
NEWS RELEASE

To: All Shareholders

The Board of Directors of United Overseas Insurance Limited wishes to make the following announcement:

Audited Financial Results for the year ended 31 December 2021

Details of the financial results are in the accompanying Condensed Financial Statements.

Dividend

The Directors recommend the payment of a final dividend of 8.5 cents per share (one-tier tax-exempt) and a special dividend of 8.0 cents per share (one-tier tax-exempt) (2020 final dividend: 8.5 cents per share one-tier tax-exempt; special dividend: 4.0 cents per share one-tier tax-exempt) in respect of the financial year ended 31 December 2021.

Together with the interim dividend of 8.5 cents per share paid on 23 August 2021, the total dividend for the financial year ended 31 December 2021 would be 25 cents per share (2020 : 21 cents per share) amounting to a total net dividend payment of \$15.3 million (2020: \$12.8 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend and special dividend amounting to \$10.1 million will be paid on 20 May 2022.

Borrowings, contingent liabilities and loan capital

The Company has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 31 December 2021 (31 December 2020: nil).

Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

Confirmation by directors

The Board of Directors of the Company hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the audited financial results for the year ended 31 December 2021 to be false or misleading in any material aspect.

Report of persons occupying managerial position who are related to a director, chief executive or substantial shareholder

The Company does not have any managerial staff who is a relative of a director, chief executive officer or substantial shareholder of the Company.

Undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

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Closure of books

Notice is hereby given that, subject to shareholders' approval of the payment of the final and special dividends ("Dividends") at the Annual General Meeting scheduled for 27 April 2022, the Share Transfer Books and the Register of Members of the Company will be closed on 10 May 2022, for determining shareholders' entitlements to the Dividends. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098632, up to 5.00 pm on 9 May 2022 ("Record Date") will be registered for the Dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the Dividends will be computed based on the shareholding position after settlement of all trades on Record Date. The Dividends will be paid by the Company to CDP which will, in turn, distribute the Dividends to holders of the securities accounts.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 9 February 2022

UNITED OVERSEAS INSURANCE LIMITED

Condensed Financial Statements

For the Full Year Ended 31 December 2021

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1. Review of performance

Highlights and performance indicators

Selected Financial Items	FY	FY	Incr/	2nd Half	2nd Half	Incr/
	2021	2020	(Decr)	2021	2020	(Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Gross premium written	97,419	96,857	+0.6	40,183	40,296	-0.3
Net earned premium	40,942	41,419	-1.2	21,028	21,539	-2.4
Net claims incurred	(11,789)	(11,662)	+1.1	(5,375)	(5,210)	+3.2
Net commission	6,253	5,873	+6.5	4,509	3,244	+39.0
Management expenses	(14,643)	(14,578)	+0.4	(7,556)	(8,049)	-6.1
Underwriting profit	20,763	21,052	-1.4	12,606	11,524	+9.4
Non-underwriting income	12,002	8,455	+42.0	6,384	7,850	-18.7
Profit before tax	32,765	29,507	+11.0	18,990	19,374	-2.0
Profit after tax	26,588	24,104	+10.3	14,996	15,542	-3.5
Other comprehensive income/(loss), net of tax	10,067	(3,300)	+405.1	(5,569)	8,246	-167.5
Total comprehensive income	36,655	20,804	+76.2	9,427	23,788	-60.4
Net asset value per share (\$)	7.33	6.94	+5.6	7.33	6.94	+5.6

Note : NM = Not Meaningful

Financial Ratios	FY	FY	Incr/	2nd Half	2nd Half	Incr/
	2021	2020	(Decr)	2021	2020	(Decr)
	%	%	% - point	%	%	% - point
Net incurred loss ratio ⁽¹⁾	28.8	28.2	+2.1	25.6	24.2	+5.8
Net commission ratio ⁽²⁾	(15.3)	(14.2)	+7.7	(21.4)	(15.1)	+41.7
Management expenses ratio ⁽³⁾	35.8	35.2	+1.7	35.9	37.4	-4.0
Underwriting profit ratio ⁽⁴⁾	50.7	50.8	-0.2	59.9	53.5	+12.0

Note :

- (1) Net incurred loss ratio is computed by dividing net claims incurred by net earned premium.
- (2) Net commission ratio is computed by dividing net commission by net earned premium. When this ratio is in negative, net commission is an income to the Company.
- (3) Management expenses ratio is computed by dividing management expenses for insurance operations by net earned premium.
- (4) Underwriting profit ratio is computed by dividing net underwriting profit by net earned premium.

