Member of the UOB Group

UOI Annual Report 2022

Building the Future of ASEAN

Tree
Karina Delicia Simon

Our mission is to be a premier insurer in the Asia Pacific region, committed to providing quality products, excellent customer service while upholding strong corporate governance and enhancing shareholders' value.

Tree

Karina Delicia Simon
Coloured pencil on paper
90 x 80 cm

Tree, a Highly Commended artwork of the 2022 UOB Painting of the Year (Singapore) competition, Established Artist Category, is the design inspiration for this year's Annual Report. The artwork is inspired by the spontaneity and playfulness of a child where the future is filled with possibilities.

Using a specialised photorealistic coloured pencil technique, the artist achieved a realistic impression of a healthy tree growing tall and wide. As a bank with a strong Asian heritage and deep Southeast Asian roots, UOB is committed to our Purpose of 'Building the Future of ASEAN', and in doing Right By You as we continue to support the success of our customers. Embodying strength and resilience, the blossomed tree also reflects the sustainability impact we hope to make for the long term.

As the leading patron of the arts in Asia, UOB believes in the vital role of art in connecting communities. The UOB Painting of the Year competition, the Bank's flagship art programme now in its 41st year, is currently held across four Southeast Asian markets where UOB has a deep presence.

About United Overseas Insurance Limited

Founded in 1971, United Overseas Insurance Limited (UOI) very quickly made its mark in the business community and in just seven years, UOI was listed on the Singapore Exchange. UOI's profitable growth over the years reflects its financial strength and prudence.

The Company's principal activities are the underwriting of general insurance business and reinsurance. General insurance covers a broad spectrum of classes of insurance, among which are fire, marine, motor, engineering, general accident and liability business.

UOI has received a financial strength rating of 'A+' (Superior) and an issuer credit rating of 'aa-' from A.M. Best.

The Company is located at 146 Robinson Road, UOI Building #02 – 01, Singapore 068909, and its Singapore and international operations are supported by prominent insurance brokers, agents and international reinsurance companies. UOI has a representative office in Yangon, Myanmar.

UOI provides management services for Union (2009) Limited (formerly known as Overseas Union Insurance, Limited).

Contents

Chairman's Statement

"The Company will remain judicious in its underwriting. Continual investments in human capital, technology and digitalisation will drive productivity and growth, both in Singapore and overseas."

2022 Performance

The Singapore economy grew by 3.6 per cent in 2022, compared to 7.6 per cent in 2021. The food and beverage and real estate sectors led the growth, expanding by 18.2 per cent and 14.1 per cent respectively. The goods producing industries gained 2.9 per cent, down from 13.5 per cent in the previous year.

The Singapore general insurance industry consists of both local and offshore business in almost equal proportions. In 2022, total gross premiums for the industry grew by 15 per cent, with two-thirds of the growth derived from offshore markets. Underwriting profit for the industry grew by 20 per cent, of which two-thirds were derived from offshore business.

During the year under review, the Company's gross premium income from underwriting increased to $99.0 million (FY2021: $97.4 million) amidst a difficult operating environment. Despite the intense competition, the Company managed to achieve an underwriting profit of $21.2 million, 2 per cent higher than the $20.8 million attained in the previous year. The Company continues to focus primarily on the domestic market which has less volatile risks than the offshore markets so as to deliver more sustainable underwriting profits. The key to sustainable underwriting profits lies in underwriting discipline, and in weeding out accounts with consistently poor claims experience and inadequate premium rates.

Other income decreased to $0.6 million (FY2021: $12.00 million), due mainly to unfavourable global market conditions.

It is noteworthy that the Company continues to enjoy a financial strength rating of A+ (Superior), an issuer credit rating of 'aa-' and a stable outlook from A.M. Best, a leading independent international credit rating agency for the insurance industry. These ratings are the highest awarded by A.M. Best to general insurance companies in Southeast Asia. In the opinion of A.M. Best, the Company's ratings reflect its balance sheet strength, very strong operating performance, neutral business profile and appropriate enterprise risk management.

The Board recommends a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 4 cents per share. Together with the interim dividend of 8.5 cents, the total dividend for FY2022 will be 21 cents per share.

2023 Prospects

Recessionary pressures will continue to build up, and inflation will increase the risk of an economic slowdown. The Company will remain judicious in its underwriting. Continual investments in human capital, technology and digitalisation will drive productivity and growth, both in Singapore and overseas. Leveraging the parent bank's growing presence in ASEAN, the Company expects its regional contributions to increase.

Investment markets continue to face many uncertainties stemming from geo-political tensions and potential recessionary concerns. The Company will calibrate its investment strategies so as to deliver stable investment results in this difficult investment environment.

Chairman's Statement

Sustainability

The Board and Management are committed to building a sustainable and resilient business. The Company continues to review, monitor, assess and address its material, economic, social, environmental and governance risks as part of its strategy and to ensure that it continues to create sustainable value for the business and stakeholders.

For more information on this subject, please refer to the Sustainability Report.

Board renewal

This 2022 statement marks my last annual report to shareholders as Chairman as I will be stepping down as director at the conclusion of this year's annual general meeting (AGM) on 14 April 2023. Mr Hwang Soo Jin will also step down as director on the same day.

I consider myself very lucky to have had the help of Soo Jin in co-founding UOI in 1971 and then to have him devote the rest of his working life to making UOI a success. He left his regional CEO job with a large multi-national insurer to join me in starting UOI. As the first Managing Director (MD) of UOI, Soo Jin laid strong foundations for the growth of UOI's business.

When he retired as MD in 1995, Soo Jin stayed on as a director and provided invaluable advice and guidance to the Company. On behalf of the Board, I extend our deep gratitude to Soo Jin for his tremendous contributions and dedication to UOI.

Mr Wee Ee Cheong will be UOI's next Chairman after this year's AGM. He has been a member of the Board since 1991 and has been instrumental in fostering synergies between United Overseas Bank (UOB), the parent company, and UOI, both locally and in the region.

Two new directors, Mr Winston Ngan Wan Sing, a retired partner of Ernst & Young, and Mr Leong Yung Chee, a senior executive of UOB, joined the Board on 1 March 2023. I am pleased to welcome them to the Board and look forward to their contributions.

Mr David Chan Mun Wai will retire as MD and Chief Executive on 31 March 2023, after 33 years with the Company. He has kindly agreed to remain on the Board to share his experience and to provide stability during this period of transition. I wish to thank him for his years of dedicated service and wish him a happy retirement.

Mr Andrew Lim Chee Hua will take over as Chief Executive Officer from 1 April 2023. He has many years of general insurance experience, having served in senior leadership positions. I am confident that he will continue to drive the Company towards sustainable growth.

Acknowledgements

On behalf of the Board, I wish to thank our clients, brokers, agents, reinsurers and shareholders for their steadfast support and our employees for their dedication and hard work. I would also like to thank my fellow directors for their wise counsel and commitment.

Wee Cho Yaw
Chairman
February 2023

Board of Directors

As at 1 March 2023

Wee Cho Yaw, 94

Chairman[1]
Non-executive and non-independent

First appointed as a director: 17 February 1971
Last re-elected as a director: 23 April 2021

A distinguished banker with more than 60 years' experience, Dr Wee is a veteran in the banking, insurance, real estate and hospitality industries. He has received numerous awards and accolades at the national and regional levels for his business achievements and support of education, community welfare and the business community.

Board Committee positions
- Nominating Committee (Member)
- Remuneration Committee (Chairman)

Current directorships in other listed companies
- Haw Par Corporation (Chairman)
- Singapore Land Group (Chairman)[2]
- UOL Group (Chairman)

Other principal commitments
- United Overseas Bank (Chairman Emeritus and Honorary Adviser)
- United Overseas Bank (Malaysia) (Chairman Emeritus and Honorary Adviser)
- Marina Centre Holdings (Chairman)[2]
- Pan Pacific Hotels Group (Chairman)
- Wee Foundation (Chairman)
- Chung Cheng High School (Chairman)
- Nanyang Technological University (Pro-chancellor)
- Singapore Chinese Chamber of Commerce & Industry (Honorary President)
- Singapore Federation of Chinese Clan Associations (Honorary President)
- Singapore Hokkien Huay Kuan (Honorary President)

Past directorships in listed companies and principal commitments held over the preceding five years
- United Overseas Bank (China) (Supervisor) (till October 2022)
- United Overseas Bank (Thai) Public Company (Chairman) (till April 2022)
- PT Bank UOB Indonesia (President Commissioner) (till October 2019)
- United Overseas Bank (Malaysia) (Chairman Emeritus and Adviser) (till April 2019)
- Far Eastern Bank (Chairman Emeritus and Adviser) (till May 2018)
- United Overseas Bank (Chairman Emeritus and Adviser) (till April 2018)

Education and achievements
- Chinese high school education
- ASEAN Business Advisory Council Legacy Award for Singapore (2017)
- Honorary Doctor of Letters, Nanyang Technological University (2014)
- The Distinguished Service Order, Singapore National Day Award (2011)
- *The Asian Banker* Lifetime Achievement Award (2009)
- Honorary Doctor of Letters, National University of Singapore (2008)
- Credit Suisse-Ernst & Young Lifetime Achievement Award (2006)
- Businessman of the Year, Singapore Business Awards (2001 and 1990)

David Chan Mun Wai, 68

Managing Director and Chief Executive[3]
Non-independent

First appointed as a director: 10 March 1994
Last re-elected as a director: 23 April 2021
Appointed as Managing Director: 1 January 1996

A chartered insurer with more than 40 years' experience in the insurance industry, Mr Chan is a Director, Deputy Chairman of the board and Executive Committee, as well as a member of the Audit, Nominating, Remuneration and Investment Committees of Singapore Reinsurance Corporation. He was previously President of the General Insurance Association of Singapore.

Board Committee positions
- Nil

Current directorships in other listed companies
- Nil

Other principal commitments
- Singapore Reinsurance Corporation (Deputy Chairman)

Past directorships in listed companies and principal commitments held over the preceding five years
- Nil

Education and achievements
- Bachelor of Business Administration, University of Singapore
- Chartered Insurance Institute, UK (Fellow)

1 Dr Wee Cho Yaw will retire as Director by rotation and not seek re-election at the UOI AGM to be held on 14 April 2023. He will be appointed as Chairman Emeritus with effect from his retirement as Chairman and Director at the close of the UOI AGM.
2 Dr Wee will retire as Chairman of Singapore Land Group and Marina Centre Holdings on 31 March 2023.
3 Mr David Chan Mun Wai will retire as Managing Director and Chief Executive on 31 March 2023 and will be re-designated as a non-executive and non-independent Director from 1 April 2023.

Board of Directors

Wee Ee Cheong, 70

Non-executive and non-independent

First appointed as a director: 20 March 1991
Last re-elected as a director: 27 April 2022

A career banker with more than 40 years' experience, Mr Wee is active in the banking and financial services industry and the community through his involvement in various industry-based organisations. He was previously Deputy Chairman of the Housing & Development Board and a director of the Port of Singapore Authority, UOL Group and Pan Pacific Hotels Group.

Board Committee positions[4]
- Nil

Current directorships in other listed companies
- United Overseas Bank (Director)

Other principal commitments
- United Overseas Bank (Deputy Chairman and Chief Executive Officer)
- PT Bank UOB Indonesia (President Commissioner)
- United Overseas Bank (China) (Chairman)
- United Overseas Bank (Thai) Public Company (Chairman)
- United Overseas Bank (Malaysia) (Deputy Chairman)
- The Association of Banks in Singapore (Chairman)
- The Institute of Banking & Finance (Vice Chairman)
- ASEAN Bankers Association (Director)
- Indonesia-Singapore Business Council (Member)
- Singapore-China Foundation (Member, Board of Governors)
- Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member)
- Nanyang Academy of Fine Arts (Patron)
- Wee Foundation (Director)

Past directorships in listed companies and principal commitments held over the preceding five years
- Visa AP Senior Client Council (Member) (till March 2020)
- Far Eastern Bank (Alternate Director) (till May 2018)

Education and achievements
- Master of Arts (Applied Economics), American University, Washington, DC
- Bachelor of Science (Business Administration), American University, Washington, DC
- Singapore Corporate Awards, Best CEO (large cap listed companies) (2022)
- *The Business Times* Businessman of the Year (2021/2022)
- *The Asian Banker* CEO Leadership Achievement for Singapore Award (2022)
- Public Service Star (2013)

Hwang Soo Jin[5], 87

Non-executive and non-independent under the Insurance (Corporate Governance) Regulations 2013

Independent under the MAS CG Guidelines[6]

Re-elected as an independent director at the UOI AGM on 23 April 2021 pursuant to the SGX-ST Listing Rules

First appointed as a director: 17 February 1971
Last re-elected as a director: 23 April 2021

Mr Hwang is a chartered insurer with more than 50 years' experience. He is an honorary fellow of the Singapore Insurance Institute and a Justice of the Peace.

Board Committee positions
- Nominating Committee (Chairman)
- Remuneration Committee (Member)

Current directorships in other listed companies
- Nil

Other principal commitments
- Singapore Reinsurance Corporation (Senior Advisor and Chairman Emeritus)

Past directorships in listed companies and principal commitments held over the preceding five years
- Haw Par Corporation (Director) (till December 2021)
- Singapore Land Group (Director) (till December 2021)
- Singapore Reinsurance Corporation (Director) (till April 2019)

Education and achievements
- Chartered Insurance Institute, UK (Chartered Insurer)
- Singapore Insurance Institute (Honorary Fellow)
- Asia Insurance Industry Awards, Lifetime Achievement Award (2013)

4 Mr Wee Ee Cheong will be appointed as the Chairman, and a member of the Nominating and Remuneration Committees at the close of the UOI AGM on 14 April 2023.
5 Mr Hwang Soo Jin will retire by rotation and not seek re-election at the UOI AGM to be held on 14 April 2023. He will be appointed as Director Emeritus with effect from his retirement as Director at the close of the UOI AGM.
6 "MAS CG Guidelines" means the MAS Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (9 November 2021), which comprise the Principles and Provisions of the Code of Corporate Governance 2018 and additional guidelines added by the Monetary Authority of Singapore (MAS).

Professor Ho Yew Kee, 59

Non-executive and independent

First appointed as a director: 1 June 2015
Last re-elected as a director: 12 June 2020

Professor Ho is the Cluster Director, Business, Communication and Design at the Singapore Institute of Technology. He was previously the Head of the Department of Accounting and Vice Dean (Finance & Administration) of the NUS Business School. He has also held academic positions in Monash University and Carnegie Mellon University. Professor Ho is actively involved in community work and serves on the boards of several not-for-profit organisations.

Board Committee positions
- Audit Committee (Member)
- Remuneration Committee (Member)[7]

Current directorships in other listed companies
- Nil

Other principal commitments
- St Luke's Eldercare (Chairman)
- CBMC Singapore (Director)
- CPA Australia (Director)
- National Kidney Foundation (Director)

Past directorships in listed companies and principal commitments held over the preceding five years
- Prison Fellowship Singapore (Director) (till May 2022)
- St Luke's Hospital (Director) (till January 2020)

Education and achievements
- Bachelor of Economics (Hons), Monash University, Australia
- Master of Economics, Monash University, Australia
- Master of Science in Industrial Administration, Carnegie Mellon University, USA
- Doctor of Philosophy (Accounting), Carnegie Mellon University, USA
- Institute of Singapore Chartered Accountants (Fellow Chartered Accountant)
- CPA Australia (Fellow Certified Practising Accountant)
- Singapore Institute of Directors (Fellow)
- CFA Institute, USA (Chartered Financial Analyst)
- Public Service Medal (2020)

Chng Hwee Hong, 72

Non-executive and independent

First appointed as a director: 28 January 2016
Last re-elected as a director: 12 June 2020

Mr Chng was an executive Director of Haw Par Corporation prior to his retirement in 2012. He was a member of the Sub-committee on Maximising Value from Land as a Scarce Resource of the Economic Strategies Committee of Singapore and a member of the Singapore-Sichuan Trade & Investment Committee. Mr Chng is also actively involved in community and social work and serves in a number of community and not-for-profit organisations.

Board Committee positions[8]
- Audit Committee (Chairman)
- Nominating Committee (Member)

Current directorships in other listed companies
- Singapore Land Group (Director)

Other principal commitments
- Ministry of Home Affairs – Criminal Law Advisory Committee (Review) (Member)
- Ministry of Social & Family Development – Core Action Team of the Alliance for Action for Caregivers of Persons with Disabilities (Member)
- Singapore Prison Services – Drug Rehabilitation Centre Review Committee 1 (Member)
- Justice of the Peace

Past directorships in listed companies and principal commitments held over the preceding five years
- National Council Against Drug Abuse (Member) (till December 2021)
- Industry & Services Co-operative Society (Chairman, Board of Trustees) (till August 2021)
- Yellow Ribbon Singapore (Chairman) (till August 2021)

Education and achievements
- Bachelor of Science (Hons) in Applied Chemistry, University of Singapore
- Diploma in Business Administration, University of Singapore
- Diploma in Management Studies, University of Chicago and Singapore National Productivity Board
- Graduate Certificate in International Arbitration, National University of Singapore
- Public Service Award (2014)
- Public Service Star (2020)

7 Professor Ho Yew Kee will be appointed as Chairman of the Remuneration Committee at the close of the UOI AGM on 14 April 2023.
8 Mr Chng Hwee Hong will step down as Chairman of the Audit Committee but remain as a member of the Audit Committee at the close of the UOI AGM on 14 April 2023. He will be appointed as Chairman of the Nominating Committee at the same time.

Board of Directors

Chua Kim Leng, 53

Non-executive and independent

First appointed as a director: 1 February 2020
Last re-elected as a director: 27 April 2022

Mr Chua stepped down from his role as Special Advisor (Financial Supervision) at the Monetary Authority of Singapore (MAS) in 2018 after 25 years of distinguished service at the Authority. Prior to that, he was the Assistant Managing Director in charge of the Banking and Insurance Group where he was responsible for the licensing and supervision of banks, insurance and finance companies, and anti-money laundering supervision for the financial sector. He was also a member of its Executive Committee where he was involved in policy making and the overall oversight of the Authority.

Currently, he sits on the boards of the Gambling Regulatory Authority and other financial institutions, and provides consultancy and training services.

Board Committee positions[9]
- Audit Committee (Member)

Current directorships in other listed companies
- Teho International Inc (Director)
- Yangzijiang Financial Holding (Director)

Other principal commitments
- Gambling Regulatory Authority (Director)[10]
- ICHX Tech (Director)
- Sygnum Bank AG (Director)

Past directorships in listed companies and principal commitments held over the preceding five years
- Sygnum Singapore (Director) (till December 2020)
- Ternary Fund Management (Director) (till December 2020)

Education and achievements
- Bachelor of Business Administration (Hons), National University of Singapore
- Public Administration Medal (2014)

Winston Ngan Wan Sing, 61

Non-executive and independent

First appointed as a director: 1 March 2023

Mr Ngan is a chartered accountant with more than 26 years of professional services experience in Ernst & Young (EY). He retired as a Partner of EY in 2020, where he was the Head of Assurance for Financial Services and oversaw the growth and strategic priorities of the practices covering banks, asset management and insurance companies. His advisory experience included providing internal audit and risk management services to financial institutions and other special assignments such as cross border bonds and shares listing offerings.

Board Committee positions[11]
- Nil

Current directorships in other listed companies
- PEC (Director)

Other principal commitments
- Azalea Asset Management (Director)
- HSBC Bank (Singapore) (Director)
- Vinfast Auto (Director)

Past directorships in listed companies and principal commitments held over the preceding five years
- EY (Partner)

Education and achievements
- Master of Business Administration (Accounting), York University, Canada
- Bachelor of Science (Electronic and Electrical Engineering) (Hons), Loughborough University of Technology, UK
- Chartered Professional Accountant of Ontario (Canada) (Member)
- CPA (Australia) (Member)
- Institute of Singapore Chartered Accountants (Member)

Leong Yung Chee, 50

Non-executive and non-independent

First appointed as a director: 1 March 2023

Mr Leong has more than 20 years of banking experience from working with local and international banks. He has advised extensively on corporate strategy, transformation, restructurings, mergers and acquisitions, as well as capital markets financing and investments in Asia Pacific.

Board Committee positions
- Nil

Current directorships in other listed companies
- Nil

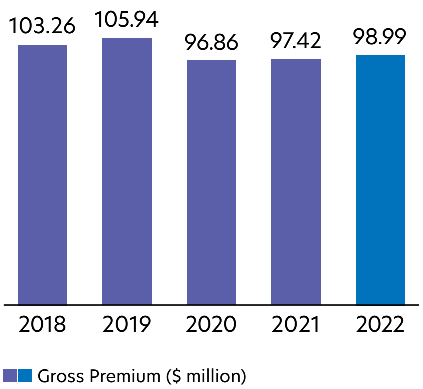
Other principal commitments
- Head of Group Corporate Banking, Merger and Acquisition Advisor and Head of Blockchain and Digital Assets, United Overseas Bank
- T3 Capital (Director)

Past directorships in listed companies and principal commitments held over the preceding five years
- Nil

Education and achievements
- Master of Science (Electrical Engineering), Stanford University, USA
- Bachelor of Engineering (Electrical and Electronic Engineering) (Hons), Imperial College London

9 Mr Chua Kim Leng will be appointed as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees at the close of the UOI AGM on 14 April 2023.
10 Mr Chua will step down from the Board of Gambling Regulatory Authority with effect from 31 March 2023.
11 Mr Winston Ngan will be appointed as a member of the Audit Committee with effect from the close of the UOI AGM on 14 April 2023.

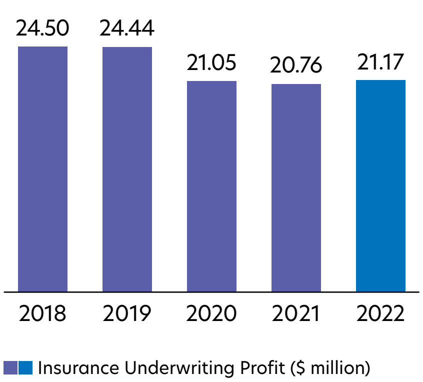
Financial Highlights



Gross Premium

The Company achieved a higher gross premium of $98.99 million. In 2022, the gross premium increased by 1.6% which was attributable to Employers' Liability, Marine and Reinsurance.

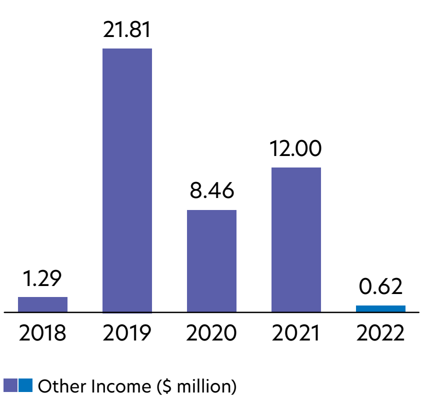
$98.99 million
+ 1.6%



Insurance Underwriting Profit

The Company achieved a higher underwriting profit of $21.17 million. This was an increase of 2.0% over that of 2021 largely due to higher net earned premium and lower net claims incurred.

$21.17 million
+ 2.0%

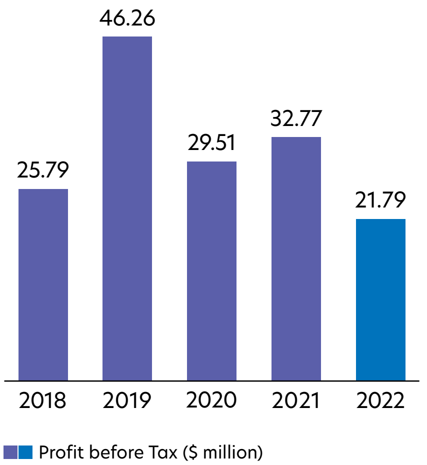


Other Income

Other income decreased by $11.38 million to $0.62 million as compared to $12.00 million in the previous period. This was due to realised and unrealised losses from investments and exchange losses.

$0.62 million
- 94.9%

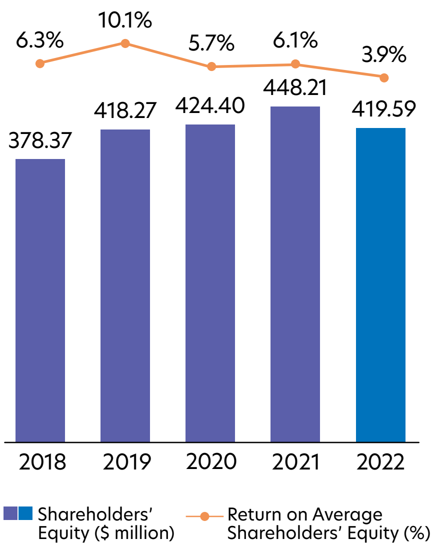
Financial Highlights



Profit Before Tax

Profit before tax decreased by 33.5% to $21.79 million as compared with 2021. It was mainly due to lower commission income, higher management expenses and lower investment profits.

$21.79 million
- 33.5%



Shareholders' Equity/Return on Average Shareholders' Equity

The Company's shareholders' equity as at 31 December 2022 decreased by 6.4% to $419.59 million when compared against the previous year due to marked-to-market losses in the Company's investment portfolio. Over a five-year period, the shareholders' equity grew by $41.22 million to $419.59 million.

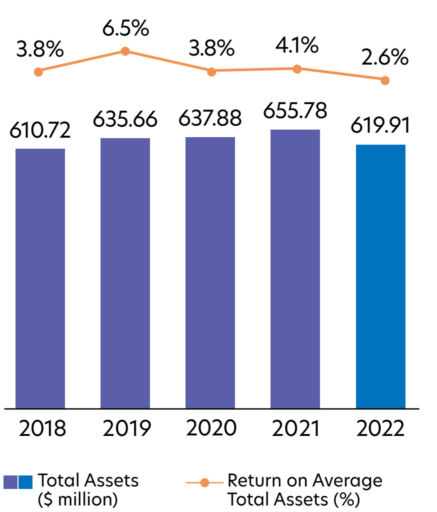
Return on average shareholders' equity was lower at 3.9% in 2022.

Shareholders' Equity

$419.59 million
- 6.4%

Return on Average Shareholders' Equity

3.9%
- 2.2% pt



Total Assets/Return on Average Total Assets

The total assets of the Company decreased by 5.5% to $619.91 million as at 31 December 2022. This is due to decreases in the investment portfolio which resulted in a lower return on average total assets at 2.6% in 2022.

Total Assets

$619.91 million
- 5.5%

Return on Average Total Assets

2.6%
-1.5% pt

Five-Year Company Financial Summary

Key Indicators	2018	2019	2020	2021	**2022**
Profit for the financial year ($'000)					
Gross premium	103,258	105,943	96,857	97,419	**98,987**
Insurance underwriting profit	24,495	24,443	21,052	20,763	**21,169**
Other income	1,293	21,814	8,455	12,002	**618**
Profit before tax	25,788	46,257	29,507	32,765	**21,787**
Selected balance sheet items as at year-end ($'000)					
Total assets	610,724	635,664	637,882	655,783	**619,906**
Net technical balances	72,740	71,089	67,840	68,464	**68,095**
Shareholders' equity	378,374	418,272	424,399	448,212	**419,585**
Financial ratios					
Earnings per share – basic and diluted (cents)	39.0	66.1	39.4	43.5	**27.4**
Return on average shareholders' equity (ROE) (%)	6.3	10.1	5.7	6.1	**3.9**
Return on average total assets (ROA) (%)	3.8	6.5	3.8	4.1	**2.6**
Incurred loss ratio (%)[1]	22.8	25.8	28.2	28.8	**24.6**
Net commissions ratio (%)[2]	(13.8)	(17.6)	(14.2)	(15.3)	**(7.6)**
Management expenses ratio (%)[3]	31.8	34.0	35.2	35.8	**35.4**
Underwriting profit ratio (%)[4]	59.2	57.7	50.8	50.7	**47.7**
Declared dividend per share (cents)					
Interim	8.5	8.5	8.5	8.5	**8.5**
Special	5.0	7.0	4.0	8.0	**4.0**
Final	8.5	8.5	8.5	8.5	**8.5**
Total	22.0	24.0	21.0	25.0	**21.0**
Net asset value per share ($)	6.2	6.8	6.9	7.3	**6.9**

Note:
1 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.
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.

2022 in Review

The Singapore general insurance market consists of both local and offshore business in almost equal proportions. In 2022, total gross premiums for the industry grew by 15 per cent, with two-thirds of the growth derived from offshore markets. Underwriting profit for the industry grew by 20 per cent of which two-thirds were derived from offshore business.

Within the local insurance market, competition intensified for the more profitable business in the SME markets. The ongoing hard global market for larger risks continued to exert pressures on premium pricing and coverages across all lines of business.

The second half of 2022 saw the easing of COVID-19 measures and the reopening of economies and overseas travels but high inflation continued to exert pressure on global economies.

Throughout 2022, we continued to ensure the wellness of our employees, customers and intermediaries while maintaining operational resilience and sustainable performance.

Driving for sustainable growth

The Company continued to pursue its proven-business strategies to address the evolving challenges posed by a very difficult business environment while stepping up initiatives to maintain operational resilience.

Client-centricity

Client-centricity remains a cornerstone of UOI's business model that requires building and managing business relationships and being people-driven. With further easing of COVID-19 measures in the second half of 2022, our business engagement teams stepped up physical interaction while continuing virtual meetings and collaborations to uphold our proven client-centric business strategy. Although our efforts remained focused on renewal business, we also concentrated on business opportunities to grow new business.

Product development to meet customers' insurance needs in the evolving marketplace and environmental factors continued to be the driving force in 2022. With the reopening of borders and overseas travels, our product development team introduced several innovative travel insurance plans to tap on the growing outbound market besides revamping our insurance packages for staycation and cruises. We also started to introduce green products in our array of traditional products by providing motor insurance for electric cars.

Recruitment drive to expand our agency network continued in 2022 refreshing our agencies by bringing in new streams of income as we expand into the Financial Planners' markets.

During the year we further strengthened our human capital, internal capability and technological resources to support business initiatives and product development.

Investment in digital technology

Client-centricity remains a key driver in our digitalisation of products and services. During 2022, the Company continued to invest in its digital capability to support ongoing improvements in IT infrastructure, digitalisation and business process automation.

Ongoing enhancement projects to improve our digital platform for customers and agents accelerated in 2022. The upgrading of our core application system into a web-based integrated insurance digital platform and new application systems to meet business requirements went live in phases to optimise manpower resources and to meet operational timelines.

Our digital transformation strategy is to integrate the digital capability of various partners to set up a strong customer ecosystem to retain customer loyalty and improve customer propositions. During 2022, we deepened collaboration with our Insurtech eco-partner to launch more digital products on UOB websites including our first motor insurance portal.

Phase 1 of the implementation of a company-wide document and workflow management system was successfully launched in 3Q2022. Phase 1 consisted of the document management system and Phase 2 which is the workflow management system will start in the second half of 2023.

Regional insurance

The Company maintained its prudent underwriting approach in its offshore segment while leveraging UOB's regional network to grow its offshore insurance portfolio. Such prudence is necessary as offshore insurance underwriting results have been volatile over the years. As some overseas markets are prone to natural catastrophes, risk selection remains the key priority, with adequate reinsurance protection to manage these offshore risks. Within the region, our main markets are Malaysia, Thailand and Indonesia.

