of impairment loss based on ability of recovering premiums from members. The Board makes the assessment by evaluating the ageing of the premium receivables and the demographics of the members. Estimates are made based on ability to recover from certain groups of members. For MediShield Life Fund, past experience has shown that Singapore citizens who reside permanently outside Singapore and have obtained approval for suspension of premium collection are highly unlikely to return to live in Singapore and hence will unlikely be required to pay their suspended premiums. Accordingly, the premiums for this group of members will no longer be recorded from 2019 and additionally, the allowance for impairment is no longer required and has been reversed.

The Board assessed that no impairment allowance is necessary for other receivables as these balances are not past due.

20.5 Cash and cash equivalents

Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund
	2020	2019	2020	2019	2020	2019	2020
Cash at banks	\$5,067	\$29,922	\$95,122	\$43,963	–	10	\$127,081
Bank deposits	142,465	788,537	–	–	–	–	–
Cash and cash equivalents	177,532	818,459	95,122	43,963	–	10	127,081
Less: Cash at banks managed by the Board on behalf of Government ministries	–	–	(24,513)	(29,115)	–	–	(1,948)
Cash and cash equivalents in the statement of cash flows	177,532	818,459	70,609	14,848	–	10	125,133

(a) This refers to other funds held by MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund received from the Government ministries for payment of premiums and subsidies.

20.6 Other payables

Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund
	2020	2019	2020	2019	2020	2019	2020
Cash at banks managed by the Board on behalf of Government ministries	–	–	24,513	29,115	–	–	1,948
Other payables	833	1,708	16,847	17,669	1,648	392	12,463
	833	1,708	41,360	46,784	1,648	392	14,411

20.7 Net investment gain

Note	Home Protection Fund		MediShield Life Fund		Lifelong Income Fund		CareShield Life and ElderShield Insurance Fund
	2020	2019	2020	2019	2020	2019	Period from 1/10/2020 to 31/12/2020
Interest income	16,210	22,621	341,531	293,640	538,126	505,889	1,333
Dividend income	3,611	9,613	–	2	–	–	–
Net fair value gain on:							
- financial asset designated as FVTPL	36,562	32,756	–	–	–	–	–
- financial asset at FVTPL	37,390	69,776	–	–	–	–	–
Net foreign currency exchange gain/(loss)	1,755	(1,535)	7	(9)	–	–	–
Miscellaneous revenue	24	72	10	17	–	–	–
Fund management fees	(986)	(1,579)	–	–	–	–	–
	94,566	131,724	341,548	293,650	538,126	505,889	1,333

The net fair value gain or loss includes both the realised and unrealised fair value gain or loss and foreign currency exchange gain or loss for investments classified at FVTPL. Net foreign currency exchange gain or loss for investments that are not classified as FVTPL is separately disclosed under "Net foreign currency exchange gain/(loss)".

20.8 Financial derivatives

Notional principal of the financial derivatives are as follows:

	Home Protection Fund	
	2020	2019
	S\$'000	S\$'000
Index futures contracts:		
- future contracts purchased	614	354
Forward foreign exchange contracts	840,721	605,605

20.9 Risk management of insurance contracts

Home Protection Fund

(i) The risks arising from insurance policies issued under the Home Protection Insurance Scheme are death, terminal illness and total permanent disability risks of a relatively homogeneous portfolio of mortgage reducing term insurance policies. These risks do not vary significantly in relation to the location of the risk insured by the Home Protection Fund.

The objectives in managing these risks are to ensure that:

- (a) all legitimate claims of insured members are met;
- (b) the Home Protection Fund is financially solvent at all times; and
- (c) the Home Protection Fund is operated in accordance with the Act, the Home Protection Insurance Scheme regulations and the operating policies of the Home Protection Insurance Scheme.

(ii) The policies, processes and methods for managing insurance risks are to:

- (a) maintain a relatively large portfolio. Experience shows that the larger the portfolio of similar insurance policies, the smaller the relative variability in the expected outcome;
- (b) manage the Home Protection Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
- (c) adopt an underwriting strategy to recognise and select the insurance risks accepted so that the claim experience is unlikely to deteriorate;
- (d) review regularly its experience, adequacy of premiums and reserves by the independent actuarial adviser of the Home Protection Fund;
- (e) retain sufficient surplus to allow for volatility of results; and
- (f) exclude claims arising from war or any warlike operations or participation in any riot.

The insurance contract portfolio's experience, fund solvency and premium adequacy are reviewed by the independent actuarial adviser of the Home Protection Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities and establishment of capital requirement rules for insurers. The independent actuarial adviser also projects the solvency position of the Home Protection Fund to ascertain the Fund's sustainability.

(iii) The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the Home Protection Fund are:

- (a) mortality, terminal illness and total permanent disability risks. The Home Protection Fund is exposed to the risk of the experience being worse than what was assumed; and
- (b) epidemics such as Coronavirus Disease 2019 ("COVID-19"), Acquired Immune Deficiency Syndrome ("AIDS") and Severe Acute Respiratory Syndrome ("SARS") or widespread changes in lifestyle that could result in earlier and/or more claims than expected.

(iv) The Home Protection Fund has no major exposure to concentration of risks, other than that the insured members are residing in Singapore.

MediShield Life Fund

(i) The risks arising from insurance policies issued under the MediShield Life Scheme are those of a relatively homogeneous portfolio of health insurance policies.

The objectives in managing these risks are to ensure that:

- (a) all legitimate claims of insured members are met;
- (b) the MediShield Life Fund is solvent at all times; and
- (c) the MediShield Life Fund is operated in accordance with the MediShield Life Scheme Act 2015 (No. 4 of 2015), regulations and the operating policies of the MediShield Life Scheme.

(ii) The policies, processes and methods for managing insurance risks are to:

- (a) manage the MediShield Life Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
- (b) adopt an underwriting strategy to recognise Additional Premiums required to mitigate the insurance risks of new members with serious pre-existing medical conditions in accordance with guidelines for risk loading;
- (c) review regularly its experience, adequacy of premiums and reserves by the independent actuarial adviser of the MediShield Life Fund;
- (d) retain sufficient surplus to allow for volatility of results; and
- (e) adjust future claims payouts and / or premiums as appropriate to ensure that the MediShield Life Scheme remains sustainable.

The insurance contract portfolio's experience, fund solvency and premium adequacy are reviewed by the independent actuarial adviser of the MediShield Life Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities and establishment of capital requirement rules for insurers.

(iii) The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the MediShield Life Fund are:

- (a) the policies provide indemnity benefits covering specified medical and hospitalisation conditions. The amount payable depends on the cost incurred by the insured member in respect of any particular event or treatment and the specified upper limits;
- (b) the renewal of each insurance policy is guaranteed until the insured member dies, unless the insured member's cover is discontinued by the Board in circumstances specified in the legislation or by the Minister charged with the responsibility of the MediShield Life Scheme; and
- (c) premium rebate which are offered to insured members, as provided for in the MediShield Life Scheme Regulations 2015.

(iv) Insurance risks are concentrated on specified individual health risks applicable to residents of Singapore. This concentration is a direct result of the MediShield Life Scheme consisting of a single medical insurance product. The shared characteristics of the risks insured by the MediShield Life Fund include:

- (a) hospitalisation as the prime insured event;
- (b) all insured events occurring within Singapore; and
- (c) benefit payments being made in Singapore Dollars.

(v) With the exception of continuing outpatient treatments, the amounts of almost all claims are known within one year of the event occurring. For continuing outpatient treatments, each individual claim amount is known within a year, but liabilities to pay for the further treatments may continue for several years.

Lifelong Income Fund

(i) The risks arising from insurance policies issued under the Lifelong Income Scheme are mortality and interest rate risks of a relatively homogeneous portfolio of annuities. These risks do not vary significantly in relation to the location of the risk insured by the Lifelong Income Fund.

The objectives in managing these risks are to ensure that:

- (a) all legitimate payments of insured members are met;
- (b) the Lifelong Income Fund is financially solvent at all times; and
- (c) the Lifelong Income Fund is operated in accordance with the Act, Lifelong Income Scheme regulations and the operating policies of the Lifelong Income Scheme.

(ii) The policies, processes and methods for managing insurance risks are to:

- (a) adjust payouts to insured members as appropriate so that the pool of policies bears all mortality risk and interest rate risk;
- (b) invest in special issues of Singapore Government securities that earn an appropriate interest rate to cover expenditure and interest credits for insured members;
- (c) review regularly its experience in relation to the existing pricing assumptions; and
- (d) retain sufficient cash float to allow for volatility in death claims.

The Lifelong Income Scheme enables payouts to be adjusted over time to take account of variation in the experience for mortality and net interest credited, thus removing that risk from the Fund as a whole. The insurance contract portfolio's experience and fund solvency are reviewed by the independent actuarial adviser of the Lifelong Income Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities.

(iii) The terms and conditions of insurance contracts that have a material effect on the amount, timing, and uncertainty of future cash flows of the Lifelong Income Fund are:

- (a) the provision that monthly payouts to a member be made while members are alive after the member's payout age, and cease when the member dies;
- (b) the provision for net investment returns from the assets of the scheme to be allocated among members; and
- (c) the provision under some contracts for a benefit to be paid to the member's beneficiaries on death.

(v) The Lifelong Income Fund has no major exposure to concentration risk other than that the vast majority of insured members are residing in Singapore.

CareShield Life and ElderShield Insurance Fund

(i) The risks arising from insurance policies issued under the CareShield Life Scheme are severe disability and longevity risks of a relatively homogeneous portfolio of long-term care insurance policies.