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1. Review of performance (cont'd)

Highlights and performance indicators (cont'd)

2021 versus 2020

Gross premium increased by \$0.6 million or 0.6% to \$97.4 million. The increase came mainly from Property and Other Accident classes of insurance. Net earned premium decreased by \$0.5 million or 1.2% to \$40.9 million and net claims incurred increased by \$0.1 million or 1.1%. Net commission income increased by \$0.4 million due to higher profit commission recoverable from reinsurers in the current year. Management expenses increased by 0.4% to \$14.6 million due to higher staff cost as the government's Job Support Scheme received in the previous year was not repeated in the current year. Consequently, underwriting profit decreased by 1.4% to \$20.8 million and underwriting profit ratio decreased by 0.2 percentage point to 50.7%.

Non-underwriting income increased by \$3.5 million or 42.0% to \$12.0 million as compared to \$8.5 million in the corresponding period last year due to unrealised gains from revaluation of investment property as compared to a loss in 2020 and exchange gains.

Other comprehensive income, net of tax, which affects the balance sheet and not the profit before tax had recorded an unrealised gain of \$10.0 million instead of an unrealised loss of \$3.3 million in the corresponding period last year. This was due mainly to the rebound of global financial markets and healthy returns from the equity markets offset by some losses in the fixed income markets.

Overall, total comprehensive income increased by \$15.9 million when compared to the corresponding period last year due mainly to reasons as mentioned earlier.

2nd Half 2021 ("2H2021") versus 2nd Half 2020 ("2H2020")

The Company's gross premium decreased by \$0.1 million or 0.3% to \$40.2 million. Net earned premium decreased by \$0.5 million or 2.4% in 2H2021 as compared to 2H2020. Net claims incurred increased by \$0.2 million or 3.2%. Net commission income increased by \$1.3 million or 39.0%. Management expenses was lower by \$0.5 million or 6.1%. Consequently, underwriting profit increased by \$1.1 million or 9.4% due to higher net commission income and lower management expenses.

The Company recorded a lower non-underwriting income of \$6.4 million as compared to \$7.9 million in the corresponding second half last year due to lower dividend and interest income received.

Consequently, overall profit before tax decreased by 2.0% to \$19.0 million.

Net claims incurred ratio for 2H2021 was 25.6%, which was higher than the ratio of 24.2% for the corresponding period. Commission ratio was higher by 41.7 percentage points. Management expenses ratio for 2H2021 was lower than 2H2020 by 4.0 percentage points. Hence, underwriting profit ratio increased by 12.0 percentage points.

2. Prospects for the next reporting period and the next 12 months

The COVID-19 pandemic continues to be troubling with variants of the virus spreading in spite of containment efforts. Furthermore, Singapore and the rest of the global economies are likely to continue to face tough challenges ahead posed by adverse business conditions and worsening climate change. In light of the imminent challenges, the Company will maintain its judicious underwriting prudence so as to achieve sustainable and profitable growth. In addition to driving the cross selling initiatives with the parent bank in Singapore and elsewhere in the region, the Company will further develop the insurance intermediary business and invest even more in its digitalization capabilities.

Many uncertainties arising particularly from the pandemic, geo-political developments, global trade tensions and market volatility may continue to affect the investment markets. The Company will nonetheless be vigilant and calibrate its investment strategies to take into account the vagaries of the investment environment.