Prudence in investment management

Global markets appeared to show some stabilisation at the start of 2022 but deteriorated sharply once the geopolitical tensions between Ukraine and Russia broke out into war. The volatility continued into the second half of the year as markets continued to be weighed down by inflationary concerns. Central banks begun to hike rates as an inflationary measure. The combination of these factors resulted in economic slowdown.

It had been a challenging year for investment markets where declines were noted in both global equity and fixed income markets. For the full year of 2022, the MSCI All Country World Index (ACWI) had declined by 18.9 per cent in Singapore Dollar terms. In line with the decrease with global markets, the Singapore market had decreased by 11.4 per cent in 2022.

Due to the underperformance of the Singapore investment market, the overall performance of the Company's investment portfolio in 2022 was affected.

Operational resilience amidst COVID-19 pandemic

It was business as usual throughout 2022. Following further easing of curbs and the step down to DORSCON Yellow in the 2Q2022, we reviewed our supportive measures for various stakeholders notably employees, customers and intermediaries and adapted them to maintain operational resilience.

Supportive measures for stakeholders

We continued to provide a safe and clean workplace, job security and additional resources to facilitate working in the new normal. In line with DORSCON Yellow, we revised our safe management measures like staggered work/lunch hours. Personal protection equipment such as disposable masks, hand sanitisers, Antigen Rapid Test (ART) kits continued to be made available to the staff. We introduced flexible working arrangements (FWAs) to help employees achieve better work-life harmony and promote a more engaged and productive workforce. Remote Work as one of the FWAs enables our staff in eligible roles to work from home. Remote working also enables the Company to improve our preparedness in the event of any future business disruption which may require majority of the workforce to work remotely.

For staff development programmes, we introduced hybrid training sessions for staff to attend either in the office or from home. We maintained our practice of continuous communication with our employees on safe management measures and changes in operational matters via email circulars, chat groups etc. To facilitate team building but at the same time moderating the risk of infection, we encouraged small scale social activities among the staff during the second half of the year.

While maintaining existing supportive measures for intermediaries like full sales and service support, we also allowed our staff to have more face-to-face meetings with intermediaries to foster relationship building. As for customers, we continued to increase the array of our online products and re-activated walk-in services.

2022 in Review

Caring for the community

At UOI, we believe in giving back to the communities in which we operate.

UOI employees and their families joined the 2022 UOB Global Heartbeat Run/Walk to resume the annual tradition of an in-person event being held at Stadium Roar. Despite the heavy rain, the participant, continued to keep the good going by walking around the stadium to show their support for the event. In total, UOB in Singapore raised S$1.62 million for the four local beneficiaries.

Building on the successful virtual editions in the past two years, this year also comprised a virtual component opened to UOB colleagues and their families. Held from 22 August to 16 October 2022, the Virtual Challenge saw over 4,000 participants running, walking, and cycling over 250,000 kilometres. For every kilometre achieved, UOB will donate S$1 to the UOB Heartbeat Fund in Singapore, up to a total of S$250,000.

More detailed information about our sustainability efforts is available in the Sustainability Report section of this Annual Report.

United Overseas Insurance Limited
(Incorporated in Singapore)
31 December 2022

Governance

Corporate Governance

Introduction

This report sets out United Overseas Insurance Limited's (UOI, or the Company) corporate governance processes and activities for the financial year 2022 (FY2022) with reference to the various regulations, rules, guidelines and/or best practices in:

- the Insurance (Corporate Governance) Regulations (Insurance Regulations) that are applicable to UOI as a Tier 2 insurer;
- the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST); and
- the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by the Monetary Authority of Singapore on 9 November 2021 (MAS Guidelines), which comprises the Code of Corporate Governance that was issued on 6 August 2018 (2018 Code) and additional guidelines from the MAS.

The Board is pleased to report that the Company has complied in all material aspects with the principles, provisions and additional guidelines set out in the MAS Guidelines. Any deviation from the provisions or additional guidelines are explained in this report.

We also provide a summary disclosure on our compliance with the MAS Guidelines on pages 33 and 34.

Board matters

Board duties

The Directors are fiduciaries who act objectively in the best interests of the Company. They work with Management to ensure the long-term success of the Company. The Board's key responsibilities are to:

- set corporate strategy by providing direction, entrepreneurial leadership and guidance;
- provide guidance and oversight on sustainability issues, including determining the environmental, social and governance (ESG) factors that are material to the business and overseeing the management and monitoring of such ESG factors;
- determine the risk appetites and risk tolerance levels for the business;
- approve business plans and annual budgets, ensure that financial statements are true and fair, monitor financial performance, determine capital structure and declare dividends;
- approve major acquisitions and divestments;
- review Management's performance and oversee its implementation of the Company's overall performance objectives, key operational initiatives and corporate governance practices;
- ensure a high standard of corporate governance with proper accountability and high standards of business conduct, while preventing conflicts of interest; and
- review the adequacy and effectiveness of the Company's system of risk management and internal controls, including financial, operational, compliance, sanctions-related and information technology controls and the appropriateness of resources allocated to perform the risk management and internal control functions.

Matters requiring board approval

Board approval is required for material matters, including the following:

- annual operating plans and budgets, capital and operating expenditures;
- investments and divestments exceeding certain material limits;
- announcements of financial results;
- distributions to shareholders; and
- the Company's organisational structure.

If a matter is reserved for the decision of the Board or any of its committees, its decision must be sought and obtained before Management may act on it.

Board size and composition

Overview of the Board

(Before the close of the 2023 Annual General Meeting (AGM) on 14 April 2023):
9 members
- Wee Cho Yaw *(Chairman)*
- David Chan Mun Wai *(Managing Director and Chief Executive)**
- Wee Ee Cheong
- Hwang Soo Jin
- Ho Yew Kee
- Chng Hwee Hong
- Chua Kim Leng
- Winston Ngan Wan Sing (appointed on 1 March 2023)
- Leong Yung Chee (appointed on 1 March 2023)

* Mr David Chan will retire as Managing Director and Chief Executive on 31 March 2023 and remain on the Board as a non-executive and non-independent Director

(After the close of the 2023 AGM):
7 members
- Wee Ee Cheong *(Chairman)*
- David Chan Mun Wai
- Ho Yew Kee
- Chng Hwee Hong
- Chua Kim Leng
- Winston Ngan Wan Sing
- Leong Yung Chee

- Tenure of members after the close of the 2023 AGM
  - 5 have served fewer than 9 years
  - 2 have served more than 9 years

- Separation of roles of Chairman and Chief Executive Officer (CEO)
- Non-executive Chairman

Corporate Governance

The record of Directors' attendance at meetings in 2022 is as follows:

Name of Director	ED/ NED[1]	Independence status[2] under			Number of meetings attended in 2022				
		Insurance Regulations	SGX-ST Listing Rules	MAS Guidelines	AGM	Board	NC	RC	AC
Wee Cho Yaw	NED	NID	NID	NID	1	• 1/4	1/1	• 1/1	–
David Chan Mun Wai	ED	NID	NID	NID	1	4/4	–	–	–
Wee Ee Cheong	NED	NID	NID	NID	1	4/4	–	–	–
Hwang Soo Jin	NED	NID	ID	ID	1	4/4	• 1/1	1/1	–
Ho Yew Kee	NED	ID	ID	ID	1	4/4	–	1/1	5/5
Chng Hwee Hong	NED	ID	ID	ID	1	4/4	1/1	–	• 5/5
Chua Kim Leng	NED	ID	ID	ID	1	4/4	–	–	5/5
Number of meetings held in 2022					1	4	1	1	5

1 "ED" means executive director and "NED" means non-executive director.
2 "ID" means independent director and "NID" means non-independent director.
• Denotes chairman.

The profiles of the Directors can be found in the Board of Directors section on pages 5 to 8.

Factors that are considered in the annual review of the size and composition of the Board include the Company's business, scope of operations and the need for progressive board renewal. The Board has agreed that a Board of seven Directors is appropriate for overseeing the Company's affairs.

With the impending retirement of Dr Wee Cho Yaw and Mr Hwang Soo Jin, the Board has appointed Mr Winston Ngan Wan Sing and Mr Leong Yung Chee as Directors. Mr Winston Ngan brings to the Board his wealth of accounting and auditing experience in Singapore and abroad, in particular, in the financial services industry. Mr Leong Yung Chee is a seasoned banker with extensive international experience in corporate strategy and transformation, and investments.

As part of the ongoing succession planning for the Board, the Nominating Committee (NC) will continue to be on the lookout for potential suitable candidates who can complement the existing Board in terms of skills and diversity.

Board diversity

The Company's Board Diversity Policy is reviewed every year for continued relevance. The policy adopts eight aspects of diversity, namely: age, gender, industry experience, domain or functional expertise, tenure, independence, cultural ethnicity and international experience. The Board is of the view that the existing policy remains appropriate and relevant.

Collectively, the Directors possess skills and expertise in insurance business, finance, banking, corporate actions, strategy and transformation, operations, investments, audit and regulatory compliance. The appointments of Mr Winston Ngan and Mr Leong Yung Chee further added to the diversity of age, skills and experience on the Board.

Collectively, the Directors' background, professional qualifications, expertise, credentials and tenure allow for a wide range of perspectives and analyses. Groupthink is avoided and constructive debate is encouraged, and the Board is able to make decisions in the best interests of the Company.

Director independence and propriety

When assessing the independence of each Director, the NC is guided by the criteria in the Insurance Regulations, the SGX-ST Listing Rules and the MAS Guidelines.

In addition to the regulatory requirements, in assessing a Director's independence, the NC also takes into account the Director's conduct and contributions during, and outside of, meetings. Account is also taken of the Director's other appointments, relationships with the Company's Management and substantial shareholders, and self-assessment on matters relating to his independence, fitness and propriety. The NC has reviewed each Director's profile and response to a self-assessment questionnaire and assessed whether the Director remains fit and proper and qualified for office as nothing that would disqualify the Director from office has come to its attention.

The NC's assessment of the independence status of the Directors is as follows:

- Dr Wee Cho Yaw and Mr Wee Ee Cheong are non-independent and non-executive. Dr Wee is the father of Mr Wee Ee Cheong. Both are substantial shareholders of United Overseas Bank Limited (UOB). Mr Wee Ee Cheong is the Deputy Chairman and CEO of UOB;

- Mr David Chan Mun Wai, an executive Director, is not independent as he is the Managing Director and Chief Executive of UOI. He has no relationship with any substantial shareholder, Director or Management of UOI. With effect from 1 April 2023, following his retirement as Managing Director and Chief Executive, he will be re-designated as a non-executive and non-independent Director;

- Mr Hwang Soo Jin, a non-executive Director, is not independent under the Insurance Regulations as he has served for more than nine continuous years on the Board. He was re-elected as an independent Director at the Company's AGM in 2021. Mr Hwang Soo Jin has demonstrated his independence when dealing with the affairs of the Company, and in his relationship with the other Directors and Management;

- Prof Ho Yew Kee, and Messrs Chng Hwee Hong and Chua Kim Leng are non-executive and independent Directors. They have each served less than nine years on the Board and none has any management or business relationship with UOI, its related corporations, Directors or officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement. They are not substantial shareholders of UOI or any of its related corporations. They also have no family member in the employ of UOI or its related corporations in the current or past three financial years. Prof Ho Yew Kee, and Messrs Chng Hwee Hong and Chua Kim Leng and have demonstrated independence in conduct, character and judgement in their participation at Board meetings and on occasions outside of Board meetings;

- Mr Winston Ngan Wan Sing, who joined the Board on 1 March 2023, is also a non-executive and independent Director as he has no management or business relationship with UOI, its related corporations, Directors or Management that could interfere or be reasonably perceived to interfere with the exercise of his independent business judgement. Neither he nor any of his family members is a substantial shareholder of UOI or any of its related corporations; and

- Mr Leong Yung Chee, who joined the Board on 1 March 2023, is a senior executive of UOB and receives a salary from UOB. The NC has assessed that he is non-executive and non-independent.

The Directors may meet without the presence of Management. If a Board Committee meets without the presence of Management, the chairman of the Board Committee provides feedback to the Board and/or Chairman, where appropriate.

Lead independent director

A majority of the Board is independent, both before and after the 2023 AGM. All Directors are non-executive except for Mr David Chan. Mr David Chan will retire as Managing Director and Chief Executive on 31 March 2023 and will be re-designated as a non-executive and non-independent Director. Therefore, with effect from 1 April 2023, all Directors will be non-executive.

Directors who have an interest in a matter under consideration are required to and would recuse themselves from discussion and refrain from voting. Any shareholder or stakeholder may reach any independent Director through various established channels.

For these reasons, the Board is of the view that there is no need to appoint a lead independent director.

Chairman and Chief Executive Officer

To ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making, the Chairman and the Chief Executive Officer (CEO) are separate persons and are not related to each other by family ties.

The division of responsibilities between the Chairman and the CEO has been established by the Board and is set out below.

The Chairman leads the Board and ensures its effectiveness. He sets the agenda for and chairs all Board and general meetings, ensures timely and comprehensive information is given to Directors to make informed decisions, and promotes open and candid discussions. He ensures

Corporate Governance

high standards of corporate governance are observed and encourages constructive dialogue with shareholders at general meetings.

The Directors have elected Mr Wee Ee Cheong as the Chairman upon the retirement of Dr Wee Cho Yaw.

The CEO leads the Management team in seeking business opportunities and implementing strategies, policies, budgets and business plans approved by the Board. He provides guidance and leadership to key management personnel, oversees the Company's operations and ensures that the Company operates effectively within its risk appetite and system of risk management and internal controls.

The Board has appointed Mr Andrew Lim as the CEO to succeed Mr David Chan upon the latter's retirement. Mr Andrew Lim joined the Company in 2019 and is currently the General Manager of the Company. He has more than 30 years' experience in the insurance industry, most of which is in general insurance.

Board meetings

The Board regularly meets with senior management and subject matter experts (where necessary) to discuss and review decisions made, information provided and matters relating to the business and operations.

Board meetings, Board Committee meetings and the Company's AGM are scheduled in advance yearly. Additional meetings are held as required. Complete, adequate and timely information is provided on an ongoing basis and in advance for any meetings so that Directors have sufficient time to review them in order to make informed decisions and discharge their duties and responsibilities. Directors have the option of receiving printed materials for Board and Board Committee meetings or accessing soft copies via a secure portal on tablets provided by the Company.

A Director who is unable to attend a meeting in person may participate via telephone and/or video conference or make his views known through another Director or the Company Secretary.

Board and Board Committee decisions are made by a majority vote at meetings or through written resolutions circulated to all members (except where there is a conflict of interest, in which case, the conflicted Director would recuse himself). Minutes of all meetings and written resolutions, in particular records of discussions on key deliberations and decisions taken, are maintained by the Company.

After each Board Committee meeting, the chairman of the relevant Board Committee issues a short report on the matters discussed and decisions made to the Board. Minutes of the meetings are circulated to the Board for their information after they are finalised, except where there is a conflict of interest. In such situations, the relevant sections of the minutes of meeting are redacted for the conflicted Board members.

Managing potential conflicts of interests

Directors who have personal, professional or business interests in matters that may conflict with the interests of the Company must disclose such interests to the Company, recuse themselves from the discussions and abstain from voting on the matters.

Directors have to notify the Company in a timely manner of any change in their interests and appointments. Before a Director accepts any additional appointment, he is required to notify the Board. If the Board is satisfied that the additional appointment will not give rise to any conflict of interest or hamper the Director in the discharge of his duties to the Company, the Director may proceed with the new appointment.

Time commitment

When assessing each Director every year, the NC considers whether the Director is able to commit time to the affairs of the Company, having regard to factors such as the Director's number of directorships, the complexity of the companies' business, the frequency of meetings and the Director's other principal commitments.

A Director who wishes to accept a new appointment at any organisation is required to inform the Board in advance. The Board will assess whether the new appointment will give rise to any conflict of interest or impair the Director's ability to discharge his duties in respect of the Company. The Director will be informed of the Board's assessment before he accepts or assumes that appointment.

The Board is of the view that it is not necessary for the Company to limit the number of directorships that each Director may hold because different Directors have different abilities and responsibilities, and companies are of different complexities. Further, the process set out in the preceding paragraph ensures that Directors will only accept new appointments which will leave them with enough time to commit to the affairs of the Company.

Board delegation

The Board has established the Audit Committee (AC), Nominating Committee (NC) and Remuneration Committee (RC) to assist it in the discharge of its duties. The written terms of reference of the Board Committees are reviewed annually for continued clarity and relevance, and approved by the Board.

The size and composition of the Board Committees are reviewed by the NC every year. The composition of the committees is changed from time to time for fresh perspectives and as part of board succession planning.

The Board has determined that it was not necessary to establish an executive committee. This was because UOI's current scope of business and scale of operations can be overseen by the Board directly. In addition, all the Directors reside in Singapore and are easily available for consultation and decision-making, when required.

Board and Board Committees' performance

The Board undertakes a formal assessment of the effectiveness of the Board as a whole and each of its Board Committees annually. The Board adopts objective performance criteria for assessing board performance and evaluating the effectiveness of the Board as a whole, including measuring the performance of the Company's shares and dividend yields, financial performance, net underwriting results, comparisons against industry players, ratings by external parties, and the Board and Board Committees' achievements over the year.

The NC was satisfied that the Directors, both individually and collectively as a group, had contributed to the effectiveness of the Board, and agreed that the respective Board Committees had discharged their duties conscientiously and effectively. The NC was satisfied that the Board and Board Committees remain effective.

Directors' performance

The performance of individual Directors is also assessed annually. At the end of each year, each Director performs a confidential self-assessment and an assessment of the work performed by the Board and Board Committees by completing a questionnaire prepared under the guidance of the NC. Directors were asked to declare their fitness and propriety based on the MAS Guidelines on Fit and Proper Criteria, which include factors such as their qualification for office, honesty, integrity and reputation, competency and capability, and financial soundness. The NC also took into account Directors' commitment, attendance, preparedness, participation, contribution, candour at meetings, clarity in communications, insight on strategies, business judgement and individual awareness of accountability as a director.

The assessments, being confidential to each Director and to ensure that the Directors can respond freely and candidly, are returned directly to the Company Secretary who collates the results for the NC to evaluate and make its recommendations to the Board. The NC also reviews any additional information that might suggest that a Director may be disqualified from office. When the performance of a particular Director is being considered, that Director recuses himself from the discussions to avoid conflicts of interest.

The NC is of the view that it was not necessary to engage an external facilitator for the assessment as all Directors are able to speak freely and respond candidly throughout the process.

The NC noted that each Director has committed time and effort to attending to the affairs of the Company, and was well-prepared for meetings as demonstrated by his active participation and valuable insights. The NC also did not receive any information that might suggest that any Director may have any issue that would disqualify him from office.

The NC was therefore satisfied that each Director remains fit and proper and qualified for office and has devoted adequate time and effort to attend to the Company's affairs.

No Director has appointed an alternate director.

Corporate Governance

Selection process
The appointment of Directors is based on the needs of the Company. While any Director may nominate candidates for appointment to the Board, the NC will have regard to the Board Diversity Policy in its assessment of the suitability of candidates. In addition to the factors listed in the policy, the Board also considers candidates' qualification for office, personal attributes, fitness and propriety for office, and current commitments.

Appointment and re-election of Directors
At least one-third of the Directors retire from office by rotation at the AGM every year. The Directors to retire shall be those who have been in office longest since their last election. All Directors are subject to retirement and re-election at least once every three years. Appointments of Directors and the Chairman are subject to the approval of the MAS. New Directors have to stand for re-election at the first AGM following their appointments.

Pursuant to the one-third rotation rule, Dr Wee Cho Yaw, Mr Hwang Soo Jin and Professor Ho Yew Kee will retire at the forthcoming AGM. Professor Ho has offered himself for re-election. Dr Wee and Mr Hwang will not be seeking re-election and will retire at the close of the upcoming AGM.

Mr Winston Ngan and Mr Leong Yung Chee, who were newly appointed to the Board on 1 March 2023, will also retire. Both have offered themselves for re-election at the upcoming AGM.

Please refer to the Additional Information on Directors Seeking Re-election document on the UOI website (www.uoi.com.sg).

Induction
New Directors receive the Constitution of the Company, the terms of reference of the Board and Board Committees, Articles of Directorship, Code of Conduct and extracts of applicable laws and regulations. The Articles of Directorship set out a Director's term of office, duties, responsibilities, remuneration and disclosure obligations. The Articles and any subsequent amendments are approved by the Board and apply to all Directors irrespective of when they were appointed. New Directors also receive an induction soon after they join the Board. The induction includes a meeting with key management personnel and briefings on the Company's corporate development, culture, values, organisational structure, business, operations and financial performance.

If a new Director has no prior experience as a listed company director, the Company ensures that he undergoes training in areas as appropriate, taking into account his background, skill set and experience.

Directors' continuous development
The NC oversees the training programme and budget for Directors' continuous development.

In 2022, the in-house training included market outlook provided by the Company's appointed fund manager and the new accounting standard for insurance contracts provided by the Company's internal auditor, PricewaterhouseCoopers. Directors also attended training programmes conducted by external organisations including the Singapore Institute of Directors, Global Compact Network Singapore and SGX, and the Institute of Singapore Chartered Accountants.

SGX-ST Listing Rule 720(7) requires all directors to undergo training on sustainability matters. All directors, save for Mr Hwang Soo Jin, have attended the sustainability course approved by the SGX-ST. The NC (with Mr Hwang abstaining) had considered whether it is necessary for Mr Hwang to undergo sustainability training. The NC noted that, for close to 10 years, Mr Hwang had been raising, on a regular basis, the risks and effects of climate change and extreme weather conditions on the world and the insurance industry. He had advised Management repeatedly to understand the impact of climate-related risks on the industry and the business, and on the need to conduct appropriate due diligence when underwriting such risks. From his observations on workplace related claims, he emphasised to Management the importance of continuing with efforts to promote to clients the benefits of implementing safety measures at the workplace. As Mr Hwang has had many years of service in the public, private and social domains, he knows and understands issues involving the sustainability of the Company, the environment and society at large. For these reasons, the NC concluded that there was no need for Mr Hwang to undergo further training on sustainability.

Mr Winston Ngan has completed the sustainability training while Mr Leong Yung Chee will attend the training on sustainability in due course.

Succession planning for key management positions

The NC is responsible for the succession planning for the Chief Executive and other key management positions. The Chief Executive assists the NC in identifying and preparing suitable candidates for key management positions. Candidates are mentored, receive training on the job, and exposed to job rotation. If there is no suitable candidate, the Company will recruit from external sources. The NC monitors the progress made in grooming these talents and building a succession pipeline.

Access to information, Management and Company Secretary

Directors have separate, independent and unfettered access to information, Management, internal and external auditors and external advisers (where necessary). Comprehensive reports on the Company's operations and financial position are given to Directors in advance and on an ongoing basis, with ample time for them to prepare for meetings and to enable them to make informed decisions and discharge their duties and responsibilities.

Senior executives of the Company are present at Board meetings to provide additional information or clarification as needed. If necessary, professional advisers are invited to brief the Board or Board Committees. The Directors' common memberships in the Board Committees facilitate information sharing between the Board Committees and contribute to a holistic view of matters under the purview of different Board Committees.

Directors may seek independent professional advice at the Company's expense should they need advice on any matter in order to discharge their duties. The Company Secretary will assist the Directors in such instances.

Directors have separate and independent access to the Company Secretary who assists them in the discharge of their duties, attends all Board and Board Committee meetings, advises on governance matters and applicable laws, coordinates the induction of new Directors and facilitates Directors' attendance at seminars and training courses. The appointment and removal of the Company Secretary is decided by the Board.

Nominating Committee

NC membership

- (before the close of the 2023 AGM): Hwang Soo Jin (chairman), Wee Cho Yaw and Chng Hwee Hong
- (after the close of the 2023 AGM): Chng Hwee Hong (chairman), Wee Ee Cheong and Chua Kim Leng
- Majority of members, including the chairman, are independent Directors pursuant to the prevailing SGX-ST Listing Rules, MAS Guidelines and the 2018 Code

The main responsibilities of the NC are to:

- determine an appropriate size and composition of the Board and Board Committees to facilitate effective decision-making and provide an appropriate balance and mix of the different aspects of diversity;
- identify candidates, review all nominations and make recommendations for the appointment and re-nomination of Directors and Board Committee members;
- assess the effectiveness of the Board Committees and the Board as a whole based on objective performance criteria;
- oversee the development of a continuous development programme to equip Directors with the appropriate skills and knowledge to perform their duties; and
- carry out succession planning for the Directors, CEO and other key management personnel.

The main activities of the NC are set out on pages 21 to 23.

Corporate Governance

Remuneration Committee

RC membership

- (before the close of the 2023 AGM): Wee Cho Yaw (chairman), Hwang Soo Jin and Ho Yew Kee
- (after the close of the 2023 AGM): Ho Yew Kee (chairman), Wee Ee Cheong and Chua Kim Leng
- All the members are non-executive Directors while a majority of the members are independent Directors pursuant to the SGX-ST Listing Rules and the MAS Guidelines

The RC's main responsibilities are to:

- review and recommend a remuneration framework and policy that are in line with the Company's strategic objectives, corporate values and prudent risk-taking;
- determine the level and structure of remuneration that are appropriate and proportionate to the sustained performance of and value creation by the Company and to promote the long-term success of the Company; and
- review and to recommend all aspects of remuneration terms, including termination terms of key management personnel and executive officers as it may consider appropriate.

For the financial year ending 31 December 2022, Dr Wee Cho Yaw, a non-independent director, remained as the RC chairman because of his in-depth experience in remuneration matters.

Remuneration policy

The Company's remuneration policy sets out the principles and philosophies adopted to provide competitive remuneration terms that would attract, motivate and retain directors and employees. The service of an external remuneration consultant was not required in 2022.

Directors' remuneration

In recommending the fees to be paid to Directors, the RC takes into account the Directors' responsibilities as well as the Company's size, scope of business and its financial performance relative to industry peers in that year. Fees paid to comparable companies also act as a guide. The Company believes that fees should be set at an appropriate level to attract, retain and motivate suitably qualified persons as directors of the Company.

Non-executive Directors are paid a basic fee for service on the Board and additional allowances for serving on Board Committees. Mr David Chan, the only executive Director on the Board, was remunerated as a key management personnel and did not receive any Director's fee.

At its January 2023 meeting, the RC reviewed the Directors' fees and recommended that the fee structure for the Board and the Board Committees be maintained as it was still appropriate. The Board has accepted the RC's recommendation.

At the forthcoming AGM, the Company will seek shareholders' approval for the proposed Directors' fees which are calculated based on the fee structure for the Board and Board Committees set out below:

Fee Structure	Chairman	Member
Basic retainer	$45,000	$35,000
Audit Committee	$15,000	$12,000
Nominating Committee	$12,000	$7,000
Remuneration Committee	$12,000	$7,000

Subject to shareholders' approval, the total fees and other remuneration paid/payable by the Company to the Directors for the financial year ended 31 December 2022 are disclosed in the table on the next page:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
$750,000 to $999,999					
David Chan Mun Wai[1]	–	52.1%	39.9%	8.0%	100%
Below $250,000					
Wee Cho Yaw	$64,000	–	–	–	$64,000
Wee Ee Cheong[2]	$35,000	–	–	–	$35,000
Hwang Soo Jin	$54,000	–	–	–	$54,000
Ho Yew Kee	$54,000	–	–	–	$54,000
Chng Hwee Hong	$57,000	–	–	–	$57,000
Chua Kim Leng	$47,000	–	–	–	$47,000
Total Directors' Fees	$311,000	–	–	–	$311,000

1 Mr David Chan, the Managing Director and Chief Executive was remunerated as a key management personnel and is not paid any Director's fee.
2 Director's fee payable to Mr Wee Ee Cheong will be paid to UOB.

No Director was involved in the deliberation or determination of his own remuneration.

Employee remuneration

UOI's remuneration framework is designed to encourage sustained performance and value creation for the Company in the long term. Value creation is measured based on metrics, including financial performance, dividend yield, net asset value, and shareholder fund over a five-to-10 year period.

Remuneration programmes are designed to support the Company's business strategy and objectives, and aligned to a pay-for-performance philosophy. This is achieved by linking remuneration to financial, non-financial and individual performance, and by being flexible in responding to dynamic business needs. The remuneration package comprises fixed salaries, variable bonuses and benefits. To ensure salaries are appropriate and proportionate to performance, they are benchmarked against comparable roles in the insurance industry. Variable bonuses are granted based on the performance of the Company and the individual. Care is taken to ensure that employees are not rewarded for short-term gains that are made through taking excessive or undue risks.

The RC had carefully considered whether a deferral of variable pay mechanism would be appropriate for UOI and concluded that it was not appropriate because:

- the Company does not reward staff based on their individual performance in generating top line revenue or profit; and
- the Company has established risk management practices that do not allow for nor incentivise employees to take excessive or undue risks, or engage in misconduct that can harm the Company, its customers and its other stakeholders.

The Board endorsed the RC's recommendation and agreed that the Company's current remuneration philosophy and framework remain relevant and appropriate.

The key management personnel of the Company consist of the Managing Director and Chief Executive, a General Manager and two Assistant General Managers. The RC reviews the performance of the Managing Director and Chief Executive and other key management personnel annually before recommending their remuneration packages. The Managing Director and Chief Executive's remuneration is subject to Board approval. The variable performance bonus pool for other key management personnel and executives is also recommended by the RC taking into consideration the performance of the Company and each individual's performance, while the performance bonuses for the other employees are based on a formula agreed with the Singapore Insurance Employees' Union.

The Company does not have any employee share option or share based incentive scheme or plan.

Corporate Governance

Disclosure of remuneration

The Company will continue to disclose the annual fee structure and total remuneration of the non-executive Directors on a named basis, and the remuneration of the Managing Director and Chief Executive but in bands of $250,000 with a detailed breakdown in percentage terms but not in dollar terms. The Company has decided it will not disclose the remuneration of the top five non-director key management personnel whether individually or in the aggregate. This is because the Company operates in a highly competitive environment as the skills required in the insurance industry are highly specialised. Competition for talent in the financial services industry is intense and poaching of executives is commonplace.

Remuneration disclosures will also create internal equity awareness, putting the Company at a disadvantage when competing for talent. Non-disclosure is necessary to protect the business interests of the Company.

No employee of the Company was a substantial shareholder of UOI or an immediate family member of any Director, CEO or substantial shareholder of UOI during the financial year ended 31 December 2022.

Accountability and audit

Audit Committee

AC membership

- (before the close of the 2023 AGM): Chng Hwee Hong (chairman), Ho Yew Kee and Chua Kim Leng
- (after the close of the 2023 AGM): Chua Kim Leng (chairman), Chng Hwee Hong, Ho Yew Kee and Winston Ngan Wan Sing
- All members, including the chairman, are independent and non-executive directors pursuant to the Insurance Regulations, SGX-ST Listing Rules and the MAS Guidelines.
- All members, including the chairman, have recent and relevant accounting or related financial management expertise or experience:
    - Mr Chng Hwee Hong held senior management positions in Haw Par Corporation Limited (HPCL) for more than 20 years, including Group General Manager and Chief Operating Officer. In his roles at HPCL, his duties included monitoring the financial and operational performance of various business units. He was also an executive director and a member of the Investment Committee on the board of HPCL.
    - Professor Ho Yew Kee holds a PhD in Accounting and is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants, a Fellow Certified Practising Accountant of CPA Australia and a Chartered Financial Analyst of the CFA Institute. He was previously Head of the Department of Accounting and Vice Dean (Finance & Administration) of the NUS Business School. He continues to be involved in professional institutions of the accounting industry.
    - Mr Chua Kim Leng graduated with a degree in Business Administration. While he was a senior officer of the MAS, his duties included supervising banks, insurance and finance companies. He was also a member of its Executive Committee, which was responsible for the financial management of the MAS.
    - Mr Winston Ngan Wan Sing is a certified public accountant and had led the Financial Services Assurance practice at the Singapore office of Ernst & Young LLP (EY) Singapore until his retirement in 2020.
- None of the members is a former partner or director of the Company's existing auditing firm EY within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm. None of the members has any financial interest in EY.