The objectives in managing these risks are to ensure that:

- (a) all legitimate claims of insured members are met;
- (b) the CareShield Life and ElderShield Insurance Fund is solvent at all times; and
- (c) the CareShield Life and ElderShield Insurance Fund is operated in accordance with the CareShield Life and Long-Term Care Act 2019, regulations and the operating policies of the CareShield Life Scheme.

(ii) The policies, processes and methods for managing insurance risks are to:

- (a) manage the CareShield Life and ElderShield Insurance Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
- (b) review regularly its experience, adequacy of premiums and reserves by the independent actuarial adviser of the CareShield Life and ElderShield Insurance Fund; and
- (c) adjust future claim payouts and / or premiums as appropriate to ensure that the CareShield Life scheme remains sustainable.

The insurance contract portfolio's experience, fund solvency and premium adequacy are reviewed by the independent actuarial adviser of the CareShield Life and ElderShield Insurance Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities and establishment of capital requirement rules for insurers.

(iii) The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the CareShield Life and ElderShield Insurance Fund are:

- (a) the policies provide monthly claim payouts to the insured members with severe disability. The total amount payable depends on the claim eligibility year and duration that the insured member remains severely disabled; and
- (b) the renewal of each insurance policy is guaranteed until the insured member dies, unless the insured member's cover is discontinued by the Board in circumstances specified in the legislation.

(iv) Insurance risks are concentrated on specified individual disability risks applicable to residents of Singapore. This concentration is a direct result of the CareShield Life Scheme consisting of a single long-term care insurance product. The shared characteristics of the risks insured by the CareShield Life and ElderShield Insurance Fund include:

- (a) severe disability as the prime insured event;
- (b) all insured events; and
- (c) claim payouts being made in Singapore Dollars.

(v) All claims are continuing for as long as insured member remains severely disabled.

20.10 Insurance contract liabilities

The insurance contract liabilities of the Home Protection Fund, MediShield Life Fund, Lifelong Income Fund, and CareShield Life and ElderShield Insurance Fund are determined by the Board based on the advice of the independent actuarial advisers of the Board.

The insurance contract liabilities are valued using the methodology prescribed for insurers in Singapore as stated in the Insurance (Valuation and Capital) Regulations 2004 issued by the Monetary Authority of Singapore for valuation as at 31 December 2019, and the Insurance (Valuation and Capital) (Amendment) Regulations 2020 and Notice 133 issued by the Monetary Authority of Singapore for valuation as at 31 December 2020.

In respect of insurance contracts under the Home Protection Fund and MediShield Life Fund, the Board values the liabilities using realistic assumptions and discounting future cash flows at the appropriate rate. The method of valuation is a gross premium valuation method. The cash flows are projected in accordance with best estimate assumptions. Additional provision is required in the valuation assumptions to allow for any adverse deviation from the best estimate experience. The level of additional provision is reviewed periodically by the independent actuarial advisers to assess its appropriateness and sufficiency.

The Lifelong Income Scheme is designed to distribute 100% of its net assets to the insured members via monthly payouts starting from the annuity payout start age of each individual insured member for as long as the member lives. All risks are shared by the insured members. Therefore, for the insurance contracts issued under the Lifelong Income Fund, the insurance contract liabilities are valued as the total net assets held in the Lifelong Income Fund for the benefit of insured members. Valuation assumptions about future experience are not required as the liability value in aggregate is not affected by future interest rates, expenditure, withdrawals or mortality rates.

The insurance contract liabilities under the CareShield Life and ElderShield Insurance Fund are computed as the highest of the policy liabilities, minimum condition liabilities or the total net assets held in the Fund for the benefit of insured members. Similar to the Home Protection Fund and MediShield Life Fund, the actuarial liabilities under the CareShield Life and ElderShield Insurance Fund are valued using the gross premium valuation method by applying realistic assumptions and appropriate discount rates to the future cash flows. Additional provision is also included in the valuation assumptions to allow for any adverse deviation from the best estimate experience.

The assumptions used for the valuation of the Home Protection Fund, MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund are based on those prescribed in the valuation regulations issued by the Monetary Authority of Singapore that apply to insurers in Singapore. Valuation assumptions not prescribed by the Monetary Authority of Singapore are set according to experience studies or common market practice.

Home Protection Fund

The key assumptions used are:

(a) Mortality, terminal illness and total permanent disability rates

Mortality, terminal illness and total permanent disability rates are set based on experience studies carried out on the Home Protection Fund.

(b) Expense loadings

Expense assumptions are set based on an analysis of expense experience of the Home Protection Fund. Such a study is conducted on an annual basis. Consideration is also given to the expense budget that is approved for the following year.

(c) Lapse rates

Lapse rates are set based on experience studies carried out on the Home Protection Fund. Such a study is conducted on an annual basis.

(d) Valuation discount rate

For valuation as at 31 December 2019, the valuation discount rates were prescribed by the Monetary Authority of Singapore as matching to the Singapore Government bond yields for cash flows prior to 15 years, a Long Term Risk Free Discount Rate ("LTRFDR") for cash flows after 20 years, and an interpolation of the 15 year Singapore Government bond yield and the LTRFDR for cash flows between 15 to 20 years. For valuation as at 31 December 2020, the valuation discount rates are prescribed by the Monetary Authority of Singapore in a three segment approach:

- (1) for up to 20 years: based on market information on government bonds;
- (2) from 20 years to 60 years: based on extrapolated forward rates; and
- (3) from 60 years onwards: based on a prescribed ultimate forward rate.

(e) The following table presents the sensitivity of the value of the insurance contract liabilities to movements in the assumptions used:

	2020		2019	
	Change in variable %	Increase in liability S\$'000	Change in variable %	Increase in liability S\$'000
Home Protection Fund				
Worsening of claim rates	+10	90,021	+10	75,337
Shift in risk-free yield curve	-0.5	17,083	-0.5	11,958
Worsening of base expense level	+10	21,437	+10	13,223
Change in lapse rates	-10	21,156	-10	16,751

MediShield Life Fund

The variability of insurance results will affect the value of insurance liabilities from year to year. Such variations, from the valuation assumptions, are normal and are to be expected in an insurance portfolio. The material variables are:

- (a) mortality and lapse rates;
- (b) claim frequency per person covered;
- (c) average claim amount per claim;
- (d) impact of inflation of healthcare costs on claim amounts;
- (e) cessation rates for patients with outpatient claims in payments;
- (f) changes in scheme and impact;
- (g) the premium rates; and
- (h) the discount rate used for calculating the value of liabilities, which is based on the expected earnings rate of the risk-free assets held to support the liabilities.

Data used to determine assumptions regarding claim amount, claim frequency, cessation of outpatient treatment, lapse and mortality are sourced from annual reviews of the experience of the MediShield Life Fund, augmented by periodic reviews of Singapore hospitalisation data carried out in conjunction with premium and benefit reviews. Data used to support assumptions regarding claim inflation is sourced from general economic published material, augmented by the experience of the MediShield Life Fund. Data to determine the discount rate assumed is based on the yields of the Special Singapore Government Securities held by the MediShield Life Fund.

(a) Mortality and lapse rates

The mortality assumptions are based on applying the experience of the MediShield Life Fund to the published Singapore mortality table "Complete Life Tables 2013-2014 for Singapore Resident Population" with some allowance for reductions to the mortality rate in line with expected future trends. Lapse and mortality assumptions are reviewed each year to reflect the scheme rules, underlying trends as well as the latest available and relevant experience.

(b) and (c) Claim frequency and average claim size

Claims assumptions are generally based on past hospitalisation experience data, modified for expected future inflation of these costs and by the claim benefits under the MediShield Life Scheme.

(d) Claim inflation

Future trends in healthcare inflation and healthcare utilisation growth are combined into an assumption of claim inflation. The judgment of this assumption is based on published Singapore economic information, similar experience information from other countries, analysis of past experience, and identification of the forces that may operate in the future to affect this outcome.

(e) Cessation rates for outpatient treatment

The cessation rates are based on an analysis of the experience of the Singapore population and of the MediShield Life Scheme over the past five years. The cessation rates vary by the duration that the claimant has been receiving outpatient treatment.

(f) Changes in scheme and impact

In March 2021, benefits will be enhanced to provide better coverage and protection to members.

(g) Premium rates

Premiums are assumed not to increase until experience requires it. The MediShield Life Fund has no shareholders, and all assets of the MediShield Life Fund are for the purpose of providing benefits to MediShield Life members in accordance with the MediShield Life Scheme. All benefits and premiums for MediShield Life Scheme are set out from time to time in relevant laws and regulations, and can be changed by those laws and regulations.

(h) Valuation discount rate

For valuation as at 31 December 2019, the valuation rate was prescribed by the Monetary Authority of Singapore and effectively assumes the Singapore Government bond yields for cash flows prior to 15 years, a Long Term Risk Free Discount Rate ("LTRFDR") for cash flows after 20 years, and an interpolation of the 15 year Singapore Government bond yields. For valuation as at 31 December 2020, the valuation discount rate is set equal to the expected earning rate of the risk-free assets held to support the liabilities. This is determined with reference to the fixed yields of the special issues of Singapore Government securities held at the valuation date. These securities are non-tradeable bonds issued primarily to meet the investment needs of the MediShield Life Scheme.