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3. Condensed Income Statement for the year ended 31 December 2021

	Full Year 2021 \$'000 (Audited)	Full Year 2020 \$'000 (Audited)	2nd Half 2021 \$'000	2nd Half 2020 \$'000
(a) Gross premium written	97,419	96,857	40,183	40,296
Net earned premium	40,942	41,419	21,028	21,539
Net claims incurred	(11,789)	(11,662)	(5,375)	(5,210)
Net commission	6,253	5,873	4,509	3,244
Management expenses :				
Staff cost	(9,142)	(7,657)	(4,698)	(3,447)
Depreciation	(1,843)	(1,808)	(914)	(1,109)
Foreign exchange (losses)/gains	(153)	2	(175)	(290)
Write-back/(provision) of impairment losses on owner-occupied property	763	(763)	763	(763)
Other operating expenses	(4,268)	(4,352)	(2,532)	(2,440)
Underwriting profit	20,763	21,052	12,606	11,524
Dividend income from investments	3,907	3,553	1,937	2,655
Interest income from investments	7,988	8,896	3,913	4,220
Interest on fixed deposits and bank balances	41	249	12	31
Losses on disposal of fixed assets	(19)	-	(19)	-
(Provision)/write-back of expected credit loss on debt securities at fair value through other comprehensive income ("FVOCI")	(9)	26	(22)	(22)
Amortisation of premium on investments	(929)	(781)	(448)	(441)
Rental income from investment property	823	1,006	406	530
Miscellaneous income	171	64	94	8
Net fair value gains/(losses) on mandatorily measured at fair value through profit or loss ("FVTPL") investments - unrealised	522	(46)	173	153
Net fair value gains/(losses) on investment property - unrealised	2,026	(1,382)	2,026	(1,382)
Net (losses)/gains on disposal of FVOCI investments	(904)	761	(252)	1,499
Net fair value gains/(losses) on financial derivatives - realised	206	(2,057)	(1,622)	13,568
Net fair value (losses)/gains on financial derivatives - unrealised	(4,960)	3,885	1,096	(1,751)
Exchange gains/(losses)	5,785	(3,335)	386	(10,346)
	1,031	(1,507)	(140)	1,471
Management expenses not charged to insurance revenue account:				
Management fees	(1,438)	(1,326)	(744)	(678)
Depreciation	(61)	-	(61)	-
Other operating expenses	(1,147)	(1,058)	(491)	(194)
Non-underwriting income	12,002	8,455	6,384	7,850
Profit before tax	32,765	29,507	18,990	19,374
Tax expense	(6,177)	(5,403)	(3,994)	(3,832)
Profit after tax	26,588	24,104	14,996	15,542
Profit attributable to equity holders of the Company	26,588	24,104	14,996	15,542

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3. Condensed Income Statement for the year ended 31 December 2021 (cont'd)

	Full Year 2021 \$'000 (Audited)	Full Year 2020 \$'000 (Audited)	2nd Half 2021 \$'000	2nd Half 2020 \$'000
(b) Gross premium income	<u>97,419</u>	<u>96,857</u>	<u>40,183</u>	<u>40,296</u>
(c) Net profit after tax	<u>26,588</u>	<u>24,104</u>	<u>14,996</u>	<u>15,542</u>
(b) Earnings per share : Basic and diluted (cents)	<u>43.48</u>	<u>39.41</u>	<u>49.04</u>	<u>50.83</u>