The AC's duties include reviewing and, where appropriate, approving:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and internal controls;
- appointment, reappointment, removal (if necessary), evaluation, remuneration and terms of engagement of the internal and external auditors;
- internal and external audit plans and reports;
- effectiveness, independence, knowledge, competence and objectivity of the external auditor and internal auditor;
- policies and procedures for handling fraud and whistle-blowing cases;
- interested person transactions and material related party transactions;
- risk management policies, frameworks and systems and adequacy of measures taken in relation to material risks;
- nature and extent of the significant risks that the Company is willing to take in achieving its strategic objectives and value creation;
- approach in identifying, measuring and monitoring its key and emerging risks and the governance and measurement of these risks;
- the adequacy and effectiveness of the Company's system of risk management and internal control; and
- performance and appointment of the certifying actuary.

The AC has authority to investigate any matter within its terms of reference. It receives the full cooperation of all employees, Management, the internal auditors and the external auditors to discharge its functions. It meets with the external auditors and the internal auditors, in each case without the presence of Management, at least once a year.

For the financial year ended 31 December 2022, the external auditor has given an unqualified opinion on the Company's financial statements and has also noted no anomalies in the system and procedures of controls in the areas audited.

The external auditor has identified the following key audit matters: (a) valuation of technical balances; (b) valuation and expected credit losses of investments; and (c) valuation of property recognised as investment property and fixed assets.

Given the element of uncertainty inherent in the insurance business as pointed out by the external auditor and that the estimation of technical balances would involve a high degree of management judgement, the AC noted that Management will continue to be prudent in its estimation of such technical balances.

The Company's annual estimation of the technical balances as compared with the external actuary's estimation has been consistently prudent over the years, which is a testimony to the efficacy of the Company's systems and control for such technical balances.

The Company continues to diligently manage its investment portfolio, estimation of credit loss provisions and valuation of the investment property, which was measured at fair value based on an independent valuer's valuation. In respect of these key audit matters, the Board will continue to exercise oversight and provide Management with adequate resources to handle them.

Internal auditor

The Company's internal auditor is PricewaterhouseCoopers Risk Services Pte. Ltd.

The internal auditor performs its duties in accordance with the Internal Audit Charter, the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors and other relevant market practices. The internal auditor has received appropriate access to information and cooperation from Management to perform its duties. There were no factors that adversely affected the internal audit function's independence, objectivity or effectiveness.

Corporate Governance

In carrying out its responsibilities, the internal auditor adopts a risk-based approach. It:

- evaluates the reliability, adequacy and effectiveness of the internal controls and risk management processes by assessing if business and risk management units are operating according to the risk appetite framework, keeping pace with industry trends or are aligned with market practices;

- reviews the internal controls of the Company to ensure prompt and accurate recording of transactions and proper safeguarding of assets;

- ensures that recommendations raised in internal audit reports are dealt with in a timely manner, with outstanding exceptions or recommendations closely monitored and reported to the AC; and

- reviews whether the Company complies with laws and regulations and adheres to established policies, and whether senior management is taking the appropriate steps to address control deficiencies.

The internal auditor develops its audit workplan independently after meeting with Management. The final audit plan, together with information on the personnel involved in the audit, is reviewed and approved by the AC annually. The internal auditor thereafter reports to the AC quarterly on the progress on the audit and any significant findings. The AC may also request the internal auditor to assist in the review of specific topics.

The Company has also engaged the internal auditor to conduct an internal review of its Sustainability Report for the year ended 31 December 2022.

Each year, the internal auditor performs a self-assessment of its performance, which is reviewed by the AC. The AC also considers the interaction between the internal auditor and Management, its conduct of audits and the quality of the reports submitted in its assessment of the internal auditor. The AC was satisfied that the internal auditor is independent, effective and has adequate resources, including suitably qualified and experienced staff, to perform the internal audit function for the financial year ended 31 December 2022.

External auditor

Ernst & Young LLP is the Company's external auditor and it is registered with the Accounting and Corporate Regulatory Authority (ACRA). In accordance with the SGX-ST Listing Rules, the partner in charge of auditing the Company is rotated every five financial years.

Before recommending the reappointment of the external auditor to the Board, the AC assesses all relationships between the Company and the external auditor (including the provision of non-audit services) which could adversely affect the external auditor's actual or perceived independence and objectivity. The AC also assesses the effectiveness, knowledge and competence of the external auditor.

In performing its assessment, the AC is guided by three evaluation guides, namely, the Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors (ACRA/SGX, dated July 2010), the Guidance to Audit Committees on ACRA's Audit Quality Indicators Disclosure Framework (revised in January 2020) and the Guidebook for Audit Committees in Singapore (MAS/ACRA/SGX-ST, dated August 2014).

The external auditor is also required to perform a self-assessment based on the criteria used or recommended in the evaluation guides. Management also provides its assessment of the external auditor to the AC. The AC considers the responses in both assessments in its evaluation of the external auditor.

Finally, the AC takes into account the quality of the external auditor's work, the quarterly affirmation of independence and relationships with the Company, as well as the audit and non-audit fees paid to the external auditor. The AC was of the view that the non-audit fee paid to the external auditor did not affect its independence. Particulars of the audit and non-audit fees for the financial year are disclosed in Note 6 to the Financial Statements.

Based on these factors, the AC is of the view that the external auditor was effective, independent and objective in its audit of the Company and that it has the requisite expertise and resources to be the Company's external auditor for the next financial year 2023. The Board has therefore nominated Ernst & Young LLP for reappointment at the forthcoming AGM. The Company has complied with Rule 712 of the SGX-ST Listing Rules with regard to the appointment of the auditing firm.

Risk management and internal controls

The AC assists the Board in the oversight of risk management functions in the Company and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the Company and its shareholders by determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. Given the greater emphasis on risk management in recent years, the AC has increased the amount of time spent in reviewing risk management matters.

The Board is of the view that the Company does not need to establish a separate board risk management committee or appoint an independent chief risk officer as the Company's business and setup are not complex, and the Company has a flat reporting structure.

The Company has an Enterprise Risk Management Framework (ERMF) which commensurates with the Company's level of activity, type of business and risk profile. The ERMF provides a holistic and structured approach for managing risks related to the business of the Company. Management reviews the ERMF and risk tolerance limits annually. Proposed changes are reviewed and endorsed by the AC before they are submitted to the Board for approval. The Managing Director and Chief Executive and the management committees are responsible for the continual development of risk management practices and the implementation of systems and controls for managing material risks effectively.

The Company's internal auditor and external auditor review and report to the AC on the adequacy and effectiveness of the Company's system of internal controls and risk management framework.

UOI's policies, guidelines and procedures are broadly similar to those of its parent company and are adapted to suit UOI's business and operations, where applicable.

In 2022, the AC continued to monitor the Company's responses and implementation of various risk management guidelines and policies.

More information on the Company's risk management practices can be found in the Risk Management section.

Adequacy and effectiveness

Self-assessment tools are used to evaluate the Company's compliance with internal controls and risk management processes annually. Management performs an assessment of the Company's system of risk management and internal controls, including financial, operational, compliance, sanctions-related and information technology controls. The result of the assessment is then reviewed by the AC.

The Board reviews the adequacy and effectiveness of the Company's system of risk management and internal controls annually. In its review, the Board takes into account the work performed by the internal and external auditors, and the opinions of the internal and external auditors and the AC. Assurances were also received from the Managing Director and Chief Executive, and the Head of Corporate Services that the system of risk management and internal controls, including financial, operational, compliance, sanctions-related and information technology controls, is adequate and effective to address risks which the Company considers relevant and material to its operations.

Following its review and with the concurrence of the AC, the Board is of the opinion that the Company's system of risk management and internal controls (including financial, operational, compliance, sanctions-related and information technology controls) was adequate and effective as at 31 December 2022.

The Board notes that no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud, and that the Company's system of risk management and internal controls provides reasonable but not absolute assurance that the Company will not be affected by any adverse event which may be reasonably foreseen.

Shareholder rights and engagement

Shareholder rights and conduct of shareholder meetings

Material information on the Company's financial performance and business are disclosed on SGXNet and the UOI website (www.uoi.com.sg) so that shareholders can make informed decisions on their investment in UOI shares.

Corporate Governance

All shareholders are entitled to attend and participate in the proceedings at general meetings. The notice of general meeting, related information and a proxy form are sent to shareholders at least 14 days before the meeting. The notice of meeting is also published in local newspapers, on SGXNet and on the UOI website. Each substantial matter is proposed as a separate and distinct resolution at the general meeting. Explanatory notes to the resolutions to be voted on are provided in the notice.

All Directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' questions about the conduct of audit and the preparation and content of the auditors' report.

The annual report is made available to all registered shareholders at least 14 days before the AGM, which is held within four months from the financial year end. The annual report is available on SGXNet and the Company's website, as are the notice of AGM and proxy form.

Shareholders may attend and vote at general meetings in person or by proxy. The rules for the appointment of proxies are set out in the notice of general meeting and proxy form. Shareholders who are not relevant intermediaries as defined in the Companies Act may appoint up to two proxies to attend, speak and vote at general meetings in their place. Nominee companies and custodian banks which are relevant intermediaries may appoint more than two proxies. Investors who hold shares through such nominee companies and custodian banks may attend and vote as proxies of the nominee companies or custodian banks. The completed proxy forms must be deposited at the place specified in the notice of general meeting at least 72 hours before the time set for holding the general meeting.

The Company currently does not implement voting in absentia by mail or electronic means as the Board is of the opinion that authentication of shareholder identity, errors, fraud and other related security and integrity issues are still a concern.

At each general meeting, each ordinary share carries one vote and electronic poll-voting services are provided by an independent contractor. Shareholders and proxies are briefed on the procedures before voting commences. The votes cast for or against each resolution are tallied and displayed immediately at the close of voting. An independent scrutineer is also present to validate the voting results before they are announced on SGXNet on the same day as the general meeting.

Shareholders who are present at a general meeting will be given time to ask questions relating to the resolutions to be passed at the meeting. The minutes of general meetings, which record substantial and relevant comments or questions from shareholders relating to the agenda of the general meeting, and responses from the Board and Management, are posted on the UOI website as soon as practicable.

In 2022, due to the COVID-19 pandemic related restrictions, the AGM was conducted electronically pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts and Debenture Holders) Order 2020 (COVID-19 Meetings Order). Shareholders were requested to submit their questions in advance of the general meeting and answers were published on the Company's website and SGXNET before the date of the meeting.

With the lifting of the COVID-19 pandemic related restrictions, the forthcoming 2023 AGM on 14 April 2023 will be held, in a wholly physical format, at the Penthouse of United Overseas Bank Limited, 80 Raffles Place, 62nd Storey, UOB Plaza 1, Singapore 048624. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the 2023 AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the 2023 AGM, and voting at the 2023 AGM by shareholders or their duly appointed proxy(ies), are set out in the notice of AGM.

Engagement with shareholders

To ensure equal access to information by all shareholders and other stakeholders, all pertinent information relating to the Company is disclosed in a timely manner via SGXNet and the Investor Relations webpage on the UOI website (www.uoi.com.sg/uoi/about/investor_relations.html), which contains the latest financial highlights, financial results, annual report and other corporate information.

The Company announces its financial highlights for the first and third quarters and financial results for the second quarter (half-year) within 45 days from the end of the quarter. The full-year financial results are announced within 60 days from the end of the financial year.

Shareholders, analysts and other stakeholders may provide feedback to the Directors through the Company's Investor Relations team whose contact details are in the Corporate Information section of the Annual Report and on the UOI website.

Dividend payment

The Company aims to pay sustainable dividends to shareholders over the long term by balancing the Company's growth with prudent capital management.

Dividends recommended or declared for payment are announced on SGXNet. Interim dividends are paid within 30 days after they are declared and final dividends are paid within 30 days after they are approved by shareholders at the AGM.

Managing stakeholder relationships

Engagement with stakeholders

The Company has adopted a stakeholder engagement policy to assist the Company in identifying its primary stakeholders, addressing their concerns and engaging with them.

Particulars of UOI's communications and engagement efforts with its stakeholders can be found in the Sustainability Report and the UOI website.

Related party transactions and interested person transactions

The Company has established procedures on related party transactions which include the definitions of how parties are related, limits applied, terms of transactions, and the authorities and procedures for approving, monitoring, and where necessary, writing off of these transactions.

The Board has delegated the reviews of all interested person transactions and material related party transactions to the AC. The AC reviews the transactions to assess if they are undertaken in the ordinary course of business, on normal commercial terms and at arm's length, and are not more favourable than transactions conducted with non-related parties under similar circumstances.

Should a transaction meet the criteria, the AC will approve the transaction. All Directors have to declare any interest which could conflict with UOI's interest and abstain from voting on matters in which they have an interest. The AC keeps the Board informed of the transactions and the findings and conclusions from its review. Information on related party transactions is also disclosed in the Notes to the Financial Statements.

The particulars of interested person transactions entered into during 2022 are disclosed in the table below.

Interested Person Transactions

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
United Overseas Bank Limited	Controlling shareholder	UOB provided the following services to UOI: • telemarketing service valued at approximately $2.6 million; and • marketing service at UOB branches. Fees payable are based on sales generated.	Nil

Material contracts

Save as may be disclosed on SGXNet or herein, no material contract involving the interest of the Managing Director and Chief Executive, any Director or controlling shareholder of UOI has been entered into by the Company since the end of the previous financial year, and no such contract subsisted as at 31 December 2022.

Corporate Governance

Ethical standards

Code of Conduct
The Company maintains a written Code of Conduct which lays down the principles of personal and professional integrity and behaviour expected of all employees. The principles covered in the Code include:

- fair dealing with customers in the conduct of business;
- maintaining confidentiality of customer information;
- protection of personal data;
- equal opportunity for employees on the basis of merit;
- zero tolerance of any kind of discrimination, bullying, harassment or other forms of degrading behaviour that is inimical to the existence of a safe and harmonious working environment;
- maintaining professional independence and objectivity;
- compliance with applicable laws and regulations, including competition and anti-trust law;
- zero tolerance of bribery, corruption and illegal or unethical dealings, including insider trading and facilitation payments; and
- whistle-blowing.

Employees are required to read the Code of Conduct when they join the Company and whenever the Code of Conduct is revised. All employees are required to refresh their knowledge of the Code of Conduct annually through an e-learning course.

Whistle-blowing
The Company's whistle-blowing policy, which is available on the Company's intranet, provides for any person to report in confidence, anonymously or otherwise, any impropriety in financial or other matters. The policy also sets out the procedures by which whistle-blowing cases are investigated.

Whistle-blowing reports may be sent to the AC chairman (c/o Company Secretary, 80 Raffles Place, UOB Plaza 1, Singapore 048624). All whistle-blowing reports received are investigated independently by the AC with the assistance of the internal auditor or an external independent consultant firm, where appropriate. Reprisal in any form against whistle-blowers who have acted in good faith is prohibited.

Securities dealing
Directors, employees and UOB personnel involved in providing services to the Company have to observe a code on dealing in securities. The code requires them to adhere to applicable laws on insider dealings at all times and prohibits dealings in the Company's securities in the following situations:

- on short-term considerations; and
- during the period commencing two weeks before the announcement of the Company's financial highlights for each of the first and third quarters and second quarter/half-year financial results of the financial year, and one month before the announcement of the Company's full-year financial results. The Company does not deal in and advises its Directors and employees not to deal in its securities during the prohibited dealing periods and whenever they are in possession of price-sensitive information.

Directors and the CEO must notify the Company of their interests in the securities of the Company and its related corporations within two business days after they acquire or dispose of such interests or become aware of any change in interests so that the Company can announce it on SGXNet, where applicable.

Summary of disclosures

Express disclosure requirements in the MAS Guidelines

Provisions and Additional Guidelines – Express disclosure requirements	Page reference
Provision 1.2 The induction, training and development provided to new and existing directors.	22
Provision 1.3 Matters that require board approval.	16
Provision 1.4 Names of the members of the board committees, terms of reference, any delegation of the board's authority to make decisions, and a summary of each board committee's activities.	23, 24 and 26
Provision 1.5 The number of meetings of the Board and board committees held in the year, as well as the attendance of every Board member at these meetings.	18
Additional Guideline 1.17 How the induction, orientation and training provided to new and existing directors meet the requirements as set out by the NC to equip the board and respective board committees with relevant knowledge and skills in order to perform their roles effectively.	22
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	18
Provision 4.3 Process for the selection, appointment and re-appointment of directors to the board, including criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	18 and 19
Provision 4.4 Where the board considers a director to be independent notwithstanding the existence of a relationship between the director with the company, its related corporation, its substantial shareholders or its officers, which may affect his or her independence, such relationship and the reasons for considering him/her as independent.	19
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC and board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	5 to 8, 20 and 21
Additional Guideline 4.11 Resignation or dismissal of key appointment holders.	19
Additional Guideline 4.12 Identification of all directors, including their designations (i.e., independent, non-executive, executive, etc.) and roles (as members or chairmen of the board or board committees).	18
Provision 5.2 How the assessment of the board, its board committees and each director has been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	21
Provision 6.4 The engagement of any remuneration consultants and their independence.	24

Corporate Governance

Provisions and Additional Guidelines – Express disclosure requirements	Page reference
Provision 8.1 The policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least top five key management personnel (who are not directors or the CEO) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel.	24
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the company, or are immediate family member of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000. The disclosure should state clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	26
Provision 8.3 All forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, including the details of employee share schemes.	25
Provision 9.2 Whether the Board has received assurance from: (a) the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	29
Additional Guideline 9.9 Whether a non-director member has been appointed to the BRMC.	not applicable
Additional Guideline 9.11 The Board's comments on the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls, and risk management systems) and a statement on whether the AC concurs with the Board's comment. Where material weaknesses are identified by the Board or AC, they are disclosed together with the steps taken to address them.	29
Provision 10.1(f) Whether the existence of a whistle-blowing policy and procedures for raising concerns has been publicly disclosed, and clearly communicated to employees.	32
Additional Guideline 10.19 The Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced.	28
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	18
Provision 12.1 The steps to solicit and understand the views of shareholders.	30
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	31
Additional Guideline 14.5 Material related party transactions.	31

Sustainability

Our commitment to sustainability

Established in 1971, UOI has served the Singapore-insuring public for more than 50 years. UOI is committed to creating sustainable value for its stakeholders and responsibly providing financial services to clients. UOI's principal business is centred on underwriting a broad spectrum of general insurance including fire, marine, motor, engineering, general accident, and liability business, and reinsurance. Over the decades, UOI has maintained consistent growth, contributed to shareholder value and played its part as a responsible corporate citizen. UOI remains the only home-grown general insurer listed on the Singapore Exchange.

UOI is a trustee of a mutual fund whereby the losses of a few are shared by many. Premiums are pooled together, claims are deducted, and surpluses are accumulated and used to fund capital requirements of businesses or deployed into investments that are beneficial to society. Through careful management of this mutual fund, UOI facilitates the transfer of risks from insureds, supports economic activities, contributes to government revenue through taxes, creates jobs and provides funding for investments and corporate finance.

Our values of honesty, fairness, social conscience, professionalism and the constant pursuit of excellence guide the UOI Management and the Board to grow business sustainably. The Board Chairman, Dr Wee Cho Yaw, is a well-respected philanthropist who actively supports social and charitable causes. Dr Wee's voluntary positions have included council member of the National University of Singapore in 1980, and Pro-Chancellor of Nanyang Technological University in 2004.

UOI has played an active role in supporting the establishment of several important institutions in Singapore. These include the National Crime Prevention Council, National Fire and Civil Emergency Preparedness Council, General Insurance Association of Singapore, Insurance Ombudsman Committee and the Asean Insurance Council.

UOI supports the Singapore government's drive for building a green economy and is committed to contributing to the Singapore Green Plan 2030, introduced by the government in February 2021 to advance sustainable development. We are also committed to addressing climate-related risks and opportunities in accordance with the Environmental Risk Management Guidelines (Insurers) issued by the Monetary Authority of Singapore (MAS) in December 2020 (MAS ERM Guidelines). Furthermore, we continue to use the United Nations (UN) Sustainable Development Goals as a framework to inform our strategic sustainability priorities.

Our sustainability approach, actions, accomplishments and future targets are detailed in this report.

About this report

This report is UOI's sixth annual sustainability report.

This report provides details of our performance relating to the material Environmental, Social, and Governance (ESG) topics, including risks and opportunities. The performance data in the report is for the financial year ended 31 December 2022.

Reporting standards and frameworks

UOI has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022. We use the GRI Standards for our sustainability reporting due to its international recognition and acceptability. The GRI Standards also help us identify and prioritise our material sustainability impacts. For this report, we have transitioned to the latest version of the GRI Standards – the GRI Universal Standards 2021.

This report is also prepared in accordance with SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting. In addition, the report outlines UOI's contribution to the UN Sustainable Development Goals (SDGs). This report also refers to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and MAS ERM Guidelines.

Reporting scope and boundary

This report covers the entire operations of UOI in Singapore and all related business activities.

Reporting principles

We have applied GRI's reporting principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability in preparing this report. We have selected the topics to report through GRI's materiality assessment process, which enables us to determine UOI's actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across UOI's activities and business relationships.

Sustainability

Restatements

We have restated the total carbon emissions and carbon emissions intensity for FY2021 due to an update to the emission factors by the Energy Markets Authority, Singapore, in 2022. The change is not material.

External assurance

UOI's current practice is to rely on internal checks and verifications for data presented in its sustainability report. For the period under review, we implemented a new mechanism for the internal review of sustainability information to strengthen the robustness of disclosures.

Availability

As part of our Annual Report, this report is available on UOI's website in PDF format for viewing and download.

Feedback

We welcome any questions or feedback relating to this report which may be sent to contactus@UOI.com.sg

ESG performance highlights			
Material ESG factors	**2022**	**2021**	**2020**
Environmental			
Electricity consumption (kWh)	471,723	330,936	326,499
Energy intensity (kWh/employee)	4,717	3,277	3,170
CO_2 emissions (tonnes)	191	134	133
CO_2 emissions intensity (tonnes/employee)	1.91	1.33	1.29
Office paper use (kg)	13,695	13,469	14,875
Office paper use intensity (kg/employee)	137	133	144
Non-hazardous waste (kg)	5,250[1]	10,898	7,259
Non-hazardous waste intensity (kg/employee)	53	108	70
Note: Energy and emissions refer to purchased electricity.			
Social			
Employees			
Total number of employees	100	101	103
New hires	23	13	20
Female employees – %	86	81	83
Female managers and supervisors – %	85	82	84
Female Heads of Department – %	57	38	38
Average hours of training per employee	33	20	20
Annual employee turnover rate (%)	12	12	9

1 In 2021, the higher level of waste was due to the move to our new office premises, which provided an opportunity for thorough housekeeping. In 2022, we saw a decrease in our waste compared to the previous year.

ESG performance highlights			
Material ESG factors	**2022**	**2021**	**2020**
Governance			
Compliance with the Insurance (Corporate Governance) Regulations (Insurance Regulations)	✓	✓	✓
Compliance with the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST)	✓	✓	✓
Compliance with all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) issued by the Monetary Authority of Singapore (MAS) in 2013	✓	✓	✓
Compliance with the Code of Corporate Governance 2018 issued on 6 August 2018 (2018 Code)	✓	✓	✓
Compliance with the MAS ERM Guidelines	✓	✓	✓

Board statement

The Board is committed to building a sustainable and resilient business. The Board constantly assesses and addresses material environmental, social, and governance (ESG) risks and opportunities and seeks to align UOI's policies with the broader goals of sustainable development. The Board considers sustainability in framing and reviewing business strategy and provides strategic direction to the Management regarding sustainability issues. Assisted by the Management Committee, the Board determines the ESG factors to create sustainable value for the business and stakeholders, and the ESG factors that must be managed to prevent or reduce negative impacts on stakeholders and the environment. The Board maintains effective oversight of the management and monitoring of the material ESG issues presented in sustainability reporting. The Board has endorsed this sustainability report.

The Board recognises that the impact of climate change on the global insurance business can be substantial. Therefore, the insurance sector needs to effectively assess and manage climate-related risks and opportunities. At UOI, the Board has oversight of climate-related risks and opportunities. Guided by the Board, Management assesses and manages climate-related risks and opportunities as part of its overall management of material sustainability issues.

Highlights

- UOI continues to enjoy a financial strength rating of A+ (Superior), a Long-Term Issuer credit rating of 'aa-' and a stable outlook from A.M. Best, a leading independent international credit rating agency for the insurance industry.
- Absence of any significant adverse finding in internal and external audits.
- Absence of any significant complaint by customers and claimants.

Sustainability Governance

At UOI, sustainability overseen by the Board. The Board plays an active role in developing and implementing our sustainability strategy, environmental risk management (ERM), and corporate governance.

With the Board's guidance, Management has established a robust system of controls and risk management that ensures that UOI's operations and dealings with its stakeholders uphold high standards of professionalism, ethical values, and social and environmental responsibility.

Sustainability

The Management Committee (MC), comprising senior executives from key functions, is chaired by the Managing Director and Chief Executive, who is also a member of the Board. Guided by the Board, the MC is responsible for implementing our sustainability strategy and preparing this sustainability report.

As part of its overall responsibility for sustainability, the MC is also charged with developing and implementing an ERM framework, policies, tools and metrics to address climate-related risks and opportunities. In addition, the MC regularly reviews climate-related risks and opportunities and updates the Board on significant developments.

The MC reviews and assesses the sustainability context, material ESG issues, environmental and climate-related risks, report content and scope, and topics for reporting. Finally, the Board reviews and approves the material ESG factors, targets and performance.

A cross-functional project team has the responsibility for collecting and verifying ESG performance data for reporting.

Sustainability management

Various senior executive committees actively contribute to implementing sustainability strategies throughout UOI. These committees and their responsibilities are set out below.

Risk Management and Compliance Committee (RMCC): examines all risk management, corporate governance and compliance issues affecting the Company, including ESG risks which also cover climate-related risks.

Underwriting and Claims Committee (UCC): establishes underwriting and claims policies, procedures, and monitors the compliance of such policies and procedures by all operational units. The UCC monitors underwriting risks and oversees the development of any new underwriting policy and strategy. The increasing significance of environmental and climate-related risks have instigated a new risk class that needs to be considered in our underwriting policies and procedures.

Investment Committee (IC): monitors and manages the Company's investment portfolios, ensuring sound and responsible economic performance. The IC also considers ESG risks in general and climate-related risks more specifically to minimise overall risk to our investment portfolio.

More information about the functions of various committees is available in the Risk Management section of this Annual Report.

Sustainability Strategy

UOI has built a strong reputation as a trusted insurance solutions provider in Singapore over the past 50 years. As a market-leading local general insurance company, sustainability is embedded in our governance and strategy, backed by our commitment to creating long-term sustainable economic value.

UOI's business activities and stakeholder relationships are grounded in our values: honesty, fairness, social conscience, professionalism and the constant pursuit of excellence. Consistently delivering exceptional client experience is our topmost priority, and our policies and actions are guided by high standards of ethics, integrity, professionalism, transparency and governance.

We manage our material ESG risks and opportunities by nurturing a compliance culture, adopting fair dealing practices, protecting personal data and customer privacy and offering insurance solutions to meet the needs of our customers. In our direct operations, we are committed to mitigating the negative impacts and taking steps to remediate, where required. Our policies support internationally accepted principles, including the Paris Agreement, ILO Labour Standards, UN Declaration on Human Rights and UN Sustainable Development Goals.

In an increasingly complex and challenging operating environment, geopolitics, globalisation, climate change, disruptive technologies and shifting demographics all have the potential to impact our work as an insurance provider and the work of our clients. In light of these challenges, UOI remains fully committed to supporting our clients and the community in their efforts to overcome and recover from adverse circumstances. By facilitating risk transfer, UOI is able to provide additional peace of mind to the insuring public.

Yet, in our underwriting, we do not lose sight of the importance of "Safety First" in fire and accident prevention and apply to differentiate premium rating between good and bad risks to promote and contribute to a safer environment at home, workplace and on the road.

The pillars of our sustainability strategy are monitoring and understanding the latest developments and wider trends relevant to our business, identifying and mitigating associated risks, looking for growth opportunities, and formulating action plans. In adopting this approach, UOI acknowledges the challenge, and identifies and prioritises the areas in which it can make significant contributions.

Impactful developments and trends

As a forward-looking, agile business, we must be fully prepared to manage and mitigate future risks while also seizing future opportunities to benefit all our stakeholders. Our sustainability in terms of financial viability is a prerequisite to our wider role in making meaningful contributions to society. We have identified below some of the more significant developments and continuing trends that are likely to impact our activities going forward within the ESG framework:

1. **Climate change**

   Climate change is one of the defining issues of the 21st century, with shifting weather patterns and rising sea levels threatening every region across the globe. The Intergovernmental Panel on Climate Change (IPCC) stated in its 2021 assessment report that human-induced climate change is already affecting many weather and climate extremes such as heatwaves, heavy precipitation, droughts and tropical cyclones.

   More than ever before, businesses, including insurers, are expected to act on climate risks and opportunities to minimise the impact on their long-term financial performance. The global insurance industry has seen losses running into billions of dollars due to extreme weather conditions resulting from climate change. It is therefore critical for the insurance industry to develop methodologies, tools and metrics to address the risks of climate change.

   We use the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations to assess and report climate-related risks and opportunities. In this report, our disclosures related to climate risks and opportunities are consistent with the TCFD recommendations.

2. **COVID-19**

   Worldwide, we are still living with the threat of the COVID-19 pandemic as the virus mutates and continues to disrupt societies and economies. As an insurer involved in all aspects of human endeavours, we have to be fully geared to meet the challenges of pandemics such as this. However, progress has been made, and with 92% of the public in Singapore having received the full regimen of COVID-19 vaccinations as of 31 December 2022, according to the Ministry of Health[1], the government has reopened the economy and borders to support recovery and growth.

3. **Technological disruption**

   COVID-19 expedited the digitisation of economies and businesses, with remote working becoming a necessity for millions during lockdown periods, and shifting consumer behaviour, causing a surge in e-commerce activities. Analysts predict that Singapore's e-commerce market will rise to US$10 billion by 2026, compared with US$5.6 billion in 2018. This shift requires vendors to establish reliable and effective digital platforms in order to remain competitive. As an insurer, we have developed new products to cater to the changing behaviour of the insuring public. We are also paying close attention to other technological innovations, such as the application of big data analytics and FinTech, to ensure our existential relevance.

   Other trends that continue to be significant to the insurance sector include over-regulation, terrorism, generational changes, rising healthcare costs and geopolitical conflict leading to departure from multilateralism and international relations and trade.

