

## NEWS RELEASE

To : All Shareholders

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

### 1. Unaudited income statement for the first quarter ended 31 March 2017

|   | <b>1st Qtr<br/>2017<br/>\$'000</b> | <b>1st Qtr<br/>2016<br/>\$'000</b> | <b>Incr/<br/>(Decr)<br/>%</b> |
|---|------------------------------------|------------------------------------|-------------------------------|
| (a) Gross premium written   | <b><u>28,940</u></b>               | <b><u>30,423</u></b>               | (4.9)                         |
| Net earned premium  | <b>10,764</b>                      | 11,857                             | (9.2)                         |
| Less/(Add) :  |                                    |                                    |                               |
| Net claims incurred   | <b>1,096</b>                       | 2,372                              | (53.8)                        |
| Net commission  | <b>(746)</b>                       | (2,317)                            | (67.8)                        |
| Management expenses :   |                                    |                                    |                               |
| Staff cost  | <b>1,893</b>                       | 1,799                              | 5.2                           |
| Rental expenses   | <b>327</b>                         | 327                                | -                             |
| Depreciation  | <b>30</b>                          | 57                                 | (47.4)                        |
| Foreign exchange loss   | <b>88</b>                          | (7)                                | NM                            |
| Other operating expenses  | <b>1,088</b>                       | 1,187                              | (8.3)                         |
| Underwriting profit   | <b><u>6,988</u></b>                | <b><u>8,439</u></b>                | (17.2)                        |
| Gross dividends from investments                                  | <b>183</b>                         | 512                                | (64.3)                        |
| Interest income from investments                                  | <b>2,035</b>                       | 1,718                              | 18.5                          |
| Interest on fixed deposits and bank balances                      | <b>85</b>                          | 90                                 | (5.6)                         |
| Amortisation of discount on available-for-sale investments        | <b>27</b>                          | 34                                 | (20.6)                        |
| Miscellaneous income  | <b>1</b>                           | 17                                 | (94.1)                        |
| Net fair value (losses)/gains on financial derivatives - realised | <b>(126)</b>                       | 148                                | (185.1)                       |
| Net fair value gains on financial derivatives - unrealised        | <b>3,523</b>                       | 1,616                              | 118.0                         |
| Net losses on disposal of available-for-sale investments          | <b>(356)</b>                       | (81)                               | 339.5                         |
| (Less)/Add :  |                                    |                                    |                               |
| Management expenses not charged<br>to insurance revenue account:  |                                    |                                    |                               |
| Management fees   | <b>(260)</b>                       | (218)                              | 19.3                          |
| Other operating expenses  | <b>(173)</b>                       | (162)                              | 6.8                           |
| Exchange differences  | <b>(3,722)</b>                     | (3,717)                            | 0.1                           |
| Non-underwriting income   | <b><u>1,217</u></b>                | <b><u>(43)</u></b>                 | NM                            |
| Profit before tax   | <b>8,205</b>                       | 8,396                              | (2.3)                         |
| Tax expense   | <b>(1,200)</b>                     | (1,350)                            | (11.1)                        |
| Profit after tax  | <b><u>7,005</u></b>                | <b><u>7,046</u></b>                | (0.6)                         |
| Profit attributable to equity holders of<br>the Company           | <b><u>7,005</u></b>                | <b><u>7,046</u></b>                | (0.6)                         |
| (b) Annualised earnings per share :                               |                                    |                                    |                               |
| Basic and diluted (cents)   | <b><u>45.82</u></b>                | <b><u>46.09</u></b>                | (0.6)                         |