4. Condensed Statement of Comprehensive Income for the year ended 31 December 2021

	Full Year 2021 \$'000 (Audited)	Full Year 2020 \$'000 (Audited)	2nd Half 2021 \$'000	2nd Half 2020 \$'000
Net profit	<u>26,588</u>	<u>24,104</u>	<u>14,996</u>	<u>15,542</u>
Other comprehensive income :				
Items that will not be reclassified to profit or loss :				
Net fair value gains/(losses) on equity securities at FVOCI	<u>18,207</u>	<u>(8,321)</u>	<u>(3,708)</u>	<u>9,070</u>
Tax related to the above	<u>(2,892)</u>	<u>1,284</u>	<u>575</u>	<u>(1,857)</u>
	<u>15,315</u>	<u>(7,037)</u>	<u>(3,133)</u>	<u>7,213</u>
Net fair value gains on property	<u>801</u>	<u>-</u>	<u>801</u>	<u>-</u>
Tax related to the above	<u>(136)</u>	<u>-</u>	<u>(136)</u>	<u>-</u>
	<u>665</u>	<u>-</u>	<u>665</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss :				
Debt securities at FVOCI				
Changes in fair value	<u>(8,041)</u>	<u>5,294</u>	<u>(4,016)</u>	<u>2,718</u>
Transfer to profit or loss on disposal	<u>904</u>	<u>(761)</u>	<u>252</u>	<u>(1,499)</u>
Changes in allowance for expected credit gains/(losses)	<u>9</u>	<u>(26)</u>	<u>22</u>	<u>22</u>
Tax related to the above	<u>1,215</u>	<u>(770)</u>	<u>641</u>	<u>(208)</u>
	<u>(5,913)</u>	<u>3,737</u>	<u>(3,101)</u>	<u>1,033</u>
Other comprehensive income/(loss) for the period, net of tax	<u>10,067</u>	<u>(3,300)</u>	<u>(5,569)</u>	<u>8,246</u>
Total comprehensive income for the period, net of tax	<u>36,655</u>	<u>20,804</u>	<u>9,427</u>	<u>23,788</u>
Total comprehensive income attributable to equity holders of the Company	<u>36,655</u>	<u>20,804</u>	<u>9,427</u>	<u>23,788</u>

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5. Audited Condensed Statement of Financial Position

	<u>31 December</u> <u>2021</u> \$'000	<u>31 December</u> <u>2020</u> \$'000
Note		
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>356,479</u>	<u>332,666</u>
	448,212	424,399
Liabilities		
Insurance creditors	12,089	10,254
Non-trade creditors and accrued liabilities	7,887	7,288
Lease liabilities	28	1,159
Amount owing to related companies	2,058	1,465
Derivative financial liabilities	158	1,290
Tax payable	8,686	8,605
Deferred tax liabilities	8,569	9,049
Deferred acquisition cost - reinsurers' share	8,710	8,787
Gross technical balances		
- Reserve for unexpired risks	50,876	49,040
- Reserve for outstanding claims	<u>108,510</u>	<u>116,546</u>
	207,571	213,483
	<u>655,783</u>	<u>637,882</u>
Assets		
Bank balances and fixed deposits	40,003	59,742
Insurance debtors	14,990	9,913
Non-trade debtors and accrued interest receivables	5,131	4,786
Amount owing from related companies	3	-
Derivative financial assets	747	6,839
Associated company	1	1
Investments	8(e) 435,593	398,142
Investment property	8(e), (g) 27,858	27,591
Fixed assets	33,515	24,866
Right-of-use assets	23	1,231
Deferred acquisition cost - gross	6,997	7,025
Reinsurers' share of technical balances		
- Reserve for unexpired risks	29,970	29,479
- Reserve for outstanding claims	<u>60,952</u>	<u>68,267</u>
	655,783	637,882
	<u>655,783</u>	<u>637,882</u>
(b) Net asset value per share (S\$)	7.33	6.94
Number of shares issued ('000)	61,155	61,155

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6. Audited Condensed Statement of Changes in Equity

	Share capital \$'000	General reserve \$'000	Revaluation on investment reserve \$'000	Revaluation surplus \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2021	91,733	22,880	43,607	-	266,179	424,399
Profit net of tax	-	-	-	-	26,588	26,588
Other comprehensive income for the year ended 31 December, net of tax	-	-	9,402	665	-	10,067
Total comprehensive income for the year ended 31 December	-	-	9,402	665	26,588	36,655
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	(11,408)	-	11,408	-
Dividend for Year 2020	-	-	-	-	(7,644)	(7,644)
Dividend for Year 2021	-	-	-	-	(5,198)	(5,198)
Balance at 31 December 2021	91,733	22,880	41,601	665	291,333	448,212
Balance at 1 January 2020	91,733	22,880	47,363	-	256,296	418,272
Profit net of tax	-	-	-	-	24,104	24,104
Other comprehensive loss for the year ended 31 December, net of tax	-	-	(3,300)	-	-	(3,300)
Total comprehensive (loss)/income for the year ended 31 December	-	-	(3,300)	-	24,104	20,804
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	-	-	(456)	-	456	-
Dividend for Year 2019	-	-	-	-	(9,479)	(9,479)
Dividend for Year 2020	-	-	-	-	(5,198)	(5,198)
Balance at 31 December 2020	91,733	22,880	43,607	-	266,179	424,399