Our Response

Strong governance

With a tradition of strong corporate governance, UOI's policies and actions are guided by high standards of professionalism, ethics, integrity, transparency and governance, which will ensure the Company's long-term sustainability. UOI has robust policies in place to address the disruption to business and uncertainties in the investment markets arising from COVID-19, climate change, global recession, and geopolitics.

1 Source: Ministry of Health, Singapore

Sustainability

The Board is fully aware of its fiduciary duties and responsibilities and has directed Management to establish adequate systems of controls and procedures. The Board oversees the business affairs of UOI, provides strategic direction and guidance, monitors financial performance, sets company values and standards, approves our Enterprise Risk Management Framework and supervises the Management in all important business plans and projects.

The Company's Audit Committee reviews the financial statements, interested person transactions, ensures that our system of risk management and internal controls is adequate and effective, appoints and evaluates the internal and external auditors, and approves internal and external audit plans and reports.

The Board and Management ensure UOI fully complies with the MAS ERM Guidelines to strengthen the governance, oversight and management of climate-related risks and opportunities. Over the past year, Management has continued strengthening our framework to assess and manage UOI's environmental risk exposures systematically.

A detailed explanation of the Company's governance can be found in Corporate Governance on pages 16 to 34 in our Annual Report 2022.

Judicious underwriting

Prudent management of risks is fundamental to UOI's business, bearing in mind the financial resources available, the high-risk nature of the insurance business and the importance of maintaining the regulatory solvency requirement at all times. UOI remains diligent in judiciously underwriting risks in the face of emerging challenges such as those identified above. We will continue to be vigilant in monitoring the accumulation of risks and sustainability of UOI's value chain, which includes its reinsurers.

Resilience

Since the start of the COVID-19 pandemic, we have introduced a series of measures to protect and support our people. Our measures included strict safe distancing measures, a higher frequency of cleaning of the workplace, and providing masks and antiseptic hand sanitisers to our staff. UOI's Crisis Management Team (CMT) continues to oversee measures to keep our people safe. The measures include Work-from-Home arrangements for employees who are able to perform their duties remotely during the periods of heightened restrictions and alternate workday arrangements for employees who are restricted from performing their duties within the office.

For our customers, UOI actively monitors market trends and explores new product offerings that can help customers manage their risks better during future pandemic outbreaks.

Digital capabilities

We continue to invest in our digital capabilities to enhance customer experience, serve our customers more effectively, and become more efficient and productive in our operations. As we conduct more of our business online, securing our IT infrastructure and security is of paramount importance. To this end, we are continuously upgrading our personal data protection and cybersecurity measures. We are also investing in ongoing training of our people to build a digitally savvy workforce.

Responsible investing

We have embedded ESG considerations in our investment decisions. Our fund manager, UOB Asset Management (UOBAM), is committed to integrating ESG evaluation into its investment process across all investment asset classes. A signatory of the UN Principles for Responsible Investment, UOBAM uses a combination of tools, including sustainability ratings, to assess companies' ESG performance.

Green insurance

We are exploring potential opportunities in green insurance solutions that support and promote environmentally friendly lifestyles, products and projects. We also keep a close eye on rapid technological advancements, many of them disruptive in nature, and the challenges they pose in assessing and underwriting risks.

We have launched InsureDrive, a motor insurance policy which provides insurance cover for electric cars to support customers in their green journey.

Green building

In 2022, UOI Building, where our head office is located, was awarded the Green Mark Certification by the Building and Construction Authority (BCA), Singapore. UOI Building boasts energy and water efficiency features. These include an upgraded cooling system, energy-efficient LED lighting and water-efficient taps and sanitary ware.

Our Stakeholders

Actively listening to our stakeholders continues to be a critical part of how we approach sustainability and our business. We engage with a range of stakeholders throughout the year to gain insights into their needs, concerns and expectations. Stakeholder insights are regularly discussed in internal management meetings to help us develop suitable insurance plans and solutions for our customers, and issues raised by our stakeholders are considered in our materiality assessment to prioritise ESG topics for reporting.

An overview of our engagement activities is presented in the following table:

Our stakeholders	What they expect	How we engage	How we respond
Customers	• Adequate cover • Affordable premiums • Clarity in policy terms and conditions • Fast claim settlements • Respect and fair treatment • Products tailored to their needs	• Product brochures and communications • Web portal • Customer services • Through the sales process • Through claims process • 24-hour hotline for UOI customers for specific products	• Via a customer-centric business approach • Hiring of skilled personnel • Adherence to industry code of practice • Adherence to Code of Conduct • Employees' behavioural service standards • Product training for employees and sales personnel • Product development that aligns with customers' needs • Product review committee to assess all new products • Niche products to match customers' needs • Annual review of agents to ensure their suitability in serving our customers
Employees	• Conducive work environment • Trust and respect • Job satisfaction • Skills training • Career advancement • Work-life balance • Job security • Safe workplace • Fair remuneration and benefits	• Intranet, emails, and meetings • Team bonding activities and events • Performance appraisal • Internal customer survey • Reward programme • Conduct workplace safety assessments regularly	• Compliance with applicable laws and regulations, including Workplace Safety and Health Act • Employment policies and practices that promote inclusivity, diversity, fair treatment, safe working conditions, reward and recognition for performance, teamwork, work-life balance, and career growth • Flexi-work arrangements • Annual training plan

Sustainability

Our stakeholders	What they expect	How we engage	How we respond
Agents and brokers	• Attractive sales commission and incentives • Product training and development • After-sales support • Prompt claims settlements • Payment of commission as agreed • Competitive products and pricing • Comprehensive coverage • Underwriting expertise	• Regular meetings with agents and brokers • Dedicated account relationship managers • Product briefings • Networking sessions with brokers	• Agency agreement with clear terms and conditions • Regular training opportunities • Agency management framework
Regulators	• Compliance with applicable regulations • Adherence to various sector-specific guidelines • Fair dealing	• Attendance of briefings and consultations organised by regulatory agencies • Communication through emails and letters	• Compliance with applicable rules and guidelines • Robust management of risks • Sound underwriting policy and strategies • Prompt response to requests for information • Timely submission of reports
Trade associations	• Support through membership subscriptions	• Attendance of industry seminars and conferences	• Membership of relevant associations such as the General Insurance Association of Singapore

Our stakeholders	What they expect	How we engage	How we respond
Investors	• Consistent returns • Good governance • Sustainable growth of business • High standards of ethics and integrity	• Annual General Meeting • Dedicated Investor Relations pages on the UOI website • Dedicated Investor Relations Officer	• Professional and ethical conduct • An experienced management team that runs the business efficiently and generates optimum returns • Sustainable business growth policies and strategies • Prudent business planning and risk management • Strong governance, transparency and disclosure
Community	• Good corporate citizenship • Support for social causes	• Various community outreach activities	• Participation in the parent company's (UOB) community initiatives and organise our own initiatives and employee volunteering programmes • Support for national green policies and measures

Membership of associations

UOI is a member of the following industry and insurance sector associations, and actively participates in various activities conducted by these associations, including holding leadership positions when called upon:

- General Insurance Association of Singapore
- Singapore National Employers Federation
- Singapore Business Federation

Sustainability

Materiality

Periodic materiality assessment and annual reviews are central to our sustainability reporting. We assess material topics using the GRI Standards. We prioritise the sustainability issues that reflect UOI's most significant negative and positive ESG impacts and those which are of significant stakeholder interest. While prioritising material impacts, we consider the severity and likelihood of negative impacts and the scale and likelihood of positive impacts.

The MC validates the material sustainability issues resulting from the materiality assessment and submits them for the Board's review and approval. The outcome of the materiality assessment guides our sustainability priorities, strategy and reporting.

Our materiality assessment also considers the broader sustainability trends, the UN SDGs, emerging ESG risks and opportunities for the insurance sector and regulatory developments.

Our most recent comprehensive materiality assessment was in 2020. In 2022, we conducted a high-level review of the material topics reported in the previous year. Our report also covers material climate issues in line with the TCFD recommendations and the MAS Guidelines.

An overview of UOI's material factors is presented in the following table.

Material ESG factors	GRI standards	Topic boundary	Management approach
Highly material factors			
Client Satisfaction	• Marketing and labelling • Customer privacy	The impact occurs across our customer base through our product features, pricing, underwriting, claim settlement processes, customer service, and our agents and bancassurance partners.	Conduct our business professionally and ethically and deliver value and fair dealing outcomes to our customers.
Digitalisation	• Customer privacy	The impact occurs within the organisation through improved efficiency and productivity as well as outside the organisation through enhanced customer experience.	Accelerate and increase digitalisation of business and automation of the delivery of insurance services and processes.
Regulations	• Socio-economic compliance • Anti-corruption • Customer privacy • Product and service labelling • Marketing communications	Our compliance policies positively impact regulatory institutions and customer satisfaction.	Maintain zero breaches or incidents of non-compliance with cybersecurity and personal data protection, laws and regulations.

Material ESG factors	GRI standards	Topic boundary	Management approach
Highly material factors			
Financial and economic performance	• Economic performance • Indirect economic performance	We make an impact on society by underwriting financial risks for our individual and commercial customers and the community. Our economic impacts include tax contributions and jobs creation.	Optimise financial performance to improve shareholder value and provide job security to employees. Maintain strong capital adequacy and solvency.
Material factors			
Responsible investment	• Product portfolio *(G4 Financial Services Sector Disclosures)*	The impact occurs outside of our organisation through our investment decisions.	Embedded ESG considerations in our investment decisions.
Climate change	• Product portfolio *(G4 Financial Services Sector Disclosures)*	The impact occurs outside of our organisation through our underwriting insurance risks, investment decisions and green insurance solutions.	Focus on prudent underwriting of insurance risks and consider climate change concerns in investment decisions. Explore developing solutions that support climate change mitigation.
Talent management	• Employment • Training and education • Diversity and equal opportunity	The impact occurs within our organisation through the professional development of our people and through building an inclusive workplace.	Attract, develop and retain talent. Nurture an inclusive workplace.
Building a risk-focused organisation culture	• Training and education	The impact occurs within our organisation through building risk management skills and capabilities.	Build a risk-focused organisation through ongoing training on risk management.

Sustainability

Material ESG factors	GRI standards	Topic boundary	Management approach
Important factors			
Environment	• Energy • Greenhouse gas emissions	We strive to reduce our environmental footprint and support the government's green initiatives.	Minimise our direct impact on the environment by using resources efficiently.
Society	• Local communities	Our impact on society is through our involvement with community development initiatives and by serving the insurance needs of society.	Be a responsible corporate citizen and to contribute to various social programmes. Monitor trends in claims and share relevant information with clients to help them in loss prevention and loss reduction, leading to a safer environment for the community. Meet the insurance needs of individuals and businesses through appropriate and relevant products.

UN Sustainable Development Goals

We remain committed to making a positive contribution to sustainable development. Accordingly, we have integrated the SDGs into our sustainability approach. UOI's focus on the material topics that support the relevant SDG targets is illustrated below.

Contributing to the UN sustainable development goals

Material ESG topics	SDG targets supported	SDGs
Client satisfaction	Target 8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Digitalisation	Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Regulations	Target 16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all Target 16.5. Substantially reduce corruption and bribery in all their forms	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Financial and economic performance	Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	8 DECENT WORK AND ECONOMIC GROWTH
Responsible investment Climate change	Target 7.3. By 2030, double the global rate of improvement in energy efficiency Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	13 CLIMATE ACTION
Talent management	Target 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	8 DECENT WORK AND ECONOMIC GROWTH
Building a risk-focused organisation culture	Target 16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability

Marketplace

At UOI, we are driven by client-centricity and focused on providing a superior experience to our customers. Our paramount goal is to offer solutions that efficiently meet our customers' insurance needs. Driven by our long-cherished values, we constantly strive to maintain our role as a responsible and innovative player in the insurance sector. We uphold the highest ethical and professional standards in our dealings and engagements with customers and stakeholders.

Our insurance operation

Client satisfaction

UOI's organisational culture is anchored on client satisfaction, and we pride ourselves on putting clients at the centre of everything we do. We constantly train our employees to listen to and seek out client feedback to better understand their needs. A dedicated UOI task force regularly reviews and implements customer service excellence initiatives to drive client satisfaction.

We have built a strong foundation of client trust and loyalty over the past 50 years by ensuring the high quality of our products and services, providing the right levels of coverage and affordable premiums to meet our clients' needs. We offer several mandatory insurance products, such as motor insurance, domestic helper insurance, and work injury compensation at competitive pricing to help clients meet their legal obligations.

We know that our clients value a straightforward, smooth and prompt claim processing and we strive to facilitate this across the organisation. Our increasing investment in digital solutions will further enhance client satisfaction by making our processes more efficient and improving customer service.

Ongoing target	2022 performance
To conduct our business professionally and ethically, that delivers value and fair dealing outcomes to our customers	There were no incidents of non-compliance concerning product and service information and labelling or marketing communications.

Fair dealing

Treating clients fairly and respectfully and ensuring transparency in our selling and marketing practices is key to building client trust and underpins our strong, client-centric culture. We take steps to fully understand our clients' needs in order to provide tailored advice and explanations to help them make informed decisions when buying an insurance policy. We also ensure our advertising and promotional materials and product information are transparent, simple, straightforward and easy to understand. Furthermore, we require our agents to explain all the main features of our products and services and provide a product summary highlighting essential details of cover and benefits, significant restrictions, warranties or exclusions, and any significant conditions or obligations that our customers must meet.

Free look period

It is crucial for us that our clients feel confident about the insurance plan they buy. Some of our products come with a 14 to 30-day free-look period so that clients can review their policy to ensure it meets their needs. Customers may cancel the policy within the free-look period for a full refund of their premium if they change their minds.

Fair claim processing

Fair and efficient claim processing is the cornerstone of client trust in the insurance business, and UOI is fully committed to handling claims and complaints fairly, reasonably and promptly. We aim to acknowledge all claims within three business days of receipt and decide the outcome as soon as practical after receiving all the necessary information and completing investigations.

Claim processing is faster when the coverage and the procedures are clear to clients from the outset. Therefore, we explain the claim procedures clearly to clients at the time of selling. Our friendly claims executives are also on hand to discuss any queries our clients may have during the claim process. Our website also provides detailed information about claim procedures.

Providing Islamic insurance options

Takaful is Islamic insurance adhering to Syariah principles and is based on social solidarity. UOI has built its business infrastructure to support the selling and servicing of Takaful products. It follows the Islamic principles of equitability and transparency and advocates collective responsibility and cooperation. Unlike conventional insurance, the mutual risk is shared by Takaful participants. In Takaful, contributions paid by policyholders are kept in a Tabarru Fund or Donation Fund (for designated purposes) which is used to pay for claims and costs of operating the scheme.

Insurance for SMEs
Our BizPA insurance policy is aimed at providing protection to SME owners. Benefits are paid out to the company in the event of accidental death or permanent disablement to owners. The covers helps minimise financial disruption to the business.

Digitalisation
The COVID-19 pandemic accelerated the use of digital services, including for the purchase of financial products such as insurance online. UOI recognises the importance of the increasing shift to digital e-commerce in an increasingly data-driven world, and digital transformation has been one of the strategic priorities at UOI for the past few years. We believe technology is key to enhancing the client experience, productivity and efficiency, and we have been investing in enhancing our IT infrastructure and management information system to support the digitalisation of products and services. Consolidating services and processes on a secure digital platform will help speed up processes, lower operational costs and reduce our environmental footprint.

In our view, emerging technologies such as artificial intelligence, machine learning, data analytics and the Internet of Things (IoT) will play a crucial role in the insurance sector. For example, the use of Big Data will enable us to develop tailored and personalised insurance solutions for our clients.

Digitalisation		
2022 target	2022 performance	2023 target
Automate and be able to deliver our insurance services on a digital platform by 2022	Significant investments have been made in the improvement of our IT infrastructure. Our travel products are available on a digital platform.	Enhance our digital capability and operational efficiency through investments in IT infrastructure, business process automation and interactive customer platforms.

Our digitalisation programme aims to harness the opportunities presented by rapid technological advancements, evolving business environments, stringent regulatory requirements and customers' changing preferences. Our strategy is to operate a customer-oriented digital platform, leverage data analytics and digital marketing to improve the delivery of insurance products and reduce operational costs by process automation.

UOI customers can access a wide range of insurance products and services on our mobile and web-based digital marketing and e-commerce platforms. Customers can conveniently buy our travel insurance products via e-commerce platforms such as online B2C portals available on UOI, UOB and UOB Travel Planners' website and UOB TMRW, the digital banking app of UOB. Our customers can also get an instant quotation and purchase our travel insurance products on our secure internet platform.

Our B2B online application system is deployed to UOI's agents to facilitate our travel insurance sales and to support the telemarketing sales of motor insurance to UOB customers. In addition, our digital platform for claims servicing and policy administration helps us to constantly improve our bancassurance business model and overall customer service.

Our digital drive regarding insurance proposals, processing, approvals, renewals, and billing helps eliminate unnecessary use of paper thereby having a positive effect on the environment. We also encourage our customers to opt for a soft copies of their policy document rather than the traditional printed format.

Our customer outreach programmes for personal insurance products now rely much more on direct electronic mailers, mobile text messages and digital marketing, which has helped us further reduce our paper consumption significantly.

Developing a tech-savvy workforce
As we invest in more digital solutions and processes, we also need to upskill our workforce to ensure they are technology-savvy in order to leverage the benefits of digitalisation. We have established ongoing digital training for our staff which includes skills training in key areas such as marketing, underwriting and claims servicing in a digital operating environment, and we also provide workshops to enhance staff proficiency in using a number of digital applications deployed by the UOB Group to serve our customers more efficiently.

Sustainability

Strict regulatory compliance

UOI is committed to ensuring legal compliance in conducting its business. We take regulatory compliance seriously, maintaining a zero-tolerance policy for the breach of any applicable laws. We comply with the Insurance Act, which governs our operations, and remain committed to working with various regulatory authorities, such as the Monetary Authority of Singapore, to maintain the sector's resilience. UOI's RMCC provides oversight of all regulatory compliance matters.

Ensuring that our employees are fully trained on legal compliance is fundamental to our corporate governance. Operational manuals and toolkits are readily accessible to guide our employees on regulatory compliance, and all employees undergo annual training on regulatory compliance topics, including insider trading and market misconduct, anti-money laundering, anti-bribery, banking secrecy, computer misuse and cybersecurity, and fair dealing.

There were no incidents of non-compliance with applicable laws or regulations incurring fines or non-monetary sanctions in the reported period.

Socio-economic compliance	
Ongoing target	2022 performance
To maintain zero breaches of laws and regulations	No incidents of regulatory non-compliance

Our business practices

Anti-corruption

UOI maintains a zero-tolerance approach to fraud, bribery, corruption and money laundering. We strictly enforce the anti-bribery laws through our Code of Conduct that applies to all employees and Directors. Our policy prohibits all employees from offering, accepting, authorising or facilitating any form of bribes.

There was no incident of corruption during the reported period.

Anti-corruption	
Ongoing target	2022 performance
To maintain zero breaches with laws and regulations	No incidents of corruption

Code of practice

UOI is committed to selling insurance products responsibly. Accordingly, we have adopted the Singapore General Insurance Code of Practice, issued by the General Insurance Association of Singapore, including the Service Standards of General Insurers.

The Code of Practice sets clear and consistent standards for the insurance industry to improve policyholders' confidence and trust through transparency in insurance products. The Code of Practice seeks to establish transparency in insurance products and insurance practices to enable policyholders to make informed choices when purchasing insurance policies.

Customer privacy and data security

Data privacy and personal data security are becoming ever more critical as we continue to digitise our offerings and processes. We are committed to adopting best practices to safeguard the personal data of our customers and employees. Among the cybersecurity measures, we have implemented a security system that protects the confidentiality of our customers' personal and account information through multiple levels of firewalls between our internal computer systems and the internet servers.

UOI complies with the Personal Data Protection Act (PDPA) of Singapore. In line with the PDPA, a privacy notice outlining how UOI manages personal data, including the purposes for which personal data may have been or may be collected, used and disclosed, is available on our website.

In 2022, no substantiated complaints were received concerning breaches of customer privacy.

Customer privacy	
Ongoing target	2022 performance
To maintain zero breaches of laws and regulations	No substantiated complaints concerning breaches of customer privacy were received.

Our participation in market pools

Motor Insurers' Bureau

UOI contributes to the Motor Insurers' Bureau, an independent body funded by all motor insurers in Singapore whose primary purpose is to compensate road users for bodily injury in road accidents caused by untraced or uninsured motorists.

Our suppliers

We are committed to treating our suppliers and partners fairly, and we expect our suppliers to uphold high standards of ethics and professional integrity. Our supply chain comprises mainly of suppliers of IT equipment, office equipment and consumables and utilities, banks, legal advisors, providers of telemarketing and direct marketing services, loss adjusters and claim handling service providers. Our broader value chain includes reinsurers, agents and brokers who market and sell our insurance products.

People

Our longevity and ongoing success as a company depend on our people – our most important asset. Over the years, we have fostered a culture of collaboration, teamwork and empowerment to deliver on our client-centric business strategy. Our strong business and client relationships, our innovation and agility, and our continued pursuit of excellence are all driven by our dedicated employees. This team of about 100 talented individuals brings extensive experience, expertise, skills and knowledge, supplemented by a continued appetite for learning and challenging the status quo to ensure that our clients have the most appropriate insurance solutions backed by personalised service.

Our focus is on constantly nurturing our talented, engaged, high-performing workforce to serve our customers to the very best of their abilities and to challenge themselves in their daily work. In line with the government's national policies on equality and a conducive social environment, we uphold fair employment practices that foster a compassionate and multiracial society. Our policies support diversity, inclusion, engagement, mutual respect, teamwork, meritocracy, and employee well-being.

As of the end of 2022, UOI employed 100 people, of which 75 per cent were permanent employees. The average age of an employee was 53 years, with a number of them being long-serving staff.

Workplace diversity and inclusion

UOI values cultural harmony and believes in strength in diversity. We operate in a multiracial and multicultural market and strive to ensure this diversity is reflected in our workforce. Nurturing an inclusive and diverse workplace is foundational to our social strategy, and our hiring practices focus on recruiting people who embrace our Company's values, vision and culture.

At UOI, women make up 86 per cent of our workforce, and they account for 85 per cent of managerial and supervisory positions. In 2022, we rehired 19 retiring employees, including 17 women.

Talent management

The ability to attract, develop and retain talent is essential for our business success and for the well-being of our employees. We provide ongoing personal and professional development opportunities to all employees throughout their careers with us.

We benchmark our employee turnover against the national insurance sector turnover rates published by the Department of Manpower Research and Statistics Department of Singapore's Ministry of Manpower. Our employee turnover rate has consistently remained lower than the industry average and stood at 12 per cent in 2022.

We constantly seek to understand and learn from our employees' experiences working at UOI, and for all outgoing employees, we conduct exit interviews. We use insights from these exit interviews to review and update our HR policies and ensure we provide the best possible working environment for our people.

In 2022, 12 employees left UOI, of which four were men and eight were women.

Sustainability

Talent management	
Ongoing target	**2022 performance**
To achieve a staff turnover rate to be lower than the national insurance sector turnover rates.	UOI: 12 per cent Insurance sector; National average[2]: 21 per cent
To refresh training programs for all full-time and contract staff on relevant topics and achieve a 100 per cent passing rate	Training programs have been refreshed with a 100 per cent pass rate
To ensure 100 per cent fulfilment of training hours for Front-end Operatives within the calendar year	100 per cent fulfilment of training hours from Front-end Operatives has been achieved

We take pride in the number of long-serving employees at UOI. Around 48 per cent of our employees have been with the UOI family for more than 20 years, as shown in the table below:

Years of service of employees				
0 to 10	11 to 20	21 to 30	31 to 40	41 and above
47	5	18	23	7

Developing people

We place great importance on enabling the continuous personal and professional development of our people. Providing career-long training opportunities creates a highly engaged, competent and loyal workforce, which is central to any high-performing organisation. We ensure our employees have access to ongoing learning opportunities to equip themselves and upgrade the skills and knowledge required to meet stakeholders' needs.

In 2022, our employees attended regular in-house briefings, training and workshops covering 72 topics. Our pool of experienced underwriters and claims handlers conducted the training. The topics covered in our training programmes during the year included digitisation, cybersecurity and risk management. Our employees also attended a course on the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations organised by SGX.

As part of the Continuing Professional Development (CPD), our employees in Front-end Operations (FEOs) are required to meet the minimum training requirement mandated by MAS. In 2022, our FEOs completed 100 per cent of the required training.

Performance management

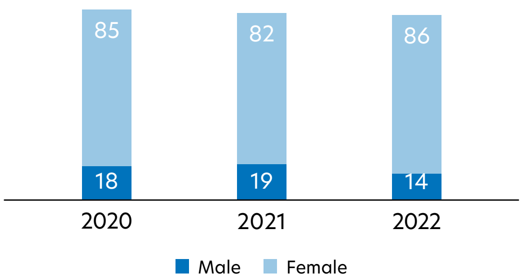
We are committed to rewarding employee performance fairly and supporting employees' professional and personal development. Our performance management process empowers employees and their managers to engage in an open and trusted dialogue to help achieve personal development goals while meeting UOI's business objectives. All permanent employees participate in periodic performance and career development reviews.

Key Performance Indicators (KPIs) are established at the beginning of each year to enable employee performance to be assessed on a fair, transparent and objective basis. Employees discuss the progress of these KPIs with their respective managers throughout the year. In addition, performance feedback dialogues are conducted half-yearly and formal appraisals take place at the end of the year.

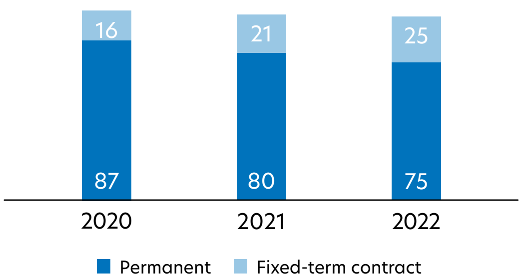
Our people performance data is presented in the charts below.

2 Source: Labour Market Survey, December 2022 (MOM). Q4 data is based on the average of Q1-Q3.

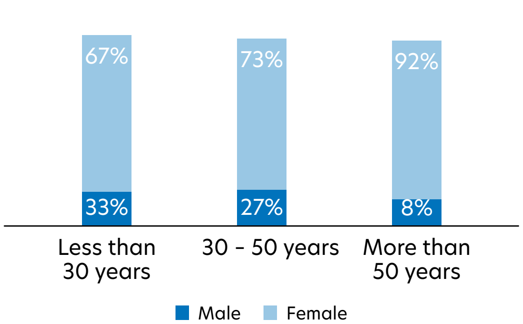
Total number of employees by gender



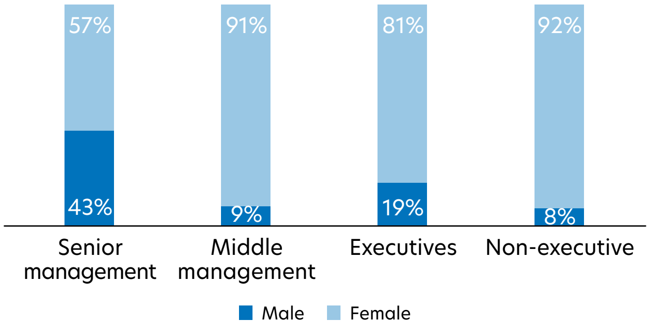
Employee by employment contract



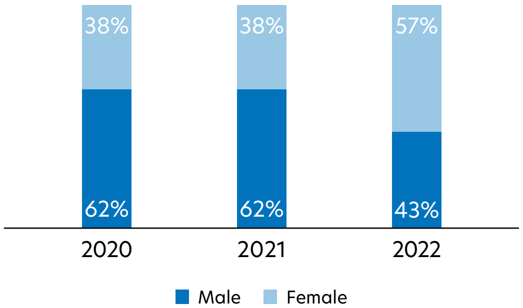
Age and gender diversity - 2022



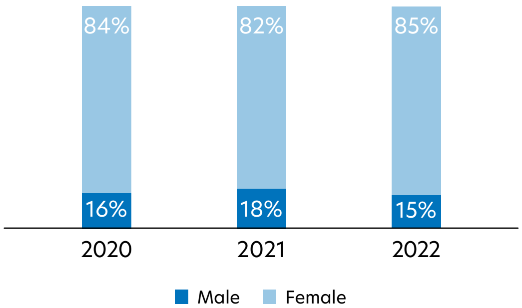
Gender diversity by employee category - 2022



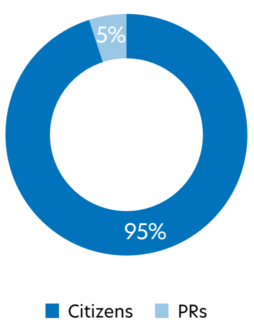
Gender diversity: HODs



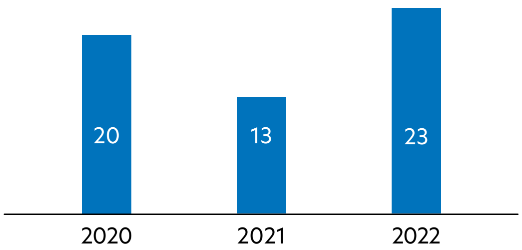
Gender diversity: managers and supervisors



Local employees - 2022

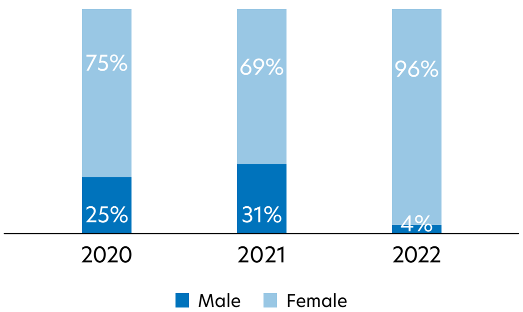


New hires

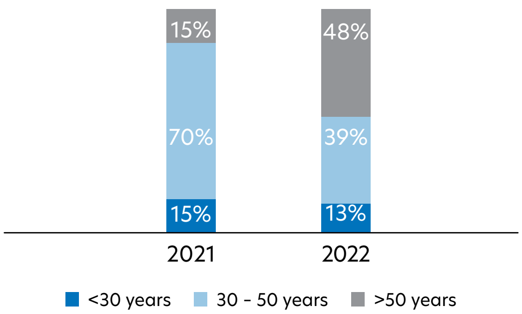


Sustainability

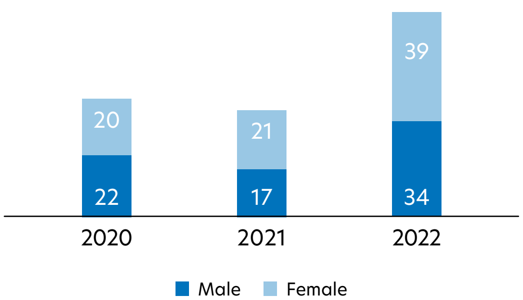
New hires by gender



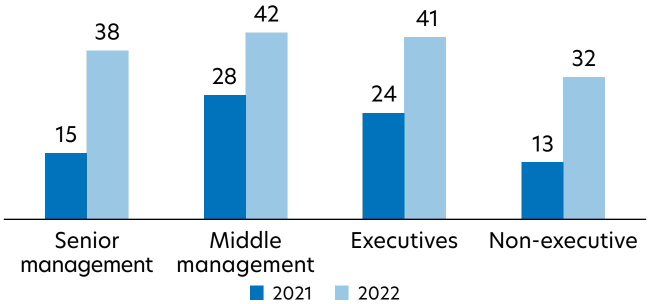
New hires by age



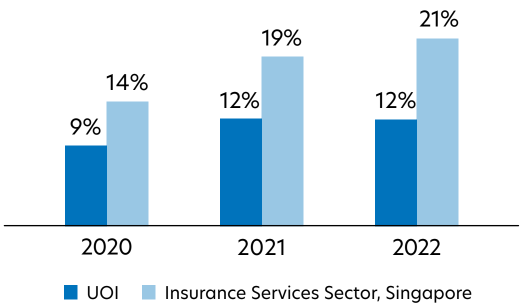
Average training hours per employee (by gender)



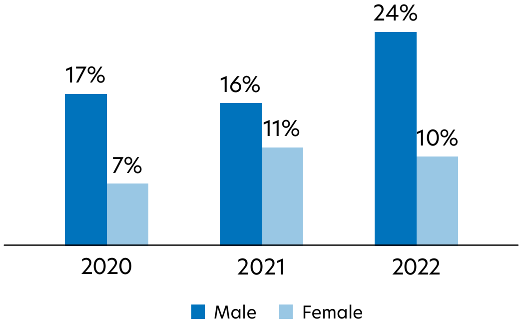
Average training hours by management category



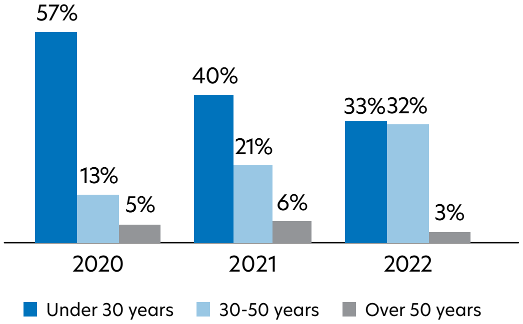
Annual employee turnover



Annual employee turnover by gender



Employee turnover by age



Risk-focused organisational culture

A strong risk culture that promotes risk awareness, discipline, and risk and control values is essential for a general insurance business. Fostering and maintaining a robust risk management capability is also the best protection for our policyholders.

The key components of our risk culture are described in our Board-approved Enterprise Risk Management Framework. The framework, which defines risk tolerance and operational tolerance limits, is reviewed and updated at least once a year and regularly communicated to all managers.

The responsibility for monitoring and managing risks, including unquantifiable but identifiable risks, lies with UOI's RMCC. The risks include strategic, reputational, cyber, geopolitical, earthquake and other catastrophes, automation technology, climate change such as extreme drought, rains, rising sea levels and business process outsourcing.

The RMCC is assisted by the UCC and Credit Control Committee (CCC), which address the key risks arising from the Company's core business activities. These committees meet monthly to consider matters relating to underwriting, claims handling, reinsurance, credit, asset allocation, concentration, investment management, liquidity, foreign exchange, operational risks, and the identified and emerging risks falling within their jurisdiction. Insights from these discussions are shared with all other staff members through departmental meetings.

Building a risk-focused organisation		
2022 target	2022 performance	2023 target
Refresh training programs on relevant risk-related topics with a 100 per cent pass rate for all full-time and contract staff.	Training programmes have been refreshed; a 100 per cent pass rate achieved	Refresh training programs on relevant risk-related topics with a 100 per cent pass rate for all full-time and contract staff.
Staff are to attend at least three risk-related training programmes.	All staff attended at least three risk-related training programmes	Staff are to attend at least three risk-related training programmes.

Risk management training

In 2022, our employees completed training covering the following risk topics:

- Basic concepts in legal liability, insurance law and the new rules of court
- Contract certainty (e-learning)
- Cyber security in the maritime industry – different perspectives
- Data sovereignty, data transfers and data protection
- Fraud awareness program (e-learning)
- General awareness of PDPA (online)
- Information security & business continuity management (e-learning)
- Insider trading & market misconduct (e-learning)
- MAS Fair Dealing (E-learning)
- MAS Notice 643 – transactions with related parties (e-learning)
- Navigating the data beach notification obligation
- New rules of courts 2021
- Operational risk management begins with me (e-learning)
- Personal data protection seminar 2022
- Prevention of money laundering and countering the finance of terrorism (AML/CFT)
- Privacy of customer info & computer misuse/cyber security
- Reinsurance contract treaty wordings
- SGX-GCNS TCFD workshop
- Storage risks: loss prevention & underwriting considerations
- Sustainability 101 (e-learning)
- The road ahead for organisational accountability
- The Ukraine war, its impact on marine insurers & the role of war risk insurance
- Workshop on enterprise risk management metrics for risk dimension earnings – underwriting
- Workshop on the annual peer-to-peer underwriting audit 2022

Sustainability

Employee health and well-being

The safety, health and well-being of our employees have always been integral to our operations, and as we embrace a more flexible, hybrid working era following the COVID-19 pandemic, our focus and approach to employee well-being have evolved in step with the new ways of working. We recognise our duty to support the mental well-being of our employees as they navigate increasingly digital communication methods and fewer physical interactions. For employees in our offices, we continue to implement safety measures, working closely with government agencies such as the Ministry of Health and the Ministry of Manpower to protect our staff. These measures, such as safe distancing, increased cleaning frequency, providing face masks and antiseptic hand sanitisers to employees, and allowing alternate workday arrangements for those unable to conduct their work remotely, remain in place almost three years on from the initial COVID-19 outbreak.

Employee relations

Building and maintaining the trust of all employees is paramount to a healthy and productive work culture. We support our employees' lawful right to freedom of association and collective bargaining. UOI has been actively engaging the Singapore Insurance Employees' Union since 2004, when we signed our first collective bargaining agreement with the union. The agreement, reviewed and revised every three years, covers employment benefits for bargainable employees, which comprise nearly 39 per cent of UOI's workforce. In 2021, the agreement was renewed for a new term of three years.

Over the years, UOI has worked closely with the union through regular engagement and constructive dialogue. Our remuneration policy complies with the tripartite agreement with the union. We enjoy a good working relationship with the union, and there have been no disputes over labour issues.

Environment

We recognise that all businesses have an important role to play in protecting the environment. At UOI, we are committed to operating in a way which minimises our negative impacts while also seeking to encourage and support positive environmental developments and actions. Although our direct operational impact on the environment is negligible, we still strive to minimise our footprint, largely by reducing our energy and paper consumption. Moreover, as an insurance business, we can reduce our indirect environmental impact through our investment and underwriting activities, and in this section, we detail our approach to responsible investment.

Reducing our overall resource consumption

Our direct environmental impact relates to electricity consumption and paper use in our head office. We have implemented measures, including employee awareness, to manage energy and paper consumption to keep our environmental footprint to a minimum.

We moved into our new office premises in the third quarter of 2021. As building owners, we see an overall increase in our electricity consumption due to the inclusion of energy consumed by our building facilities. In prior years, our energy usage was lower as we had leased the premises. Nonetheless, when retrofitting our new building, we installed new water efficient and energy efficient light features, and upgraded the cooling system, which reduced our energy consumption further.

Our ongoing digitalisation programme helps reduce our paper use as we increasingly transition to digital forms and documentation. We provide our customers with the option of receiving their travel insurance policy documents in soft copy only to save paper. In 2020, we formed a task group to implement a digital document management system that will reduce paper consumption. In 2022, the system was fully implemented and operationalised.

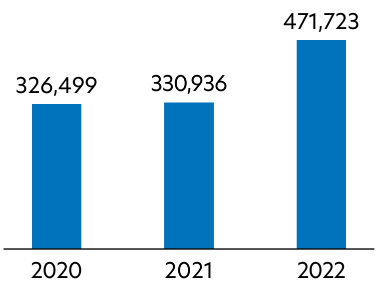
In 2021, the higher level of waste was due to the move to our new office premises, which provided an opportunity for thorough housekeeping. In 2022, we saw a decrease in our waste compared to the previous year.

Estimates were used to calculate the energy consumed in 2022 because the actual numbers in the early months of 2022 were not formally monitored. The estimates were derived based on actual consumption data between June and December 2022. Going forward, we will disclose the actual electricity consumption figures.

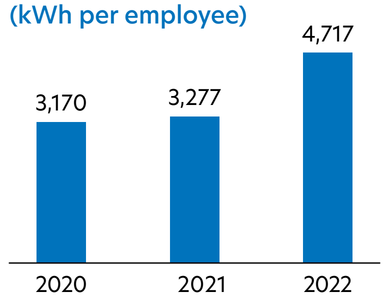
Similarly, the amount of waste generated was based on estimates derived from actual data collected in the latter half of 2022. This was because the waste generated in the earlier months were not formally recorded.

Presented below is a summary of UOI's operational environmental impacts.

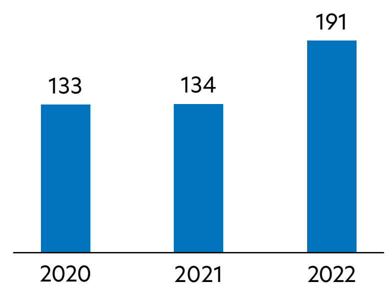
Electricity consumption (kWh)



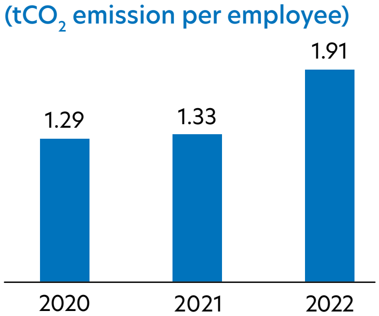
Energy intensity (kWh per employee)



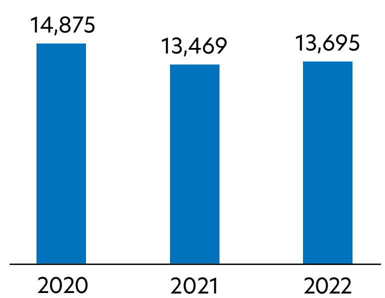
Carbon dioxide emissions (tCO_2)



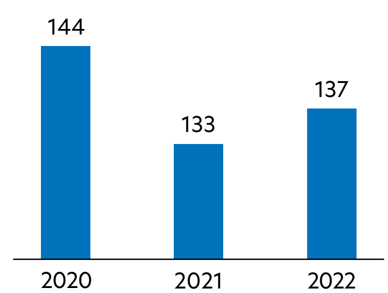
Carbon emission intensity (tCO_2 emission per employee)



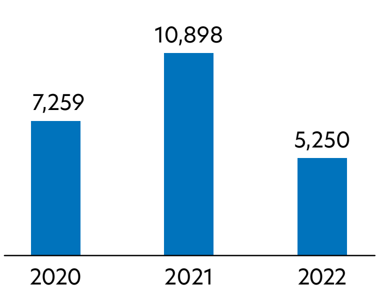
Office paper use (kg)



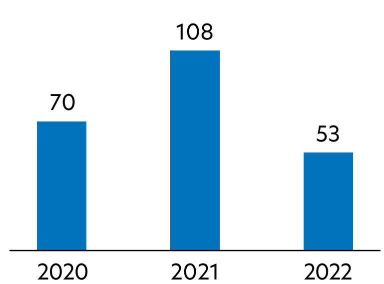
Paper use per employee (kg)



General waste (kg)



Waste per employee (kg)



Sustainability

Climate change

According to the latest instalment of the IPCC report, released in April 2022, unless current policies and actions are significantly strengthened, average global temperatures are set to increase by more than 3 degrees Celsius, leading to catastrophic global consequences. Climate change is already having a profound effect on the frequency and severity of extreme weather events around the world, such as droughts, floods, heatwaves and rising sea levels.

IPCC stated in its report that it is only possible to avoid a warming of 1.5 degrees Celsius if massive and immediate cuts in greenhouse gas emissions are made, and the possibility of achieving this is becoming increasingly slim. Allowing temperatures to increase by over 1.5 degrees Celsius would cause "irreversible" impacts, such as the melting of ice caps and glaciers. Positive feedback loops will lead to the increase in wildfires, the die-off of trees, the drying of peatlands and the thawing of permafrost release additional carbon emissions, amplify the warming further. The increase in global warming will also cause significant biodiversity loss, pandemics and mass migration.

The potential damage from climate change has profound implications for the insurance sector through more claims and indirect exposure from investment activities. It is ever more critical for insurance companies to understand and address climate change risks, including physical, liability and transition risks.

Furthermore, as a small and low-lying city-state, Singapore where UOI's main office is based, is particularly vulnerable to climate change. The Centre for Climate Research Singapore has projected that Singapore could experience an increase in daily mean temperature of 1.4 to 4.6 degrees Celsius towards the end of this century and a mean sea-level rise of up to 1 metre by 2100. In response to this, the Singapore Government unveiled a ten-year plan, called the Singapore Green Plan 2030 in 2021 with specific action plans and targets for climate change risk mitigation and adaptation. The plan aims to transition Singapore into a low-carbon global city-state by reducing the nation's greenhouse gas emissions. At UOI, we fully support Singapore's government's efforts with its Green Plan.

Climate risks

In December 2020, the MAS issued the MAS ERM Guidelines to enhance financial institutions' resilience to environmental risks from climate change. In 2021, the senior management team and the Board attended a workshop facilitated by an external sustainability expert to develop a deeper understanding of the TCFD recommendations and the MAS ERM Guidelines. In 2022, we started implementing the MAS ERM Guidelines and the TCFD recommendations. Our TCFD Report is presented below.

TCFD report

Governance

At UOI, the climate-related governance structure consists of the Board of Directors, Management Committee (MC), and other executive committees.

The Board plays an active role in developing and implementing the ERM of the Company. Management has established the necessary controls and risk management tools for operationalising the ERM for the Company.

The MC, comprising senior executives from key functions, is chaired by the Managing Director and Chief Executive, who is also a member of the Board. Guided by the Board, the MC is responsible for implementing ERM.

The MC is also charged with developing and implementing an ERM framework, policies, tools, and metrics to address climate-related risks and to seize opportunities. Regular reviews on climate-related risks and opportunities are performed and the Board is kept apprised on significant developments.

The MC reviews and assesses the environmental and climate-related risks, report content and scope, and topics for reporting. The Board provides guidance and reviews and approves the targets and performance.

Environmental risk management

Various senior executive committees actively contribute to implementing ERM throughout UOI. These committees and their responsibilities are set out below.

RMCC: examines all risk management, corporate governance and compliance issues affecting the Company, including ESG risks.

UCC: establishes underwriting and claims policies and procedures and monitors the compliance of such policies and procedures by all operational units. The UCC monitors underwriting risks and oversees the development of any new underwriting policy and strategy. The increasing significance of environmental and climate-related risks has instigated a new risk class that needs to be considered in our underwriting policies and procedures.

IC: monitors and manages the Company's investment portfolios, ensuring sound and responsible economic performance. The IC also considers ESG risks in general and climate-related risks more specifically to minimise overall risk to our investment portfolio.

More information about the functions of various committees is available in the Risk Management section of this Annual Report.

Strategy

In 2021 we set out our commitment to adopting the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations, and over the past year, we have been developing the necessary framework for addressing climate-related risks and opportunities. The TCFD has identified two broad categories of risks: risks related to the transition to a lower-carbon economy and risks related to the physical impacts of climate change.

In 2022, as part of our implementation strategy to ensure that the Company is in compliance with the MAS ERM Guidelines, we have established a cross-functional workgroup. This workgroup is responsible for ERM across the Company and members are managerial staff from business functions of underwriting and investment who are supported by the Business Assurance Department.

The key tasks for the ERM workgroup are to:

- embed environmental risk in our Enterprise Risk Management Framework (ERMF)
- develop the necessary framework for addressing climate-related risk and opportunities for financial disclosures
- establish a policy on the management of environmental risk

As a public listed company, we have provided the necessary disclosures on how we are managing environmental risk in the Sustainability Reports published in our Annual Report for the last few years.

In our Sustainability Reports, we have identified Climate Change and Responsible Investment as our material factors while Environment is one of our important factors.

Risk management

Environmental risk was previously addressed within the operational risk dimension in our Risk Tolerance Framework. In 2022, it has been elevated as a standalone, fifth dimension - environmental risk - in our Risk Tolerance Framework.

Our aim is to maintain minimal exposure to environmental risks in our insurance operations and investment activities.

Our tolerance limits are defined as follows:

- the maximum tolerance limit for underwriting is defined as the gross net exposure protected by reinsurance; and
- the maximum tolerance limit for investment is defined as the asset allocation limits of our Investment Policy.

Sustainability

Under the Environmental Risk Dimension, the Company further categorises the key risks as follows:

Risk dimension	Key risk	ERM level 2 risks
Environmental	Underwriting risk	Physical risk – extreme weather events (acute risks) and rising sea levels and temperatures (chronic risks) potentially affecting our office headquarters and employee safety in Singapore, climate change, natural catastrophes, high environmental risk sector (HERS) industries. Transition risk – customers moving towards green industries, introduction of insurance green products.
	Investment risk	Transition risk – asset allocation risk, market risk, credit risk, liquidity risk.
	Operational risk	Legal, regulatory and compliance risk, facility risk, reputational risk.

Responsible investment

Environmental risk is an essential considerations in our investment decisions. Our fund manager, UOBAM, has established sustainability as one of its four core business pillars and is committed to integrating ESG evaluation into its investment process across all investment asset classes to help identify high-quality companies which are resilient, well-managed, able to grow sustainably and are likely to maintain their competitiveness in the long term. A signatory of the UN Principles for Responsible Investment (PRI), UOBAM uses a combination of tools, including sustainability ratings, to assess companies' ESG performance.

To complement its ESG considerations, UOBAM also follows an Active Ownership Policy which serves to facilitate dialogue, engagement, and proxy voting. In this way, UOBAM leverages its regional footprint and the local expertise of its regional investment teams to execute meaningful dialogues and engagement, which will drive strategic investment decisions for the sustainable investments it makes.

Currently, UOI's Investment Committee monitors the exposure of our investment portfolio to sectors with high environmental risk exposure based on S&P's ESG risk score.

As part of its ESG evaluation, UOBAM generates assessments and ratings using ESG data and company reports and publications. Various investment teams utilise these ESG ratings and reviews to complement their respective investment methodologies. UOBAM has also invested in specific environmental datasets and is working with external parties to develop in-house capabilities in order to generate portfolio carbon intensities as well as assess the physical and transitional risk of companies.

Metrics and targets

Investment-related climate metrics

A summary of our investment-related metrics is presented in the table below.

Indicators	Unit	2022	2021
Equity assets			
Emission exposure (scope 1 & 2)	tCO_2e	814	1,058
Carbon footprint	tCO_2e/$ mn invested	17.9	10.6
Weighted average carbon intensity	tCO_2e/$ mn revenue	59.2	47.2
Emissions data coverage	%	98.2	100.0
Fixed income assets			
Emission exposure (scope 1 & 2)	tCO_2e	66,565	48,197
Carbon footprint	tCO_2e/$ mn invested	368.1	251.7
Weighted average carbon intensity	tCO_2e/$ mn revenue	648.5	582.1
Emissions data coverage	%	67.3	71.1

Responsible investment target		
2022 target	**2022 performance**	**2023 target**
To ensure that our fund manager applies economic, environmental, social and governance evaluation in the investment process across all investment asset classes	Our fund manager, UOBAM, has integrated ESG evaluation into the investment process across all asset classes.	Ensure that our fund manager applies economic and ESG evaluation into the investment process across all investment asset classes.

Society

As an insurance provider, our business positively impacts our customers, communities and other stakeholders. Our role in society has become ever more critical as families and companies face the health and financial impacts of the COVID-19 pandemic. We remain committed to supporting our customers and communities to recover and rebuild.

Insurance is an essential service that helps protect people and businesses from financial losses arising from physical, moral, environmental and man-made hazards. We use our general insurance business expertise to protect businesses and individuals against unexpected financial damage. Our insurance plans offer risk-focused solutions that make our society more resilient by providing companies and people peace of mind and indemnifying them from financial losses. As risks become more complex due to climate change and technological changes, businesses can rely on our insurance plans to mitigate unforeseen losses and disruptions. Our insurance products also promote positive behaviour such as road safety, home safety and workplace safety.

We also share significant trends in claims and relevant insights with our commercial clients to help them in loss prevention and reduction, leading to a safer environment for them and the community.

Our business model creates direct and indirect jobs in the local economy, providing income opportunities for our agents, brokers, and other service providers.

Our investment activities also have a positive economic, social and environmental impact as our fund managers invest our funds responsibly in businesses that meet certain ESG criteria.

Demographic change

Low birth rates, coupled with an increasingly ageing society in Singapore, have a direct impact on the insurance sector. The median age of the resident population has increased from 34 years in 2000 to 42.11 years in 2022, according to Population Statistics[3]. Singapore's resident total fertility rate remained low at 1.12 births per female in 2021, and the old-age support ratio – the ratio of residents aged 20-64 years for each resident aged 65 years and over-has declined from 13 in 1970 to 4 in 2021. Life expectancy at birth for residents has continued to rise steadily over the past ten years, to 83.93 years in 2022.

To adapt to this demographic shift, from 1 July 2022, the Singapore government raised the retirement and rehiring age from 63 to 68 years to allow older workers to remain in employment longer. This will increase to 70 years by 2030[4]. More seniors in the general population can lead to a higher demand for healthcare services and insurance while increasing numbers of seniors in the workplace could lead to an increase in occupational health and safety risks. The demand for travel insurance could also increase as seniors are likely to spend more on lifestyle needs such as leisure travel.

3 https://www.singstat.gov.sg/find-data/search-by-theme/population/population-and-population-structure/latest-data
4 https://www.mom.gov.sg/newsroom/press-releases/2021/1101-retirement-and-re-employment-amendment-bill-2021-and-cpf-amendment-bill-2021

Sustainability

As a general insurance provider, we tailor our products and solutions to suit the needs of the population, and as demographics shift, so do their needs. We, therefore, need to closely monitor population trends to address demographic risks and opportunities in order to build a responsible and resilient business. Recent changes we have made to our policies in light of current demographic shifts include increasing the eligible enrolment age for our personal accident plans (PA Builder and Accident Care Refund Plan) to 65 years (up from 59 years), while our plans for seniors can now be renewed up to the age of 85 years instead of 70 years.

Going forward, we will continue to monitor demographic shifts and adapt our policies accordingly.

Supporting small and medium enterprises (SMEs)

UOI is committed to helping small businesses thrive by meeting their insurance needs, and by offering insurance coverage to make financing more accessible. SMEs play a vital role in the local economy - they constitute 99% of all enterprises in Singapore, account for 71% of employment, and contribute nearly half of the country's GDP, according to the Singapore Department of Statistics[5].

We have developed insurance products specifically for SMEs to protect them against financial losses arising from damage to their assets and consequential loss of income. We also work with various government agencies to offer insurance coverage to SMEs to make financing more accessible. We also participate in the Special Risk Pool programme, which helps to extend insurance coverage for risks that are difficult to get insurance coverage for due to their high or complex risk profile.

Community outreach

At UOI, we place a high value on our local community, and we aim to make meaningful contributions through various social initiatives. Community outreach has also been shown to improve employee morale and engagement and helps strengthen an organisation's bond with its local environment. Our employees regularly volunteer in community programmes organised by UOB, our parent company.

In 2022, UOI employees participated in the Global Heartbeat Virtual Run/Walk, supporting Children's Wishing Well, Food from the Heart, President's Challenge and Care Community Services Society Programme. For every kilometre achieved, UOB donated S$1 to the UOB Heartbeat Fund to help disadvantaged children and families especially those still affected by the global pandemic.

UOI participated in the Walking For Refugees on World Refugee Day 2022. The event was organised by Marsh Singapore and the Jesuit Refugee Service (JRS), a registered charity in Singapore governed by the Charities Act and regulated by the Commissioner of Charities. The walk was to support JRS in its mission to uplift the lives of refugees in our region.

Economic and financial performance

UOI has a responsibility to ensure financial resilience and to create long-term value for our investors and stakeholders. We do this by pursuing sustainable growth strategies and we remain focused on underwriting profit and positive investment return to build shareholder value. With a history spanning more than 50 years, UOI's solid economic performance is a testament to our financial acumen, business prudence and good governance. Our ability to maintain strong capital adequacy and solvency remains at the core of UOI's financial resilience.

Please refer to the Financial Report section of this Annual Report to read about our financial performance, including creating and distributing value.

5 https://tablebuilder.singstat.gov.sg/table/TS/M600981

GRI content index

Statement of Use	UOI has reported in accordance with the GRI Standards for the period 1st January 2022 to 31st December 2022.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable as a GRI sector standard is not available for our industry

GRI standard	Disclosure	Location
GRI 2: General disclosures 2021		
Organisational details and reporting practices		
GRI 2-1	Organisational details	35
GRI 2-2	Entities included in the organisation's sustainability reporting	35
GRI 2-3	Reporting period, frequency and contact point	35-36
GRI 2-4	Restatements of information	36
GRI 2-5	External assurance	36
Activities and workers		
GRI 2-6	Activities, value chain and other business relationships	35
GRI 2-7	Employees	36
GRI 2-8	Workers who are not employees	Not applicable
Governance		
GRI 2-9	Governance structure and composition	17, 58
GRI 2-10	Nomination and selection of the highest governance body	21-22
GRI 2-11	Chair of the highest governance body	19
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	37-38
GRI 2-13	Delegation of responsibility for managing impacts	37-38
GRI 2-14	Role of the highest governance body in sustainability reporting	37-38
GRI 2-15	Conflicts of interest	20
GRI 2-16	Communication of critical concerns	32
GRI 2-17	Collective knowledge of the highest governance body	22
GRI 2-18	Evaluation of the performance of the highest governance body	21
GRI 2-19	Remuneration policies	24
GRI 2-20	Process to determine remuneration	24
GRI 2-21	Annual total compensation ratio	We do not report this metric due to confidentiality reasons.
Strategies, policies and practices		
GRI 2-22	Statement on sustainable development strategy	38-39
GRI 2-23	Policy commitments	40-44, 50-51, 56, 59
GRI 2-24	Embedding policy commitments	38, 40-44, 50-51, 56, 59
GRI 2-25	Processes to remediate negative impacts	32
GRI 2-26	Mechanisms for seeking advice and raising concerns	32
GRI 2-27	Compliance with laws and regulations	50
GRI 2-28	Membership associations	43

Sustainability

GRI standard	Disclosure	Location
Stakeholder engagement		
GRI 2-29	Approach to stakeholder engagement	41-43
GRI 2-30	Collective bargaining agreements	56
Material topics		
GRI 3-1	Process to determine material topics	44
GRI 3-2	List of material topics	44-46

Economic		
Economic performance		
GRI 3: Material topics 2021	3-3 Management of material topics	9-11, 45, 47, 62
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	10-11
Indirect economic impact		
GRI 3: Material topics 2021	3-3 Management of material topics	45, 48-49, 60, 62
GRI 203: Indirect economic impact 2016	203-2 Significant indirect economic impacts	48-49, 60, 62
Anti-corruption		
GRI 3: Material topics 2021	3-3 Management of material topics	44, 50
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	50
	205-3 Confirmed incidents of corruption and actions taken	50

Environment		
Energy		
GRI 3: Material topics 2021	Review of economic, environmental, and social topics	36, 40, 46-47, 56-57
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	36, 57
	302-3 Energy intensity	36, 57
Emissions		
GRI 3: Material topics 2021	3-3 Management of material topics	36, 57-58, 46, 60
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	36, 57, 60
	305-2 Energy indirect (Scope 2) GHG emissions	36, 57, 60
	305-4 GHG emission intensity	36, 57, 60
Waste		
GRI 3: Material topics 2021	3-3 Management of material topics	36, 56-57

GRI standard	Disclosure	Location
Management approach disclosures 2020	306-1 Waste generation and significant waste-related impacts	56
	306-2 Management of significant waste-related impacts	56
GRI 306: Waste 2020	306-3 Waste generated	36,57
Social		
Employment		
GRI 3: Material topics 2021	3-3 Management of material topics	36, 41, 45, 47, 51, 53-54
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	36, 51, 53-54
Training and education		
GRI 3: Material topics 2021	3-3 Management of material topics	52, 54
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	54
	404-3 Percentage of employees receiving regular performance and career development reviews	52
Diversity and equal opportunity		
GRI 3: Material topics 2021	3-3 Management of material topics	18, 45, 51, 53
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	53
Local communities		
GRI 3: Material topics 2021	3-3 Management of material topics	43, 46, 61-62
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	62
Marketing and labelling		
GRI 3: Material topics 2021	3-3 Management of material topics	44, 48-49
GRI 417: Marketing and labelling	417-2 Incidents of non-compliance concerning product and service information and labelling	48
	417-3 Incidents of non-compliance concerning marketing communications	48
Customer privacy		
GRI 3: Material topics 2021	3-3 Management of material topics	44, 50
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	50

Sustainability

TCFD disclosures

TCFD disclosure	TCFD recommendations	Page no.
Governance		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	58
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	58-59
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	59
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	59
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario.	59
Risk management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	59
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	60
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	59-60
Metrics and targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	60
TCFD 4(b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	60
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	61-62

Risk Management

Risk management is at the heart of insurance business. As the management of risks is fundamental to the financial soundness and integrity of an insurer, risk evaluation has always been an integral part of the Company's business operations. The Company's risk management philosophy requires that returns must be commensurate with the business risks taken and all residual risks must be within the Company's risk appetite. The Company continuously seeks to improve its risk management processes and systems for the identification, assessment, monitoring and management of all reasonably foreseeable and relevant material risks. These robust processes and systems are documented in UOI's Enterprise Risk Management (ERM) framework, which is approved by the Board.

The Company is committed to maintaining a strong and effective ERM framework and is guided by the principles and provisions of MAS Notice 126 "Enterprise Risk Management for Insurers".

The Board has overall responsibility for determining the type and level of business risks that the Company undertakes to achieve its corporate objectives. The Board has delegated to the Management the authority to formulate, review and approve policies and processes on identifying, monitoring and managing risk exposures within the Company's ERM framework. Major policy decisions and proposals affecting the Company's risk exposures are subject to review by the Board. Significant changes to the Company's ERM framework require the Board's approval.

Management of the Company has the responsibility of operationalising the Company's ERM framework and establishing and implementing appropriate systems and controls to manage and mitigate risks arising from its business operations. The systems and controls are designed to identify, to assess, to manage and to monitor, rather than eliminate, the risks in the Company's business operations and can only provide reasonable and not absolute assurance.

Various committees, comprising the managerial staff of the Company, meet regularly to deliberate on matters relating to the key types of risks under their respective supervision.

The **Strategic Corporate Development Committee (SCDC)** is responsible for the development and implementation of strategies that will enhance the Company's position and progress in specific areas. Members of the SCDC work closely with all operational units to further the interests of the Company. It meets quarterly with the Managing Director to chart out, execute and monitor outcomes of the strategies and are actively involved in talent management.

The **Management Committee** monitors the overall operational matters of the Company. It formulates, reviews and approves policies and strategies relating to the monitoring and management of operational risks and develops appropriate action plans across all business and support units. It also sets strategic directions of the Company, determines the allocation of resources and monitors the execution of strategic plans and key performance indicators.

The **Risk Management and Compliance Committee (RMCC)** addresses all risk management, corporate governance and compliance issues affecting the Company. These issues may arise from regulatory authorities, industry associations, parent company, auditors and other relevant bodies, or due to changes in operating environment, innovation, technological advancement and climate change. The RMCC also develops and implements compliance policies, procedures and guidelines to meet the regulatory requirements applicable to the Company. It monitors the implementation of risk management policies and procedures by all operational units. As part of its risk management monitoring function, it receives reports from committees which address the key risks arising from the Company's core business activities, namely, the Underwriting and Claims Committee and Credit Control Committee.

The **Underwriting and Claims Committee** establishes underwriting and claims policies and procedures and monitors the compliance with such policies and procedures by all operational units. It also monitors market trends and developments that may affect the Company's underwriting and claims policies. Appropriate risk management strategies are applied to address the variety of underwriting risks accepted to ensure the Company's retention is appropriate, and adequate reinsurance protection is in place. Issues arising from claims development and provisions are dealt with judiciously in an objective, fair and timely manner.

The **Credit Control Committee** establishes credit control policies and procedures and ensures that the premium collection process is implemented by all operational units.

Risk Management

It approves the write-off of bad debts and develops action plans to improve collection or initiate remedial recovery actions.

The **Business Development Committee** develops and executes business plans of the Company, reviews business performance and formulates action plans to enhance business performance. Market trends, changes in business risks and product offerings are identified, addressed and managed accordingly.

The **Information Security Committee (ISC)** sets the direction and priority, and provides guidance, for the development and enhancements to the security infrastructure and related procedures and guidelines. It also evaluates and implements recommendations from cybersecurity consultants and reviews the Company's network design, other infrastructure and security controls. The ISC also fosters and maintains a data security culture through education and appropriate policies, systems, processes and practices.

The **Investment Committee** oversees the Company's investment activities to ensure that they are carried out in accordance with the Company's investment policy that has been approved by the Board.

Under the Company's ERM framework, risks are categorised and managed under five risk dimensions.

(1) Risk dimension - earnings

Underwriting risk

The principal activity of the Company is the underwriting of general insurance business. As general insurance business encompasses a wide range of different insurance products, the prudent management of risks is fundamental to our business. This safeguards not only the interest of our shareholders but also that of our customers and employees. The Company has developed a robust underwriting framework to ensure that risks accepted meet all the underwriting guidelines issued to our pool of experienced underwriters. This framework allows for the proper selection of risks at adequate but competitive pricing for our products.

Reinsurance risks

Reinsurance refers to the cession of a portion of the risks assumed by an insurer to another insurer or reinsurer.

The Company's business activities lie primarily in Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. Based on historical experience of loss frequency and severity of similar risks and in similar geographical zones, the Company has developed its reinsurance strategy to manage such concentration of insurance risks.

We have put in place a reinsurance management strategy that is approved by the Board. The strategy sets the guiding principles and objectives for the Company to manage its reinsurance risks. Significant changes to the strategy require the Board's approval.

Premium and claims liability risk

One of the purposes of insurance is to enable policyholders to protect themselves against financial losses arising from uncertain future events. Insurance companies facilitate the transfer of risks from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in these insurance risks is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in the technical provisions, which include the provisions of premium and claims liabilities.

Premium liabilities refer to the reserves for unearned premium and include liabilities for all benefits, claims and expenses, acquisition costs, maintenance costs and policyholders' experience refund to be incurred after the balance sheet date. Claims liabilities refer to obligation to make future payments in relation to all claims that have been incurred as at the balance sheet date and include reserves for claims reported, incurred but not reported (IBNR) and incurred but not enough reported (IBNER), as well as direct and indirect claim expenses. The Company's unearned premium reserves are calculated based on formula generally accepted by the industry while its outstanding claims liabilities are reviewed by our experienced claims officers. Both the premium and claims liabilities are reviewed and certified annually by an external independent actuary.

Generally, premium and claims liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is the past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claims liabilities will not develop exactly as projected and may vary from our projection.

The other uncertainties arising under insurance contracts will include:

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;

- uncertainty as to the extent of policy coverage and limits applicable; and

- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.

There may be significant reporting lag between the occurrence of the insured event and the time it is actually reported to the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will affect the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

The establishment of technical provisions is an inherently uncertain process and, as a consequence, the eventual cost of settlement of premium and claims liabilities can vary substantially from the initial estimates.

Investment risk
The Company's investment objective is to invest in quality investment for long-term appreciation and to achieve a reasonable return annually. The Company has appointed a professional fund manager to manage its investments pursuant to its Board-approved investment policy. Through regular meetings with the fund manager and the performance reports, the Company reviews and monitors the performance of its investment funds. The Company has also established a policy to address the selection, review and management of its fund manager.

Market price risk
Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices, other than interest or exchange rates. The Company is exposed to market price risk arising from its investments which may include quoted equity securities, debt securities, unit trusts, hedge funds, exchange-traded funds (ETFs) and derivatives contracts used for hedging purposes. The Company has established a Board-approved investment policy, which sets strategic asset allocation and maximum exposure limits for its investment portfolio.

Foreign exchange risk
The Company has transactional currency exposures arising from its offshore insurance business. The Company is also exposed to foreign exchange risk arising from its investing activities. When necessary, the Company enters into forward contracts to manage its foreign exchange exposure arising from its investments denominated in foreign currencies. Other than the exposure arising from its investing activities, the Company does not consider its exposure to foreign exchange risk to be significant.

Interest rate risk
Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash outflow commitment is substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the fair value of debt securities. When necessary, the Company uses interest rate futures to manage its interest rate risk.

Risk Management

2. Risk dimension - operational

Operational risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, strategy, people, systems and fraud or from external events, which may include geopolitics and disruptive technological change. Potential loss may be in the form of financial loss or other damage, for example, loss of reputation and public confidence that will impact the Company's credibility and ability to transact, maintain liquidity and obtain new business. The Company has put in place processes for monitoring, controlling and reporting of significant operational risks.

Business continuity risk

The Company has formulated a comprehensive Business Continuity Management Plan and annual test-run is conducted to ensure its readiness to handle a range of targeted events that could affect the Company's business operations.

3. Risk dimension - capital

Insolvency risk

Insolvency risk refers to the risk that an entity is unable to meet its financial obligations and regulatory capital adequacy requirements. The Company has consistently maintained its capitalisation at higher than the local regulatory requirements. It has put in place monitoring controls to ensure that its solvency and capitalisation meet internal target and that it maintains adequate financial resources as buffers.

4. Risk dimension - liquidity

Liquidity risk

Due to the nature of its business and type of assets held, the Company is not exposed to significant liquidity risk. The Company has established a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times, honour all cash outflow commitments on an ongoing basis, and avoid raising funds from credit facilities or through the forced sale of investments.

Credit risk

The Company has a credit control policy in place to ensure that proceeds from sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for its reinsurers to ensure that they are financially sound. The policy also sets maximum exposure limits for its reinsurers based on their credit ratings and financial strength.

5. Risk dimension - environmental

The Company strives to minimise its environmental footprint, largely by reducing its energy and paper consumption although its direct operational impact is negligible. Nevertheless, the Company has developed policy and procedures to reduce its indirect environmental impact through its investment and underwriting activities.

Underwriting risk

The Company manages the physical risk inherent in its underwriting activities by close monitoring of its natural catastrophe risk exposures in its insurance portfolio namely flood and other natural catastrophe events both in Singapore and overseas. To manage transition risk, the Company has developed underwriting strategies that include keeping the weightage of its High Environmental Risk Sector (HERS) relatively low in its overall insurance portfolio and promoting the innovation of green insurance products.

Investment risk

Environmental risk is an essential component of ESG considerations in the Company's investment decisions. Its fund manager, UOBAM, uses a combination of tools, including sustainability ratings, to assess companies' ESG performance. The Company monitors the exposure of its investment portfolio to sectors with high environmental risk exposure based on S&P's ESG risk score.

Operational risk

The direct environmental impact is from to electricity consumption and paper use in the Company' operations. The Company has implemented measures, including employee awareness, to manage energy and paper consumption to keep its environmental footprint to a minimum.

United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2022

Financial Report

Directors' Statement

for the financial year ended 31 December 2022

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2022.

Opinion of the Directors

In the opinion of the directors,

(i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

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

Directors

The directors of the Company holding office as at the date of this report are:

Wee Cho Yaw *(Chairman)*
David Chan Mun Wai *(Managing Director and Chief Executive)*
Wee Ee Cheong
Hwang Soo Jin
Ho Yew Kee
Chng Hwee Hong
Chua Kim Leng

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, the interests of the directors who held office as at 31 December 2022 in the share capital of the Company and related corporations were as follows:

	Number of ordinary shares			
	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2022	At 1.1.2022	At 31.12.2022	At 1.1.2022
The Company				
United Overseas Insurance Limited				
Wee Cho Yaw	38,100	38,100	–	–
Hwang Soo Jin	100,000	100,000	–	–
David Chan Mun Wai	21,000	21,000	–	–
Ho Yew Kee	1,000	1,000	–	–
Chng Hwee Hong	100	100	–	–
Holding Company				
United Overseas Bank Limited				
Wee Cho Yaw	21,599,798	21,599,798	290,003,084	290,003,084
Wee Ee Cheong	3,181,455	3,081,455	173,701,487	173,701,487
David Chan Mun Wai	6,888	6,888	–	–
Ho Yew Kee	1,065	1,065	–	–
4.25% Perpetual Capital Securities				
Chua Kim Leng	250,000	–	–	–
David Chan Mun Wai	500,000	–	–	–
5.25% Perpetual Capital Securities				
David Chan Mun Wai[1]	–	–	–	–

1 Mr David Chan Mun Wai acquired $250,000 of 5.25% Perpetual Capital Securities on 13 January 2023.

With the exception of Mr David Chan Mun Wai as stated above, there was no change in any of the above interests of the directors between the end of the financial year and 21 January 2023.

Directors' Statement

for the financial year ended 31 December 2022

Directors' remuneration

The proposed annual fee structure for the Board for 2022 is set out below. The proposed directors' fees are subject to shareholders' approval at the forthcoming Annual General Meeting.

Fee structure	Chairman $	Member $
Basic retainer fee	45,000	35,000
Audit Committee	15,000	12,000
Nominating Committee	12,000	7,000
Remuneration Committee	12,000	7,000

Details of the total fees and other remuneration paid/payable by the Company to the directors for the financial year ended 31 December 2022 are as follows:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
$750,000 to $999,999					
David Chan Mun Wai	–	52.1%	39.9%	8.0%	100%
Below $250,000					
Wee Cho Yaw	$64,000	–	–	–	$64,000
Wee Ee Cheong [1]	$35,000	–	–	–	$35,000
Hwang Soo Jin	$54,000	–	–	–	$54,000
Ho Yew Kee	$54,000	–	–	–	$54,000
Chng Hwee Hong	$57,000	–	–	–	$57,000
Chua Kim Leng	$47,000	–	–	–	$47,000
Total directors' fees	$311,000	–	–	–	$311,000

1 Director's fee payable to Mr Wee Ee Cheong will be paid to United Overseas Bank Limited.

Share options

There was no share option granted by the Company during the financial year.

No share was issued during the financial year pursuant to any exercise of options to take up unissued shares of the Company.

There was no unissued share of the Company under option as at 31 December 2022.

Audit Committee

The Audit Committee comprises three members, all of whom are non-executive and independent directors. The members of the Audit Committee are:

Chng Hwee Hong (*Chairman*)
Ho Yew Kee
Chua Kim Leng

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditor's evaluation of the system of internal accounting controls, the scope and results of internal and external audit, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of external auditor, the significant findings of internal audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the Managing Director and/or other senior management staff, as appropriate.

Auditor

The Audit Committee has nominated Ernst & Young LLP for reappointment as auditor of the Company and Ernst & Young LLP has expressed its willingness to be reappointed.

On behalf of the Board of Directors,

Wee Cho Yaw
Chairman

David Chan Mun Wai
Managing Director and
Chief Executive

Singapore
07 February 2023

Independent Auditor's Report

for the financial year ended 31 December 2022

Independent Auditor's Report to the Members of United Overseas Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Insurance Limited (the Company), which comprise the balance sheet as at 31 December 2022, the profit and loss account, statement of comprehensive income, insurance revenue account, and the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of technical balances

As at 31 December 2022, the Company has $157.5 million of gross technical balances, which represents 78.6% of the Company's total liabilities. The Company's technical balances on the balance sheet include the reserve for outstanding claims and reserve for unexpired risks, which contain an element of uncertainty inherent in the insurance business and the estimation of technical balances involves a high degree of management judgment. The modelling for the reserve for outstanding claims takes into consideration of the claims experience, claims development, market conditions, as well as matters that are sensitive to the legal, economic, and various other factors and uncertainties, in order to arrive at the estimation of the ultimate losses. The reserve for unexpired risk is computed based on the premiums booked, nature of the policies and generally accepted valuation basis. Accordingly, we have identified this as a key audit matter.

The Company engages an independent certified actuary to review the estimation of ultimate losses and reserve for unexpired risks to ensure that the technical balances are adequate. In auditing the technical balances, we performed test of controls, test of details, and analytical review procedures on the Company's technical balances. In addition, we used our internal actuarial specialists to assist us in the following procedure, amongst others:

Key Audit Matters (continued)

Valuation of technical balances (continued)

- Compared the actuarial valuation methodologies and assumptions used by management with industry data and against recognised actuarial practices.

- Reviewed the assumptions used by the independent certified actuary and rationale for conclusions made thereon.

- Assessed the consistency of valuation methodologies applied against prior years.

- Assessed whether any changes made to the actuarial models are in line with our understanding of the Company's business developments, and our expectations derived from market experience in the light of the current market and economic conditions.

- Performed an independent analysis and re-computation of the technical balances of selected classes of business, focusing on the largest reserves. We compared our independent analysis to those performed by the management and obtained explanations for any significant differences, if any.

We also assessed the adequacy of disclosures in relation to technical balances. The Company's disclosures related to technical balances are included in Note 2(i) (Reserve for Unexpired Risks), Note 2(j) (Deferred Acquisition Costs), Note 2(k) (Claims Paid and Reserve for Outstanding Claims), Note 4(a) (Insurance Risks), Note 16 (Reserve for Unexpired Risks), Note 17 (Deferred Acquisition Costs) and Note 18 (Reserve for Outstanding Claims).

Valuation and expected credit losses of investments

The Company's investments represent 61% of the Company's total assets. These investments, which comprise mainly fixed income securities and equity shares, are measured at fair value with the corresponding fair value changes recognised in the profit and loss statement or in other comprehensive income. The valuation is performed by the Company using valuation inputs which have been classified in accordance with the fair value hierarchy stated in SFRS(I) 13 Fair Value Measurement. The fair value hierarchy is disclosed in Note 26. The calculation of the Company's expected credit loss ("ECL") on its financial assets are subject to significant judgement and estimation uncertainty. Accordingly, we identified the valuation and expected credit losses of investments as a key audit matter.

In auditing the Company's valuation and expected credit losses of investments, we performed the following audit procedures, amongst others:

- Assessed the processes and key controls relating to valuation of investments including management's considerations of the impact of current market conditions has on the valuation of the investments.

- Ascertained the existence of the investments through direct confirmations with the custodian and fund manager.

- Performed an independent price verification on the investments using external quotes.

- Assessed the Company's ECL methodology to evaluate its application against the requirements of SFRS(I) 9.

- Evaluated the design of the ECL model including the model build, approval process, ongoing monitoring, validation of the key assumptions such as the default rate and forward-looking adjustments used in the determination of the ECL factor to compute the ECL provision, model governance as well as arithmetic accuracy.

We also assessed the adequacy of disclosures in relation to the Company's investments with the relevant disclosure requirements. The Company's disclosures related to its investments are included in Note 2(q) (Financial Instruments), Note 2(r) (Impairment of Financial Assets) and Note 26 (Investments).

Independent Auditor's Report

for the financial year ended 31 December 2022

Key Audit Matters (continued)

Valuation of property recognised as investment property and fixed assets

The Company owns a property which is split and recorded as investment property and fixed assets according to usage. Both the investment property and fixed assets were carried at fair value as at 31 December 2022 based on valuation conducted by an independent external property valuer. The valuation process involves significant judgment in determining the appropriate valuation methodology to be used and requires the use of estimates in deriving the assumptions to be applied. In addition, the valuation is sensitive to key assumptions applied, including those relating to capitalization rate and prevailing market conditions. Accordingly, we have identified this as a key audit matter.

In auditing the Company's valuation of the property, we performed the following audit procedures, amongst others:

- Considered the objectivity, independence and expertise of the external property valuer.
- Discussed with management and the external property valuer the valuation process, methods, and key assumptions used in determining the valuation of the property.
- Assessed if the valuation methodology and techniques used were adequate and consistent with appraisal methodology given the circumstances of the property in the Singapore market.
- Assessed the reasonableness of the significant assumptions (such as the adjustments factors used to adjust for comparable properties and localities after taking into the adjustments like location, size, age/condition) in the valuation report to observable market data, including considerations of impact of current market conditions have on the valuation of the property.

We also assessed the adequacy of disclosures in relation to the Company's property with the relevant disclosure requirements. The Company's disclosures related to the property are included in Note 2(n) (Fixed Assets and Depreciation), Note 2(o) (Investment Property), Note 27 (Investment Property) and Note 28 (Fixed Assets).

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of the auditor's 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 identified above when it becomes available 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.

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Independent Auditor's Report

for the financial year ended 31 December 2022

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit responsible for this independent auditor's report is Du Xiaolin.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
07 February 2023

Profit and Loss Account

for the financial year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Insurance underwriting profit		**21,169**	20,763
Other income:			
Dividend income from investments	5(a)	**3,565**	3,907
Interest income from investments	5(b)	**8,094**	7,988
Interest on fixed deposits and bank balances from:			
- Holding company		**88**	–
- Other financial institutions		**362**	41
Rental income from investment property	5(c), 27	**693**	823
Losses on disposal of fixed assets	28	**–**	(19)
Miscellaneous income		**12**	171
Net fair value losses on mandatorily measured at fair value through profit or loss (FVTPL) investments - realised		**(2,189)**	–
Net fair value (losses)/gains on mandatorily measured at FVTPL investments - unrealised		**(2,183)**	522
Net fair value gains on investment property - unrealised	27	**3,221**	2,026
Net losses on disposal of fair value through other comprehensive income (FVOCI) investments		**(3,808)**	(904)
Write-back/(provision) of expected credit loss on debt securities at FVOCI	33(d)	**42**	(9)
Amortisation of premium on investments		**(434)**	(929)
Net fair value (losses)/gains on financial derivatives - realised		**(9,580)**	206
Net fair value gains/(losses) on financial derivatives - unrealised	21	**7,457**	(4,960)
Exchange (losses)/gains		**(1,815)**	5,785
		(3,938)	1,031
Less			
Management expenses not charged to insurance revenue account:			
- Management fees		**(1,328)**	(1,438)
- Depreciation on building improvement and renovation	28	**(268)**	(61)
- Other operating expenses		**(1,311)**	(1,147)
Non-underwriting income		**618**	12,002
Profit before tax		**21,787**	32,765
Tax expense	9(a)	**(5,046)**	(6,177)
Profit, net of tax		**16,741**	26,588
Profit attributable to:			
Equity holders of the Company		**16,741**	26,588
Earnings per share:			
Basic and diluted	10	**27.37 cents**	43.48 cents

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

Statement of Comprehensive Income

for the financial year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Net profit		**16,741**	26,588
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss in subsequent periods:			
Net fair value (losses)/gains on equity securities at FVOCI		**(17,635)**	18,207
Tax related to the above		**2,962**	(2,892)
		(14,673)	15,315
Net fair value gains on property	28	**3,779**	801
Tax related to the above		**(643)**	(136)
		3,136	665
Items that may be reclassified subsequently to profit or loss:			
Debt securities at FVOCI			
Changes in fair value		**(26,097)**	(8,041)
Transfer to profit or loss on disposal		**3,808**	904
Changes in allowance for expected credit loss	33(d)	**(42)**	9
Tax related to the above	15	**3,789**	1,215
		(18,542)	(5,913)
Other comprehensive (loss)/income for the financial year, net of tax		**(30,079)**	10,067
Total comprehensive (loss)/income for the financial year, net of tax		**(13,338)**	36,655
Total comprehensive (loss)/ income attributable to equity holders of the Company		**(13,338)**	36,655

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

Insurance Revenue Account

for the financial year ended 31 December 2022

	Note	Fire $'000	General Accident $'000	Marine $'000	2022 Total $'000	2021 Total $'000
Gross premium written		**45,273**	**51,451**	**2,263**	**98,987**	97,419
Reinsurance premium ceded		**(23,359)**	**(29,851)**	**(719)**	**(53,929)**	(55,181)
Net premium written		**21,914**	**21,600**	**1,544**	**45,058**	42,238
Movement in net reserve for unexpired risks	16	**(558)**	**(969)**	**(77)**	**(1,604)**	(1,345)
Movement in net deferred acquisition costs	17	**393**	**496**	**52**	**941**	49
Net earned premium		**21,749**	**21,127**	**1,519**	**44,395**	40,942
Less						
Gross claims paid		**10,243**	**15,254**	**493**	**25,990**	30,947
Reinsurance claims recoveries		**(5,966)**	**(7,121)**	**(10)**	**(13,097)**	(18,437)
Net claims paid	18	**4,277**	**8,133**	**483**	**12,893**	12,510
Change in net outstanding claims		**(51)**	**(2,495)**	**573**	**(1,973)**	(721)
Net claims incurred	18	**4,226**	**5,638**	**1,056**	**10,920**	11,789
Gross commission		**9,934**	**8,297**	**416**	**18,647**	17,999
Reinsurance commission		**(12,145)**	**(9,671)**	**(227)**	**(22,043)**	(24,252)
Net commission		**(2,211)**	**(1,374)**	**189**	**(3,396)**	(6,253)
Management expenses:						
Staff costs	7	**4,605**	**5,233**	**230**	**10,068**	9,142
Depreciation	6,28,29	**436**	**496**	**22**	**954**	1,843
Foreign exchange losses		**135**	**153**	**7**	**295**	153
Write-back of impairment losses on owner-occupied property	6,28	**–**	**–**	**–**	**–**	(763)
Other operating expenses	6	**2,006**	**2,279**	**100**	**4,385**	4,268
Total outgoing		**9,197**	**12,425**	**1,604**	**23,226**	20,179
Insurance underwriting profit transferred to profit and loss account		**12,552**	**8,702**	**(85)**	**21,169**	20,763

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

Balance Sheet

as at 31 December 2022

	Note	2022 $'000	2021 $'000
Share capital			
Issued and fully paid	12	**91,733**	91,733
Reserves			
General reserve	14	**22,880**	22,880
Revaluation on investment reserve	19	**9,994**	41,601
Revaluation surplus		**3,801**	665
Retained profits		**291,177**	291,333
Total equity attributable to equity holders of the Company		**419,585**	448,212
Liabilities			
Insurance creditors	20(a)	**16,569**	12,089
Non-trade creditors and accrued liabilities	20(a)	**7,679**	7,887
Lease liabilities	29(a)	**28**	28
Amount owing to related companies	20(a)	**1,786**	2,058
Derivative financial liabilities	21	**526**	158
Tax payable	9(b)	**4,837**	8,686
Deferred tax liabilities	15	**3,007**	8,569
Deferred acquisition costs – reinsurers' share	17	**8,411**	8,710
Gross technical balances			
– Reserve for unexpired risks	16	**50,583**	50,876
– Reserve for outstanding claims	18	**106,895**	108,510
Total liabilities		**200,321**	207,571
Total equity and liabilities		**619,906**	655,783
Assets			
Bank balances and fixed deposits	22, 23	**47,303**	40,003
Insurance debtors	23	**13,128**	14,990
Non-trade debtors and accrued interest receivables	23	**4,948**	5,131
Amount owing from related companies		**-**	3
Derivative financial assets	21	**8,572**	747
Associated company	25	**1**	1
Investments	26	**379,772**	435,593
Investment property	26, 27	**28,530**	27,858
Fixed assets	28	**40,608**	33,515
Right-of-use assets	29(a)	**22**	23
Deferred acquisition costs – gross	17	**7,639**	6,997
Reinsurers' share of technical balances			
– Reserve for unexpired risks	16	**28,073**	29,970
– Reserve for outstanding claims	18	**61,310**	60,952
Total assets		**619,906**	655,783

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

Statement of Changes in Equity

for the financial year ended 31 December 2022

	Note	Attributable to equity holders of the Company					
		Share capital $'000	General reserve $'000	Revaluation on investment reserve $'000	Revaluation surplus $'000	Retained profits $'000	Total $'000
Balance at 1 January 2022		91,733	22,880	41,601	665	291,333	448,212
Profit net of tax		–	–	–	–	16,741	16,741
Other comprehensive income for the financial year, net of tax		–	–	(33,215)	3,136	–	(30,079)
Total comprehensive income for the financial year, net of tax		–	–	(33,215)	3,136	16,741	(13,338)
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	19	–	–	1,608	–	(1,608)	–
Dividend for Year 2021	11	–	–	–	–	(10,091)	(10,091)
Dividend for Year 2022	11	–	–	–	–	(5,198)	(5,198)
Balance at 31 December 2022		91,733	22,880	9,994	3,801	291,177	419,585
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 financial year, net of tax		–	–	9,402	665	–	10,067
Total comprehensive income for the financial year, net of tax		–	–	9,402	665	26,588	36,655
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	19	–	–	(11,408)	–	11,408	–
Dividend for Year 2020	11	–	–	–	–	(7,644)	(7,644)
Dividend for Year 2021	11	–	–	–	–	(5,198)	(5,198)
Balance at 31 December 2021		91,733	22,880	41,601	665	291,333	448,212

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

Cash Flow Statement

for the financial year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Profit before tax		**21,787**	32,765
Adjustments for:			
Movement in net reserve for unexpired risks	16	**1,604**	1,345
Movement in net deferred acquisition costs	17	**(941)**	(49)
Movement in net outstanding claims	18	**(1,973)**	(721)
Net fair value (gains)/losses on financial derivatives – unrealised	21	**(7,457)**	4,960
Write-back of impairment losses on owner-occupied property	28	**–**	(763)
Net fair value gains on investment property – unrealised	27	**(3,221)**	(2,026)
Loss on disposal of fixed assets	28	**–**	19
Depreciation	28,29	**1,222**	1,904
Interest paid	29	**–**	13
Net fair value losses/(gains) on mandatorily measured at FVTPL investments – unrealised		**2,183**	(522)
Net fair value losses on mandatorily measured at FVTPL investments – realised		**2,189**	–
Net losses on disposal of FVOCI investments		**3,808**	904
Amortisation of premium on investments		**434**	929
(Write-back)/provision of expected credit loss on debt securities at FVOCI	33(d)	**(42)**	9
Dividend income from investments	5(a)	**(3,565)**	(3,907)
Interest income from investments	5(b)	**(8,094)**	(7,988)
Interest on fixed deposits and bank balances		**(450)**	(41)
Exchange losses/(gains)		**1,518**	(5,927)
Operating profit before working capital changes		**9,002**	20,904
Changes in working capital:			
Trade and other receivables		**2,354**	(5,490)
Amount owing from related companies		**3**	(3)
Trade and other payables		**4,272**	2,434
Amount owing to related companies		**(272)**	593
Cash generated from operations		**15,359**	18,438
Tax paid	9(b)	**(8,349)**	(8,389)
Interest paid		**–**	(13)
Net cash flows from operating activities		**7,010**	10,036

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

	Note	2022 $'000	2021 $'000
Cash Flows from Investing Activities			
Proceeds from disposal of investments		**346,411**	316,203
Purchase of investments		**(340,646)**	(337,968)
Purchase of fixed assets	28	**(1,986)**	(6,041)
(Placement in)/proceeds from long-term fixed deposits		**(1,440)**	927
Dividend received from investments		**3,704**	3,864
Interest received from investments		**7,745**	8,098
Interest received from fixed deposits and bank balances		**351**	42
Net cash flows from/ (used in) investing activities		**14,139**	(14,875)
Cash Flows from Financing Activities			
Leases paid	29	**–**	(1,131)
Dividend paid	11	**(15,289)**	(12,842)
Cash flows used in financing activities		**(15,289)**	(13,973)
Net increase/(decrease) in cash and cash equivalents		**5,860**	(18,812)
Cash and cash equivalents at beginning of year		**38,476**	57,288
Cash and cash equivalents at end of year		**44,336**	38,476

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

Cash and bank balances (Note 22 (a))	**10,215**	23,694
Fixed deposits placement less than 3 months (Note 22 (b))	**34,121**	14,782
Cash and cash equivalents	**44,336**	38,476
Fixed deposits placement more than 3 months (Note 22 (b))	**2,967**	1,527
Bank balances and fixed deposits	**47,303**	40,003

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

Notes to the Financial Statements

for the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

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).

The Company is a member of the United Overseas Bank Group. The holding company which is also the ultimate holding company is United Overseas Bank Limited, incorporated in Singapore, which owns 58% of the issued share capital of the Company.

The address of the Company's registered office is as follows:
80 Raffles Place
UOB Plaza
Singapore 048624

The address of the Company's principal place of business is as follows:
146 Robinson Road
UOI Building #02-01
Singapore 068909

2 Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company, which are presented in Singapore dollars ($) and rounded to the nearest thousand ($'000) except when otherwise indicated, have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) as required by the Companies Act.

The preparation of the financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Except as otherwise stated, the financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investment property, owner-occupied property, financial assets and all financial derivatives.

(b) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the applicable new and revised standards which are effective for annual periods beginning on or after 1 January 2022.

Changes during the financial year
The Company adopted the following reporting standards during the financial year:
Amendment to SFRS(I) 16 COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to SFRS(I) 3: Reference to the Conceptual Framework
Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use
Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to SFRSs 2018-2020

The adoption of these standards did not have material effect on the financial performance or position of the Company.

2 Significant Accounting Policies (continued)

(c) Standards Issued but Not Yet Effective

The Company has not adopted the following standards applicable that have been issued but not yet effective:

		Effective for annual periods beginning on or after
(i)	SFRS(I) 17 *Insurance Contracts*	1 January 2023
(ii)	Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
(iii)	Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates	1 January 2023
(iv)	Amendments to SFRS(I) 1-12 *Income Taxes:* Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
(v)	Amendments to SFRS(I) 1-1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current	1 January 2024
(vi)	Amendments to SFRS(I) 1-16 *Leases:* Lease Liability in a Sale and Leaseback	1 January 2024
(vii)	Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants	1 January 2024
(viii)	Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for SFRS(I) 17 Insurance Contracts, the directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

(d) SFRS(I) 17 Insurance Contracts

SFRS(I) 17 replaces SFRS(I) 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

(i) General measurement model

SFRS(I) 17 provides a default comprehensive model (the general measurement model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short duration which typically applies to certain non-life insurance contracts. The overall objective of SFRS(I) 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

The Company will be adopting the general measurement model which requires insurance contract liabilities to be measured using discounted probability-weighted current estimates of future cash flows, an adjustment for non-financial risk, and a contractual service margin (CSM) representing the profit expected from fulfilling the contracts. Effects of changes in the estimates of future cash flows (and the risk adjustment for non-financial risk) relating to future services are recognised over the period services are provided rather than immediately in profit or loss.

2 Significant Accounting Policies (continued)

(d) SFRS(I) 17 Insurance Contracts (continued)

(ii) Modified retrospective approach

The Company has applied the modified retrospective approach, it grouped its contract by cohorts annually from 2019. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Company, as obtaining all required historical data for its existing products from the actuarial valuation reports was not possible. Therefore, the Company has used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach.

The Company has elected to use the simplification in the modified retrospective approach for determining the CSM or loss component of the liability for remaining coverage at the transition date.

(iii) Recognition

The Company has used the following procedure to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date.

- Discount rates applied to cash flows in the period before transition date were based on 10 years average Singapore Government Securities (SGS) yield curve obtained from Monetary Authority of Singapore (MAS).

- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date.

The CSM at transition date has been further determined by:

- Using the modified discount rates determined at initial recognition to accrete interest on the CSM.

- Applying the amount of the CSM recognised in profit or loss because of the transfer of services before the transition date, by comparing the remaining coverage units at that date with the coverage units provided under the group of contracts before the transition date.

2 Significant Accounting Policies (continued)

(d) SFRS(I) 17 Insurance Contracts (continued)

(iv) Level of aggregation

SFRS(I) 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together and are established at initial recognition.

The Company has defined portfolios of insurance and reinsurance contracts issued based on its product lines and underwriting year. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

(v) Onerous group of contracts

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

(vi) Changes to presentation and disclosure

For presentation purposes, the Company will aggregate insurance contracts issued and reinsurance contracts held based on portfolios and these will be presented separately in the statement of financial position.

The presentation of the insurance revenue account and statement of other comprehensive income will require separate presentation of insurance revenue and service expenses, insurance finance income or expenses and income or expenses from reinsurance contracts held change. There will no longer be items such as gross, net or earned premiums or net claims incurred shown on the insurance revenue account.

The Company would also provide disaggregated qualitative information about significant judgements, and changes in those judgements, when applying the standard.

(e) Revenue Recognition

(i) Premium income

Premium income from direct and facultative reinsurance business is taken up as income at the time a policy is issued which approximates the inception date of the risk.

Premium income from treaty reinsurance is taken up in the insurance revenue account based on statements received up to the time of closing of the books.

(ii) Investment income

Dividend income is recognised when such dividends are declared. Interest income is accounted for on an accrual basis using the effective interest method. Profits or losses on disposal of investments are recognised in the profit and loss statement, or in other comprehensive income.

Notes to the Financial Statements

for the financial year ended 31 December 2022

2 Significant Accounting Policies (continued)

(f) Government Grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is deducted on a systematic basis over the periods of the related costs. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

(g) Reinsurance

The Company assumes and/or cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts due to reinsurers are determined in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract.

(h) Product Classification

All the Company's existing products are insurance contracts as defined in SFRS(I) 4. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

(i) Reserve for Unexpired Risks

Reserve for unexpired risks comprises the sum of unearned premium reserves and premium deficiency reserves.

Unearned premium reserves are calculated on the following basis:

(i) Unearned premium reserves, other than for marine cargo and inward treaties, are calculated using the 1/24th method based on gross premium written less premium on reinsurance.

(ii) Unearned premium reserves on marine cargo direct business are calculated at 25% of the gross premium written less premium on reinsurance.

(iii) Unearned premium reserves on inward treaties are calculated at 40% of gross premium written less premium on reinsurance.

Premium deficiency reserves are derived using actuarial methods on loss statistics and are recognised when the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date for any line of business exceeds the unearned premium reserves in relation to such policies.

Reserve for unexpired risks are compared with the report issued by a certifying actuary, which is prepared for a valuation of the premium liabilities in accordance with Section 95 of the Insurance Act 1966, on a yearly basis.

2 Significant Accounting Policies (continued)

(j) Deferred Acquisition Costs

Commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and/or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. Deferred acquisition costs (DAC) are calculated using the $1/24^{th}$ method on actual commission. All other acquisition costs are recognised as an expense when incurred.

An impairment review is performed at each reporting date and the carrying value is written down to the recoverable amount.

(k) Claims Paid and Reserve for Outstanding Claims

Claims are charged against the insurance revenue account when incurred based on the estimated liability for compensation owed to policyholders or damage suffered by third party claimants. They comprise direct and indirect claims settlement costs, including loss adjustment expenses and professional fees, and arise from events that have occurred up to the balance sheet date even if they have not been reported to the Company.

Provision is made for the estimated costs of all claims notified but not settled as at the balance sheet date using the best information available at that time for individual cases. Provision is also made for the estimated costs of claims incurred but not reported (IBNR) as at the balance sheet date using statistical methods and compared with the assessment of a certifying actuary as required under the Insurance Act. The Company does not discount its reserve for outstanding claims. Any reduction or increase in the reserve is dealt with in the insurance revenue account of the year in which the reduction or increase arises. Any difference between the estimated cost and subsequent settlement is dealt with in the insurance revenue account of the year in which settlement takes place. For claims from assumed reinsurance, an additional reserve is made based on developmental trends as discerned in the running-off of outstanding claims in respect of prior underwriting years.

As explained in Note 4, the assumptions used to estimate the reserve require judgement and are subject to uncertainty.

Liabilities and related assets under liability adequacy test

Insurance contracts are tested for adequacy by comparing current estimates of all future contractual cash flows with the carrying value of the liability. Where a shortfall is identified, an additional reserve is made and the Company recognises the deficiency in profit or loss for the financial year.

(l) Provisions

Provisions are recognised when the Company has a legal or constructive obligation where as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date 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.

(m) Trade and Other Debtors

Trade debtors comprise receivables related to insurance contracts and include amounts due from policyholders, agents and reinsurers. Loss allowance is measured at an amount equal to lifetime ECL with impairment loss recognised in the profit or loss. The additional accounting policies applicable to trade and other debtors can be found in Note 2(r).

2 Significant Accounting Policies (continued)

(n) Fixed Assets and Depreciation

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. Owner-occupied property is stated at fair value less accumulated depreciation and impairment allowance.

Valuation for owner-occupied property is performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in Other Comprehensive Income (OCI) and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Subsequent to recognition, other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%
Building improvement and renovation	10
Office equipment	20 to 33 1/3
Motor vehicles	20
Owner-occupied property	2

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount and the impairment loss is charged to the profit or loss. If, in subsequent periods, circumstances and events that led to the provision for impairment in value cease to exist, a write-back up to the full provision may be made, net of depreciation which would have been recognised in the profit or loss had the provision not been made.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss in the year the asset is derecognised.

2 Significant Accounting Policies (continued)

(o) Investment Property

Investment property consists of leasehold office premises located at 146 Robinson Road.

Investment properties are properties that are either owned by the Company or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise of completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(p) Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other 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 assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in the profit or loss, except for assets that are previously revalued where the revaluation was taken to OCI. For such assets, the impairment is also recognised in OCI up to the amount of any previous revaluation.

2 Significant Accounting Policies (continued)

(p) Impairment of Non-financial Assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(q) Financial Instruments

(i) Classification

Financial instruments and financial liabilities are classified as follows:

Financial instruments at fair value through profit or loss

Financial instruments within a held for trading business model are classified and measured at FVTPL. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Debt instruments

The debt instruments with contractual cash flows that represent solely payments of principal and interest are classified and measured as follows:

- at amortised cost (AC) if they are held within a business model whose objective is to collect contractual cash flows from the assets;
- at FVOCI if the objective of the business model is both for collection of contractual cash flows and for sale; or
- at FVTPL (designated) if so designated to eliminate or reduce accounting inconsistency.

Equity instruments

Equity instruments are classified and measured at FVTPL unless elected irrevocably at inception to be classified and measured at FVOCI on an instrument-by-instrument basis when they meet the definition of equity under SFRS(I)1-32 *Financial Instruments: Presentation* and are not held for trading.

Financial liabilities

Financial liabilities are classified and measured at AC. They may be designated at FVTPL at initial recognition if they meet the following criteria:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities on a different basis;
- the assets and liabilities are managed on a fair value in accordance with a documented risk management or investment strategy; or

2 Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

(i) Classification (continued)

Financial liabilities (continued)

- the financial instrument contains an embedded derivative that would otherwise require bifurcation.

For financial liabilities that are designated at FVTPL, the fair value changes attributable to own credit risk are taken to OCI unless this would create accounting mismatch, in which case such fair value changes are taken to profit or loss.

(ii) Measurement

Initial measurement

Financial instruments are recognised initially at their fair value which is generally the transaction price, reduced by loss allowance for financial assets at AC. Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not measured at FVTPL.

Subsequent measurement

Held for trading financial instruments and those designated as FVTPL measured at fair value with fair value changes recognised in the income statement.

Financial instruments classified as FVOCI are measured at fair value with fair value changes taken to the fair value reserve. For debt instruments, the fair value change in the fair value reserve is taken to the income statement upon disposal or impairment of the assets. For equity instruments elected to be classified as FVOCI, gains or losses on these financial assets are never recycled to profit and loss account. Dividends are recognised as other income in the profit and loss account when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the financial asset, in which case, such gains are recorded in OCI.

All other financial instruments are measured at AC using the effective interest method less allowance for impairment.

Interest and dividend income on all non-derivative financial instruments at FVTPL are recognised separately from fair value changes. The effective interest rate applied to Stage 1 and Stage 2 financial assets is on their gross carrying amount. For Stage 3 financial assets the effective interest rate is applied to the net carrying amount.

Fair Value Determination

Fair values of financial assets and financial liabilities with active markets are determined based on the market bid and ask prices respectively at the balance sheet date. For financial instruments with no active markets, fair values are established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models. Valuation inputs include spot and forward prices, volatilities, correlations and credit spreads.

Notes to the Financial Statements

for the financial year ended 31 December 2022

2 Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

(iii) Recognition and derecognition

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the settlement date.

Financial instruments are derecognised when the contractual rights to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired. On derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the accumulated gain or loss that has been recognised in equity are recognised in the profit and loss statement, or in OCI.

(r) Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments held at FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For debt instruments at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. Equity instruments designated at fair value through OCI are not subjected to impairment assessment.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 Significant Accounting Policies (continued)

(s) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(t) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

for the financial year ended 31 December 2022

2 Significant Accounting Policies (continued)

(u) Trade and Other Creditors

Liabilities for trade and other creditors and amounts owing to related companies are initially recognised at fair value and subsequently measured at AC using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(v) Foreign Currency

(i) Functional currency

The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Foreign currency monetary assets and liabilities are converted to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted into the functional currency using the rates of exchange ruling on the transaction dates. Exchange differences are taken up in the insurance revenue accounts or in profit or loss as appropriate.

Exchange differences on investments held at fair value through profit or loss, such as unit trusts, ETFs and equities are reported as part of the fair value gain or loss. Exchange differences on equities classified as FVOCI financial assets, are recognised in OCI and accumulated under the revaluation on investment reserve in equity.

(w) Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(x) Deferred Income Tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements at the balance sheet date. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

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

2 Significant Accounting Policies (continued)

(x) Deferred Income Tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(y) Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances, and fixed deposits with maturity of less than 3 months.

(z) Dividend Distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.

(aa) Employees' Benefits

(i) Defined contribution plan

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised in compensation expense in the same period as the employment that gives rise to the contributions.

(ii) Employees' leave entitlement

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

(ab) Leases

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

(i) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2 Significant Accounting Policies (continued)

(ab) Leases (continued)

(i) As lessee (continued)

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property 3 years
- Office equipment 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as described in Note 2(p).

Lease Liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2 Significant Accounting Policies (continued)

(ab) Leases (continued)

(ii) As lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment property is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(ac) Associate

An associate is an entity over which the Company has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Company's investment in material associate is accounted for using the equity method.

The Company accounts for its investments in associate using the equity method from the date on which it becomes an associate.

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

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

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

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

The financial statements of the associate is prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

2 Significant Accounting Policies (continued)

(ad) Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(ae) Segment Reporting

The Company is organised into operating segments based on its separate fund accounts in accordance with the Singapore Insurance Act 1966. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

(af) Related Parties

A related party is a person or entity that is related to the Company.

(i) A person or a close member of that person's family is related to the Company if that person:
- (a) has control or joint control over the Company;
- (b) has significant influence over the Company; or
- (c) is a member of the key management personnel of the Company or of a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions applies:
- (a) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
- (c) Both entities are joint ventures of the same third party;
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (f) The entity is controlled or jointly controlled by a person identified in (i); and
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3 Principal Activities

The principal activities of the Company is the underwriting of general insurance business. There have been no significant changes in the nature of these activities during the financial year.

4 Judgements and Inherent Uncertainty in Accounting Estimates

In the process of applying the 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 financial statements:

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(a) Insurance Risks

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

As general insurance business encompasses a wide range of different insurance products, a prudent management of risks is fundamental to the Company's business. This safeguards not only the interest of its shareholders but also that of its customers. The Company has developed a robust underwriting framework to ensure that all risks accepted meet with its guidelines and standards.

The Company's business is primarily derived from Singapore and the region. Geographically, there is an inherent concentration of insurance risks in the Company's insurance portfolio. The Company has developed a reinsurance management strategy which manages such concentration of insurance risks based on historical experience of loss frequency and severity of similar risks and in similar geographical zones. The primary objectives of the Company's reinsurance management strategy include protection of shareholders' fund, smoothing out the peaks and troughs of underwriting result, providing the Company with competitive advantage, sound and diversified reinsurance securities and developing long-term strategic partnership with key reinsurers.

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The principal uncertainty in the Company's financial statements primarily arises in the technical reserves which include the reserves of premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, net of deferred acquisition cost while the claim liabilities comprise reserve for outstanding claims and their values are carried in the balance sheet as disclosed in Notes 16, 17 and 18 to the financial statements.

Although the premium and claim liabilities are estimated based on management's best knowledge and judgement of current facts including consultations with its certifying actuary as at the balance sheet date, the actual outcome may differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

For general insurance contracts, claims reserve, compromising provision for claims reported by policyholders and claims incurred but not reported (IBNR) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date. The provisions are revised continuously as part of a regular ongoing process as claims are settled and further claims are reported.

(i) Estimation process

The claims reserve estimation process involves estimation of reserve of outstanding reported claims (case reserves), and estimation of additional reserves for IBNR and expected future movements in the estimated ultimate liabilities associated with outstanding reported claims incurred but not enough reported (IBNER). Case reserves are set and periodically reviewed by the claims department. IBNR and IBNER reserves are determined by the Company after taking into account the certifying actuary's assessment. The total claim liabilities are subject to a yearly actuarial review and at year end a formal actuarial report will be provided on the adequacy of the Company's claim liabilities.

Notes to the Financial Statements

for the financial year ended 31 December 2022

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(a) Insurance Risks (continued)

(i) Estimation process (continued)

In forming their view on the adequacy of the claims reserve, the actuary uses a variety of statistical projection techniques like the Chain Ladder and Bornhuetter-Ferguson methods. Claims reserve is separately analysed by class of business and it is intended to provide a minimum of 75% level of assurance of adequacy, and as such include a provision for adverse deviation (PAD) beyond the best estimate of the claim liabilities.

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.

(ii) Assumptions

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, 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. There is typically a lot of judgement involved in estimating the claim liabilities.

(iii) Sensitivities

The estimates of premium and claim liabilities are an inherently uncertain process. The uncertainty may be due to a number of factors, which include variation in the mix of risks insured, changes in social and legal environments, which affect the final settlement costs of unsettled claims, and changes in claim management procedures and, as a consequence of this uncertainty, the eventual value of premium and claim liabilities can vary from the initial estimates.

The following table shows an analysis of sensitivity performed by the certifying actuary on the technical balances on gross and net (i.e. reserve for unexpired risks and reserve for outstanding claims, net of reinsurers' share and deferred acquisition cost), profit before tax and equities.

	Change in assumptions	Impact on gross liabilities $ million	Impact on net liabilities $ million	Impact on profit before tax $ million	Impact on equity $ million
As at 31 December 2022					
Provision for adverse deviation margin	+20%	2.06	0.95	(2.08)	(1.73)
Loss ratio	+20%	9.50	4.40	(5.53)	(4.59)
Claims handling expenses	+20%	1.11	1.11	(2.24)	(1.86)
As at 31 December 2021					
Provision for adverse deviation margin	+20%	2.08	0.96	(0.46)	(0.38)
Loss ratio	+20%	10.13	4.79	(4.29)	(3.56)
Claims handling expenses	+20%	1.09	1.09	(0.59)	(0.49)

4 Judgements and Inherent Uncertainty in Accounting Estimates (continued)

(b) Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(c) 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 inputs used. For more details on the Company's ECL methodology and assumptions and loss allowance recognised for the year ended 31 December 2022, refer to Note 33(d).

(d) 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 2022. The fair value of the owner-occupied and investment property are determined by independent real estate valuation experts using the market comparable. The key assumptions used to determine the fair value of the investment property are provided in Note 27.

The carrying amount of the Company's investment property and owner-occupied property as at 31 December 2022 was $62,000,000 (2021: $55,000,000). The details can be found in Notes 27 and 28 respectively.

5 Other Income

		2022 $'000	2021 $'000
(a)	Dividend income from:		
	- Equity securities at FVOCI	**3,565**	3,907
(b)	Interest income from:		
	- Debt securities measured at FVOCI	**8,094**	7,988
(c)	Rental income from:		
	- Investment property (Note 27)	**693**	823

Notes to the Financial Statements

for the financial year ended 31 December 2022

6 Management Expenses

Included in management expenses are the following:

	Charged to insurance revenue accounts 2022 $'000	2021 $'000
Depreciation on:		
Right-of-use assets (Note 29(a))	**1**	1,208
Owner-occupied property (Note 28)	**531**	500
Building improvement and renovation (Note 28)	**253**	68
Office equipment (Note 28)	**164**	63
Motor vehicles (Note 28)	**5**	4
	954	1,843
Auditor's remuneration:		
Payable to the auditors of the Company		
- Audit fees	**182**	170
- Under/(over) provision for prior year	**5**	(5)
- Non-audit fees	**55**	10
	242	175
Foreign exchange losses	**295**	153
Write-back of impairment losses on owner-occupied property (Note 28)	**–**	(763)
Licence/levy	**178**	199
Printing and stationery	**70**	70
Upkeep of application software	**741**	372
Write-off/(recovery) of bad debts	**7**	(1)

7 Staff Information (Including an Executive Director)

	2022 $'000	2021 $'000
Wages, salaries and other employee benefits	**9,091**	8,237
Central Provident Fund contribution	**977**	905
	10,068	9,142

	2022	2021
Number of persons employed at the end of year	**100**	101

8 Directors' Remuneration

The number of directors of the Company whose total remuneration from the Company falls into the following bands is:

	2022	2021
$750,000 to $999,999	**1**	–
$500,000 to $749,999	**–**	1
$250,000 to $499,999	**–**	–
Below $250,000	**6**	7
Total	**7**	8

9 Income Tax

(a) Tax Expense

The tax expense attributable to profit is made up of:

	2022 $'000	2021 $'000
On the profit of the year:		
Singapore current income tax (Note 9(b))	**4,829**	6,133
Transfer from deferred taxation (Note 15)	**217**	44
Income tax expenses recognised in profit and loss	**5,046**	6,177

The tax expense on the results of the Company for the financial year differs from the theoretical amount that would arise by applying the Singapore statutory income tax rate to profit before tax due to the following:

	2022 $'000	2021 $'000
Profit before tax	**21,787**	32,765
Tax calculated at a tax rate of 17% (2021: 17%)	**3,704**	5,570
Exempt income	**(392)**	(478)
Expenses not deductible for tax purposes	**294**	11
Expense from qualifying debt securities and general business, taxed at a rate of 10%	**115**	883
Others	**1,325**	191
Actual tax expense	**5,046**	6,177

Notes to the Financial Statements

for the financial year ended 31 December 2022

9 Income Tax (continued)

(b) Movement in Tax Payables

	2022 $'000	2021 $'000
Balance at beginning of the financial year	**8,686**	8,605
Income tax paid	**(8,349)**	(8,389)
Current financial year's tax payable on profit	**4,829**	6,133
Tax relating to net (losses)/gains on disposal of FVOCI equity securities	**(329)**	2,337
Balance at end of financial year	**4,837**	8,686

10 Earnings Per Share

Earnings per share is calculated by dividing the profit after tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2022 $'000	2021 $'000
Net profit	**16,741**	26,588
Weighted average number of ordinary shares ('000)	**61,155**	61,155
Basic and diluted earnings per share (cents)	**27.37**	43.48

11 Dividend Paid

	2022 $'000	2021 $'000
Interim dividend of 8.5 cents per share (one-tier tax-exempt) (2021: 8.5 cents per share one-tier tax-exempt in respect of the financial year 2021), in respect of the financial year 2022	**5,198**	5,198
Special dividend of 8 cents per share (one-tier tax-exempt) (2021: 4 cents per share one-tier tax-exempt in respect of the financial year 2020), in respect of the financial year 2021	**4,893**	2,446
Final dividend of 8.5 cents per share (one-tier tax-exempt) (2021: 8.5 cents per share one-tier tax-exempt in respect of the financial year 2020), in respect of the financial year 2021	**5,198**	5,198
	15,289	12,842

The directors have proposed a final one-tier tax-exempt dividend of 8.5 cents per share and a special one-tier tax-exempt dividend of 4.0 cents per share in respect of the financial year ended 31 December 2022 amounting to $7,644,000. These financial statements do not reflect this dividend payable, which, if approved at the forthcoming Annual General Meeting, will be accounted for in the shareholders' equity as an appropriation of retained profits in the year ending 31 December 2023.

12 Share Capital

	2022		2021	
	No. of shares issued '000	**$'000**	No. of shares issued '000	$'000
Issued and fully paid, at beginning and end of financial year	**61,155**	**91,733**	61,155	91,733

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

13 Capital Management

The Company's capital management policy is to enhance shareholder value, deliver sustainable returns to shareholders, support business growth and maintain an adequate capital position to meet policyholders' obligations, regulatory requirements and the underlying risks of the Company's business and operations. Capital includes equity attributable to the owners of the Company less the investment reserve. There have been no changes to the Company's basis in determining capital.

The Company's capital management processes include the following key measures:

- observing an established dividend policy, which aims to support the Company's business needs, comply with regulatory requirements and reward shareholders reasonably;
- setting appropriate risk limits to control the Company's exposure in the underlying risks of its business and operations;
- investing the Company's funds in liquid and marketable securities and following an appropriate asset allocation strategy to maintain high liquidity and achieve the Company's objective in growth and preservation of capital; and
- stress-testing the Company's financial conditions and capital adequacy under various stress scenarios to assess and enhance the Company's financial stability.

The Company is also required to maintain a minimum amount of capital and solvency requirements as prescribed under the Singapore Insurance Act 1966 and relevant Regulations. The Company has complied with such requirements during the financial year. The Company monitors its capital level on a regular basis to assess whether the capital adequacy requirements have been met.

The Company has no borrowings, contingent liabilities and loan capital as at 31 December 2022. There was no change in the Company's capital management objectives, policies and processes during the years ended 31 December 2022 and 31 December 2021.

The Company's equity as at 31 December 2022 was $419,585,000 (2021: $448,212,000).

Notes to the Financial Statements

for the financial year ended 31 December 2022

14 General Reserve

In each financial year, a certain amount of retained profits may be transferred to general reserve of the Company. The general reserve has not been earmarked for any particular purpose. In the year of 2022, there is no transfer of retained profits to general reserve.

15 Deferred Tax Liabilities

Deferred tax liabilities as at 31 December relate to the following:

	Balance sheet		Profit and loss	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Differences in tax depreciation	**279**	72	**207**	57
Differences in tax depreciation – Right-of-use assets	**4**	–	**4**	(11)
Differences in lease liabilities	**(1)**	–	**(1)**	–
Differences in expected credit loss	**(47)**	(54)	**7**	(2)
Deferred income tax related to other comprehensive income:				
Revaluation of investments				
– Balance at 1 January	**8,551**	9,075		
– Net (losses)/gains on fair value changes of FVOCI equity securities	**(2,633)**	555		
– Net losses on fair value changes of FVOCI debt securities	**(3,789)**	(1,215)		
– Net gains on fair value changes on property	**643**	136		
Balance at 31 December	**3,007**	8,569		
Deferred income tax expense			**217**	44

16 Reserve for Unexpired Risks

Movements in reserve for unexpired risks:

	2022			2021		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balance at beginning of the financial year	**50,876**	**(29,970)**	**20,906**	49,040	(29,479)	19,561
Movement in reserve during the financial year	**(293)**	**1,897**	**1,604**	1,836	(491)	1,345
Balance at end of the financial year	**50,583**	**(28,073)**	**22,510**	50,876	(29,970)	20,906

17 Deferred Acquisition Costs

	2022			2021		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balance at beginning of the financial year	**6,997**	**(8,710)**	**(1,713)**	7,025	(8,787)	(1,762)
Movement in deferred acquisition cost during the financial year	**642**	**299**	**941**	(28)	77	49
Balance at end of the financial year	**7,639**	**(8,411)**	**(772)**	6,997	(8,710)	(1,713)

18 Reserve for Outstanding Claims

Reserve for outstanding claims will become payable and materialise into claims paid as and when the amounts of insured losses suffered by policyholders or third party claimants are ascertained and agreed, without any contractual maturity date. The timing of future cash outflow arising from the reserve is not ascertainable but is likely to fall within six years.

The reserve is sensitive to many factors such as interpretation of circumstances, legislative changes, judicial decisions and economic conditions and is also subject to uncertainties such as:

- uncertainty as to whether an event has occurred which would give rise to a policyholder or a third party claimant an insured loss;
- uncertainty as to the extent of policy coverage and limits applicable; and
- uncertainty as to the amount of insured loss suffered by a policyholder or a third party claimant as a result of the event occurring.

Movements in reserve for outstanding claims:

	2022			2021		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balance at beginning of the financial year	**108,510**	**(60,952)**	**47,558**	116,546	(68,267)	48,279
Claims paid during the financial year	**(25,990)**	**13,097**	**(12,893)**	(30,947)	18,437	(12,510)
Claims incurred	**24,375**	**(13,455)**	**10,920**	22,911	(11,122)	11,789
Balance at end of the financial year	**106,895**	**(61,310)**	**45,585**	108,510	(60,952)	47,558

Notes to the Financial Statements

for the financial year ended 31 December 2022

18 Reserve for Outstanding Claims (continued)

The following are the Company's actual claims compared with previous estimates on gross and net basis:

Accident Year	2012 & prior	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total ($'000)
Estimate of claims incurred – **gross**												
– at end of accident year		80,354	51,991	49,497	67,666	50,098	45,449	44,683	52,362	40,341	48,166	
– one year later		79,297	54,793	48,664	67,916	43,213	41,787	36,934	44,423	30,121		
– two years later		64,022	52,172	45,692	65,144	41,472	39,786	37,673	43,679			
– three years later		59,966	47,179	41,671	57,644	39,067	37,023	33,890				
– four years later		54,375	40,311	40,072	54,276	37,580	34,451					
– five years later		50,165	38,627	38,159	51,984	35,115						
– six years later		46,124	35,887	36,923	50,131							
– seven years later		45,281	34,460	36,191								
– eight years later		44,673	33,990									
– nine years later		44,427										
Current estimate of cumulative claims incurred		44,427	33,990	36,191	50,131	35,115	34,451	33,890	43,679	30,121	48,166	
Less: cumulative claims paid to date		43,967	33,249	34,656	46,432	31,946	26,906	23,975	27,833	12,432	3,885	
Liability recognised in the balance sheet	2,015	460	741	1,535	3,699	3,169	7,545	9,915	15,846	17,689	44,281	106,895
Estimate of claims incurred – **net**												
– at end of accident year		27,458	22,829	24,872	24,275	20,090	17,621	17,567	18,395	18,360	19,705	
– one year later		26,472	22,111	20,214	22,206	19,530	17,455	15,792	16,112	14,226		
– two years later		25,101	21,096	19,353	21,555	19,370	17,685	16,252	16,836			
– three years later		22,665	18,894	17,530	20,418	18,248	16,623	15,002				
– four years later		20,438	17,041	16,462	18,890	17,177	15,395					
– five years later		19,545	16,173	15,693	17,764	16,375						
– six years later		17,858	15,033	15,218	16,994							
– seven years later		17,613	14,632	14,839								
– eight years later		17,337	14,388									
– nine years later		17,147										
Current estimate of cumulative claims incurred		17,147	14,388	14,839	16,994	16,375	15,395	15,002	16,836	14,226	19,705	
Less: cumulative claims paid to date		16,823	13,830	14,093	15,738	15,301	12,168	10,639	10,291	6,284	1,782	
Liability recognised in the balance sheet	1,627	324	558	746	1,256	1,074	3,227	4,363	6,545	7,942	17,923	45,585

19 Revaluation on Investment Reserve

Revaluation on investment reserve records the cumulative fair value changes in FVOCI investments, net of deferred income tax, until they are derecognised or impaired.

	2022 $'000	2021 $'000
Balance at 1 January	**41,601**	43,607
Net change in the reserve, net of tax	**(31,607)**	(2,006)
Balance at 31 December	**9,994**	41,601
Net change in the reserve arises from:		
- Net (losses)/gains on fair value changes and changes in allowance for ECL during the financial year, net of tax	**(36,376)**	8,653
- Recognised in the profit and loss account on disposal of FVOCI debt securities, net of 17% tax (2021: 17%)	**3,161**	749
- Recognised in the retained profits on disposal of FVOCI equity securities, net of 17% tax (2021: 17%)	**1,608**	(11,408)
	(31,607)	(2,006)

20 Amount owing to Trade and Non-trade Creditors

(a) Amount owing to Policyholders, Agents and Reinsurers

	2022 $'000	2021 $'000
Amount owing to policyholders and agents (Note 24(a))	**1,672**	181
Amount owing to reinsurers (Note 24(b))	**12,351**	9,157
Amount retained from reinsurers (Note 20(b))	**2,546**	2,751
Insurance creditors	**16,569**	12,089
Non-trade creditors and accrued liabilities	**7,679**	7,887
Amount owing to related companies	**1,786**	2,058
Total financial liabilities carried at amortised cost	**26,034**	22,034

These amounts are non-interest bearing and are normally settled on 90-day term.

Notes to the Financial Statements

for the financial year ended 31 December 2022

20 Amount owing to Trade and Non-trade Creditors (continued)

(b) Amount Retained from Reinsurers

	2022		
	Gross carrying amount $'000	**Gross amount offset in the balance sheet $'000**	**Amount in the balance sheet $'000**
Amount retained from reinsurers (Note 20(a))	**2,561**	**(15)**	**2,546**

	2021		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount retained from reinsurers (Note 20(a))	2,761	(10)	2,751

These amounts are interest bearing. They are normally settled on a yearly basis.

(c) Non-trade Creditors and Accrued Liabilities

These amounts are unsecured, non-interest bearing and repayable on demand.

(d) Amount owing to Related Companies

These amounts are unsecured, non-interest bearing and repayable on demand.

21 Financial Derivatives

Financial derivatives are instruments whose values change in response to the change in prices of the underlying instruments.

The Company transacts in forward contracts to manage its foreign exchange exposure arising from investment in fixed income securities denominated in foreign currencies.

The table below shows the Company's foreign exchange forward contracts and their fair values measured by valuation technique with market observable inputs at the balance sheet date. The most frequently applied valuation techniques include forward and future pricing models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates. They are classified as level 2 in the fair value hierarchy. These amounts do not necessarily represent future cash flows and amounts at risk of the forward.

	2022			2021		
Recurring fair value measurements	**Contract/ notional amount $'000**	**Derivative financial assets $'000**	**Derivative financial liabilities $'000**	Contract/ notional amount $'000	Derivative financial assets $'000	Derivative financial liabilities $'000
Foreign exchange forwards						
Sell USD/ Buy SGD	**206,533**	**8,572**	**–**	296,917	747	–
Buy USD/ Sell SGD	**11,576**	**–**	**526**	38,550	–	158

21 Financial Derivatives (continued)

For the year ended 31 December 2022, the Company recognised net unrealised gains on financial derivatives of $7,457,000 (2021: net unrealised fair value losses $4,960,000).

The foreign exchange forward contracts have maturity dates in March 2023 (2021: March 2022). Counterparties are mainly graded at A-1+.

22 Bank Balances and Fixed Deposits

(a) Cash and Bank Balances

	2022 $'000	2021 $'000
Bank balances with:		
Holding company	**6,676**	7,541
Other financial institutions	**3,537**	16,151
Cash on hand	**2**	2
	10,215	23,694

Cash and bank balances earn interest at rates based on daily deposit rates.

(b) Fixed Deposits

	2022 $'000	2021 $'000
Fixed deposits with:		
Holding company	**1,528**	1,437
Other financial institutions	**35,560**	14,872
	37,088	16,309
Fixed deposits with:		
3 months or less	**34,121**	14,782
More than 3 months	**2,967**	1,527
	37,088	16,309

The Company's fixed deposits with the holding company and other financial institutions mature on varying dates within 6 months (2021: 6 months) from the financial year end and earn interest at the respective fixed deposit rates. The weighted average effective interest rate of these deposits at 31 December 2022 for the Company was 3.42% (2021: 0.18%) per annum.

	2022 $'000	2021 $'000
Total bank balances and fixed deposits (Note 23)	**47,303**	40,003

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for the financial year ended 31 December 2022

23 Loans and Receivables

	2022 $'000	2021 $'000
Bank balances and fixed deposits	**47,303**	40,003
Amount due from policyholders and agents (Note 24(a))	**4,673**	4,196
Amount due from reinsurers (Note 24(b))	**6,063**	8,145
Amount retained by ceding companies (Note 24(c))	**2,392**	2,649
Insurance debtors	**13,128**	14,990
Non-trade debtors and accrued interest receivables (excluding prepayments of $234,000 in 2022, $160,000 in 2021)	**4,714**	4,971
Loans and receivables	**65,145**	59,964

All bank balances, fixed deposits, non-trade debtors and accrued interest receivables are placed with counterparties that are graded from A- to AA-. Amount due from reinsurers and ceding companies with counterparties that are mainly graded from B++ to AA+.

24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies

The Company has arrangements to settle the net amount due to or from each counterparty on a 90-day term basis.

(a) Amount Due from Policyholders and Agents

	2022		
	Gross carrying amount $'000	**Gross amount offset in the balance sheet $'000**	**Amount in the balance sheet $'000**
Amount due from policyholders and agents (Note 23)	**10,186**	**(5,513)**	**4,673**
Amount owing to policyholders and agents (Note 20(a))	**(7,185)**	**5,513**	**(1,672)**

	2021		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from policyholders and agents (Note 23)	5,428	(1,232)	4,196
Amount owing to policyholders and agents (Note 20(a))	(1,413)	1,232	(181)

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

24 Amount Due from Policyholders and Agents, Reinsurers and Ceding Companies (continued)

(b) Amount Due from Reinsurers

	2022		
	Gross carrying amount $'000	**Gross amount offset in the balance sheet $'000**	**Amount in the balance sheet $'000**
Amount due from reinsurers (Note 23)	**37,862**	**(31,799)**	**6,063**
Amount owing to reinsurers (Note 20(a))	**(44,150)**	**31,799**	**(12,351)**

	2021		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount due from reinsurers (Note 23)	40,263	(32,118)	8,145
Amount owing to reinsurers (Note 20(a))	(41,275)	32,118	(9,157)

These amounts are unsecured and non-interest bearing with payment terms not exceeding 90 days.

(c) Amount Retained by Ceding Companies

	2022		
	Gross carrying amount $'000	**Gross amount offset in the balance sheet $'000**	**Amount in the balance sheet $'000**
Amount retained by ceding companies (Note 23)	**2,402**	**(10)**	**2,392**

	2021		
	Gross carrying amount $'000	Gross amount offset in the balance sheet $'000	Amount in the balance sheet $'000
Amount retained by ceding companies (Note 23)	2,659	(10)	2,649

Notes to the Financial Statements

for the financial year ended 31 December 2022

25 Associated Company

This represents the Company's investment in the following company:

Name of company	Country of incorporation & place of business	Principal activity	Cost of investment		% of paid-up capital held by the Company	
			2022	2021	**2022**	2021
			$'000	$'000	**%**	%
United Insurance Agency Pte Ltd*	Singapore	General Insurance Agent	**1**	1	**49**	49

* Audited by KPMG LLP, Singapore

The Company's investment in associate is considered immaterial and therefore does not apply equity accounting as at 31 December 2022.

26 Investments

Financial instruments as at 31 December 2022

	2022	2021
	$'000	$'000
Mandatorily measured at fair value through profit or loss		
– Unit trusts and ETFs	**16,549**	9,602
At fair value through other comprehensive income		
– Debt securities	**275,942**	277,554
– Equity securities	**87,281**	148,437
	363,223	425,991
Total	**379,772**	435,593
Net carrying amount		
Current	**85,464**	127,560
Non-current	**294,308**	308,033
	379,772	435,593

The debt securities bear an effective weighted average interest rate of 2.80% (2021: 2.58%) per annum with maturity dates from January 2023 to January 2037 (2021: February 2022 to September 2031). The other government securities bear an effective weighted average interest rate of 2.71% (2021: 1.91%) per annum with maturity dates from October 2023 to June 2027 (2021: January 2022 to July 2031).

The Company's debt securities and other government securities are all graded as investment grade.

In 2022, the Company disposed certain investments for cash and realised the capital appreciation. These investments had a fair value $346,411,000 (31 December 2021: $316,203,000) at the date of disposal.

The net loss on disposal of the above investments was $7,934,000 (31 December 2021: Net gain on disposal of $12,842,000).

26 Investments (continued)

Fair value measurements

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.

The investments are measured at fair value at 31 December as follows:

	2022			
Recurring fair value measurements	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Mandatorily measured at FVTPL				
– Unit trusts & ETFs	**15,626**	**–**	**923**	**16,549**
At FVOCI				
– Debt securities	**275,942**	**–**	**–**	**275,942**
– Equity securities	**87,281**	**–**	**–**	**87,281**
Investment property	**–**	**–**	**28,530**	**28,530**
	378,849	**–**	**29,453**	**408,302**

	2021			
Recurring fair value measurements	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Mandatorily measured at FVTPL				
– Unit trusts & ETFs	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

The fair value of investments traded in active markets is based on the quoted market bid prices at the balance sheet date. These investments are included in Level 1.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. Over-the-counter quotes, dealer quotes as well as other techniques, such as estimated discounted cash flows are used to estimate fair value of these instruments. These investments are included in Level 2.

26 Investments (continued)

Movements in Level 3 fair value measurements

During the financial year, there were no transfers of financial assets between Level 1 and 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements. The valuations of the Level 3 financial instruments are performed by the fund house.

The following table presents the reconciliation for the Level 3 investments measured at fair value:

	2022 $'000
Financial assets at fair value through profit or loss:	
Opening balance	**–**
Purchases during the period	**1,010**
Net changes in unrealised loss on financial assets at fair value through profit or loss	**(87)**
Balance as at 31 December	**923**

Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	**Fair value as at 31 December 2022**	**Valuation techniques**	**Unobservable inputs**	**Range (weighted average)**
Investment in collective investment schemes	923,000	Net asset value*	Not applicable	Not applicable

* This investment is valued using net asset value of the fund. Accordingly, this investment is classified as Level 3 investments within the fair value hierarchy.

27 Investment Property

	2022 $'000	2021 $'000
Balance as at 1 January	**27,858**	27,591
Additions	**–**	–
Transfer between investment property and owner-occupied property	**(2,549)**	(1,759)
Net fair value gains recognised in profit or loss	**3,221**	2,026
Balance as at 31 December	**28,530**	27,858

The following amounts are recognised in profit and loss:

	2022 $'000	2021 $'000
Rental income	**693**	823
Direct operating expenses (including repairs and maintenance) generating rental income	**(746)**	(509)
(Loss)/profit arising from investment property	**(53)**	314

As at 31 December 2022, the investment property consists of leasehold office premises located at 146 Robinson Road, Singapore.

27 Investment Property (continued)

Investment property is stated at fair value, which has been determined based on valuations performed on 14 November 2022. The valuation was performed by an independent valuer with a recognised and relevant professional qualification. The valuer analysed and studied recent sales and rental evidence of similar properties in comparable localities that had been transacted in the open market.

The investment property was leased to third parties under operating leases, further summary details of which are included in Note 29.

Fair value measurements

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.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop the investment properties or for repairs, maintenance or enhancements.

28 Fixed Assets

	Owner-occupied property $'000	Building improvement & renovation $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 January 2021	24,582	404	3,440	70	28,496
Additions	–	4,889	1,152	–	6,041
Disposals	–	(177)	(581)	–	(758)
Transfers	1,759	–	–	–	1,759
Revaluation surplus	801	–	–	–	801
At 31 December 2021 and 1 January 2022	27,142	5,116	4,011	70	36,339
Additions	–	973	966	47	1,986
Disposals	–	–	–	(70)	(70)
Transfers	2,549	–	–	–	2,549
Revaluation surplus	3,779	–	–	–	3,779
At 31 December 2022	33,470	6,089	4,977	47	44,583
Accumulated depreciation and impairment					
At 1 January 2021	1,173	368	2,027	62	3,630
Depreciation charge for the year	500	129	63	4	696
Write-back of impairment	(763)	–	–	–	(763)
Disposals	–	(163)	(576)	–	(739)
At 31 December 2021 and 1 January 2022	910	334	1,514	66	2,824
Depreciation charge for the year	531	521	164	5	1,221
Disposals	–	–	–	(70)	(70)
At 31 December 2022	1,441	855	1,678	1	3,975
Net book value					
At 31 December 2021	26,232	4,782	2,497	4	33,515
At 31 December 2022	32,029	5,234	3,299	46	40,608

Notes to the Financial Statements

for the financial year ended 31 December 2022

29 Leases

(a) Company as a lessee

The Company has lease contracts for various items of property and office equipment used in its operations. The lease of property has a lease term of three years, while office equipment have lease terms between three and five years.

The Company also has certain leases of office equipment with lease terms of 12 months or less, or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property $'000	Office equipment $'000	Total $'000
Balance as at 1 January 2021	1,182	49	1,231
Depreciation charge for the year	(1,182)	(26)	(1,208)
Additions to right-of-use assets	–	–	–
Balance as at 31 December 2021 and 1 January 2022	–	23	23
Depreciation charge for the year	–	(1)	(1)
Additions to right-of-use assets	–	–	–
Balance as at 31 December 2022	–	22	22

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Total $'000
Balance as at 1 January 2021	1,159
Additions	–
Accretion of interest	13
Payments	(1,144)
Balance as at 31 December 2021 and 1 January 2022	28
Additions	–
Accretion of interest	–
Payments	–
Balance as at 31 December 2022	28

The maturity analysis of lease liabilities are disclosed in Note 33(f).

29 Leases (continued)

(a) Company as a lessee (continued)

The following are the amounts recognised in profit or loss:

	2022 **$'000**	2021 $'000
Depreciation charge on right-of-use assets	**1**	1,208
Interest expense on lease liabilities	**–**	13
Expense relating to short-term leases	**15**	1
Expense relating to leases of low-value assets	**152**	183
Total amount recognised in profit or loss	**168**	1,405

The Company had total cash outflows for leases of $167,000 in 2022 (2021: $1,328,000). The Company does not have non-cash additions to right-of-use assets and lease liabilities in 2022 (2021: nil).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide operational flexibility and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(b) Company as a lessor

The Company has entered into operating leases on its investment property consisting of leasehold office premises (Note 27). These leases are negotiated for terms ranging from one to three years.

Rental income recognised by the Company during the year is $693,000 (2021: $823,000) (Note 5).

Future minimum rental receivable under non-cancellable operating leases as at 31 December 2022 are as follows:

	2022 **$'000**	2021 $'000
Within one year	**527**	520
After one year but within three years	**217**	351
More than three years	**–**	–
	744	871

30 Commitments

(a) Capital Commitments

The Company has no lease contracts that have not yet commenced as at 31 December 2022.

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31 Related Party Transactions

The following related party transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

	2022 $'000	2021 $'000
Gross premium income from:		
- Holding company	**5,154**	5,640
- Related companies	**649**	579
- Associated companies of the holding company	**457**	1,143
Commission expenses paid to:		
- Holding company	**6,046**	6,440
- Related companies	**24**	1
- Associated company	**614**	612
Gross claims written-back:		
- Holding company	**320**	(209)
- Associated companies of the holding company	**9,871**	(166)
Lease payments paid to an associated company of the holding company	**–**	1,119
Lease payment received from associated company	**81**	7
Management fee received from an associated company of the holding company	**750**	750
Management fee charged by a related company	**1,328**	1,438
Service fee charged by holding company	**2,611**	2,538
Interest income earned from holding company	**88**	–
Compensation of key management personnel		
- Directors of the Company	**1,062**	1,110

Directors' remuneration included fees, salary, bonus, Central Provident Fund contribution and other emoluments (including benefits-in-kind) computed based on costs incurred by the Company.

32 Segment Information

The Company is principally engaged in the business of underwriting general insurance. As the Company has different operating segments, its business 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 SFRS(I).

	SIF $'000	OIF $'000	SHF $'000	Total $'000
For Year 2022				
Gross premium written	69,878	29,109	–	98,987
Net earned premium	28,728	15,667	–	44,395
Net claims incurred	(2,703)	(8,217)	–	(10,920)
Net commission	5,931	(2,535)	–	3,396
Management expenses	(11,687)	(4,015)	–	(15,702)
Underwriting profit	20,269	900	–	21,169
Gross dividends from investments	1,209	254	2,102	3,565
Interest income from investments	4,348	888	2,858	8,094
Interest received from fixed deposits and bank balances	281	129	40	450
Rental income from property	–	–	693	693
Net fair value losses on financial derivatives	(1,112)	(300)	(711)	(2,123)
Net fair value losses on mandatorily measured at FVTPL investments – realised	(1,181)	(248)	(760)	(2,189)
Net fair value losses on mandatorily measured at FVTPL investments – unrealised	(1,202)	(454)	(527)	(2,183)
Net fair value gains on investment property – unrealised	–	–	3,221	3,221
Net losses on disposal of FVOCI investments	(1,822)	(437)	(1,549)	(3,808)
Exchange losses	(1,062)	(152)	(601)	(1,815)
Miscellaneous expenses	(162)	(23)	(195)	(380)
Management expenses not charged to insurance revenue account – net	(800)	(175)	(1,932)	(2,907)
Profit before tax	18,766	382	2,639	21,787
Tax expense	(4,808)	313	(551)	(5,046)
Profit after tax	13,958	695	2,088	16,741
Segment total assets as at 31 December 2022	310,926	75,518	233,462	619,906
Segment total liabilities as at 31 December 2022	147,229	44,922	8,170	200,321

Notes to the Financial Statements

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32 Segment Information (continued)

	SIF $'000	OIF $'000	SHF $'000	Total $'000
For Year 2021				
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 received from 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 gain 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

Information about major external customers

For the year ended 31 December 2022 and the preceding period, the Company did not have any external customer whose premium income exceeded 10% of the Company's total revenue.

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:

	Revenue for		Non-current assets as at	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Singapore	**74,428**	72,637	**40,630**	33,538
ASEAN countries	**16,862**	17,124	**–**	–
Others	**7,697**	7,658	**–**	–
	98,987	97,419	**40,630**	33,538

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

33 Financial Risk Factors and Management

The Company's business activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates and market prices. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Foreign Exchange Risk

The Company has transactional currency exposures arising from its offshore insurance business.

The Company is also exposed to foreign exchange risk arising from its investing activities. The Company transacts in forward contracts to manage its foreign exchange exposure arising from investments denominated in foreign currencies. Other than the exposure arising from investments denominated in foreign currencies, the Company does not consider its exposure to foreign exchange risk to be significant.

The Company monitors its exposure in each foreign currency as well as its aggregate exposure in all foreign currencies on a regular basis. The Company's net position in foreign currencies is as follows:

	Total net assets/(liabilities) position			
	2022		2021	
	Amount in foreign currency 1,000 units	**Amount in reporting currency $'000**	Amount in foreign currency 1,000 units	Amount in reporting currency $'000
Australian	**17**	**15**	(2)	(2)
Chinese Renminbi	**3,095**	**565**	1,919	441
Hong Kong Dollar	**(35,197)**	**(6,319)**	(41,692)	(7,247)
Indian Rupee	**(40,589)**	**(881)**	(49,088)	(1,034)
Indonesian Rupiah	**(2,921,858)**	**(255)**	(1,737,028)	(165)
Japanese Yen	**(832)**	**(10)**	(1,072)	(14)
Korean Won	**(93)**	**–**	(227)	(1)
Malaysian Ringgit	**6,527**	**1,994**	6,413	2,075
Sterling Pound	**2**	**3**	1	3
Thai Baht	**23,238**	**906**	11,351	461
US Dollar	**25,888**	**34,712**	43,593	58,762
		30,730		53,279

The following table shows the sensitivity of the Company's profit before tax and the Company's equity to a reasonable possible change in the Singapore dollar exchange rate against all other currencies, with all other variables held constant:

	Increase/ Decrease in $ exchange rate	Effect on profit before tax $'000	Effect on equity net of tax $'000
2022	**+5%**	**(709)**	**(687)**
	-5%	**709**	**687**
2021	+5%	238	(2,408)
	-5%	(238)	2,408

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

33 Financial Risk Factors and Management (continued)

(b) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's operating cash outflow commitment is substantially independent of changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the interest income on the Company's fixed deposits and the debt securities measured at fair value through other comprehensive income and through profit or loss. When it is necessary, the Company uses interest rate futures to manage its interest rate risk.

During 2022 and as at 31 December 2022, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Company's profit before tax for the year is estimated to be $396,000 (2021: $358,000) higher/lower, due mainly to higher/lower interest income on fixed deposits and fixed income securities. The Company's equity as at 31 December 2022 is estimated to be $768,000 (2021: $950,000) lower/higher due to unrealised loss/gain on fixed income securities.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

(c) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than exchange or interest rates). The Company is exposed to market price risk arising from its investments comprising mainly quoted equity securities, debt securities and unit trusts. The Company has established an investment policy, which sets strategic asset allocation and maximum exposure limits for its investment portfolio. The quoted equity securities are listed on the Singapore Exchange or other regulated stock exchanges overseas.

At the balance sheet date, if the market prices of the equity investments had been 2% (2021: 2%) higher/lower with all other variables held constant, the Company's equity would have been $1,724,000 (2021: $2,464,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

(d) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Company has no significant concentration of credit risk.

The Company has credit control policies in place to ensure that sales made to customers and recoveries from reinsurers are duly collected. The Company has also established a selection and management policy for reinsurers to ensure that they are financially sound and set maximum exposure limits for its reinsurers based on their financial strength.

Notwithstanding the measures taken, the failure of one or more of the Company's policyholders, agents, ceding companies, reinsurers and other counter-parties including issuers of debt securities to honour their contractual obligations, may result in credit losses being incurred and this will adversely affect the Company's financial position.

33 Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

The Company applies a simplified approach in calculating ECLs on trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company recognises an allowance for ECLs for all debt securities not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The Company generally considers that balances outstanding for more than 90 days as due. The ageing summary of balances due to the Company is as follows:

	2022				2021			
	Up to 3 months $'000	**3 to 6 months $'000**	**Above 6 months $'000**	**Total $'000**	Up to 3 months $'000	3 to 6 months $'000	Above 6 months $'000	Total $'000
Amount due from policyholders and agents (Note 24 (a))	**3,264**	**742**	**674**	**4,680**	3,381	366	452	4,199
Less Expected credit loss	**–**	**–**	**(7)**	**(7)**	–	–	(3)	(3)
	3,264	**742**	**667**	**4,673**	3,381	366	449	4,196
Amount due from reinsurers (Note 24 (b))	**–**	**–**	**6,067**	**6,067**	3,350	–	4,801	8,151
Less Expected credit loss	**–**	**–**	**(4)**	**(4)**	–	–	(6)	(6)
	–	**–**	**6,063**	**6,063**	3,350	–	4,795	8,145

	2022 $'000	2021 $'000
Movement in ECL accounts:		
At 1 January	**9**	6
- Provision	**2**	3
At 31 December	**11**	9

As stated in Note 23, the Company's counterparties to its financial assets other than its FVOCI measured debt securities are mainly graded from B++ to AA+ and as such, the Company has minimal credit risk. The Company's ECL loss allowance as at 31 December 2022 is based on lifetime ECL.

33 Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

The ageing summary of the gross receivables not subject to offsetting arrangements is as follows:

	2022				2021			
	Up to 3 months $'000	**3 to 6 months $'000**	**Above 6 months $'000**	**Total $'000**	Up to 3 months $'000	3 to 6 months $'000	Above 6 months $'000	Total $'000
Amount due from policyholders and agents (Note 24 (a))	**3,315**	**5,718**	**1,153**	**10,186**	3,937	498	993	5,428
Amount due from reinsurers (Note 24 (b))	**25,015**	**2,907**	**9,940**	**37,862**	27,657	3,381	9,225	40,263

The loss allowance provision for debt securities at fair value through other comprehensive income as at 31 December 2022 reconciles to the opening loss allowance for that provision as follows:

	2022 $'000	2021 $'000
As at 1 January	**308**	299
Loss allowance measured at:		
12-month ECL		
(Write-back)/provision of ECL	**(42)**	9
As at 31 December	**266**	308

The Company's FVOCI measured debt securities are mainly graded from BBB- to AA+ and as such, the Company has minimal credit risk. The Company's ECL loss allowance as at 31 December 2022 is based on 12-month ECL.

<u>Financial assets that are neither past due nor impaired</u>
Amounts due from policyholders, agents and reinsurers that are neither past due nor impaired are mainly creditworthy debtors with good payment record with the Company. With regard to other financial assets of the Company, which comprise cash and bank balances, fixed deposits, receivables and investments, they are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

The Company's exposure to credit risk, arising from default of the counterparty, has a maximum exposure equal to the carrying amount of these assets in the balance sheet.

(e) Concentration Risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to monitor and manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. The Company's exposures are within the concentration limits set by regulators.

33 Financial Risk Factors and Management (continued)

(f) Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its cash outflow commitment as and when they fall due. These commitments are generally met through cash and time deposits held by the Company and cash inflows generated from its operation, supplemented by assets readily convertible into cash. Liquidity risk may also arise if the cash flows related to assets and liabilities are mismatched.

Although the Company is not exposed to significant liquidity risk, it has formulated a liquidity policy to manage its liquidity risk. It is the Company's policy to maintain adequate liquidity at all times. The Company aims to honour all cash outflow commitments on an ongoing basis and to avoid raising funds from credit facilities or through the forced sale of investments.

Maturity profile

The table below summarises the maturity profile of the Company's assets and liabilities excluding the prepayments and technical balances based on remaining undiscounted contractual obligations.

	2022				
	<3 months $'000	3 – 12 months $'000	> 1 year $'000	Total $'000	Carrying Amount $'000
Investments					
At FVTPL					
Unit trust*	16,549	–	–	16,549	16,549
At FVOCI					
Debt securities	5,515	34,001	259,083	298,599	275,942
Equity securities*	87,281	–	–	87,281	87,281
Insurance debtors	3,264	9,332	532	13,128	13,128
Non-trade debtors and accrued interest receivables excluding prepayments	4,714	–	–	4,714	4,714
Bank balances and fixed deposits	45,713	980	606	47,299	47,303
Derivative financial assets	8,572	–	–	8,572	8,572
Investment property	28,530	–	–	28,530	28,530
Assets	200,138	44,313	260,221	504,672	482,019
Insurance creditors	1,537	14,296	736	16,569	16,569
Non-trade creditors and accrued liabilities	7,679	–	–	7,679	7,679
Lease liabilities	10	16	2	28	28
Amount owing to related companies	1,786	–	–	1,786	1,786
Derivative financial liabilities	526	–	–	526	526
Liabilities	11,538	14,312	738	26,588	26,588

* No maturity date

33 Financial Risk Factors and Management (continued)

(f) Liquidity Risk (continued)

Maturity profile (continued)

	2021				
	<3 months $'000	3 – 12 months $'000	> 1 year $'000	Total $'000	Carrying Amount $'000
Investments					
At FVTPL					
Unit trust*	9,602	–	–	9,602	9,602
At FVOCI					
Debt securities	3,750	23,712	246,417	273,879	277,554
Equity securities*	148,437	–	–	148,437	148,437
Insurance debtors	6,731	7,744	515	14,990	14,990
Non-trade debtors and accrued interest receivables excluding prepayments	4,971	–	–	4,971	4,971
Bank balances and fixed deposits	38,476	1,187	340	40,003	40,003
Derivative financial assets	747	–	–	747	747
Investment property	27,858	–	–	27,858	27,858
Assets	240,572	32,643	247,272	520,487	524,162
Insurance creditors	1,095	10,976	18	12,089	12,089
Non-trade creditors and accrued liabilities	7,887	–	–	7,887	7,887
Lease liabilities	8	12	8	28	28
Amount owing to related companies	2,058	–	–	2,058	2,058
Derivative financial liabilities	158	–	–	158	158
Liabilities	11,206	10,988	26	22,220	22,220

* No maturity date

Due to the nature of its business, the Company's claim liabilities, which comprise reserve for outstanding claims and the related reinsurers' share of those balances, are excluded from the above analysis as management are of opinion that, due to inherent uncertainties as to amount and timing, no meaningful maturity analysis of such items are practicable. The inherent liquidity risk assumed by the Company in this respect is mitigated by the Company's liquidity policy.

34 Fair Values of Financial Instruments

The carrying values of the financial assets and financial liabilities as at the balance sheet date approximate their fair values as shown in the balance sheet.

35 Comparative Information

Where necessary, comparative figures have been reclassified to conform to the current year's presentation. The reclassification did not have any effect on the current year financial performance.

36 Authorisation of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 7 February 2023.

United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2022

Investor Reference

Statistics of Shareholdings

as at 9 March 2023

Distribution of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	123	7.07	1,959	0.00
100 – 1,000	367	21.10	237,927	0.39
1,001 – 10,000	976	56.13	3,757,286	6.14
10,001 – 1,000,000	268	15.41	17,458,228	28.55
1,000,001 and above	5	0.29	39,699,600	64.92
Total	**1,739**	**100.00**	**61,155,000**	**100.00**

Public float

Under Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, at least 10 per cent of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) of a listed company in a class that is listed must, at all times, be held by the public.

Based on information available to the Company as at 9 March 2023, approximately 41.3% of the issued shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

Twenty largest shareholders *(as shown in the Register of Members and Depository Register)*

No.	Name of shareholders	No. of shares	%
1	Tye Hua Nominees Private Limited	35,707,500	58.39
2	Citibank Nominees Singapore Pte Ltd	1,804,450	2.95
3	Thia Cheng Song	1,182,000	1.93
4	Ng Poh Cheng	1,005,650	1.64
5	Maybank Securities Pte. Ltd.	979,234	1.60
6	Chong Chin Chin (Zhang JingJing)	963,666	1.58
7	Chong Kian Chun (Zhang JianJun)	944,168	1.54
8	Chen Swee Kwong	836,713	1.37
9	DBS Nominees (Private) Limited	740,320	1.21
10	India International Insurance Pte Ltd - SIF	603,750	0.99
11	OCBC Securities Private Limited	585,301	0.96
12	Chong Kian Phang	513,616	0.84
13	Ng Ean Nee Mrs Chee Ying Lin @ Ooi Ean Nee	500,000	0.82
14	Singapore Reinsurance Corporation Ltd - shareholders	500,000	0.82
15	United Overseas Bank Nominees (Private) Limited	409,250	0.67
16	Yeoh Phaik Ean	375,000	0.61
17	Chen Swee Shing	295,642	0.48
18	Chen Swee Lee	287,142	0.47
19	Tan Suat Lay @ Tan Suat Ngor	245,250	0.40
20	Estate of Thian Thin Khoon, deceased	225,274	0.37
	Total	**48,703,926**	**79.64**

Substantial shareholder *(as shown in the Register of Substantial Shareholder)*

Name of substantial shareholder	Shareholding registered in the name of substantial shareholder No. of shares	Other shareholding in which the substantial shareholder is deemed to have an interest No. of shares
United Overseas Bank Limited	–	*35,707,500

Note:
* United Overseas Bank Limited is deemed to have an interest in the 35,707,500 shares held by Tye Hua Nominees Private Limited.

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Corporate Information

Board of Directors
Wee Cho Yaw (Chairman)[1]
David Chan Mun Wai[2]
(Managing Director and Chief Executive)
Wee Ee Cheong[3]
Hwang Soo Jin
Ho Yew Kee
Chng Hwee Hong
Chua Kim Leng
Winston Ngan Wan Sing
Leong Yung Chee

Audit Committee
Chng Hwee Hong *(Chairman)*
Ho Yew Kee
Chua Kim Leng

Nominating Committee
Hwang Soo Jin *(Chairman)*
Wee Cho Yaw
Chng Hwee Hong

Remuneration Committee
Wee Cho Yaw *(Chairman)*
Hwang Soo Jin
Ho Yew Kee

Secretary
Vivien Chan

General Manager
Andrew Lim Chee Hua[4]

Assistant General Managers
Faridah Rahmat Ali
Aaron Cheong Chu Ming

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E-mail: ContactUs@UOI.com.sg
Website: UOI.com.sg

Registered Office
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Company Registration No: 197100152R
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Facsimile: (65) 6536 1360

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7 Straits View
Marina One
East Tower, Level 12
Singapore 018936

External Auditor
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Jaslin Du Xiaolin
(appointed on 23 April 2021)

Myanmar Representative Office
Room 1401, 14th Floor Olympic Tower
Corner of Maharbandoola Street and Bo Aung Kyaw Street
Kyauktada Township
Yangon, Myanmar
Telephone: (95)(1) 8392 917
Facsimile: (95)(1) 8392 916

1 Dr Wee Cho Yaw will retire as Chairman and Director at the close of the UOI AGM on 14 April 2023.
2 Mr David Chan Mun Wai will retire as Managing Director and Chief Executive on 31 March 2023.
3 Mr Wee Ee Cheong will be appointed as Chairman at the close of the UOI AGM on 14 April 2023.
4 Mr Andrew Lim Chee Hua will be appointed as Chief Executive Officer on 1 April 2023.

Please see pages 17, 23, 24 and 26 for the revised Board and Board Committee compositions after the close of the 2023 AGM.

United Overseas Insurance Limited
Company Registration No.: 197100152R

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