Note : NM = Not Meaningful

---

**NEWS RELEASE**

**2. Unaudited statement of comprehensive income  
 for the first quarter ended 31 March 2017**

|  | <b>1st Qtr<br/>2017<br/>\$'000</b> | 1st Qtr<br>2016<br>\$'000 | Incr/<br>(Decr)<br>% |
|--|------------------------------------|---------------------------|----------------------|
| Net profit   | <b>7,005</b>                       | 7,046                     | (0.6)                |
| <b>Other comprehensive income :</b>  |                                    |                           |                      |
| <b>Items that may be reclassified subsequently to profit or loss</b>               |                                    |                           |                      |
| Net gains/(losses) on fair value changes of available-for-sale investments         | <b>11,142</b>                      | (89)                      | NM                   |
| Income tax relating to available-for-sale investments                              | <b>(1,895)</b>                     | 24                        | NM                   |
| <b>Other comprehensive income for the first Quarter ended 31 March, net of tax</b> | <b><u>9,247</u></b>                | <u>(65)</u>               | NM                   |
| <b>Total comprehensive income attributable to equity holders of the Company</b>    | <b><u>16,252</u></b>               | <u>6,981</u>              | 132.8                |

## NEWS RELEASE

### 3. Unaudited statement of financial position

|  | <u>31-Mar-17</u>      | <u>31-Dec-16</u>      |
|--|-----------------------|-----------------------|
|  | \$'000                | \$'000                |
| (a) Share capital - Issued and fully paid          | 91,733                | 91,733                |
| Reserves   | <u>259,521</u>        | <u>243,269</u>        |
|  | <b>351,254</b>        | <b>335,002</b>        |
| <b>Liabilities</b>                                 |                       |                       |
| Insurance creditors                                | 24,550                | 21,163                |
| Non-trade creditors and accrued liabilities        | 6,346                 | 4,138                 |
| Amount owing to related companies                  | 973                   | 2,140                 |
| Derivative financial liabilities                   | -                     | 1,775                 |
| Tax payable  | 8,709                 | 7,478                 |
| Deferred tax liabilities                           | 8,311                 | 6,416                 |
| Deferred acquisition cost - reinsurers' share      | 9,278                 | 9,298                 |
| Gross technical balances                           |                       |                       |
| - Reserve for unexpired risks                      | 64,064                | 62,972                |
| - Reserve for outstanding claims                   | <u>154,143</u>        | <u>156,363</u>        |
|  | <b>276,374</b>        | <b>271,743</b>        |
|  | <u><b>627,628</b></u> | <u><b>606,745</b></u> |
| <b>Assets</b>                                      |                       |                       |
| Bank balances and fixed deposits                   | 68,968                | 59,648                |
| Insurance debtors                                  | 26,605                | 20,780                |
| Non-trade debtors and accrued interest receivables | 3,299                 | 3,172                 |
| Derivative financial assets                        | 1,749                 | 1                     |
| Associated company                                 | 1                     | 1                     |
| Available-for-sale investments                     | 385,152               | 380,741               |
| Fixed assets                                       | 194                   | 224                   |
| Deferred acquisition cost - gross                  | 8,203                 | 7,940                 |
| Reinsurers' share of technical balances            |                       |                       |
| - Reserve for unexpired risks                      | 39,345                | 39,635                |
| - Reserve for outstanding claims                   | <u>94,112</u>         | <u>94,603</u>         |
|  | <b>627,628</b>        | <b>606,745</b>        |
|  | <u><b>627,628</b></u> | <u><b>606,745</b></u> |
| (b) Net asset value per share (S\$)                | 5.74                  | 5.48                  |
| Number of shares issued ('000)                     | 61,155                | 61,155                |

## NEWS RELEASE

### 4. Unaudited statement of changes in equity

|  | Share<br>capital<br>\$'000 | General<br>reserve<br>\$'000 | Available-<br>for-sale<br>investment<br>reserve<br>\$'000 | Retained<br>profits<br>\$'000 | Total<br>\$'000 |
|--|----------------------------|------------------------------|---|-------------------------------|-----------------|
| Balance at 1 January 2017                                    | 91,733                     | 22,880                       | 29,691  | 190,698                       | 335,002         |
| Profit net of tax  | -                          | -                            | -   | 7,005                         | 7,005           |
| Other comprehensive income for the<br>quarter ended 31 March | -                          | -                            | 9,247   | -                             | 9,247           |
| Total comprehensive income for the<br>quarter ended 31 March | -                          | -                            | 9,247   | 7,005                         | 16,252          |
| <b>Balance at 31 March 2017</b>                              | <b>91,733</b>              | <b>22,880</b>                | <b>38,938</b>   | <b>197,703</b>                | <b>351,254</b>  |
| Balance at 1 January 2016                                    | 91,733                     | 22,880                       | 18,940  | 177,966                       | 311,519         |
| Profit net of tax  | -                          | -                            | -   | 7,046                         | 7,046           |
| Other comprehensive income for the<br>quarter ended 31 March | -                          | -                            | (65)  | -                             | (65)            |
| Total comprehensive income for the<br>quarter ended 31 March | -                          | -                            | (65)  | 7,046                         | 6,981           |
| <b>Balance at 31 March 2016</b>                              | <b>91,733</b>              | <b>22,880</b>                | <b>18,875</b>   | <b>185,012</b>                | <b>318,500</b>  |