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7. Audited Condensed Statement of Cashflow

		12 months ended 31 December <u>2021</u> \$'000	12 months ended 31 December <u>2020</u> \$'000
	Note		
Cash flows from operating activities			
Profit before tax		32,765	29,507
Adjustments for:			
Movement in net reserve for unexpired risks		1,345	(2,648)
Movement in net deferred acquisition costs		(49)	777
Movement in net outstanding claims		(721)	(601)
Net fair value losses/(gains) on financial derivatives-unrealised		4,960	(3,885)
Net fair value (gains)/losses on mandatorily measured at FVTPL investments - unrealised		(522)	46
(Write-back)/provision of impairment losses on owner-occupied property		(763)	763
Net fair value (gains)/losses on investment property - unrealised		(2,026)	1,382
Losses on disposal of fixed assets		19	-
Depreciation		1,904	1,808
Interest paid		13	41
Net losses/(gains) on disposal of FVOCI investments	8(e)	904	(761)
Amortisation of premium on investments		929	781
Provision/(write-back) of expected credit loss on debts securities at FVOCI		9	(26)
Gross dividend from investments		(3,907)	(3,553)
Interest income from investments		(7,988)	(8,896)
Interest on fixed deposits and bank balances		(41)	(249)
Exchange (gains)/losses		(5,927)	3,268
Operating profit before working capital changes		20,904	17,754
Changes in working capital:			
Trade and other receivables		(5,490)	10,693
Amount owing from related companies		(3)	-
Trade and other payables		2,434	205
Amount owing to related companies		593	825
Cash generated from operations		18,438	29,477
Tax paid		(8,389)	(4,454)
Interest paid		(13)	(41)
Net cash flows from operating activities		10,036	24,982
Cash flows from investing activities			
Proceeds from disposal of investments	8(e)	316,203	231,342
Purchase of investments		(337,968)	(232,439)
Purchase of investment property	8(g)	-	(28,973)
Purchase of owner-occupied property	8(f)	-	(24,582)
Purchase of fixed assets	8(f)	(6,041)	(705)
Proceeds from/(placement in) long-term fixed deposits		927	(21)
Gross dividend from investments		3,864	3,558
Interest income from investments		8,098	9,175
Interest received from fixed deposits and bank balances		42	305
Net cash flows used in investing activities		(14,875)	(42,340)

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7. Audited Condensed Statement of Cashflow (cont'd)

	12 months ended 31 December <u>2021</u> \$'000	12 months ended 31 December <u>2020</u> \$'000
Cash flows from financing activity		
Leases paid	(1,131)	(1,209)
Dividend paid	(12,842)	(14,677)
Cash flows used in financing activity	(13,973)	(15,886)
Net decrease in cash and cash equivalents	(18,812)	(33,244)
Cash and cash equivalents at beginning of period	57,288	90,532
Cash and cash equivalents at end of period	<u>38,476</u>	<u>57,288</u>

For the purpose of statement of cash flows, cash and cash equivalents comprise the following :

	12 months ended 31 December <u>2021</u> \$'000	12 months ended 31 December <u>2020</u> \$'000
Cash and bank balances	23,694	32,269
Fixed deposits placement with maturity less than 3 months	14,782	25,019
Cash and cash equivalents	<u>38,476</u>	<u>57,288</u>
Fixed deposits placement with maturity more than 3 months	1,527	2,454
	<u>40,003</u>	<u>59,742</u>

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8. Notes to the Condensed Financial Statements

(a) Corporate information

United Overseas Insurance Limited (the Company) is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed financial statements for the year ended 31 December 2021 are for the Company. The principal activities of the Company is the underwriting of general insurance business.

(b) Basis of preparation

The condensed financial statements for the the year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance of the Company since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 8(b)(i).

The condensed financial statements are presented in Singapore dollar which is the Company's functional currency.