The following table presents the sensitivity of the value of the insurance contract liabilities to movements in the assumptions used:

	2020		2019	
	Change in variable %	Increase in liability S\$'000	Change in variable %	Increase in liability S\$'000
MediShield Life Fund				
Increase in average new claim size	+10	597,347	+10	556,860
Increase in new claim frequency	+10	597,347	+10	556,860
Increase in inflation of claim costs	+1 p.a.	169,737	+1 p.a.	248,629
Reduction in cessation rates of outpatient claims	-10	283,114	-10	314,819
Shift in risk-free yield curve	-0.5 p.a.	59,375	-0.5 p.a.	73,279
Change in lapse rates	-50	1,058	-50	2,300

CareShield Life and ElderShield Insurance Fund

The key assumptions are applicable for the valuation of actuarial liabilities:

(a) Disability rates

Disability rates are set based on experience studies carried out on the CareShield Life and ElderShield Insurance Fund.

(b) Mortality rates

Mortality rates are set based on experience studies carried out on the CareShield Life and ElderShield Insurance Fund.

(c) Disability recovery rates

Disability recovery rates are set based on experience studies carried out on the CareShield Life and ElderShield Insurance Fund.

(d) Expense

Expense assumptions are set based on an analysis of expense experience of the CareShield Life and ElderShield Insurance Fund. Such a study is conducted on an annual basis. Consideration is also given to the expense budget that is approved for the following year.

(e) Valuation discount rate

The valuation discount rate is set equal to the expected earning rate of the risk-free assets held to support the liabilities. This is determined with reference to the fixed yields of the Special Singapore Government Securities held at the valuation date. These securities are non-tradeable bonds issued primarily to meet the investment needs of the CareShield Life Scheme.

The following table presents the sensitivity of the value of the insurance contract liabilities to movements in the assumptions used:

	2020	
	Change in variable	Increase in liability S\$'000
CareShield Life and ElderShield Insurance Fund		
Higher disability rates	+10%	242,133
Lower mortality rates	-10%	361,846

20.11 Financial risk management of Insurance Funds

Market risk

Market risk refers to changes in market prices that will affect the value of investments in global and local debt securities, equities and derivatives. Market risk comprises risks arising from changes in interest rates, equity prices and foreign exchange rates. Given the duration of policy liabilities and uncertainty of cash flows of the Home Protection Fund, MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund, it is not possible to hold assets that will perfectly match the policy liabilities.

Given the nature of the Lifelong Income Scheme where there is no minimum payout guarantees and payouts are adjusted in response to changes in interest rates, all market risk is borne by the insured members. Accordingly, there is no exposure to market risk for the Lifelong Income Fund.

Asset-liability decisions are considered by the Board with an objective of limiting the extent to which solvency can be affected by adverse market and interest rate movements. Market risk is actively managed through the setting of investment policy and asset allocation within the approved risk tolerance limits. The investment policy includes certain restrictions on currency, credit, concentration, borrowing and counterparty risks. Market risk is diversified by investing the assets of the Home Protection Fund in different asset classes and various markets. The MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund are invested in special issues of Singapore Government securities, and Singapore Dollar cash and cash equivalents, except for a small residual amount of receivables, cash and cash equivalents in foreign currencies for the MediShield Life Fund. The Lifelong Income Fund is invested in special issues of Singapore Government securities, advance deposits, cash and cash equivalents. The Board regularly monitors the exposure of the Home Protection Fund to different asset classes to ensure that these exposures are within the approved ranges.

Derivatives are financial contracts whose values are derived from the value of underlying assets. They are used for hedging purposes to manage portfolio risk and for efficient portfolio management to improve risk-adjusted performance. The major classes of derivatives are as follows:

- Futures / forwards contracts to buy or sell an asset on or before a future date at a price specified at the time of entry;
- Options contracts that give the owner the right to buy or sell an asset at the strike price, specified at the time of entry and lapsing on the maturity date; and
- Swaps contracts to exchange cash on or before a specified future date based on the underlying value of interest rates or other assets.

The interest rates, carrying amounts and maturities of cash and cash equivalents are shown in the following table:

	Interest rate (per annum)		Years to maturity less than 1 year	
	2020 %	2019 %	2020 S\$'000	2019 S\$'000
Denominated in SGD				
Home Protection Fund	0.00 – 0.46	0.00 – 1.98	95,019	740,671
MediShield Life Fund	0.00 – 0.25	0.00 – 1.45	95,122	43,963
CareShield Life and ElderShield Insurance Fund	0.00 – 0.14	n/a	127,081	n/a
Denominated in USD				
Home Protection Fund	0.00 – 0.35	0.00 – 2.14	43,408	41,528
Denominated in other currencies				
Home Protection Fund	0.00 – 0.00	0.00 – 0.00	39,105	36,260

Foreign currency risk

The Home Protection Fund is exposed to foreign exchange risk as a result of global investments. Hedging policies are put in place to mitigate these risks, where necessary. The sensitivity analysis for possible movements in key currencies with all other variables held constant is detailed in the sensitivity analysis below. The Lifelong Income Fund, and CareShield and ElderShield Insurance Fund are not exposed to any foreign exchange risk. The MediShield Life Fund is also not exposed to any foreign exchange risk except for a small residual amount of receivables, cash and cash equivalents in foreign currencies.

The following table presents gross major currency exposures of the Home Protection Fund (excluding the effect of derivatives used for hedging) as of the date of the financial statements, expressed in Singapore Dollars equivalent.

	Home Protection Fund	
	2020 S\$'000	2019 S\$'000
US Dollar	313,611	250,090
Euro	94,209	71,326
Japanese Yen	40,688	31,620
China Yuan	21,198	16,455
Mexican Peso	11,021	9,189
Sterling Pound	10,825	10,095

Equity price risk

The Home Protection Fund is exposed to equity price risk arising from its investment in equity securities which are classified as financial assets at FVTPL. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in the global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

The fluctuations in market prices due to the above factors are unforeseen. To manage the price risk arising from investments in equity, the Home Protection Fund diversifies its portfolio across different markets and industries whenever it is appropriate.

The Lifelong Income Fund, MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund are not exposed to equity price risk as the funds only invest in cash and cash equivalents with banks, and special issues of Singapore Government securities with the Monetary Authority of Singapore.

Sensitivity analysis

The analysis below is presented for reasonably possible movements in key variables with all other variables remaining constant.

	Home Protection Fund	
	2020 S\$'000	2019 S\$'000
Change in variables:		
Equity prices		
+10%	30,353	23,153
-10%	(30,353)	(23,153)
Foreign currency		
+5%		
US Dollar	15,681	12,505
Euro	4,710	3,566
Japanese Yen	2,034	1,581
China Yuan	1,060	823
Mexican Peso	551	459
Sterling Pound	541	505
-5%		
US Dollar	(15,681)	(12,505)
Euro	(4,710)	(3,566)
Japanese Yen	(2,034)	(1,581)
China Yuan	(1,060)	(823)
Mexican Peso	(551)	(459)
Sterling Pound	(541)	(505)
Interest rate		
+50 bps	(26,121)	(23,199)
-50 bps	27,866	24,704

Concentration risk

Concentration of the investments of Home Protection Fund are analysed as follows:

	Percentage of investments			
	2020 S\$'000	2019 S\$'000	2020 %	2019 %
Home Protection Fund				
Debt securities				
Singapore	459,578	458,970	48	55
United States	54,864	45,151	6	5
Japan	23,443	20,739	2	3
China	19,639	15,698	2	2
Mexico	10,395	8,861	1	1
Spain	8,107	4,958	1	1
Indonesia	7,307	4,209	1	1
Italy	6,761	5,714	1	1
Belgium	6,513	2,993	1	–
Others	47,046	29,846	4	3
Equity securities				
United States	205,782	157,453	22	19
Japan	17,176	10,761	2	1
Switzerland	8,792	5,798	1	1
Canada	7,995	6,041	1	1
United Kingdom	6,142	7,265	1	1
Others	57,640	44,210	6	5
Derivatives				
United States	13	3	–	–
Others	1,523	1,898	–	–

The investments of the Lifelong Income Fund, MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund are concentrated in special issues of Singapore Government securities, advance deposits or cash and cash equivalents held with a number of financial institutions.

Credit risk

The maximum credit risk exposure at the end of the year, in relation to each class of financial assets, is the carrying amount of those assets at the end of the year.

The Home Protection Fund is exposed to credit risk through (i) investments in cash (including fixed deposits) placed with financial institutions and debt securities; and (ii) exposure to counterparty's credit in derivative transactions. For the two types of exposures, financial loss may materialise as a result of credit default by the debt issuer or bank counterparty. For investments in debt securities, financial loss may also materialise as a result of the widening of credit spread or a downgrade of credit rating. The Lifelong Income Fund, MediShield Life Fund, and CareShield Life and ElderShield Insurance Fund are exposed to minimal credit risk in respect of investments in cash, special issues of Singapore Government securities and/or advance deposits with the Monetary Authority of Singapore.

Swaps, interest rate options, foreign exchange, currency options, over the counter options and other derivative positions are covered by International Swaps and Derivative Association master agreements. Derivative positions are marked to market daily, and the market value is considered to be the amount in the money. Collaterals may be provided or requested to or from counterparties dependent upon whether the derivative positions are out or in the money.

The Board manages credit risk actively through the setting of minimum credit rating requirements and investment limits for issuers and counterparties within the approved investment guidelines. These limits are reviewed as and when necessary. Ongoing monitoring and reporting are undertaken at various levels to ensure that all investment activities are in accordance with the investment guidelines.

Exposure of the Home Protection Fund to credit risk relating to its debts securities and financial derivatives are presented below (in millions of Singapore Dollars):

	AAA*	AA*	A*	BBB*	Not rated**	Total
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
Home Protection Fund						
2020						
Singapore Government securities	367.7	–	–	–	91.9	459.6
Other Government bonds	61.9	15.8	29.4	40.1	31.1	178.3
Corporate bonds	0.5	0.2	0.9	4.1	–	5.7
Financial derivatives (counterparty)	–	–	1.5	–	–	1.5
	430.1	16.0	31.8	44.2	123.0	645.1
2019						
Singapore Government securities	381.6	–	–	–	77.3	458.9
Other Government bonds	44.6	8.4	38.4	19.9	23.7	135.0
Corporate bonds	0.2	0.4	0.3	2.3	–	3.2
Financial derivatives (counterparty)	–	–	1.9	–	–	1.9
	426.4	8.8	40.6	22.2	101.0	599.0

* Based on public credit ratings assigned by external credit rating agencies Standard & Poor's, Moody's and Fitch.

** Based on internal credit ratings, and holdings are rated equivalent to Standard & Poor's credit ratings of "AAA to BBB".

Financial assets that are neither past due nor impaired

For the Home Protection Fund, the cash is placed as short term deposits with financial institutions which have good credit ratings. The debt securities and approved counterparties of Home Protection Fund must meet stringent credit rating criteria. None of the financial assets are past due nor impaired.

Liquidity risk

In the management of liquidity risk of the Insurance Funds, the Board seeks to ensure that even under adverse conditions, the Insurance Funds have access to the funds necessary to cover for claims and surrenders. Management monitors and maintains adequate cash and bank balances to finance the operations of the Insurance Funds and mitigate the effects of fluctuations in cash flows. In addition, the financial assets of the Insurance Funds can be readily sold or redeemed when the need arises.

The following tables show undiscounted financial liabilities with the remaining contractual maturity periods of the Insurance Fund. For liabilities arising from insurance contracts, the disclosure is the estimated timing of net cash outflows resulting from recognised insurance liabilities i.e. on a discounted basis.

	Not later than one year S\$'000	Later than one year and not later than five years S\$'000	Later than five years S\$'000	Total S\$'000
Home Protection Fund				
2020				
Insurance contract liabilities	36,090	78,773	307,065	421,928
Claims intimated or admitted but not paid	19,281	–	–	19,281
Other payables	833	–	–	833
	56,204	78,773	307,065	442,042
2019				
Insurance contract liabilities	34,719	73,361	262,519	370,599
Claims intimated or admitted but not paid	23,267	–	–	23,267
Other payables	1,708	–	–	1,708
	59,694	73,361	262,519	395,574
MediShield Life Fund				
2020				
Insurance contract liabilities	498,060	1,812,946	5,020,589	7,331,595
Claims intimated or admitted but not paid	15,124	–	–	15,124
Other payables	41,360	–	–	41,360
	554,544	1,812,946	5,020,589	7,388,079
2019				
Insurance contract liabilities	216,733	1,873,616	4,267,369	6,357,718
Claims intimated or admitted but not paid	10,025	–	–	10,025
Other payables	46,784	–	–	46,784
	273,542	1,873,616	4,267,369	6,414,527

	Not later than one year S\$'000	Later than one year and not later than five years S\$'000	Later than five years S\$'000	Total S\$'000
Lifelong Income Fund				
2020				
Insurance contract liabilities	350,205	2,389,302	9,538,916	12,278,423
Other payables	1,648	–	–	1,648
	351,853	2,389,302	9,538,916	12,280,071
2019				
Insurance contract liabilities	286,957	1,736,684	9,466,819	11,490,460
Other payables	392	–	–	392
	287,349	1,736,684	9,466,819	11,490,852
CareShield Life and ElderShield Insurance Fund				
2020				
Insurance contract liabilities	(160,380)	(611,817)	1,050,720	278,523
Claims intimated or admitted but not paid	259	–	–	259
Other payables	14,411	–	–	14,411
	(145,710)	(611,817)	1,050,720	293,193

The carrying amount of financial assets and liabilities with a maturity of less than a year including cash and cash equivalents, other receivables, and other payables are estimated to approximate their fair values due to the short period to maturity.

	Designated as FVTPL	FVTPL	Amortised cost	Other financial liabilities	Total carrying amount	Fair value
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Home Protection Fund						
31 December 2020						
Investments						
- debt securities	643,653	-	-	-	643,653	643,653
- equity securities	-	303,527	-	-	303,527	303,527
- derivatives	-	1,536	-	-	1,536	1,536
Other receivables	-	-	9,864	-	9,864	9,864
Interest receivables	-	-	4,544	-	4,544	4,544
Cash and cash equivalents	-	-	177,532	-	177,532	177,532
	643,653	305,063	191,940	-	1,140,656	1,140,656
Other payables	-	-	-	(833)	(833)	(833)
31 December 2019						
Investments						
- debt securities	597,139	-	-	-	597,139	597,139
- equity securities	-	231,528	-	-	231,528	231,528
- derivatives	-	1,901	-	-	1,901	1,901
Other receivables	-	-	13,442	-	13,442	13,442
Interest receivables	-	-	8,997	-	8,997	8,997
Cash and cash equivalents	-	-	818,459	-	818,459	818,459
	597,139	233,429	840,898	-	1,671,466	1,671,466
Other payables	-	-	-	(1,708)	(1,708)	(1,708)

The carrying amounts of special issues of Singapore Government securities and advance deposits in the MediShield Life Fund approximate their fair values due to the investment arrangement with the Singapore Government as disclosed in note 20.3. The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the statements of net assets at 31 December are represented in the following table:

	Amortised cost	Other financial liabilities	Total carrying amount	Fair value
	S\$'000	S\$'000	S\$'000	S\$'000
MediShield Life Fund				
31 December 2020				
Investments				
- special issues of Singapore Government securities	9,182,500	-	9,182,500	9,182,500
Other receivables	82,753	-	82,753	82,753
Interest receivables	108,141	-	108,141	108,141
Cash and cash equivalents	95,122	-	95,122	95,122
	9,468,516	-	9,468,516	9,468,516
Other payables	-	(41,360)	(41,360)	(41,360)
31 December 2019				
Investments				
- special issues of Singapore Government securities	8,020,500	-	8,020,500	8,020,500
Other receivables	89,928	-	89,928	89,928
Interest receivables	93,870	-	93,870	93,870
Cash and cash equivalents	43,963	-	43,963	43,963
	8,248,261	-	8,248,261	8,248,261
Other payables	-	(46,784)	(46,784)	(46,784)

The carrying amounts of special issues of Singapore Government securities and advance deposits in the Lifelong Income Fund approximate their fair values due to the investment arrangement with the Singapore Government as disclosed in note 20.3. The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the statements of net assets at 31 December are represented in the following table:

Lifelong Income Fund

31 December 2020

	Amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Fair value S\$'000
Investments				
- special issues of Singapore Government securities	12,097,297	-	12,097,297	12,097,297
- advance deposits	207	-	207	207
Interest receivables	182,567	-	182,567	182,567
Cash and cash equivalents	-	-	-	-
	12,280,071	-	12,280,071	12,280,071
Other payables	-	(1,648)	(1,648)	(1,648)

31 December 2019

Investments				
- special issues of Singapore Government securities	11,320,535	-	11,320,535	11,320,535
- advance deposits	428	-	428	428
Interest receivables	169,879	-	169,879	169,879
Cash and cash equivalents	10	-	10	10
	11,490,852	-	11,490,852	11,490,852
Other payables	-	(392)	(392)	(392)

The carrying amounts of special issues of Singapore Government securities and advance deposits in the CareShield Life and ElderShield Insurance Fund approximate their fair values due to the investment arrangement with the Singapore Government as disclosed in note 20.3. The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the statements of net assets at 31 December are represented in the following table:

CareShield Life and ElderShield Insurance Fund

31 December 2020

	Amortised cost S\$'000	Other financial liabilities S\$'000	Total carrying amount S\$'000	Fair value S\$'000
Investments				
- special issues of Singapore Government securities	156,500	-	156,500	156,500
Interest receivables	1,047	-	1,047	1,047
Cash and cash equivalents	127,081	-	127,081	127,081
	284,628	-	284,628	284,628
Other payables	-	(14,411)	(14,411)	(14,411)

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the year:

	2020			
	Fair value measurements at the end of the year			
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Home Protection Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets measured at fair value				
Equity securities at FVTPL	303,523	4	–	303,527
Debt securities designated as FVTPL	548,486	95,167	–	643,653
Total financial assets through profit or loss	852,009	95,171	–	947,180
Derivatives				
- Index futures contracts	13	–	–	13
- Forward currency contracts	–	4,706	–	4,706
Total derivatives	13	4,706	–	4,719
Financial assets as at 31 December 2020	852,022	99,877	–	951,899
Financial liabilities:				
Derivatives				
- Index futures contracts	–	–	–	–
- Forward currency contracts	–	(3,183)	–	(3,183)
Financial liabilities as at 31 December 2020	–	(3,183)	–	(3,183)

	2019			
	Fair value measurements at the end of the year			
	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000

Home Protection Fund				
Recurring fair value measurements				
Financial assets:				
Financial assets measured at fair value				
Equity securities at FVTPL	231,527	1	–	231,528
Debt securities designated as FVTPL	528,646	68,493	–	597,139
Total financial assets through profit or loss	760,173	68,494	–	828,667
Derivatives				
- Index futures contracts	3	–	–	3
- Forward currency contracts	–	3,481	–	3,481
Total derivatives	3	3,481	–	3,484
Financial assets as at 31 December 2019	760,176	71,975	–	832,151
Financial liabilities:				
Derivatives				
- Index futures contracts	–	–	–	–
- Forward currency contracts	–	(1,583)	–	(1,583)
Financial liabilities as at 31 December 2019	–	(1,583)	–	(1,583)

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Debt securities

Debt securities are valued using valuation techniques that reflect market participants' assumptions, maximising the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs. To reflect current market conditions, the evaluated pricing applications incorporate market information obtained throughout the trading day from market sources and integrated relative credit rating information, observed market movements, and sector news.

Equity securities

Equity securities classified under the Level 2 pricing hierarchy are unquoted securities due to their trading status being unlisted, delisted, suspended, or warrants and rights, or illiquid owing to various types of corporate actions. The underlying securities are priced at the last bid price.

Derivatives

Interest rate swaps, interest rate options and currency swaps and foreign exchange forwards are used to manage interest rate exposures, hedge against exposure to exchange rate risks and manage volatility exposures.

Interest rate swap contracts are valued by applying forward pricing and swap models, using present value calculations. The models incorporate market observable inputs, including the credit quality of counterparties, foreign exchange spot rates, foreign exchange forward rates, interest rate curves and forward rate curves.

Foreign exchange forward pricing is calculated based on the spot rate and the interest rate differentials between the two currencies for the tenor of the forward. It does not include any market sentiments or forecasts of where future exchange rates will be.

Credit default swaps are valued based on credit spread curves derived by market and details of the trades.

21. Net assets of Trust Funds

	Note	2020 S\$'000	2019 S\$'000
Deferment Bonus Fund	21.1	863,269	853,866
CPF LIFE Bonus Fund	21.2	–	5,233
Trust Fund for the Special Employment Credit Scheme	21.3	214,873	650,982
Other Trust Funds	21.4	122,447	160,659
		1,200,589	1,670,740

Details of the trust funds set out below have been prepared from the records of the trust funds, and reflect only transactions handled by the Board.

21.1 Deferment Bonus Fund

The Deferment Bonus Fund was set up and constituted under a trust deed in 2008 for the purpose of a scheme which provides for bonus payouts to help CPF members cope with the later drawdown age for the minimum sum and to encourage CPF members to voluntarily defer their drawdown age.

The Board is appointed as the trustee of the Deferment Bonus Fund, with effect from 29 June 2011, by the Government under the Deferment Bonus Fund Trust Deed and relevant Supplementary Deeds.

The Deferment Bonus Fund invests in special issues of Singapore Government securities after setting aside adequate cash float for operational needs.

The Deferment Bonus Fund receives funds from the Government and interest income on advance deposits and special issues of Singapore Government securities and pays Deferment Bonus and Voluntary Deferment Bonus to eligible CPF members, and operating expenses incurred for the administration of the Deferment Bonus Fund.

The trust period of the Deferment Bonus Fund ends on 31 January 2024. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Deferment Bonus Fund Trust Deed.

	Note	2020 S\$'000	2019 S\$'000
Fund balance		863,269	853,866
Represented by:			
Special issues of Singapore Government securities		841,000	841,000
Cash		22,269	12,866
Net assets	21	863,269	853,866
Receipts			
Interest income		21,058	28,216
Disbursements			
Payment of Deferment Bonus and Voluntary Deferment Bonus to members		(11,114)	(10,378)
Agency fee paid to CPF Board		(514)	(501)
Professional fees		(27)	(27)
		(11,655)	(10,906)
Net receipts during the year		9,403	17,310
Fund balance as at 1 January		853,866	836,556
Fund balance as at 31 December	21	863,269	853,866

21.2 CPF LIFE Bonus Fund

The CPF LIFE Bonus Fund was set up and constituted under a trust deed in 2009 for the purpose of helping eligible senior Singaporean citizens participate in the Lifelong Income Scheme by providing a bonus, paid into their CPF Retirement Accounts and/or as premiums for their CPF LIFE Annuity Plans.

The Board was appointed as the trustee of the CPF LIFE Bonus Fund, with effect from 29 June 2011, by the Government under the CPF LIFE Bonus Fund Trust Deed and relevant Supplementary Deeds.

The CPF LIFE Bonus Fund received funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and paid CPF LIFE Bonus to eligible CPF members, and operating expenses incurred for the administration of the CPF LIFE Bonus Fund.

The trust period of the CPF LIFE Bonus Fund ended on 1 May 2020. Pursuant to the Trust Deed to CPF LIFE Bonus Fund, all remaining assets of the fund were returned to the Government on 30 December 2020.

	Note	2020 S\$'000	2019 S\$'000
Fund balance		–	5,233
Represented by:			
Cash		–	5,233
Net assets	21	–	5,233
Receipts			
Interest income		13	17,369
Disbursements			
CPF LIFE Bonus recovered		19	72
Agency fee paid to CPF Board		(868)	(640)
Professional fees		(53)	(27)
Funds returned to Government		(4,344)	(525,389)
		(5,246)	(525,984)
Net disbursements during the year		(5,233)	(508,615)
Fund balance as at 1 January		5,233	513,848
Fund balance as at 31 December	21	–	5,233

21.3 Trust Fund for the Special Employment Credit Scheme

The Trust Fund for the Special Employment Credit Scheme was set up and constituted under a trust deed in 2012 for the purpose of a scheme which provides financial incentives to encourage employers to hire older Singaporean workers and to boost the employability of these older Singaporean workers.

The Board is appointed as the trustee of the Trust Fund for the Special Employment Credit Scheme with effect from 8 March 2012, by the Government under the Trust Deed to Trust Fund for the Special Employment Credit Scheme and relevant Supplementary Deeds.

The Trust Fund for the Special Employment Credit Scheme invests in special issues of Singapore Government securities after setting aside adequate cash float for operational needs.

The Trust Fund for the Special Employment Credit Scheme receives funds from the Government and interest income on special issues of Singapore Government Securities and pays Special Employment Credit to eligible beneficiaries, and operating expenses incurred for the scheme and administration of the Trust Fund for the Special Employment Credit Scheme.

An Amendment and Restatement Trust Deed for the Trust Fund for the Special Employment Credit Scheme between the Government, the Board, and the Inland Revenue Authority of Singapore (“IRAS”) will take effect from January 2021 to stipulate powers and provisions of a new and expanded Trust Fund for the Employment Credit Schemes. The existing Trust Fund for the Special Employment Credit Scheme administered by the Board makes up one of the sub-funds and consequently its trust period will be further extended to 31 December 2022. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Trust Deed to Trust Fund for the Special Employment Credit Scheme.

	Note	2020 S\$'000	2019 S\$'000
Fund balance		214,873	650,982
Represented by:			
Special issues of Singapore Government securities		210,198	648,607
Cash		4,675	2,375
Net assets	21	214,873	650,982
Receipts			
Funds from Government		–	366,000
Interest income		8,914	6,786
		8,914	372,786
Disbursements			
Special Employment Credit disbursed		(442,773)	(413,884)
Agency fee paid to CPF Board		(2,218)	(2,325)
Professional fees		(32)	(32)
		(445,023)	(416,241)
Net disbursements during the year		(436,109)	(43,455)
Fund balance as at 1 January		650,982	694,437
Fund balance as at 31 December	21	214,873	650,982

21.4 Other Trust Funds

Other Trust Funds are set up to account for funds received from the Government which the Board acts as an administrator, and the funds are held in trust and managed by the Board on behalf of the respective Government ministries.

	Note	2020 S\$'000	2019 S\$'000
Fund balance		122,447	160,659
Represented by:			
Cash at banks held in trust by CPF Board	8	122,447	160,659
Net assets	21	122,447	160,659
Receipts			
Funds received from Government ministries		8,979,817	3,684,726
Interest income		466	2,805
		8,980,283	3,687,531
Disbursements			
Disbursements to CPF members and the public		(9,018,495)	(3,669,242)
Net (disbursements)/receipts during the year		(38,212)	18,289
Fund balance as at 1 January		160,659	142,370
Fund balance as at 31 December	21	122,447	160,659

22. Related party transactions

Definition of related party

The Board is a statutory board established under the CPF Act (Chapter 36, Revised Edition 2013). Government ministries including statutory boards under their purview are deemed related parties to the Board.

Key management compensation

Key management personnel of the Board are those persons having the authority and responsibility for planning, directing and controlling the activities of the Board. The core management of the Board are considered key management personnel.

Compensation of key management personnel comprises:

	2020 S\$'000	2019 S\$'000
Salaries and other short-term employee benefits	8,275	7,970
CPF contributions	399	384
Post-employment benefits	24	18

Other related party transactions

Other than disclosed elsewhere in the financial statements, the significant transactions with related parties based on terms agreed between the parties involved are as follows:

Central Provident Fund

(i) Expenses incurred for services rendered

	2020 S\$'000	2019 S\$'000
Statutory boards	21,907	18,986

(ii) Agency fees income

The Board handles agency work on behalf of various Government ministries. These agency income are included as part of agency, consultancy and data processing fees disclosed in note 14.

	2020 S\$'000	2019 S\$'000
Government ministries	105,963	86,366
Statutory boards	2,928	3,872

(iii) Special issues of Singapore Government securities

Transactions in special issues of Singapore Government securities are as follows:

	2020 S\$'000	2019 S\$'000
Net placement	35,328,176	33,068,274

Insurance Funds

(iv) Trading of debt securities

Trading of debt securities issued by the Singapore Government and Government ministries are as follows:

	2020 S\$'000	2019 S\$'000
Home Protection Fund		
Sales	70,782	164,567
Purchases	42,591	111,125

(v) Special issues of Singapore Government securities

Transactions in special issues of Singapore Government securities are as follows:

	2020 S\$'000	2019 S\$'000
Net Placement		
Lifelong Income fund	776,762	714,107
MediShield Life Fund	1,162,000	1,134,000
CareShield Life and ElderShield Insurance Fund	156,500	n/a

23. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue by the members of the Board on 17 May 2021.

ANNEXES



Annex A

Rates of CPF Contributions, 1955 - 2020

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE [% OF WAGE]		CREDITED INTO [% OF WAGE]			TOTAL [% OF WAGE]	ORDINARY WAGE CEILING [\$]
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jul 1955	-	5	5	-	-	-	10	500
Sep 1968	-	6.5	6.5	-	-	-	13	2,307.69
Jan 1970	-	8	8	-	-	-	16	1,875
Jan 1971	-	10	10	-	-	-	20	1,500
Jul 1972	-	14	10	-	-	-	24	
Jul 1973	-	15	11	-	-	-	26	
Jul 1974	-	15	15	-	-	-	30	
Jul 1975	-	15	15	-	-	-	30	2,000
Jul 1977	-	15.5	15.5	30	1	-	31	
Jul 1978	-	16.5	16.5	30	3	-	33	3,000
Jul 1979	-	20.5	16.5	30	7	-	37	
Jul 1980	-	20.5	18	32	6.5	-	38.5	
Jul 1981	-	20.5	22	38.5	4	-	42.5	
Jul 1982	-	22	23	40	5	-	45	
Jul 1983	-	23	23	40	6	-	46	
Nov 1983	-	23	23	40	6	-	46	4,000
Apr 1984	-	23	23	40	-	6	46	
Jul 1984	-	25	25	40	4	6	50	5,000
Jul 1985	-	25	25	40	4	6	50	6,000
Apr 1986	-	10	25	29	-	6	35	
Jul 1988	55 years & below	12	24	30	-	6	36	6,000
	Above 55 - 60 years	11	20	25	-	6	31	
	Above 60 - 65 years	9	19	22	-	6	28	
	Above 65 years	8	18	20	-	6	26	
Jul 1989	55 years & below	15	23	30	2	6	38	6,000
	Above 55 - 60 years	12	16	22	-	6	28	
	Above 60 - 65 years	8	13	15	-	6	21	
	Above 65 years	6	11	11	-	6	17	
Jul 1990	55 years & below	16.5	23	30	3.5	6	39.5	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1991	55 years & below	17.5	22.5	30	4	6	40	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1992	35 years & below	18	22	30	4	6	40	6,000
	Above 35 - 55 years	18	22	29	4	7	40	
	Above 55 - 60 years	12.5	12.5	18	-	7	25	
	Above 60 - 65 years	7.5	7.5	8	-	7	15	
	Above 65 years	5	5	3	-	7	10	

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE [% OF WAGE]		CREDITED INTO [% OF WAGE]			TOTAL [% OF WAGE]	ORDINARY WAGE CEILING [\$]
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jul 1993	35 years & below	18.5	21.5	30	4	6	40	6,000
	Above 35 - 45 years	18.5	21.5	29	4	7	40	
	Above 45 - 55 years	18.5	21.5	28	4	8	40	
	Above 55 - 60 years	7.5	12.5	12	-	8	20	
	Above 60 - 65 years	7.5	7.5	7	-	8	15	
	Above 65 years	5	5	2	-	8	10	
Jul 1994	35 years & below	20	20	30	4	6	40	6,000
	Above 35 - 45 years	20	20	29	4	7	40	
	Above 45 - 55 years	20	20	28	4	8	40	
	Above 55 - 60 years	7.5	12.5	12	-	8	20	
	Above 60 - 65 years	7.5	7.5	7	-	8	15	
	Above 65 years	5	5	2	-	8	10	
Jan 1999	35 years & below	10	20	24	-	6	30	6,000
	Above 35 - 45 years	10	20	23	-	7	30	
	Above 45 - 55 years	10	20	22	-	8	30	
	Above 55 - 60 years	4	12.5	8.5	-	8	16.5	
	Above 60 - 65 years	2	7.5	1.5	-	8	9.5	
	Above 65 years	2	5	-	-	7	7	
Apr 2000	35 years & below	12	20	24	2	6	32	6,000
	Above 35 - 45 years	12	20	23	2	7	32	
	Above 45 - 55 years	12	20	22	2	8	32	
	Above 55 - 60 years	4.5	12.5	9	-	8	17	
	Above 60 - 65 years	2.5	7.5	2	-	8	10	
	Above 65 years	2.5	5	-	-	7.5	7.5	
Jan 2001	35 years & below	16	20	26	4	6	36	6,000
	Above 35 - 45 years	16	20	23	6	7	36	
	Above 45 - 55 years	16	20	22	6	8	36	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Oct 2002	35 years & below	16	20	26	4	6	36	6,000
	Above 35 - 45 years	16	20	23	6	7	36	
	Above 45 - 55 years	16	20	22	6	8	36	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Oct 2003	35 years & below	13	20	22	5	6	33	6,000
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 55 years	13	20	18	7	8	33	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	

Annex B

CPF Interest Rates, 2011 – 2020

YEAR	CPF INTEREST RATE PER ANNUM [%]			
	ORDINARY ACCOUNT	MEDISAVE ACCOUNT	SPECIAL ACCOUNT	RETIREMENT ACCOUNT
Jan – Dec 2011	2.50	4.00	4.00	4.00
Jan – Dec 2012	2.50	4.00	4.00	4.00
Jan – Dec 2013	2.50	4.00	4.00	4.00
Jan – Dec 2014	2.50	4.00	4.00	4.00
Jan – Dec 2015	2.50	4.00	4.00	4.00
Jan – Dec 2016	2.50	4.00	4.00	4.00
Jan – Dec 2017	2.50	4.00	4.00	4.00
Jan – Dec 2018	2.50	4.00	4.00	4.00
Jan – Dec 2019	2.50	4.00	4.00	4.00
Jan – Dec 2020	2.50	4.00	4.00	4.00

Annex C

Membership, Contributions and Members' Balances, 2011 - 2020

YEAR END	NUMBER OF MEMBERS ('000)	TOTAL CONTRIBUTION (\$'000)	TOTAL BALANCES (\$'000)
2011	3,376	24,628,413	207,545,500
2012	3,419	26,048,399	230,157,671
2013	3,508	28,530,047	252,968,636
2014	3,593	29,722,128	275,363,930
2015	3,686	32,049,136	299,522,383
2016	3,761	35,851,675	328,895,282
2017	3,835	37,284,717	359,514,581
2018	3,908	38,368,993	391,117,517
2019	3,982	39,848,430	425,110,201
2020	4,052	40,902,028	462,130,587

Annex D

Withdrawals under Section 15 and Section 25 of the CPF Act in 2020

GROUND FOR WITHDRAWAL	2020	
	NUMBER	AMOUNT [\$M]
55 Years and Above	502,225	4607.9
Leaving Singapore and West Malaysia	2,836	435.4
Medical Grounds	954	78.3
Death	21,744	1205.4
Malaysian Citizen	2,051	99.6
Total	529,810	6,426.6

Figures may not add up due to rounding.

Annex E

Distribution of CPF Members' Balances by Age Group and Sex as at 31 December 2020

AGE GROUPS (YEARS)	MALE		FEMALE		NOT SPECIFIED		TOTAL	
	NUMBER ('000)	BALANCES (\$'000)	NUMBER ('000)	BALANCES (\$'000)	NUMBER ('000)	BALANCES (\$'000)	NUMBER ('000)	BALANCES (\$'000)
Up to 20	203	740,025	194	731,882	0	4	397	1,471,911
>20 - 25	122	972,301	112	1,464,603	-	-	235	2,436,905
>25 - 30	143	6,206,812	144	8,091,580	-	-	287	14,298,392
>30 - 35	151	13,943,667	163	15,577,899	-	-	314	29,521,565
>35 - 40	151	20,558,801	167	21,422,301	0.0	0	318	41,981,102
>40 - 45	158	28,010,239	169	27,448,761	0.0	94	328	55,459,094
>45 - 50	170	35,355,540	174	32,491,001	0.0	267	343	67,846,809
>50 - 55	175	37,760,255	173	31,976,543	0.0	324	347	69,737,123
>55 - 60	201	36,455,056	178	30,367,427	0.1	844	379	66,823,328
>60 - 65	179	28,542,333	165	23,723,886	0.1	707	343	52,266,926
>65 - 70	142	19,410,367	134	15,530,331	0.1	278	276	34,940,977
>70 - 75	101	9,285,408	102	7,509,731	0.1	127	203	16,795,266
>75 - 80	50	2,587,764	54	2,062,584	0.0	147	105	4,650,495
Above 80	69	1,985,687	87	1,881,100	0.0	43	156	3,866,829
Unspecified	14	22,851	3	5,800	3.8	4,565	21	33,865
All Groups	2,028	241,837,756	2,019	220,285,430	4	7,401	4,052	462,130,587

Figures include self-employed persons.

Total may not add up due to rounding.

Annex F

Distribution of All CPF Members by Regressed Balances* and Age Group as at 31 December 2020

BALANCE GROUP [\$]	AGE GROUP (YEARS)																	TOTAL	
	UNSPECIFIED	UP TO 20	>20 - 25	>25 - 30	>30 - 35	>35 - 40	>40 - 45	>45 - 50	>50 - 55	>55 - 60	>60 - 65	>65 - 70	>70 - 75	>75 - 80	ABOVE 80	ALL MEMBERS	BALANCE (\$'000)		
Below 20,000	21,010	394,990	194,130	75,720	39,340	33,190	31,070	33,250	49,360	73,850	64,310	60,070	54,070	41,090	94,350	1,259,780	6,237,418		
20,000 to below 40,000	130	1,150	26,330	46,090	20,930	15,220	13,240	13,030	14,360	16,170	18,190	19,030	19,570	14,150	24,170	261,740	7,740,892		
40,000 to below 60,000	40	310	8,740	42,640	20,870	14,290	12,120	12,240	12,800	14,950	17,800	17,730	18,990	14,260	17,230	225,000	11,221,142		
60,000 to below 80,000	10	180	3,410	36,400	22,220	13,980	11,790	11,650	11,830	14,200	16,560	15,750	15,970	9,890	7,510	191,340	13,347,805		
80,000 to below 100,000	#0	80	1,170	28,420	23,150	13,640	11,360	11,310	11,820	13,520	14,960	13,680	15,610	7,390	4,220	170,350	15,308,340		
100,000 to below 120,000	#0	40	390	21,120	24,660	13,790	11,110	10,870	11,190	12,670	13,410	12,600	12,980	4,270	2,490	151,600	16,648,196		
120,000 to below 140,000	#0	30	130	14,650	25,130	13,990	10,870	10,510	10,670	11,890	12,640	11,870	10,250	2,910	1,610	137,130	17,804,097		
140,000 to below 160,000	#0	20	50	9,190	24,080	14,180	10,840	10,250	10,040	11,210	12,930	11,830	8,290	2,030	1,090	126,040	18,891,352		
160,000 to below 180,000	#0	20	40	5,680	22,290	14,790	11,150	10,060	9,600	10,520	12,310	11,290	6,590	1,560	690	116,570	19,796,923		
180,000 to below 200,000	-	70	50	3,260	19,160	14,840	11,200	9,900	9,200	9,990	11,090	10,990	5,400	1,180	530	106,850	20,286,887		
200,000 to below 220,000	-	20	30	1,730	16,120	15,180	11,280	9,600	8,580	9,770	10,920	9,860	4,300	860	420	98,670	20,711,379		
220,000 to below 240,000	-	20	10	940	13,210	14,730	11,240	9,490	8,220	10,380	11,870	8,820	3,470	660	320	93,390	21,470,245		
240,000 to below 260,000	-	20	10	460	10,650	14,340	11,320	9,280	8,070	12,030	11,630	7,260	2,820	550	210	88,650	22,150,796		
260,000 to below 280,000	-	20	10	200	8,760	13,380	10,960	9,160	7,770	10,390	9,450	5,930	2,340	460	190	79,010	21,318,196		
280,000 to below 300,000	-	#0	#0	100	6,780	12,580	11,090	8,740	7,590	9,160	8,170	5,030	2,020	390	160	71,800	20,813,124		
300,000 to below 400,000	-	10	10	110	15,110	50,100	49,000	41,380	34,070	38,050	29,840	18,170	7,050	1,190	530	284,590	98,685,434		
400,000 to below 500,000	-	#0	#0	10	1,620	27,440	40,170	35,540	29,190	26,660	18,730	10,590	4,070	620	230	194,870	87,095,158		
500,000 & above	-	-	-	10	90	8,250	47,730	87,210	92,880	73,890	48,680	25,600	8,960	1,090	330	394,710	283,558,573		
All Groups	21,200	396,980	234,520	286,710	314,160	317,890	327,530	343,460	347,240	379,300	343,480	276,100	202,740	104,540	156,250	4,052,090	723,085,959		

Total may not add up due to rounding.

* Regressed Balances include amounts withdrawn under Investment, Education, Residential Properties, Non-Residential Properties and Public Housing Schemes as at end of period.

Number of CPF members is less than 5.

Distribution of Active CPF Members by Regressed Balances* and Age Group as at 31 December 2020

BALANCE GROUP [\$]	AGE GROUP (YEARS)																	TOTAL	
	UP TO 20	>20 - 25	>25 - 30	>30 - 35	>35 - 40	>40 - 45	>45 - 50	>50 - 55	>55 - 60	>60 - 65	>65 - 70	>70 - 75	>75 - 80	ABOVE 80	ACTIVE MEMBERS	BALANCE (\$'000)			
Below 20,000	33,810	60,000	34,880	16,070	9,790	5,560	3,450	1,850	1,750	1,880	2,310	2,270	1,230	1,020	175,860	1,379,072			
20,000 to below 40,000	410	22,890	36,100	11,630	6,910	4,790	3,860	3,000	3,200	4,400	5,210	4,860	2,580	1,820	111,650	3,344,713			
40,000 to below 60,000	50	8,040	36,560	13,260	7,290	5,180	4,530	4,000	4,640	6,540	6,680	6,510	4,060	3,450	110,790	5,545,577			
60,000 to below 80,000	10	3,120	32,760	15,750	7,840	5,500	4,920	4,580	5,450	7,240	6,710	5,580	3,030	1,560	104,050	7,269,475			
80,000 to below 100,000	#0	1,090	26,290	18,040	8,300	5,910	5,150	6,010	6,010	7,250	5,980	5,850	2,340	860	98,490	8,860,615			
100,000 to below 120,000	#0	350	19,960	20,380	9,020	6,160	5,440	5,370	6,160	6,750	5,730	5,140	1,300	470	92,240	10,137,684			
120,000 to below 140,000	#0	100	14,040	21,970	9,930	6,600	5,650	5,630	6,220	6,590	5,530	4,070	860	290	87,470	11,363,940			
140,000 to below 160,000	#0	40	8,860	21,670	10,630	7,080	5,890	5,520	6,130	6,890	5,640	3,360	550	230	82,490	12,366,059			
160,000 to below 180,000	-	20	5,540	20,630	11,760	7,560	6,120	5,510	5,990	7,160	5,540	2,560	420	120	78,930	13,407,052			
180,000 to below 200,000	#0	20	3,180	17,950	12,370	8,110	6,250	5,460	5,820	6,460	5,570	2,080	300	90	73,660	13,986,909			
200,000 to below 220,000	-	10	1,700	15,220	13,090	8,480	6,350	5,280	5,900	6,410	5,050	1,690	250	60	69,480	14,585,928			
220,000 to below 240,000	#0	#0	910	12,610	12,930	8,840	6,600	6,210	6,210	7,080	4,710	1,380	160	70	66,790	15,355,832			
240,000 to below 260,000	-	#0	450	10,230	12,820	9,150	6,610	5,390	7,620	7,400	3,950	1,090	150	30	64,860	16,211,450			
260,000 to below 280,000	#0	#0	190	8,430	12,190	9,120	6,720	5,340	7,210	6,280	3,220	850	110	30	59,690	16,107,803			
280,000 to below 300,000	-	#0	90	6,550	11,610	9,440	6,650	5,300	6,420	5,460	2,740	740	100	40	55,120	15,978,910			
300,000 to below 400,000	-	#0	100	14,740	47,370	43,500	33,450	25,750	27,800	20,090	9,570	2,470	290	90	225,220	78,189,239			
400,000 to below 500,000	-	-	10	1,600	26,620	37,420	30,680	23,410	20,310	12,950	5,450	1,330	150	50	159,980	71,536,576			
500,000 & above	-	-	10	90	8,090	46,060	80,940	81,580	59,630	33,610	12,400	2,730	310	80	325,530	231,243,141			
All Groups	34,290	95,690	221,610	246,810	238,540	234,450	229,280	203,660	192,440	160,460	101,990	54,560	18,190	10,330	2,042,310	546,869,974			

Total may not add up due to rounding.

* Regressed Balances include amounts withdrawn under Investment, Education, Residential Properties, Non-Residential Properties and Public Housing Schemes as at end of period.

Number of active CPF members is less than 5.

Annex G

Details on Corporate Governance

Board Meetings

Board meetings are scheduled quarterly for the purpose of, among other things, approving the annual budget, the audited financial statements, CPF Rules amendments and major projects. The by-laws of the Board allow Board Members to take part in meetings in person or via any means provided that all the members who wish to participate at the meeting have access to the technology needed to participate in the meeting, and a quorum of Board Members can simultaneously communicate with each other throughout the meeting. Urgent matters requiring decisions are circulated via e-mail by the Board Secretariat. The Board met four times in 2020.

Board Members are provided with the necessary information for them to effectively discharge their responsibilities at each Board meeting. This includes regular reports on CPF contributions and developments on CPF schemes. Significant operational highlights and financial statements are provided on a regular basis for the Board's information. Board Members may request additional information where necessary. Minutes of Board meetings are documented for record, with Matters Arising promptly followed up and reported back at the following Board meeting.

Audit Committee

The Audit Committee assists the Board in overseeing activities carried out by Management, independent auditors and internal auditors relating to internal controls, financial reporting, compliance with rules, regulations, corporate policies and procedures, as well as risk management. It also oversees the Board's whistle-blowing programme.

The Audit Committee comprises non-executive and independent Board Members nominated based on their expertise and experience with regard to discharging the responsibilities of the

Committee. The Audit Committee was chaired by Mr Tan Teck Huat from 1 January 2020 to 30 June 2020, and Ms Tan Su Shan from 1 July 2020. Five other members served on the Audit Committee in 2020 – Professor Annie Koh, Ms Mary Liew, Mr Lim Zhi Jian, Ms Rachel Eng and Ms Cham Hui Fong. Mr Tan, Professor Koh and Ms Liew left the Audit Committee when they completed their service as Board Member on 30 June 2020. Ms Rachel Eng and Ms Cham Hui Fong were appointed as members of the Audit Committee with effect from 1 July 2020.

The Audit Committee met thrice in 2020 and urgent matters were approved by circulation.

Investment Committee

The Investment Committee, on behalf of the Board, oversees the investment matters relating to funds managed by the Board. It advises the Board in setting the overall investment policy and strategic asset allocation, and has decision-making authority over the investment management strategy and structure, appointment of investment consultant, custodian, external fund managers and other third parties, overall approach to risk management, rebalancing guidelines, the implementation of tactical asset allocation and performance reporting framework.

The Investment Committee was chaired by Mr Aje Kumar Saigal. Five other members served on the Investment Committee in 2020 – Mr Augustin Lee, Ms Liew Tzu Mi, Mr Lim Zhi Jian, Ms Marilyn Ang and Mr Wong Ban Suan. Ms Ang and Mr Wong were co-opted to augment the investment expertise of the Committee.

The Investment Committee met four times in 2020 and urgent matters were approved by circulation.

Insurance Schemes Committee

The Insurance Schemes Committee oversees the management of the Home Protection, MediShield Life, CareShield Life and CPF LIFE Schemes. The Committee reviews the annual valuation and actuarial studies of the various schemes. It also manages the solvency and liquidity of the insurance funds based on the return objectives, risk tolerance levels and risk management framework established for each fund and in accordance to the guidelines set by the Minister overseeing the relevant scheme.

The Insurance Schemes Committee was chaired by Mr Chan Heng Kee from 1 January 2020 to 31 March 2020, and Mr Chan Yeng Kit from 1 April 2020. Nine other members served on the Insurance Schemes Committee in 2020 – Mr Augustin Lee, Ms Cham Hui Fong, Ms Ho Hern Shin, Mr Poon Hong Yuen, Mr Sanjeev Tiwari, Mr Shaimr Rahin, Mr Cham Dao Song, Mr Chi Cheng Hock, and Mrs Hauw Soo Hoon. Ms Cham and Mr Shaimr stepped down from the Committee on 30 June 2020. Mr Sanjeev and Mr Poon were appointed to the Committee on 1 July 2020.

The Insurance Schemes Committee met thrice in 2020.

Risk Management Committee

The Risk Management Committee assists the Board in overseeing CPF Board's enterprise risk management framework. It ensures that Management has fully identified and assessed the key risks that CPF Board faces, and has established a risk management infrastructure capable of addressing those risks. The Committee supports the Board in overseeing Board-level risks in conjunction with other Board Committees.

The Risk Management Committee was chaired by Mr Chiang Chie Foo from 1 January 2020 to 31 March 2020 and Mr Tan Hee Teck from 1 April 2020. Five other members served on the Risk Management Committee in 2020 – Mr Augustin Lee, Ms Cham Hui Fong, Ms Rachel Eng, Mr Shamir Rahim and Professor Chong Tow Chong. Ms Cham and Ms Eng stepped down from the Committee on 30 June 2020, while Mr Shamir and Professor Chong joined the Committee on 1 July 2020.

The Risk Management Committee met twice in 2020.

Staff Committee

The Committee is the approving authority for key human resource and remuneration policies as well as the appointment and promotion of senior executives.

The Staff Committee was chaired by Mr Chiang Chie Foo. Seven other members served on the Staff Committee in 2020 - Mr Augustin Lee, Mr Chan Yeng Kit, Mr Poon Hong Yuen, Mr Aje Saigal, Ms Tan Su Shan, Mr Tan Hee Teck and Mr Tan Teck Huat. Mr Tan Teck Huat relinquished his Staff Committee membership when he completed his service as Board Member on 30 June 2020. Mr Chan Yeng Kit, Mr Poon Hong Yuen, Mr Tan Hee Teck and Ms Tan Su Shan were appointed as members of the Staff Committee with effect from 1 April 2020 and 1 July 2020 respectively.

The Staff Committee met once in 2020 and urgent matters were approved by circulation.

Attendance at meetings is set out in the following table:

BOARD MEMBERS ¹	NO. OF MEETINGS HELD AND ATTENDED											
	BOARD		AUDIT COMMITTEE		INSURANCE SCHEMES COMMITTEE		INVESTMENT COMMITTEE		RISK MANAGEMENT COMMITTEE		STAFF COMMITTEE	
Mr Chiang Chie Foo (Chairman) <i>First Appointed in 2013</i>	4	4							1	1	1	1
Mr Poon Hong Yuen (Deputy Chairman) <i>First Appointed in 2020</i>	2	2			2	1						
Mr Augustin Lee <i>First Appointed in 2011²</i>	4	4			3	3	4	4	2	2	1	1
Mr Chan Yeng Kit <i>First Appointed in 2020</i>	3	2			3	3						
Mr Lim Zhi Jian <i>First Appointed in 2016</i>	4	4	3	3			4	4				
Mr Shamir Rahim <i>First Appointed in 2019</i>	4	4			1	1			1	1		
Mr Tan Hee Teck <i>First Appointed in 2018</i>	4	4							2	2		
Ms Cham Hui Fong <i>First Appointed in 2015</i>	4	3	1		1	1			1	1		
Mr Sanjeev Tiwari <i>First Appointed in 2020</i>	2	2			2	2						
Professor Chong Tow Chong <i>First Appointed in 2020</i>	2	2							1	1		
Ms Rachel Eng <i>First Appointed in 2018</i>	4	4	1	1					1	1		

¹ Mr Chan Yeng Kit was appointed to CPF Board as a Board Member with effect from 1 April 2020. Mr Poon Hong Yuen, Professor Chong Tow Chong, Mr Sanjeev Tiwari and Ms Tan Su Shan were appointed to CPF Board as Board Members with effect from 1 July 2020.

² Mr Augustin Lee relinquished his Deputy Chairmanship and was appointed as Chief Executive Officer, CPF Board, with effect from 1 April 2019.

BOARD MEMBERS ¹	NO. OF MEETINGS HELD AND ATTENDED											
	BOARD		AUDIT COMMITTEE		INSURANCE SCHEMES COMMITTEE		INVESTMENT COMMITTEE		RISK MANAGEMENT COMMITTEE		STAFF COMMITTEE	
Ms Ho Hern Shin <i>First Appointed in 2017</i>	4	4			3	2						
Ms Liew Tzu Mi <i>First Appointed in 2019</i>	4	4					4	3				
Mr Aje Kumar Saigal <i>First Appointed in 2018</i>	4	4					4	4			1	
Ms Tan Su Shan <i>First Appointed in 2020</i>	2	2	1	1								

Board Members whose terms ended in 2020:

BOARD MEMBERS ³	NO. OF MEETINGS HELD AND ATTENDED											
	BOARD		AUDIT COMMITTEE		INSURANCE SCHEMES COMMITTEE		INVESTMENT COMMITTEE		RISK MANAGEMENT COMMITTEE		STAFF COMMITTEE	
Mr Chan Heng Kee <i>First Appointed in 2016</i>	1	1										
Professor Annie Koh <i>First Appointed in 2014</i>	2	2	2	2								
Ms Mary Liew <i>First Appointed in 2014</i>	2	2	2	2								
Mr Tan Teck Huat <i>First Appointed in 2014</i>	2	2	2	2							1	1

Remuneration matters

Under the CPF Act, allowances of Board Members are determined by the Minister and paid in line with the Public Service Division's guidelines on the payment of allowances by Statutory Boards to its Board Members.

³ Tenure of Service:

Mr Chan Heng Kee – 1 July 2016 to 31 March 2020

Ms Mary Liew – 15 August 2014 to 30 June 2020

Professor Annie Koh and Mr Tan Teck Huat – 1 August 2014 to 30 June 2020

Annex H

Key Statistics from 2016 to 2020

Figures as at 31 December of each year, unless stated otherwise

Active* CPF Membership ('000)

2020	2,042
2019	2,038
2018	2,014
2017	1,990
2016	1,974

* Active CPF member refers to a person who has at least one contribution paid for him for the current or any of the preceding three months. The figure excludes self-employed persons who are not employees concurrently.

Total Annual Withdrawals*

2020	\$20,742.7 m
2019	\$21,424.7 m
2018	\$21,112.8 m
2017	\$19,859.8 m
2016	\$18,525 m

* Includes withdrawals under Section 15 and 25 of CPF Act and CPF Schemes

Annual Withdrawals under MediSave Scheme for Approved Medical Expenses

2020	\$1,015.6 m
2019	\$1,094.5 m
2018	\$1,033.8 m
2017	\$963.5 m
2016	\$931.3 m

Note: The figures exclude MediSave withdrawals for payment of premiums under the Private Medical Insurance Scheme, CareShield Life Scheme, ElderShield Scheme and MediShield Life Scheme.

Annual Withdrawals (Gross) for Housing

Year	Public Housing	Private Housing
2020	\$10,551.7 m	\$6,768.4 m
2019	\$11,005.2 m	\$6,812.2 m
2018	\$12,026.8 m	\$7,315.3 m
2017	\$11,832.2 m	\$6,693.6 m
2016	\$10,779.5 m	\$5,633.4 m

Number of CPF Members who have Withdrawn CPF Savings within the Year

Year	Public Housing	Private Housing
2020	741,262	230,989
2019	743,560	227,496
2018	755,074	228,191
2017	769,206	217,520
2016	739,964	201,763

Cumulative Number of Members Covered under Home Protection Scheme (HPS)

2020	580,734
2019	596,752
2018	609,517
2017	611,227
2016	607,130

Remaining Sum Assured

2020	\$95,266.1 m
2019	\$97,560.5 m
2018	\$98,498.4 m
2017	\$96,848.9 m
2016	\$93,573.3 m