## NEWS RELEASE

### 5. Unaudited statement of cash flows

|  | <u>1st Qtr</u><br><u>2017</u><br>\$'000 | <u>1st Qtr</u><br><u>2016</u><br>\$'000 |
|--|---|---|
| <b>Cash flows from operating activities</b>                |   |   |
| Profit before tax  | 8,205                                   | 8,396                                   |
| Adjustments for:   |   |   |
| Movement in net reserve for unexpired risks                | 1,382                                   | 1,833                                   |
| Movement in net deferred acquisition costs                 | (283)                                   | (305)                                   |
| Movement in net reserve for outstanding claims             | (1,729)                                 | (1,697)                                 |
| Net fair value gains on financial derivatives-unrealised   | (3,523)                                 | (1,616)                                 |
| Depreciation   | 30                                      | 57                                      |
| Net losses on disposal of available-for-sale investments   | 356                                     | 81                                      |
| Amortisation of discount on available-for-sale investments | (27)                                    | (34)                                    |
| Gross dividends from investments                           | (183)                                   | (512)                                   |
| Interest income from investments                           | (2,035)                                 | (1,718)                                 |
| Interest on fixed deposits and bank balances               | (85)                                    | (90)                                    |
| Exchange differences                                       | 3,726                                   | 3,754                                   |
| Operating profit before working capital changes            | <u>5,834</u>                            | <u>8,149</u>                            |
| Changes in working capital:                                |   |   |
| Trade and other receivables                                | (5,602)                                 | (2,500)                                 |
| Trade and other payables                                   | 5,595                                   | (1,260)                                 |
| Amount owing to related companies                          | (1,167)                                 | (1,493)                                 |
| Cash generated from operations                             | <u>4,660</u>                            | <u>2,896</u>                            |
| Tax received/(paid)  | 31                                      | (348)                                   |
| <b>Net cash flow from operating activities</b>             | <u>4,691</u>                            | <u>2,548</u>                            |
| <b>Cash flows from investing activities</b>                |   |   |
| Proceeds from disposal of available-for-sale investments   | 27,946                                  | 56,778                                  |
| Purchase of available-for-sale investments                 | (25,270)                                | (48,565)                                |
| Placement in long-term fixed deposits                      | (6)                                     | (1,506)                                 |
| Gross dividends from investments                           | 294                                     | 741                                     |
| Interest income from investments                           | 1,585                                   | 1,229                                   |
| Interest on fixed deposits and bank balances               | 74                                      | 89                                      |
| <b>Net cash flow from investing activities</b>             | <u>4,623</u>                            | <u>8,766</u>                            |
| <b>Net increase in cash and cash equivalents</b>           | <u>9,314</u>                            | <u>11,314</u>                           |
| Cash and cash equivalents at beginning of period           | <u>54,311</u>                           | <u>60,349</u>                           |
| <b>Cash and cash equivalents at end of period</b>          | <u>63,625</u>                           | <u>71,663</u>                           |