(i) **New and amended standards adopted by the Company**

A number of amendments to standards have become applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

(ii) **Use of judgements and estimates**

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2020.

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.

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8. Notes to the Condensed Financial Statements (cont'd)

(b) Basis of preparation (cont'd)

(ii) Use of judgements and estimates (cont'd)

In applying Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the condensed financial statements.

Insurance Risks

The claims reserve estimation process involves estimation of case reserves, additional reserves for claims incurred but not reported and expected future movements in the estimated ultimate liabilities associated with outstanding reported claims incurred but not enough reported. They are periodically reviewed together with certifying actuary's yearly assessment.

The best estimates for premium liabilities have been determined such that the total liability reserve would be adequate to pay for future claims and expenses in servicing the unexpired policies as of the valuation date.

The principal assumption underlying the actuarial estimate of the claim liabilities is that the past claims development experience of the Company is indicative of likely future claims development, both in terms of expected amounts and variability around those expected amounts. In estimating the required claims reserve, the actuary also considers business strategy, trends in claims frequency and severity, rate of settlement, and the impact of changes in the underwriting and claims handling policies of the Company.

Impairment Losses on Financial Assets

The measurement of impairment losses under SFRS(I) 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant input used.

Revaluation of owner-occupied and investment property

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures the owner-occupied property at fair value less accumulated depreciation and impairment allowance.

The Company engaged real estate valuation experts to assess fair value as at 31 December 2021. The fair value of the owner-occupied and investment property are determined by independent real estate valuation experts using the market comparable.

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8. Notes to the Condensed Financial Statements (cont'd)

(c) Segment information

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
<u>From 1 January 2021 to 31 December 2021</u>				
Gross premium written	68,540	28,879	-	97,419
Net earned premium	27,353	13,589	-	40,942
Net claims incurred	(4,611)	(7,178)	-	(11,789)
Net commission	7,036	(783)	-	6,253
Management expenses	(11,398)	(3,245)	-	(14,643)
Underwriting profit	18,380	2,383	-	20,763
Gross dividends from investments	1,385	289	2,233	3,907
Interest income from investments	4,289	933	2,766	7,988
Interest on fixed deposits and bank balances	24	14	3	41
Rental income from property	-	-	823	823
Net fair value losses on financial derivatives	(2,521)	(563)	(1,670)	(4,754)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	261	255	6	522
Net fair value gains on investment property - unrealised	-	-	2,026	2,026
Net losses on sale of fixed assets	(19)	-	-	(19)
Net losses on disposal of FVOCI investments	(431)	(149)	(324)	(904)
Exchange gains	3,014	701	2,070	5,785
Miscellaneous expenses	(278)	(113)	(376)	(767)
Management expenses not charged to insurance revenue account - net	(849)	(188)	(1,609)	(2,646)
Profit before tax	23,255	3,562	5,948	32,765
Tax expense	(5,363)	(208)	(606)	(6,177)
Profit after tax	17,892	3,354	5,342	26,588
Segment total assets as at 31 December 2021	329,638	78,801	247,344	655,783
Segment total liabilities as at 31 December 2021	152,991	43,339	11,241	207,571
<u>From 1 January 2020 to 31 December 2020</u>				
Gross premium written	71,020	25,837	-	96,857
Net earned premium	28,303	13,116	-	41,419
Net claims incurred	(6,604)	(5,058)	-	(11,662)
Net commission	7,482	(1,609)	-	5,873
Management expenses	(11,814)	(2,764)	-	(14,578)
Underwriting profit	17,367	3,685	-	21,052
Gross dividends from investments	1,158	221	2,174	3,553
Interest income from investments	4,804	1,024	3,068	8,896
Interest on fixed deposits and bank balances	149	57	43	249
Rental income from property	-	-	1,006	1,006
Net fair value gains on financial derivatives	953	51	824	1,828
Net fair value losses on mandatorily measured at FVTPL investments - unrealised	(23)	(23)	-	(46)
Net gains on disposal of FVOCI investments	358	160	243	761
Exchange losses	(1,659)	(426)	(1,250)	(3,335)
Net fair value losses on investment property - unrealised	-	-	(1,382)	(1,382)
Miscellaneous expenses	(238)	(84)	(369)	(691)
Management expenses not charged to insurance revenue account - net	(782)	(178)	(1,424)	(2,384)
Profit before tax	22,087	4,487	2,933	29,507
Tax expense	(4,221)	(562)	(620)	(5,403)
Profit after tax	17,866	3,925	2,313	24,104
Segment total assets as at 31 December 2020	328,247	76,371	233,264	637,882
Segment total liabilities as at 31 December 2020	162,895	40,640	9,948	213,483