---

**NEWS RELEASE**

**5. Unaudited statement of cash flows (cont'd)**

For the purpose of cash flow statement, bank balances and fixed deposits in the balance sheet comprise the following at the end of the period :

|   | <b>1st Qtr<br/><u>2017</u><br/>\$'000</b> | <b>1st Qtr<br/><u>2016</u><br/>\$'000</b> |
|---|---|---|
| Cash and bank balances                      | <b>14,012</b>                             | 14,332                                    |
| Fixed deposits placement less than 3 months | <b>49,613</b>                             | 57,331                                    |
| Cash and cash equivalents                   | <b>63,625</b>                             | 71,663                                    |
| Fixed deposits placement more than 3 months | <b>5,343</b>                              | 3,692                                     |
|   | <b><u>68,968</u></b>                      | <b><u>75,355</u></b>                      |

## NEWS RELEASE

### 6. Segment information

|  | <u>SIF</u><br>\$'000 | <u>OIF</u><br>\$'000 | <u>SHF</u><br>\$'000 | <u>Total</u><br>\$'000 |
|--|----------------------|----------------------|----------------------|------------------------|
| <b><u>For 3 months ended 31 March 2017</u></b>                     |                      |                      |                      |                        |
| Gross premium written  | 22,442               | 6,498                | -                    | 28,940                 |
| Net earned premium   | 7,603                | 3,161                | -                    | 10,764                 |
| Net claims incurred  | 1,636                | (540)                | -                    | 1,096                  |
| Net commission   | (1,380)              | 634                  | -                    | (746)                  |
| Management expenses  | 2,970                | 456                  | -                    | 3,426                  |
| Underwriting profit  | 4,377                | 2,611                | -                    | 6,988                  |
| Gross dividends from investments                                   | 101                  | 19                   | 63                   | 183                    |
| Interest income from investments                                   | 1,112                | 213                  | 710                  | 2,035                  |
| Interest on fixed deposits and bank balances                       | 46                   | 25                   | 14                   | 85                     |
| Net fair value gains on financial derivatives                      | 1,840                | 426                  | 1,131                | 3,397                  |
| Net losses on disposal of available-for-sale investments           | (124)                | (23)                 | (209)                | (356)                  |
| Other income   | 17                   | 4                    | 7                    | 28                     |
| Management expenses not charged to insurance revenue account - net | (2,182)              | (490)                | (1,483)              | (4,155)                |
| Profit before tax  | 5,187                | 2,785                | 233                  | 8,205                  |
| Tax expense  | (882)                | (278)                | (40)                 | (1,200)                |
| Profit after tax   | 4,305                | 2,507                | 193                  | 7,005                  |
| Segment total assets as at 31 March 2017                           | 373,945              | 76,759               | 176,924              | 627,628                |
| Segment total liabilities as at 31 March 2017                      | 227,499              | 40,665               | 8,210                | 276,374                |
| <b><u>For 3 months ended 31 March 2016</u></b>                     |                      |                      |                      |                        |
| Gross premium written  | 23,832               | 6,591                | -                    | 30,423                 |
| Net earned premium   | 8,141                | 3,716                | -                    | 11,857                 |
| Net claims incurred  | 1,427                | 945                  | -                    | 2,372                  |
| Net commission   | (3,444)              | 1,127                | -                    | (2,317)                |
| Management expenses  | 3,071                | 292                  | -                    | 3,363                  |
| Underwriting profit  | 7,087                | 1,352                | -                    | 8,439                  |
| Gross dividends from investments                                   | 276                  | 46                   | 190                  | 512                    |
| Interest income from investments                                   | 944                  | 168                  | 606                  | 1,718                  |
| Interest on fixed deposits and bank balances                       | 52                   | 29                   | 9                    | 90                     |
| Net fair value gains on financial derivatives                      | 1,068                | 146                  | 550                  | 1,764                  |
| Net (losses)/gains on disposal of available-for-sale investments   | (1,907)              | (272)                | 2,098                | (81)                   |
| Other income   | 27                   | 4                    | 20                   | 51                     |
| Management expenses not charged to insurance revenue account - net | (2,217)              | (368)                | (1,512)              | (4,097)                |
| Profit before tax  | 5,330                | 1,105                | 1,961                | 8,396                  |
| Tax expense  | (906)                | (111)                | (333)                | (1,350)                |
| Profit after tax   | 4,424                | 994                  | 1,628                | 7,046                  |
| Segment total assets as at 31 March 2016                           | 334,671              | 68,943               | 160,453              | 564,067                |
| Segment total liabilities as at 31 March 2016                      | 203,716              | 37,557               | 4,294                | 245,567                |

---

## NEWS RELEASE

### 6. Segment information (cont'd)

The Company is principally engaged in the business of underwriting general insurance. With different operating segments, its businesses are segregated into separate fund accounts in accordance with the requirements of the Singapore Insurance Act (Chapter 142).