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8. Notes to the Condensed Financial Statements (cont'd)

(c) Segment information (cont'd)

	SIF \$'000	OIF \$'000	SHF \$'000	Total \$'000
1 July 2021 to 31 December 2021				
Gross premium written	30,452	9,731	-	40,183
Net earned premium	14,123	6,905	-	21,028
Net claims incurred	(1,026)	(4,349)	-	(5,375)
Net commission	4,018	491	-	4,509
Management expenses	(5,281)	(2,275)	-	(7,556)
Underwriting profit	11,834	772	-	12,606
Gross dividends from investments	684	146	1,107	1,937
Interest income from investments	2,087	458	1,368	3,913
Interest on fixed deposits and bank balances	9	3	-	12
Rental income from property	-	-	823	823
Net fair value losses on financial derivatives	(269)	(68)	(189)	(526)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	86	81	6	173
Net fair value gains on investment property - unrealised	-	-	2,026	2,026
Net losses on sale of fixed assets	(19)	-	-	(19)
Net (losses)/gains on disposal of FVOCI investments	(98)	2	(156)	(252)
Exchange gains	157	55	174	386
Miscellaneous expenses	(124)	(55)	(614)	(793)
Management expenses not charged to insurance revenue account - net	(444)	(97)	(755)	(1,296)
Profit before tax	13,903	1,297	3,790	18,990
Tax expense	(3,773)	18	(239)	(3,994)
Profit after tax	10,130	1,315	3,551	14,996
Segment total assets as at 31 December 2021	329,638	78,801	247,344	655,783
Segment total liabilities as at 31 December 2021	152,991	43,339	11,241	207,571
1 July 2020 to 31 December 2020				
Gross premium written	31,688	8,608	-	40,296
Net earned premium	15,027	6,512	-	21,539
Net claims incurred	(2,702)	(2,508)	-	(5,210)
Net commission	3,615	(371)	-	3,244
Management expenses	(5,731)	(2,318)	-	(8,049)
Underwriting profit	10,209	1,315	-	11,524
Gross dividends from investments	676	115	1,864	2,655
Interest income from investments	2,284	486	1,450	4,220
Interest on fixed deposits and bank balances	18	10	3	31
Rental income from property	-	-	1,006	1,006
Net fair value gains on financial derivatives	6,340	1,402	4,075	11,817
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	77	76	-	153
Net gains on disposal of FVOCI investments	636	274	589	1,499
Exchange losses	(5,452)	(1,226)	(3,668)	(10,346)
Net fair value losses on investment property - unrealised	-	-	(1,382)	(1,382)
Miscellaneous expenses	(128)	(55)	(748)	(931)
Management expenses not charged to insurance revenue account - net	(382)	(85)	(405)	(872)
Profit before tax	14,278	2,312	2,784	19,374
Tax expense	(2,893)	(344)	(595)	(3,832)
Profit after tax	11,385	1,968	2,189	15,542
Segment total assets as at 31 December 2020	328,247	76,371	233,264	637,882
Segment total liabilities as at 31 December 2020	162,895	40,640	9,948	213,483

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8. Notes to the Condensed Financial Statements (cont'd)

(c) Segment information (cont'd)

The Company is principally engaged in the business of underwriting general insurance. As the company has different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act 1966.

As required under the Singapore Insurance Act, the Company has established and maintained a Singapore Insurance Fund (SIF) for insurance business relating to Singapore policies and an Offshore Insurance Fund (OIF) for insurance business relating to offshore policies. Shareholders' Fund (SHF) relates to the Company's investment activities of its non-insurance funds.