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

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

#### Information about major external customer

For the quarter ended 31 March 2017 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 |               |
|-----------|---------------|---------------|--------------------------|---------------|
|           | <u>1Q2017</u> | <u>1Q2016</u> | <u>1Q2017</u>            | <u>1Q2016</u> |
|           | \$'000        | \$'000        | \$'000                   | \$'000        |
| Singapore | 22,957        | 24,380        | 194                      | 275           |
| Asean     | 4,581         | 3,761         | -                        | -             |
| Others    | 1,402         | 2,282         | -                        | -             |
|           | <u>28,940</u> | <u>30,423</u> | <u>194</u>               | <u>275</u>    |

The Company's non-current assets presented above consist of fixed assets only.



## NEWS RELEASE

### 7. Review of performance

#### Highlights and Performance Indicators

| \$'000                         | 1st Quarter<br>2017 | 1st Quarter<br>2016 | 1Q17/<br>1Q16<br>% |
|--------------------------------|---------------------|---------------------|--------------------|
| Gross premium written          | <b>28,940</b>       | 30,423              | - 4.9              |
| Net earned premium             | <b>10,764</b>       | 11,857              | - 9.2              |
| Net claims incurred            | <b>1,096</b>        | 2,372               | - 53.8             |
| Net commission                 | <b>(746)</b>        | (2,317)             | - 67.8             |
| Management expenses            | <b>3,426</b>        | 3,363               | + 1.9              |
| Underwriting profit            | <b>6,988</b>        | 8,439               | - 17.2             |
| Non-underwriting income/(loss) | <b>1,217</b>        | (43)                | NM                 |
| Profit before tax              | <b>8,205</b>        | 8,396               | - 2.3              |

NM = Not Meaningful

#### 1st Quarter 2017 ("1Q2017") versus 1st Quarter 2016 ("1Q2016")

Gross premium decreased by \$1.5 million or 4.9% to \$28.9 million attributable largely to timing difference in premium declarations. However, there was no apparent significant loss in business. Accordingly, net earned premium also decreased by \$1.1 million or 9.2% to \$10.8 million. Net claims incurred decreased by \$1.3 million or 53.8% due mainly to improvement in claims experience in non-marine classes. Net commission income decreased by \$1.6 million or 67.8% to \$0.75 million due to higher reinsurance commission recoveries from reinsurers in the corresponding period of last year. Management expenses increased by \$0.1 million or 1.9%. Consequently, underwriting profit decreased by 17.2% to \$7.0 million.

Non-underwriting income increased to \$1.2 million instead of a loss position of S\$43,000 in the corresponding period last year. The increase was mainly due to higher unrealised fair value gains from foreign currency forward contracts used for hedging of foreign currency exchange risk in the Company's bond investment.

Consequently, overall profit before tax decreased by 2.3% to \$8.2 million.

### 8. Prospects for the next reporting period and the next 12 months

The Company will continue to face challenges given the many uncertainties in the global, regional and Singapore economy and intensifying competition in the local insurance market. Given its advantage in bancassurance and other promising marketing initiatives, the Company expects performance to remain satisfactory.

On the investment income front, volatility and uncertainty will continue to characterise most of the investment markets. The restructuring of the investment portfolio is expected to yield positive results.

---

## NEWS RELEASE

### 9. Accounting policy

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the quarter ended 31 March 2017 are the same as those adopted in the preceding year.

### 10. Dividend

No dividend has been declared for the quarter ended 31 March 2017.

### 11. Borrowings, contingent liabilities and loan capital

The Company has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 31 March 2017 (31 March 2016: nil).

### 12. Interested person transactions

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

### 13. Confirmation by directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited financial results for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

### 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

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

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 19th April 2017