The segment information has been prepared in accordance with the Company's accounting policy and Singapore Financial Reporting Standards (International) (SFRS(I)).

Geographical information

Geographical information of the Company's revenue derived from external customers based on location of insurance risks and non-current assets are as follows:

	<u>Gross premium written for</u>				<u>Non-current assets as at</u>			
	<u>FY</u>	<u>FY</u>	<u>2nd Half</u>	<u>2nd Half</u>	<u>FY</u>	<u>FY</u>	<u>2nd Half</u>	<u>2nd Half</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	72,637	74,302	32,421	33,245	33,538	26,097	33,538	26,097
Asean	17,124	16,201	4,378	4,134	-	-	-	-
Others	7,658	6,354	3,384	2,917	-	-	-	-
	97,419	96,857	40,183	40,296	33,538	26,097	33,538	26,097

The Company's non-current assets presented above consist of fixed assets (including property for its own occupancy) and right-of-use assets.

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8. Notes to the Condensed Financial Statements (cont'd)

(d) Taxation

The Company calculates the period income tax expense using the tax rate that would be applicable to the period concerned. The major components of income tax expense in the condensed income statement are:

	12 months ended 31 December 2021	12 months ended 31 December 2020	6 months ended 31 December 2021	6 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	6,133	5,752	3,950	4,181
Deferred income tax expense	44	(349)	44	(349)
	6,177	5,403	3,994	3,832

(e) Investments

Financial instruments as at 31 December 2021

	31 December 2021	31 December 2020
	\$'000	\$'000
Unit trusts	9,602	5,329
Debt securities	277,554	262,867
Equity securities	148,437	129,946
Investment property	27,858	27,591
	463,451	425,733

During the year, the Company disposed certain investments for cash and realised the capital appreciation due to the Company's investment strategy. These investments had a fair value \$316,203,000 (31 December 2020: \$231,342,000) at the date of disposal.

The net gain on disposal of the above investments was \$12,842,000 (31 December 2020: \$1,315,000).

(i) Fair value measurement

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (b) Level 2 – Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 – Unobservable inputs for the asset or liability.

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

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8. Notes to the Condensed Interim Financial Statements (cont'd)

(e) Investments (cont'd)

(i) Fair value measurement (cont'd)

The following table presented the investments measured at fair value:

	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
31 December 2021				
Mandatorily measured at FVTPL				
- Unit trusts	9,602	-	-	9,602
At FVOCI				
- Debt securities	277,554	-	-	277,554
- Equity securities	148,437	-	-	148,437
Investment property	-	-	27,858	27,858
	435,593	-	27,858	463,451
31 December 2020				
Mandatorily measured at FVTPL				
- Unit trusts	5,329	-	-	5,329
At FVOCI				
- Debt securities	262,867	-	-	262,867
- Equity securities	129,946	-	-	129,946
Investment property	-	-	27,591	27,591
	398,142	-	27,591	425,733

(f) Property, plant and equipment

During the year ended 31 December 2021, the Company acquired assets amounting to \$7,800,000 (31 December 2020: \$25,287,000) and disposed of assets amounting to \$758,000 (31 December 2020: nil).

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8. Notes to the Condensed Interim Financial Statements (cont'd)

(g) Investment property

	2021	2020
	(\$'000)	(\$'000)
Balance as at 1 January	27,591	-
Transfer to owner-occupied property	(1,759)	-
Additions	-	28,973
Net fair value gain/(loss) recognised in profit or loss	2,026	(1,382)
	27,858	27,591

As at 31 December 2021, the investment property consists of leasehold office premises located at 146 Robinson Road, Singapore.

Investment property is stated at fair value, which has been determined based on valuations performed on 3 December 2021. The valuation was performed by an independent valuer with a recognised and relevant professional qualification. The valuer analysed and studied recent sales evidence of similar properties in comparable localities that had been transacted in the open market.

Valuation

The Company classified the fair value of its investment property as Level 3 as the valuation is determined based on direct comparison method, with the key unobservable inputs being market value based on existing use and the age of the building.

(h) Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements.