Member of the UOB Group

UOI Annual Report 2023

Building the Future of ASEAN

Build and Rebuild
Farhan Siki

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.

Build and Rebuild

Farhan Siki
Synthetic enamel on canvas
140 x 110 cm

Build and Rebuild, the top winner of the 2022 UOB Painting of the Year (Indonesia) competition, Established Artist Category, is the design inspiration for this year's Annual Report. The artwork depicts the scene of reconstruction work to advance a nation despite the uncertain future.

Through the images of people laying bricks, working on cement mixers and climbing up and down the scaffolding, we see the building of homes, places of work and public facilities. This is a reflection of the fast development of our home region, where UOB strives to build a brighter future for the people and businesses in ASEAN.

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 42nd year, is currently held across five 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).

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About this Report

Through the reporting of our financial and non-financial performance in the UOI Annual Report 2023, we explain our business approach, objectives and achievements in the context of the year's operating environment. We also share how we create value for our stakeholders over the short, medium and long term to enable them to make informed decisions.

This report covers the period from 1 January to 31 December 2023 and is published on 28 March 2024. It is available online at www.UOI.com.sg. Printed copies, which are available only on request, are printed on sustainably-sourced Forest Stewardship Council-certified paper.

Please scan the QR code to view:

All figures in this Annual Report are in Singapore dollars unless otherwise specified.
Certain figures in this report may not add up to the respective totals due to rounding.

Chairman's Statement

"The Board reaffirms its commitment to UOI being a premier insurer in the Asia Pacific region and to investing in talent and technology to transform for the future."

Introduction

The title of the painting on the cover of this year's Annual Report is "Build and Rebuild". It depicts construction, de-construction and rebuilding. In the last few years, the world has gone through an intense period of change.

2023 was also a year of change at UOI. Mr David Chan retired as Managing Director and Chief Executive in March 2023, and we appointed a new Chief Executive Officer, Mr Andrew Lim. In April 2023, I took over as Chairman, after Dr Wee Cho Yaw stepped down and was conferred the title of Chairman Emeritus. We also welcomed our first female Director on 1 January 2024, adding gender diversity to our Board.

Since its founding in 1971, UOI has been growing prudently and steadily, riding on the development of Singapore. The commitment to disciplined growth is still deeply-rooted in UOI today as we embark on our next chapter to build the future.

The Board reaffirms its commitment to UOI being a premier insurer in the Asia Pacific region and to investing in talent and technology to transform for the future.

Despite economic headwinds, UOI remains resilient

The global economy continued to navigate turbulent waters in 2023. Inflation, high interest rates and geopolitical uncertainties dampened the recovery of many economies post-pandemic.

Despite these headwinds, ASEAN's prospects remained positive, supported by its strong fundamentals, including a young population, a dynamic labour force and rising foreign direct investments.

Amid the global economic uncertainties and challenges, UOI's net profit before tax increased by 38 per cent to $33.2 million in 2023.

Creating the foundation for sustainable growth

UOI has embarked on a strategy to reshape its growth and reviewed its service offerings, including product suite, customer experience and distribution channels. As we continue to broaden our distribution channels, we made investments to improve IT systems and embarked on new initiatives to drive process changes and digitalisation. These will enable scalability and efficiency in the coming years.

Leveraging synergies with its parent company United Overseas Bank's (UOB) regional acquisitions, UOI has strengthened collaboration with UOB to tap the enlarged customer base and to grow regionally in key Southeast Asia markets.

We also invested in our greatest asset, our people. We refreshed our leadership team with a good mix of new and existing talents. The blend of new and veteran employees brings new energy while preserving our culture of discipline, teamwork and integrity.

Chairman's Statement

UOI achieved a stable performance despite economic uncertainties

In 2023, UOI increased its net profit before tax to $33.2 million [FY2022: $24.0 million], driven by stable insurance revenue and strong investment results.

Insurance revenue held steady at $94.4 million despite economic uncertainties. Underwriting profit was 4 per cent lower, largely due to an increase in net expenses from reinsurance contracts arising from lower claims recovery. Other non-underwriting income increased to $10.7 million, due to the improved investment climate, higher dividend income and higher interest rate for fixed deposits.

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 FY2023 will be 21 cents per share.

Achievements

In recognition of our effective risk management practices that are at the heart of UOI's operations, we were accorded the Best Risk Management Award (Silver) for Companies with market capitalisation of $300 million to less than $1 billion award by the Singapore Institute of Directors at the Singapore Corporate Awards.

UOI maintained its financial strength rating of 'A+' (Superior), an issuer credit rating of 'aa-' and a stable outlook from A.M. Best. These ratings are the highest awarded by A.M. Best to general insurance companies in Southeast Asia, reflecting UOI's balance sheet strength, strong operating performance and appropriate enterprise risk management.

Acknowledgements

It was with deep sadness that in February 2024, we bade farewell to our Chairman Emeritus and founding Chairman, Dr Wee Cho Yaw. Best known for being a visionary banker with a sharp business acumen, he saw the opportunity to start a local insurance company while the market was still largely dominated by foreign insurers. Together with Mr Hwang Soo Jin, Dr Wee led UOI from its humble beginnings to being the only homegrown general insurer listed on the mainboard of the SGX-ST. Dr Wee's legacy of integrity, discipline, hard work and service will live on in UOI.

Following his retirement as Managing Director and Chief Executive last year, Mr David Chan remained on the Board as a non-executive and non-independent Director. Mr Chan has decided not to seek re-election when he retires by rotation at the coming Annual General Meeting. We are grateful for his many years of dedicated service and wish him a happy retirement. Professor Ho Yew Kee, upon completing his ninth year as an independent Director, will step down on 31 May 2024. We thank him for his invaluable contributions on the Board.

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

Wee Ee Cheong
Chairman
February 2024

Board of Directors

As at 20 February 2024

Wee Ee Cheong, 71

Chairman

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 the 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
- Nominating Committee (Member)
- Remuneration Committee (Member)

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 (Council Member)
- The Institute of Banking and Finance (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 three years
Nil

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)
- The Public Service Star (2013)

David Chan Mun Wai, 69

Non-executive and Non-independent[1]

First appointed as a director: 10 March 1994
Last re-elected as a director: 23 April 2021

A chartered insurer with more than 40 years' experience in the insurance industry, Mr Chan was the Managing Director and Chief Executive of the Company. He is also a Director of Singapore Reinsurance Corporation and sits on its Executive, Audit, Nominating, Remuneration and Investment Committees. 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 three years
- Nil

Education and achievements
- Bachelor of Business Administration, University of Singapore
- Chartered Insurance Institute, UK (Fellow)
- Friend of Labour (2023)

1 Mr David Chan Mun Wai will retire as Director by rotation and not seek re-election at the UOI AGM to be held on 19 April 2024.

Board of Directors

As at 20 February 2024

Professor Ho Yew Kee, 60

Non-executive and Independent[2]

First appointed as a director: 1 June 2015
Last re-elected as a director: 14 April 2023

Professor Ho is a Professor of Accounting in the Business, Communication and Design Cluster of 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
- Remuneration Committee (Chairman)
- Audit and Risk Committee (Member)

Current directorships in other listed companies
- Nil

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

Past directorships in listed companies and principal commitments held over the preceding three years
- CBMC Singapore (Director) (till June 2023)
- Prison Fellowship Singapore (Director) (till May 2022)

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) and Senior Accredited Director
- CFA Institute, USA (Chartered Financial Analyst)
- Public Service Medal (2020)

Chng Hwee Hong, 73

Non-executive and Independent

First appointed as a director: 28 January 2016
Last re-elected as a director: 27 April 2022

Mr Chng was an executive director of Haw Par Corporation prior to his retirement in 2012. He previously served as 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 and Investment Committee. Mr Chng is actively involved in community and social work, and serves in a number of community and not-for-profit organisations.

Board Committee positions
- Nominating Committee (Chairman)
- Audit and Risk 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 and 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 three 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
- Singapore Institute of Directors – Senior Accredited Director
- Public Service Award (2014)
- Public Service Star (2020)

2 Professor Ho Yew Kee will retire from the Board when he completes nine years' service on the Board on 31 May 2024.

Chua Kim Leng, 54

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 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 its 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, which is responsible for the overall oversight of the Authority.

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

Board Committee positions
- Audit and Risk Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

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

Other principal commitments
- ICHX Tech (Director)
- Sygnum Bank (Director)
- GXS Bank (Director)

Past directorships in listed companies and principal commitments held over the preceding three years
- Gambling Regulatory Authority (Director) (till March 2023)

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

Winston Ngan Wan Sing, 62

Non-executive and Independent

First appointed as a director: 1 March 2023
Last re-elected as a director: 14 April 2023

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

Board Committee positions
- Audit and Risk Committee (Member)

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 three years
Nil

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)
- Singapore Institute of Directors – Accredited Director

Board of Directors

As at 20 February 2024

Leong Yung Chee, 51

Non-executive and Non-independent

First appointed as a director: 1 March 2023
Last re-elected as a director: 14 April 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 three years
- Nil

Education and achievements
- Master of Science (Electrical Engineering), Stanford University, USA
- Bachelor of Engineering (Electrical and Electronic Engineering) (Hons), Imperial College London
- Singapore Institute of Directors – Accredited Director

Tan Yian Hua, 68

Non-executive and Independent

First appointed as a director: 1 January 2024

A chartered insurer with more than 40 years' experience in the insurance industry, Ms Tan has managed both local and foreign-owned insurance companies. She retired as the CEO of Sompo Insurance in 2019. She is currently a senior director of an insurance broker and sits on the board of another insurance agent as a non-executive director.

Board Committee positions
- Nil

Current directorships in other listed companies
- Nil

Other principal commitments
- Now Health International (Singapore) (Director)
- Senior Director, Middle Market, Howden Insurance Brokers (S)

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

Education and achievements
- Master of Business Administration (Business), Hull University, UK
- Fellowship of The Chartered Insurance Institute UK
- The Institute of Banking and Finance (IBF) Distinguished Fellow, General Insurance

Remembering Dr Wee Cho Yaw, Chairman Emeritus

Dr Wee Cho Yaw, Chairman Emeritus to UOI, passed away on 3 February 2024 at the age of 95. Dr Wee, UOI's Founding Chairman, a celebrated businessman and community pillar, was pivotal to UOI's development into a leading insurer in Asia.

At a time when the local insurance industry was largely dominated and controlled by foreign insurers, Dr Wee saw a need for more local participation in the local general insurance market.

Under the leadership of Dr Wee, UOI grew from a company with Shareholders' Equity of $2.1 million in 1971 to $418 million, while total assets grew from $2.6 million in 1971 to $571 million at the time of his retirement as Chairman in 2023. UOI was listed on the Singapore Stock Exchange in 1978. Today, it remains the only general insurance company listed on SGX-ST.

As an insurer, Dr Wee emphasised integrity, service to the community and the importance of maintaining professional competency. These important qualities continue to guide UOI in the business.

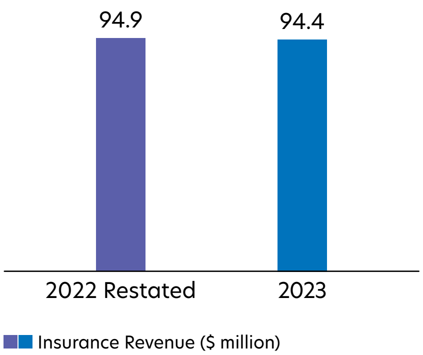
Dr Wee believed in the importance of education and giving back to the community. He was founding president of the Singapore Federation of Chinese Clan Associations (SFCCA) from 1985 to 2010. He also headed the Singapore Hokkien Huay Kuan from 1972 to 2010. He was a firm believer in the value of education and contributed to schools and multiple education initiatives.

Dr Wee's passing was met by an outpouring of tributes. Thousands of people paid their respects to Dr Wee at his wake. These include employees, clients, business associates, as well as government, community and business leaders.

On 7 February 2024, hundreds of UOB Group employees and the public gathered at the UOB Plaza Atrium to bid a final farewell to Dr Wee, as his cortege arrived for a brief memorial. As a mark of respect, the attendees observed a minute of silence during the memorial.

Dr Wee received many accolades over his career including the Distinguished Service Order, one of Singapore's highest National Day Awards, ASEAN Business Advisory Council Legacy Award for Singapore and Honorary Degrees of Doctor of Letters from the National University of Singapore and Nanyang Technological University.

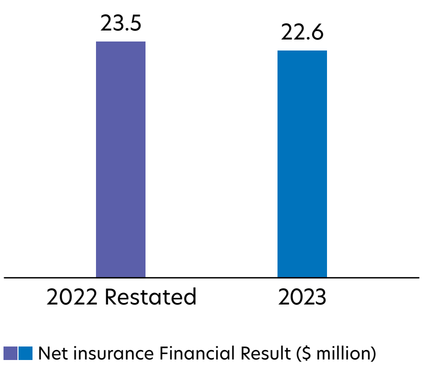
Financial Highlights



Insurance Revenue

The Company achieved a steady insurance revenue of $94.4 million despite economic uncertainties.

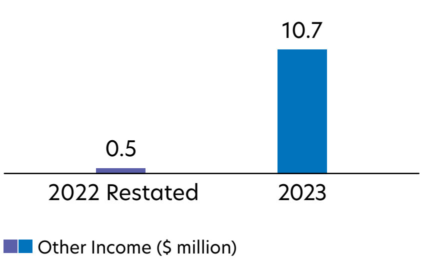
$94.4 million
- 0.5%



Net Insurance Financial Result

The Company achieved a net insurance financial result of $22.6 million. This decrease of 3.8% was largely due to increase in net expenses from reinsurance contracts arising from lower claims recovery.

$22.6 million
- 3.8%



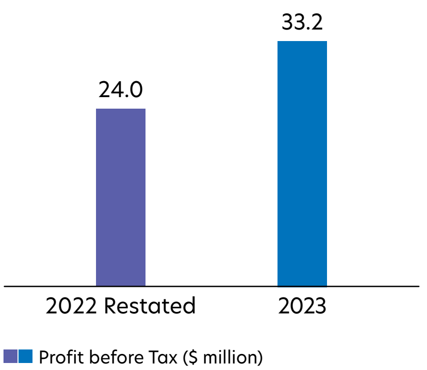
NM - Not meaningful

Other Income

Other income increased by $10.2 million to $10.7 million as compared to $0.5 million in the previous period. This was due to favourable gains in both dividend and interest income from investments.

$10.7 million
NM

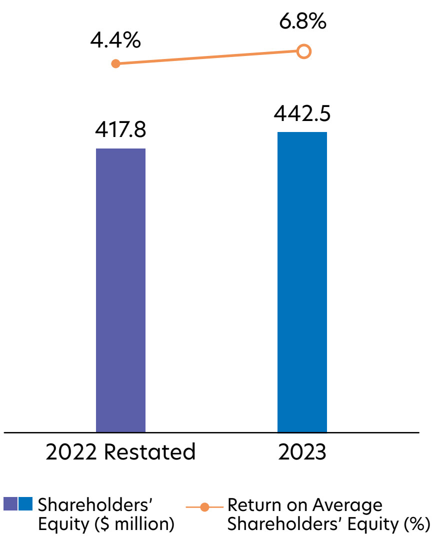
Financial Highlights



Profit Before Tax

Profit before tax increased by 38.3% to $33.2 million as a result of higher other income.

$33.2 million
+ 38.3%

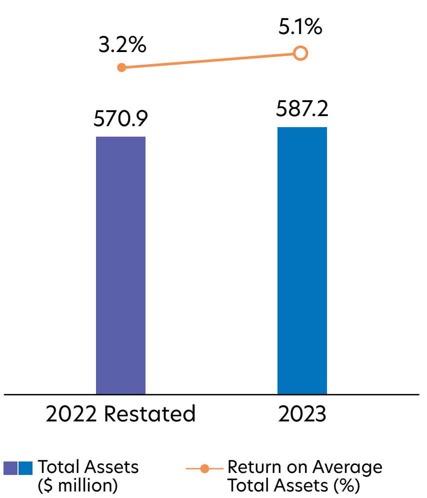


Shareholders' Equity/Return on Average Shareholders' Equity

The Company's shareholders' equity continued to grow. As at 31 December 2023 it increased by 5.9% to $442.5 million when compared with the preceding year. The increase was due to profits from investing activities. Return on average shareholders' equity was 6.8% in 2023.

Shareholders' Equity
$442.5 million
+ 5.9%

Return on Average Shareholders' Equity
6.8%
+ 2.4%



Total Assets/Return on Average Total Assets

The total assets of the Company increased by 2.9% to $587.2 million as at 31 December 2023. Return on average total assets was higher at 5.1% in 2023.

Total Assets
$587.2 million
+ 2.9%

Return on Average Total Assets
+ 5.1%
+ 1.9% pt

Note: The Company has applied SFRS(I) 17 Insurance Contracts from 1 January 2023 and the comparative for 2022 has been restated accordingly.

Company Financial Summary

Key Indicators	2022 Restated	**2023**
Profit for the financial year ($'000)		
Insurance revenue	94,875	**94,448**
Net insurance financial result	23,520	**22,552**
Other income	460	**10,658**
Profit before tax	23,980	**33,210**
Selected balance sheet items as at year-end ($'000)		
Total assets	570,942	**587,221**
Insurance contract liabilities	134,728	**121,566**
Net reinsurance contract assets	60,620	**48,426**
Shareholders' equity	417,803	**442,461**
Financial ratios		
Earnings per share – basic and diluted (cents)	31.0	**47.9**
Return on average shareholders' equity (ROE) (%)	4.4	**6.8**
Return on average total assets (ROA) (%)	3.2	**5.1**
Declared dividend per share (cents)		
Interim	8.5	**8.5**
Special	4.0	**4.0**
Final	8.5	**8.5**
Total	21.0	**21.0**
Net asset value per share ($)	6.8	**7.2**

Note: The Company has applied SFRS(I) 17 Insurance Contracts from 1 January 2023 and the comparative for 2022 has been restated accordingly.

2023 in Review

In 2023, we reaffirmed our aim to being a premier insurer in Asia and began executing our strategy for sustainable growth in the coming years.

Aside from changes at the Board, we strengthened our senior management team, building on our skillsets and talents in underwriting, retail distribution, and technology to support our strategic goals. We began building on UOB's acquisition in the region and continued to develop our digital roadmap. We also took advantage of the higher yield climate and grew our interest income to support our non-underwriting income and planned investments in talent and technology.

Preparing for growth

Business

A key focus for UOI will be to strengthen and grow our retail distribution, leveraging UOB's regional franchise. In 2023, we deepened our collaboration with our parent company, expanded our product offerings and increased our distribution channels. With the positive outlook on ASEAN, UOI also began its push for higher growth in other Southeast Asian markets by enhancing our regional tie-ups for UOB's enlarged customer base in the region.

Management Team

We enhanced our senior management team with talents in underwriting, commercial and retail distribution, and technology to support our strategic objectives and to capture the growth opportunities afforded by the enhanced distribution channels and customer base. We invested in our core capabilities that will enable our next phase of growth and started to strengthen our digitalisation competencies to ensure operational efficiency and productivity, while meeting the expectations of our customers and stakeholders.

Customer Centricity

Customer centricity remains a key focus for us and in 2023, we reviewed our service offerings and product suites to better meet customer expectations. We upgraded our Customer Care Centre to improve our customer touchpoints and remain committed to strengthening the customer centricity across the customer value chain to improve the overall experience for our customers. We aim to remain customers' insurer of choice.

Implementation of SFRS(I) 17 Accounting for Insurance Contracts

In May 2017, the International Accounting Standards Board introduced a major accounting standard change to SFRS(1) 17. In 2023, we delivered our full year results in accordance with the requirements of SFRS(I) 17.

2023 in Review

Building the UOI team

2023 was a year of building and rebuilding for the UOI team. We said farewell to our Managing Director and Chief Executive Mr David Chan and welcomed our new CEO Mr Andrew Lim. We were joined by new colleagues to strengthen our skillsets in line with our strategic goals, while continuing to upskill our existing colleagues.

We further embedded our core values of Honourable, Enterprising, United and Committed through company events such as our first ever townhall in April and our inaugural National Day GatherCon. We enabled team integration through social activities, our annual dinner and CSR activities to ensure our culture of community remains at the foundation of UOI.

We invested in training and development for our senior management team to embed the leadership soft skills that will support our future growth plans, and partnered with The Digital Insurer to provide specialist subject training to teams across the company.

Caring for the Community

UOI employees and their families once again rallied together in support of the 2023 UOB Global Heartbeat Run/Walk which raised more than $2.5m for 26 charities around the world, highlighting the collective commitment to create positive change in ASEAN.

We took part in various community-based activities throughout 2023. Supporting Singapore's next generation, we collaborated with beneficiaries such as Children's Wishing Well, to empower children with essential life skills such as financial literacy and nutrition through everyday activities of grocery shopping. Through digital literacy workshops conducted with Eden School with the aim of inclusive education, each session was specially designed to equip children with special needs with digital skills, fostering their development and providing them with tools for a more inclusive future.

Our volunteering expanded to a beach cleanup at East Coast Park where our directors and colleagues came together to ensure we give back to the communities we operate in. These initiatives reflect our holistic approach to giving back, emphasising not only financial support but also practical and sustainable contributions to the communities we serve.

United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2023

Governance

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Corporate Governance

Introduction

Built upon our values of Honourable, Enterprising, United and Committed and supported by the strong leadership of our Board and Management, United Overseas Insurance Limited (UOI or the Company) is fully committed to upholding high standard of corporate governance.

This report sets out UOI's corporate governance processes and activities for the financial year ended 31 December 2023 (FY2023) with reference to the various regulations, rules and guidelines:

- 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.

Our Board is pleased to report that we have complied with the principles of the 2018 Code and the MAS Guidelines, and substantially with the provisions and guidelines of the 2018 Code and MAS Guidelines. Any deviation from the provisions or additional guidelines is explained in this report.

We also provide a summary disclosure on our compliance with the MAS Guidelines on pages 35 and 36.

Board matters

Board duties

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. Our Board is responsible for:

- providing entrepreneurial leadership, approving and overseeing the implementation of the Company's strategic direction and overall business objectives;
- approving business plans, annual budgets, capital and debt structures, material investments, acquisitions and disposals;
- setting the Tone from the Top, desired organisational culture, standards of ethical behaviour and values of the Company, and ensuring accountability;
- promoting a strong system of risk management and internal controls;
- determining the overall risk profile and appetite;
- approving financial statements;
- overseeing Management's performance;
- establishing a remuneration framework for key management personnel, which is consistent with the Company's long-term strategic objectives and does not create incentives for excessive risk-taking;
- establishing a remuneration framework for our Board;
- considering sustainability issues, and overseeing the monitoring and management of the material environmental, social and governance (ESG) factors;
- performing succession planning for our Board and Management; and
- promoting regular and effective communications with shareholders and overseeing relationships with material stakeholders.

Matters requiring board approval

The key matters requiring our Board's approval are set out in its Terms of Reference and communicated to Management in writing. These include:

- overall business strategy and direction;
- annual budgets, capital and operating expenditures;
- major investments and divestments;
- announcements of financial results;
- dividend policy, declaration and distribution; and
- significant policies and plans governing the operation of the Company and the organisational structure.

Corporate Governance

Highlights from 2023

Awards & Accolades

Silver Award Best Risk Management – for companies with market cap of $300 million to less than $1 billion at the 18th Singapore Corporate Awards.

Board Succession Planning and Diversity

The following changes took place on 14 April 2023:

- The late Dr Wee Cho Yaw stepped down as Chairman and Director, Chairman of the Remuneration Committee (RC) and a member of the Nominating Committee (NC). Our Board conferred on him the title of Chairman Emeritus in recognition of his outstanding service and contributions to the Company for more than 50 years;
- Mr Hwang Soo Jin stepped down as a Director, Chairman of the NC and a member of the RC. Our Board conferred on him the title of Director Emeritus in recognition of his outstanding service and contributions to the Company for more than 50 years;
- Mr Wee Ee Cheong was appointed as the Chairman and a member of the NC and RC;
- Professor Ho Yew Kee was appointed as the Chairman of the RC;
- Mr Chng Hwee Hong was appointed as Chairman of the NC. He stepped down as the Chairman of the Audit and Risk Committee (ARC, formerly the Audit Committee) and remained as a member of the ARC; and
- Mr Chua Kim Leng was appointed as the Chairman of the ARC and a member of the NC and RC.

In anticipation of the retirement of Dr Wee and Mr Hwang, Mr Leong Yung Chee and Mr Winston Ngan Wan Sing joined our Board as a non-executive and non-independent Director and a non-executive and independent Director respectively on 1 March 2023. Mr Ngan was appointed as a member of the ARC on 14 April 2023.

Mr David Chan Mun Wai retired as Managing Director and Chief Executive on 31 March 2023 and remained on our Board as a non-executive and non-independent Director from 1 April 2023.

Our Board appointed Ms Tan Yian Hua as a non-executive and independent Director on 1 January 2024. Her appointment has brought gender diversity to our Board.

Management Succession Planning

Mr Andrew Lim Chee Hua was appointed as the Chief Executive Officer (CEO) on 1 April 2023, succeeding Mr David Chan who retired as the Managing Director and Chief Executive after 30 years' service with the Company.

With the support and under the guidance of our Board, the leadership team was refreshed with several new colleagues. The mix of veterans and newer colleagues has ignited a renewed sense of purpose and energy within the Company.

Strategy

Our Board reaffirms its commitment to UOI being a premier insurer in the Asia Pacific region. It reviewed the Company's service offerings including product suite, customer experience and distribution channels. Initiatives that have been implemented include process improvements and digitalisation. The Company has reinforced its collaboration with its parent company United Overseas Bank (UOB) to tap the enlarged customer base on the back of UOB's regional acquisitions. This will enable the Company to grow its regional contributions.

To support its strategic initiatives, our Board guided Management in the digital transformation of the Company. During the year, the Company invested in technology infrastructure, data analytics and digital platforms to streamline internal processes and enhance operational efficiency, and implemented digital tools to provide customer self-service options. In tandem with these initiatives, cybersecurity measures were enhanced to ensure the security and privacy of customers' data and protect sensitive business information.

Transition to new accounting standard
The accounting standard SFRS(I) 17 came into effect in 2023. Under the oversight of our Board, in particular the ARC, the Company transitioned successfully from SFRS(I) 4 to SFRS(I) 17.

Delegation to Board Committees and Management

Our Board is supported by three Board Committees, namely, the ARC, NC and RC. In February 2024, our Board accepted the NC's recommendation that the Audit Committee be renamed as the Audit and Risk Committee in recognition of its contributions in assisting our Board in overseeing risk management matters.

Annually, our Board reviews the written terms of reference of the respective Board Committees to ensure that they remain relevant and appropriate.

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

The minutes and summary reports of all Board Committee meetings are circulated to all Directors except where there is a conflict of interests.

Under the leadership of our CEO, Management is responsible for the day-to-day operations of the Company and implementing the decisions of our Board. Where a matter has been reserved for the approval of our Board or a Board Committee in its terms of reference, its approval must be obtained before the matter is acted upon.

Key Features of Board Processes

Board meetings, Board Committee meetings and the Company's Annual General Meeting (AGM) are scheduled in advance yearly. Additional meetings are held when necessary.

A Director who is unable to attend a meeting in person may participate via telephone and/or video conference or make his[1] 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 interests, in which case, the conflicted Director would recuse himself).

After each Board Committee meeting, the chair of the relevant Board Committee issues a short report on the matters discussed and decisions made to our Board.

Minutes of the meetings are circulated to our Board except where there is a conflict of interests. In such situations, the relevant sections of the minutes of meeting are redacted for the conflicted Director(s). Minutes of all meetings and written resolutions, in particular records of discussions on key deliberations and decisions taken, are maintained by the Company.

Decisions of the Board and Board Committees are made by consensus. In the event of a divergence in views, the views are duly minuted.

Materials for all Board and Board Committee meetings are sent to our Directors well in advance of each meeting by way of a secure portal accessible from tablet devices provided by the Company. In appropriate situations, Directors may also be consulted ahead of the meetings to ensure a more directed discussion during meetings. Subject matter experts may also be invited to the meetings. Between meetings, Management updates Directors and seeks their counsel on significant developments. Directors also hold discussions among themselves or with Management to ensure they have the relevant information to guide Management and to make informed decisions.

1 A reference to one gender includes other genders.

Corporate Governance

Board Attendance

The record of Directors' attendance at meetings in 2023 is as follows:

Name of Director	Status	Number of meetings attended in 2023 AGM	Board	NC	RC	ARC
Wee Cho Yaw[1]	Non-independent, Non-executive	–	–	–	–	–
David Chan Mun Wai[2]	Non-independent, Non-executive	1	4	–	–	–
Wee Ee Cheong[3]	Non-independent, Non-executive	1	• 4	2	–	–
Hwang Soo Jin[4]	Non-independent, Non-executive	1	1	1	1	–
Ho Yew Kee[5]	Independent	1	4	–	• 1	6
Chng Hwee Hong[6]	Independent	1	4	• 3	–	6
Chua Kim Leng[7]	Independent	1	4	2	–	• 6
Winston Ngan Wan Sing[8]	Independent	1	3	–	–	5
Leong Yung Chee[9]	Non-independent, Non-executive	1	3	–	–	–
Number of meetings held in 2023		1	4	3	1	6

- • Denotes chairman.
1. The late Chairman Emeritus Wee Cho Yaw was absent from the Board meeting held on 7 February 2023, NC and RC meetings held on 30 January 2023 and AGM held on 14 April 2023 due to unexpected matters. He retired as Director, Chairman, Chairman of the RC and a member of the NC on 14 April 2023.
2. Mr David Chan Mun Wai retired as Managing Director and Chief Executive on 31 March 2023 and remained on the Board as a non-executive and non-independent director with effect from 1 April 2023.
3. Mr Wee Ee Cheong was appointed as the Chairman and a member of the NC and RC on 14 April 2023. He has attended all NC meetings held since his appointment. The RC did not hold any meeting after his appointment in 2023.
4. Director Emeritus Hwang Soo Jin retired as a Director, Chairman of the NC and a member of the RC on 14 April 2023.
5. Professor Ho Yew Kee was appointed as the Chairman of the RC on 14 April 2023.
6. Mr Chng Hwee Hong stepped down as the Chairman of the ARC on 14 April 2023 but remained as a member of the ARC. He was appointed as Chairman of the NC on the same day.
7. Mr Chua Kim Leng was appointed as the Chairman of the ARC and a member of the NC and RC on 14 April 2023. He has attended all NC meetings held since his appointment. The RC did not hold any meeting after his appointment in 2023.
8. Mr Winston Ngan Wan Sing joined the Board as an independent Director on 1 March 2023 and was appointed as a member of the ARC on 14 April 2023. He has attended all ARC meetings since his appointment to the ARC.
9. Mr Leong Yung Chee joined the Board as a non-executive and non-independent Director on 1 March 2023.

Managing potential conflicts of interests

A Director who has an interest in a matter that may conflict with his duties to the Company must disclose such interests, recuse himself from the discussions and decisions involving the issues of conflict. 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 NC. If the NC is satisfied that the additional appointment will not give rise to any conflict of interests or hamper the Director in the discharge of his duties to the Company, the Director may proceed with the new appointment.

Access to information, Management and Company Secretary

Directors have separate, independent and unfettered access to information, Management, the 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 may be invited to Board meetings to provide additional information or clarification as needed. Similarly, professional advisers may be invited to brief our Board or Board Committees. The Directors' common memberships in our Board Committees facilitate information sharing between our Board Committees, contributing 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.

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 supports Directors in their continuous professional development.

The appointment and removal of the Company Secretary is decided by our Board as a whole.

Board Composition and Directors

Chairman and Chief Executive Officer

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

Mr Wee Ee Cheong, our Chairman, leads our 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 also upholds high standards of corporate governance and encourages constructive dialogue with shareholders at general meetings.

Our CEO, Mr Andrew Lim, leads the Management team in seeking business opportunities and implementing strategies, policies, budgets and business plans approved by our 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.

Lead independent director

A majority of our Board is independent and all Directors are non-executive. Any shareholder or stakeholder may reach any independent Director through various established channels. For these reasons, our Board is of the view that there is no need to appoint a lead independent Director.

Nominating Committee

Please refer to page 24 for the composition of our NC.

The main responsibilities of our NC are:

- assessing the independence of Directors;
- recommending the appointment and re-election of Directors;
- reviewing the size and composition of our Board and Board Committees;
- assessing the performance of our Board, Board Committees and each Director, including recommending the process and criteria for evaluation;
- establishing and maintaining a board diversity policy that suits the Company and meets the requirements under the prevailing relevant regulations and guidelines;
- implementing a programme for the continuous development of our Directors;
- reviewing the nominations and reasons for resignations of our key management personnel;
- performing succession planning for our Directors, our CEO and other key management personnel; and
- appraising the performance of our CEO.

The main activities of our NC are set out on pages 22 to 25.

Corporate Governance

Board independence

When assessing the independence of each Director, our 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, our NC also takes into account the Director's conduct and contributions during and outside meetings. Account is also taken of the Director's other appointments, relationships with the Company's Management and self-assessment on matters relating to his independence, fitness and propriety.

Our NC's assessment of the independence status of our Directors and the bases of its assessment are as follows:

- Mr Wee Ee Cheong is a non-independent Director. He is the Deputy Chairman and CEO of UOB, the holding company of UOI;
- Mr David Chan Mun Wai is a non-independent Director. He was the Managing Director and Chief Executive of UOI until 31 March 2023, after which he remained on our Board as a non-executive, non-independent Director;
- Mr Leong Yung Chee, who joined our Board on 1 March 2023, is a senior executive of UOB. He is a non-executive, non-independent Director; and
- Professor Ho Yew Kee, Mr Chng Hwee Hong, Mr Chua Kim Leng, Mr Winston Ngan Wan Sing and Ms Tan Yian Hua are independent. They have each served less than nine years on our Board and none has any management or business relationship with, or connection to, 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 also have no family members in the employ of UOI or its related corporations in the current or past three financial years. The independent Directors have demonstrated independence in conduct, character and judgement in their participation at Board meetings and on occasions outside Board meetings.

Fitness for office

Our NC assesses if our Directors remain fit and proper for office based on the MAS Guidelines on Fit and Proper Criteria and any other relevant information that comes to its attention. Each Director is required to make an annual declaration based on these guidelines. In addition, our NC reviews the performance of each Director every year. Our NC has determined that all Directors remain fit and proper for office. None of our Directors has appointed an alternate director.

Board diversity

Our Board Diversity Policy sets out the Company's approach and framework for ensuring diversity of our Board. Its objectives are to achieve a range of insights from a broader perspective in decision-making, avoid groupthink, share country/industry peculiarities and ensure continuity in Board succession. The dimensions of diversity considered by our Board include functional and domain skills, industry experience, regional exposure, age, gender, ethnicity and culture, tenure and independence.

Our NC reviews our Board's size, composition and skill sets regularly to ensure it has the appropriate mix and balance of skills, experience, independence and knowledge, and that, collectively, the expertise of our Directors is appropriate having regard to the strategies and aspirations of the Company and developments in the markets in which the Company operates.

Our Board is satisfied that a board size of eight to nine directors is appropriate, given the size of the Company, its operations and aspirations. Our Board is also of the view that it is sufficiently diverse to meet the needs of the Company, and to ensure the effective oversight of the Company's affairs. Collectively, the Directors have skills, expertise and experience from different industries, markets, professions and the public and private sectors. Their core competencies include insurance, banking, strategy and transformation, accounting and finance, audit, human resources, investment, risk management, technology and digitalisation, business and management, policy and regulatory matters, customer services, marketing and corporate governance, which are essential to the business of the Company. Our NC maintains a board skills matrix of the skills and experience of the incumbent directors.

To ensure that the composition of our Board remains appropriately diverse, our Board targets to maintain a board with a majority of independent directors and at least one female director. Five out of eight Directors are independent, hence the Board has met its independence target. With the appointment of Ms Tan Yian Hua from 1 January 2024, our Board has met its gender diversity target.

Board Committee composition

At least annually, our NC reviews the composition of each Board Committee to ensure that the composition of each Board Committee and collective expertise of our Board Committee members are relevant and appropriate having regard to the strategies of the Company. Our NC recommends the distribution of the workload among the Directors, taking into consideration their respective expertise and time availability. New Directors bring fresh perspectives while Directors with longer tenure ensure stability and continuity. The balanced approach of having Directors of different tenures at all times has kept our Board renewal process smooth.

The current composition of our Board Committees is set out below:

Audit and Risk Committee	• Four members. • All members are independent. • All members have recent and relevant accounting or related financial experience or expertise: o ARC chair, 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. o 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. o 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 is a Professor of Accounting in the Business, Communication and Design Cluster of 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 continues to be involved in professional institutions of the accounting industry. o Mr Winston Ngan Wan Sing is a Chartered Accountant of the Institute of Singapore Chartered Accountants 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.

Corporate Governance

Nominating Committee	• Three members: Mr Chng Hwee Hong (chairman), Mr Wee Ee Cheong and Mr Chua Kim Leng. • Majority of the members, including the chair, are independent. • All the members are non-executive.
Remuneration Committee	• Three members: Professor Ho Yew Kee (chairman), Mr Wee Ee Cheong and Mr Chua Kim Leng. • Majority of the members, including the chair, are independent. • All the members are non-executive.

Board and Board Committees' performance

Our Board undertakes a formal assessment of the effectiveness of our Board as a whole and each of its Board Committees annually. Objective performance criteria are used to assess the Board's performance and evaluate the effectiveness of our Board as a whole.

Our NC was satisfied that the Directors, both individually and collectively, had contributed to the effectiveness of our Board, and agreed that the respective Board Committees had discharged their duties conscientiously and effectively. Our NC was further satisfied that our 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 our Board and Board Committees by completing questionnaires prepared under the guidance of our NC. No Director is involved in his own assessment. Directors are required 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. Our NC also takes into account Directors' competency, independence, dynamics with other Directors, commitment, attendance, preparedness, participation, contribution, candour at meetings, clarity in communications, insight on strategies, knowledge, business judgement and individual awareness of accountability as a Director.

The evaluation process is designed to maintain the confidentiality of the Directors and encourage open and honest feedback. Once completed, the assessments are submitted to the Company Secretary, who compiles the results for our NC's evaluation. Our 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 any conflict of interests.

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

Our NC observed that each Director has consistently demonstrated his dedication to the Company's affairs by actively participating in meetings and offering valuable insights. Furthermore, our NC is not aware of any information that would impede any Director's holding office.

Our NC is therefore satisfied that each Director remains fit and proper and qualified for office.

Time commitment

When assessing each Director, our NC considers whether the Director is able to commit time to the affairs of the Company, with 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 our NC, which will assess whether the new appointment will give rise to any conflict of interests or impair the Director's ability to discharge his duties in respect of the Company. This process ensures that our NC chairman has the opportunity to make enquiries about any potential conflict of interest and the time commitment of the proposed new appointment, if necessary. Nonetheless, our Board has adopted advisory guidelines on the number of directorships that each Director may hold. The guidelines differentiate between directors with and without full-time employment.

Appointment and re-election of Directors

The appointment of Directors is based on the needs of the Company and on the merits of the candidate. Directors are appointed primarily on merit, taking into consideration the candidate's qualification for office, personal attributes, fitness and propriety for office, and current commitments. Our NC will refer to our Board Diversity Policy in its assessment of the suitability of candidates. Any Director may nominate candidates for appointment.

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.

Pursuant to the one-third rotation rule, Mr David Chan, Mr Chng Hwee Hong and Mr Chua Kim Leng will retire at the forthcoming AGM. Mr Chng Hwee Hong and Mr Chua Kim Leng have offered themselves for re-election. Please refer to the Additional Information on Directors Seeking Re-election on pages 167 to 171, the UOI website (www.UOI.com.sg) and SGXNet.

Having served on our Board for 30 years, Mr David Chan has decided not to seek re-election and will retire at the close of the upcoming AGM. Professor Ho Yew Kee will also step down as a Director when he completes nine years' service on our Board on 31 May 2024.

In anticipation of the impending retirement of Mr David Chan and Professor Ho Yew Kee, our NC reviewed candidates for appointment to our Board. After a rigorous process of review, our Board appointed Ms Tan Yian Hua as a Director.

New Directors have to stand for re-election at the first AGM following their appointments. Accordingly, Ms Tan Yian Hua, who was appointed to our Board on 1 January 2024, will retire and offer herself for re-election at the upcoming AGM.

The appointments of Directors and the Chairman are subject to the approval of the MAS.

Induction of new Directors

New Directors receive the Constitution of the Company, the terms of reference of our 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 our Board and apply to all Directors irrespective of when they were appointed. New Directors also receive an induction soon after they join our 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 attends the training programmes stipulated by SGX-ST and undergoes training in areas as appropriate, taking into account his background, skill set and experience. Ms Tan will attend the requisite courses within one year from her date of appointment.

Directors' continuous development

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

In 2023, the in-house training included market outlook, impact of the new accounting standard for insurance contracts and sustainability topics. Directors also attended training programmes conducted by external organisations including the Singapore Institute of Directors, ACRA, SGX and the Institute of Singapore Chartered Accountants.

Succession planning for key management

Our NC is responsible for the succession planning for the CEO and other key management personnel. The CEO in turn assists our NC in identifying and preparing suitable candidates for key management personnel. Candidates with the appropriate competencies and possess the aptitude will receive training on the job, and be mentored and exposed to job rotation, where appropriate. Where no suitable internal candidate is able to fill a needed role, the Company will turn to external candidates. Our NC monitors the progress made in grooming these talents and building a succession pipeline.

In 2023, our NC guided Management in its succession planning, ensuring a pipeline of talents for the long-term success of the Company.

Corporate Governance

Remuneration Committee

The composition of our RC can be found on page 24.

Our 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 (including the CEO) and executive officers as it may consider appropriate.

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. To ensure that the Company's employee remuneration structure remains relevant and competitive, the Company engaged the services of Willis Towers Watson (WTW), an independent human resource consultant. Assisted by WTW, the Company benchmarked employee compensation against relevant comparable local and regional organisations.

Directors' remuneration

In recommending the fees to be paid to Directors, our 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 serve 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. In its review in February 2024, our RC took into consideration the fees paid to directors by companies comparable in size listed on the SGX-ST, as well as companies in the same industry. It observed that the fees paid to the Directors are below the market benchmark. However, in support of the Company's ongoing transformation initiatives, our RC has recommended, and our Board has agreed, not to revise Directors' fees in the year under review.

Non-executive Directors are paid a basic fee for service on our Board and additional allowances for serving on Board Committees.

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

Fee Structure	Chairman	Member
Basic retainer	$45,000	$35,000
Audit and Risk 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 payable by the Company to the Directors for the financial year ended 31 December 2023 are set out in the table below. The fees for Directors who have served for less than a year will be pro-rated based on the number of days of service:

	Directors' Fees ($)	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total ($)
$250,000 to $499,999					
David Chan Mun Wai[1]					
• as MD		21.6%	66.4%	12%	100%
• as non-independent, non-executive Director	26,370				26,370
Below $250,000					
Wee Cho Yaw	18,236	–	–	–	18,236
Wee Ee Cheong[2]	52,161	–	–	–	52,161
Hwang Soo Jin	15,387	–	–	–	15,387
Ho Yew Kee	57,576	–	–	–	57,576
Chng Hwee Hong	58,431	–	–	–	58,431
Chua Kim Leng	59,155	–	–	–	59,155
Winston Ngan Wan Sing	29,342	–	–	–	29,342
Leong Yung Chee[2]	29,342	–	–	–	29,342
Total Directors' Fees	346,000	–	–	–	346,000

1 Mr David Chan was the Managing Director and Chief Executive and was remunerated as an employee from 1 January 2023 to 31 March 2023. He will not receive any Director's fee for this period. The salary, variable performance bonus (including gratuity upon retirement) and benefits-in-kind relate to his employment. Mr David Chan remained on our Board as a non-independent, non-executive Director with effect from 1 April 2023 and director's fees payable relate to the period commencing 1 April 2023 to 31 December 2023.

2 Director's fees payable to Mr Wee Ee Cheong and Mr Leong Yung Chee 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 structures are designed to support the Company's business strategy and objectives, and are aligned to a pay-for-performance philosophy. This is achieved by linking remuneration to financial, non-financial and individual performance. 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.

Our RC has carefully considered whether a deferral of variable pay mechanism would be appropriate for UOI and concluded that it is not appropriate because:

- the Company does not reward employees 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 other stakeholders.

Corporate Governance

Our Board has accepted our 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 are our CEO and two Assistant General Managers. Our RC reviews the performance of our key management personnel annually before recommending/approving their remuneration packages. Our CEO's remuneration is subject to Board approval. Our RC approves the variable performance bonus pool for our key management personnel and executives 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.

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 former CEO (who was also a director) in bands of $250,000 with a detailed breakdown in percentage 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, and competition for talent remains intense.

No employee of the Company is a substantial shareholder of UOI or an immediate family member of any Director, CEO or substantial shareholder of UOI.

Accountability and audit

Audit and Risk Committee

The composition of the ARC can be found on page 23.

Our ARC'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.

Our ARC has authority to investigate any matter within its terms of reference. It receives the full cooperation of all employees, Management, the internal auditor and the external auditor to discharge its functions. It meets with the internal and external auditors every quarter, in each case, without the presence of Management.

In 2023, our ARC maintained close oversight of the transition from SFRS(I) 4 to SFRS(I) 17. The change was a significant event affecting the whole insurance industry. Management and the external and internal auditors provided regular updates to the ARC, which in turn reported to the Board, on the progress made. The Company successfully transitioned to the new accounting standard to report its half- and full-year performance to shareholders based on the new accounting standard. These are supported by the assurances from our CEO and the Assistant General Manager (Corporate Services) 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.

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 ARC 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 ARC also assesses the effectiveness, knowledge and competence of the external auditor.

In performing its assessment, the ARC 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 ARC. The ARC considers the responses in both assessments in its evaluation of the external auditor.

The ARC also 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 ARC 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 9 to the Financial Statements.

Having satisfied itself that our external auditor was independent, objective and effective in its audit of the Company in 2023, the ARC has recommended 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.

Key Audit Matters

The table below sets out the key audit matter (KAM) identified by the external auditor for the year under review, and the ARC's comments on the KAM. More information on the KAM can be found in the Independent Auditor's report on pages 78 and 79.

Area of Focus	ARC's comments
Adoption of SFRS(I) 17 and valuation of insurance contracts under SFRS(I) 17	The external auditor has obtained an understanding of the implementation process, systems and controls and assessed the impact of the adoption. The Company's new accounting policy has been reviewed for consistency with the requirements of SFRS(I) 17 on insurance contract assessment and classification, transition approach, valuation model(s) and new assumptions on discount rate and risk adjustment. Evaluation of Management's data validation processes, reconciliations on the completeness and accuracy of data used in the SFRS(I) 17 calculation model were performed by the external auditor. The external auditor's internal actuarial specialist performed an independent analysis and an assessment of the appropriateness and reasonableness of assumptions, key models and valuation methodologies. The ARC has assessed and reviewed the external auditor's findings and results.

Corporate Governance

Our ARC was satisfied that the KAM was appropriately addressed in the Company's financial statements.

For the financial year ended 31 December 2023, the external auditor has given an unqualified opinion on the Company's financial statements.

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 confirmed that it has received appropriate access to information and cooperation from Management to perform its duties. There was no factor that adversely affected the internal audit function's independence, objectivity or effectiveness.

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 and 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 ARC; and

- reviews whether the Company complies with laws and regulations and adheres to established policies, and whether 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 ARC annually. The internal auditor thereafter reports to the ARC quarterly on the progress on the audit, any significant findings and progress on remedial work to address audit findings. The ARC may also request the internal auditor to assist in the review of specific topics, such as whistle-blowing cases.

The Company has also engaged the internal auditor to conduct an internal review of its Sustainability Report for the year ended 31 December 2023. The Sustainability Report can be found on pages 37 to 67.

Each year, the internal auditor performs a self-assessment of its performance, which is reviewed by the ARC. The ARC 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 ARC 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 2023.

Risk management and internal controls

Our Board is of the view that the Company does not need to establish a separate board risk management committee as risk management and internal controls are closely related, and the ARC has been assisting our Board in its oversight of risk management matters. In this regard, the ARC was renamed in February 2024 to reflect the risk management mandate of the committee. The Company has not appointed a Chief Risk Officer as risk management at management level is performed by a dedicated Risk Management and Compliance Committee chaired by the CEO, who reports directly to the ARC.

The ARC ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the Company and its shareholders. The ARC reviews risk issues with reference to the enterprise risk 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 ARC has increased the amount of time spent in reviewing risk management matters.

The Company has an Enterprise Risk Management Framework (ERMF), which provides a holistic and structured approach for managing risks related to the business of the Company. It sets out, among other things, the risk tolerance framework that commensurates with the Company's level of activity, type of business and risk profile, risk strategy, risk governance organisation and structure, as well as risk management processes. Management reviews the ERMF and risk tolerance limits annually. Proposed changes are reviewed and endorsed by the ARC before they are submitted to our Board for approval. The CEO and management committees are responsible for the continual development of risk management practices and the implementation of systems and controls for managing material risks effectively.

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

More information on the Company's risk management practices can be found in the Risk Management section on pages 68 to 71.

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 ARC.

Our Board reviews the adequacy and effectiveness of the Company's system of risk management and internal controls annually. In its review, our Board takes into account the work performed by the internal and external auditors, and the opinions of the internal and external auditors and the ARC. Assurances were also received from the CEO and the Assistant General Manager (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 ARC, our 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 2023. As no system of risk management and internal controls can provide absolute assurance against error, loss or fraud, our system of risk management and internal controls provides reasonable but not absolute assurance that UOI 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.

All shareholders are entitled to attend and participate in the proceedings at general meetings. The notice of general meeting (Notice), related information and a proxy form are sent to shareholders at least 14 days before the meeting. The Notice is also published in a local newspaper, 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 auditor is also present to address shareholders' questions about the conduct of audit and the preparation and contents of the auditor's 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 also available on SGXNet and the Company's website, as are the Notice 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 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 at least 72 hours before the time set for holding the general meeting.

Corporate Governance

The Company currently does not implement voting in absentia by mail or electronic means as our 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 our Board and Management, are posted on the UOI website within one month after the AGM.

The forthcoming 2024 AGM on 19 April 2024 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 2024 AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the 2024 AGM, and voting at the 2024 AGM by shareholders or their duly appointed proxy(ies), are published with the Notice.

We invite shareholders to submit their questions by email or post, and we will respond to the relevant and substantial questions prior to the deadline for the submission of proxy forms. Any relevant and substantial question not answered before the proxy submission deadline will be answered during the 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 (https://www.UOI.com.sg/investor-relations.page). The latest financial highlights, financial results, annual report and other corporate information may also be found on the website.

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

We have a dividend policy that aims to pay sustainable dividends to shareholders over the long term by balancing the Company's sustainable 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

We have a stakeholder engagement policy to assist us in identifying our primary stakeholders, addressing their concerns and engaging with them.

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

Related party transactions and interested person transactions

We have established policies, processes and guidelines for the approval and entry into of related party and interested person transactions. These polices, processes and guidelines are based on regulatory requirements including Insurance Act 1966, MAS guidelines and notices, and the SGX-ST Listing Rules.

Our Board has delegated the reviews of all interested person transactions and material related party transactions to the ARC. The ARC 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-interested/related parties under similar circumstances.

All Directors have to declare any interest that could conflict with UOI's interest and abstain from voting on matters in which they have an interest. The ARC keeps our 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 2023 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 telemarketing services to UOI valued at approximately $2.89 million.	Nil

Material contracts

Save as disclosed on SGXNet or in this report, no material contract involving the interest of the CEO, 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 2023.

Ethical standards

Code of Conduct

We have a written Code of Conduct which lays down the principles of personal and professional integrity and behaviour expected of all our 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 and customer information;
- 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.

Corporate Governance

Employees are required to familiarise themselves with 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

Our whistle-blowing policy is designed to foster a culture of openness, accountability and transparency, and is guided by best practices and regulatory guidelines. Available on the Company's intranet, it 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 ARC chairman (c/o Company Secretary, 80 Raffles Place, UOB Plaza 2, Singapore 048624). All whistle-blowing reports received are investigated independently by the ARC 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.

Fair dealing

Treating clients fairly and respectfully and ensuring transparency in selling and marketing practices is key to building client trust and underpins our strong and client-centric culture.

More information on Fair Dealing can be found in the Sustainability Report.

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. We do not deal in, and advise our Directors and employees not to deal in, our 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.	25
Provision 1.3 Matters that require board approval.	17
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.	21, 23, 24, 26, 28 and 29
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.	20
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.	25
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	22 and 23
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.	25
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 as independent.	20 and 22
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, 22 and 24
Additional Guideline 4.11 Resignation or dismissal of key appointment holders.	18
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).	20 and 22
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.	24
Provision 6.4 The engagement of any remuneration consultants and their independence.	26

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.	26, 27 and 28
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.	28
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.	27 and 28
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.	28, 29 and 31
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.	31
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.	34
Additional Guideline 10.19 The Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced.	30
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	20
Provision 12.1 The steps to solicit and understand the views of shareholders.	31 and 32
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	32
Additional Guideline 14.5 Material related party transactions.	33

Sustainability

Our Commitment to Sustainability

Established in 1971, UOI has been providing insurance products and services for more than 50 years. Our core business revolves around underwriting a wide range of general insurance types, including fire, marine, motor, engineering, general accident, liability business and reinsurance. The company is committed to creating sustainable value for its stakeholders and providing financial services in a responsible manner. We are guided by our values of Honourable, Enterprising, United and Committed in the conduct of our business.

Over the years, we have achieved consistent growth, enhanced our shareholder value, and upheld our responsibilities as a responsible corporate entity. UOI is the only home-grown general insurer listed on SGX-ST.

As a trustee of a mutual fund, UOI operates on the principle that the losses of a few are shared among many. This process involves pooling premiums together, deducting claims, and accumulating surpluses. These surpluses are then either invested in business capital requirements or deployed into socially beneficial investments. Through prudent management of this mutual fund, UOI plays a critical role in risk transfer for the insured, supports economic activities, contributes to government revenues through taxation, creates employment opportunities, and provides essential funding for investments and corporate finance.

UOI has also been instrumental in the establishment of several key Singaporean institutions, such as the National Crime Prevention Council, National Fire and Civil Emergency Preparedness Council, General Insurance Association of Singapore (GIA), Insurance Ombudsman Committee and the ASEAN Insurance Council.

In line with the Singapore government's vision for a green economy, we address climate-related risks and opportunities in line with the Guidelines on Environmental Risk Management (ERM) for Insurers issued by the Monetary Authority of Singapore (MAS) in December 2020. Additionally, we align our material sustainability topics with the United Nations Sustainable Development Goals (SDGs).

Our approach to sustainability, along with our actions, achievements, and targets, are comprehensively detailed in this report.

About This Report

This report is UOI's seventh annual sustainability report published on 28 March 2024.

This report, published as part of our Annual 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 ending on 31 December 2023.

Reporting Standards and Frameworks

This report has been prepared in accordance with the Global Reporting Initiative (GRI) 2021 Standards covering the period from 1 January 2023 to 31 December 2023. We use the GRI Standards for our sustainability reporting due to its international recognition and acceptability. The GRI Standards also help us to identify and prioritise our material sustainability impacts.

This report complies with the SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting. In addition, the report outlines UOI's contribution to the UN SDGs. It also incorporates references to the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations and adheres to the MAS Guidelines on ERM for Insurers.

Reporting Scope and Boundary

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

Reporting Principles

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

Sustainability

Restatements

We have restated the total carbon emissions and carbon emissions intensity for FY2021 and FY2022 due to an update to the emission factors by the Energy Markets Authority, Singapore in 2022. The change is very small and not considered material.

External assurance

UOI's current practice is to rely on internal checks and verifications for data presented in this Sustainability Report instead of seeking external assurance. Additionally, we have implemented a new mechanism for the internal review of sustainability information to strengthen the robustness of disclosures.

Availability

This report forms part of our Annual Report and is available on UOI's website (www.UOI.com.sg) in PDF format for viewing and download.

Feedback

Questions or feedback relating to this report may be sent to contactus@UOI.com.sg.

ESG Performance Summary				
ESG Factors	**Unit**	**2023**	**2022**	**2021**
Environmental				
Electricity consumption	kWh	496,252	471,723	330,936
Energy intensity (per employee)	kWh	4,315	4,717	3,277
CO_2 emissions – Scope 2	tCO_2	207	197	135
CO_2 emissions intensity – Scope 2 (per employee)	tCO_2	1.80	1.97	1.34
Office paper use	kg	12,053	13,695	13,469
Office paper use intensity (per employee)	kg	105	137	133
Non-hazardous waste	kg	4,039	5,250	10,898
Non-hazardous waste intensity (per employee)	kg	35	53	108
Hazardous waste (e-waste)	kg	18	NA	NA
Hazardous waste recycled (e-waste)	%	100%	NA	NA
Note: Energy and emissions refer to purchased electricity.				
Social				
Employees				
Total number of employees	Number	115	100	101
New hires	Number	39	23	13
Female employees	%	79	86	81
Female managers and supervisors	%	76	85	82
Female department heads	%	75	57	38
Average hours of training per employee	Hours	24	33	20
Annual employee turnover rate	%	14	12	12
Customers				
Incidents of non-compliance concerning product and service information	Number	0	0	0

ESG Performance Summary				
ESG Factors	**Unit**	**2023**	**2022**	**2021**
Governance				
Incidents of corruption	Number	0	0	0
Incidents of customer privacy breach	Number	0	0	0
Incidents of regulatory non-compliance	Number	0	0	0
Compliance with the Insurance (Corporate Governance) Regulations (Insurance CG Regulations)	NA	✓	✓	✓
Compliance with the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST)	NA	✓	✓	✓
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 2021	NA	✓	✓	✓
Compliance with the MAS on ERM for Insurers Guidelines	NA	✓	✓	✓
Compliance with the Code of Corporate Governance 2018 issued in 2018 (2018 Code)	NA	✓	✓	✓

Board Statement

At UOI, the Board is committed to building a sustainable and resilient business. It assesses, determines and addresses material ESG impacts, risks and opportunities regularly. The Board seeks to align UOI's policies with broader sustainable development goals. In developing and reviewing business strategy, it considers material sustainability topics. The Board provides Management with strategic guidance on sustainability issues. Working alongside the Management Committee (MC), the Board identifies material ESG factors, encompassing impacts, risks, and opportunities over short, medium, and long-term horizons. The Board maintains effective oversight of the management and monitoring of these material ESG issues, as presented in our sustainability reporting. The Board has ultimate responsibility for sustainability reporting and has reviewed and endorsed this sustainability report.

Recognising the significant impact of climate change on the global insurance business, the Board acknowledges that the insurance sector must effectively assess and manage climate-related risks and opportunities. At UOI, the Board oversees these climate-related risks and opportunities. Guided by the Board, Management is actively involved in assessing and managing these risks and opportunities as part of its overall approach to 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.
- In 2023, UOI was awarded the Best Risk Management Award (Silver) for Companies with market capitalisation of $300 million to less than $1 billion by the Singapore Institute of Directors at the Singapore Corporate Awards. The award was conferred in recognition of companies that have established and disclosed adequate and effective risk management practices to support their strategic direction.
- Absence of any significant adverse finding in internal and external audits.
- Absence of any significant complaint by customers and claimants.

Sustainability

Sustainability Governance

At UOI, sustainability governance is a Board-level responsibility. The Board is actively involved in shaping and executing the sustainability strategy, and guiding Management in managing environmental risks, and upholding corporate governance standards.

Under the Board's guidance, Management has instituted a comprehensive system of internal controls and risk management. This system ensures that UOI's operations and interactions with stakeholders adhere to high standards of professionalism, ethics, and social and environmental responsibility.

The MC, consisting of senior executives from various key divisions, is led by the Chief Executive Officer. The MC, directed by the Board, is responsible for the execution of the sustainability strategy and the preparation of the sustainability report.

The MC's broader sustainability mandate includes the development and implementation of an environmental risk management framework, along with policies, tools, and metrics to manage climate-related risks and opportunities. It also regularly evaluates these risks and opportunities, updating the Board on significant developments.

The MC is tasked with reviewing and assessing the sustainability context, material ESG factors, environmental and climate-related risks, and determining the content and scope of the report and topics for disclosure. The Board reviews and approves the material ESG factors and sustainability reports.

We have a cross-functional project team that is entrusted with the collection and verification of ESG performance data for reporting purposes.

Sustainability Management

At UOI, several senior executive committees have crucial roles in integrating sustainability strategies across the organisation. The responsibilities and structures of these committees are detailed 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 highlighted a new risk class that needs to be considered when we underwrite policies.

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 are available in the Risk Management section of this Annual Report.

Sustainability Strategy

Over the past 50 years, UOI has established itself as a reputable and trusted provider of insurance solutions in Singapore. As a leader in the local general insurance market, we have integrated sustainability into our governance and strategy, underscoring our commitment to generating sustainable economic value over the long term.

At the heart of UOI's operations and stakeholder engagements are our values: Honourable, Enterprising, United and Committed. We aim to deliver consistently outstanding client experiences, through our commitment to high ethical standards, integrity, professionalism, transparency and good governance.

We address our material ESG impacts, risks and opportunities by fostering a culture of compliance, embracing fair dealing practices, safeguarding personal data and customer privacy, and tailoring our insurance solutions to the evolving needs of our customers. In our direct operations, we are committed to mitigating the negative impacts and taking steps to remediate where required.

In a dynamic and challenging business environment influenced by geopolitics, globalisation, climate change, disruptive technologies and demographic shifts, we recognise these factors' potential effects on our role as an insurance provider and our clients' operations. 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, we provide additional reassurance to our insured customers. Our underwriting practices maintain a "Safety First" approach in fire and accident prevention, employing differentiated premium ratings to distinguish between higher and lower risks.

Our sustainability strategy is built on four pillars: monitoring and understanding current and emerging trends relevant to our industry, identifying and mitigating associated risks, exploring growth opportunities, and developing action plans. By adopting this strategy, UOI acknowledges the challenge, and identifies and prioritises the areas in which it can make significant contributions.

ESG Developments and Trends

As a forward-looking, agile business, we are well-equipped to manage and mitigate emerging risks, and to capitalise on future opportunities that benefit all our stakeholders. Ensuring our financial sustainability is fundamental to fulfilling our broader role in making significant contributions to society. The key developments and ongoing ESG trends that have the potential to influence our activities in the future are:

1. **Climate Change**
   Climate change stands as one of the most pivotal challenges of the 21st Century, with altering weather patterns and rising sea levels posing threats globally. In its Sixth Assessment Report (AR6) in 2021, the Intergovernmental Panel on Climate Change (IPCC) highlighted the significant impact of human-induced climate change on various weather and climate extremes, including heatwaves, heavy rainfall, droughts, and tropical cyclones. In its Synthesis Report of the Sixth Assessment Report released in March 2023 the IPCC stressed the urgency of immediate and substantial reductions in greenhouse gas (GHG) emissions to limit global warming, underscoring that achieving targets like avoiding global warming of 1.5°C which requires transformative changes across various sectors.

   Given the urgency of climate-related threats, it is imperative for businesses, including those in the insurance sector, to actively respond to climate-related risks and opportunities to safeguard their long-term financial stability. The insurance industry worldwide has incurred billions of dollars in losses due to severe weather events exacerbated by climate change. Consequently, it is vital for insurers to develop effective methodologies, tools, and metrics to manage climate change risks.

   To assess and communicate climate-related risks and opportunities, we are progressively adopting the TCFD Recommendations. Included in this report is our TCFD Report, which elaborates on how we are tackling climate-related issues that are significant to our business.

2. **Technological disruption**
   The COVID-19 pandemic accelerated the digitalisation of economies and businesses, making remote work a necessity for millions during lockdowns and shifting consumers towards e-commerce. This trend necessitates that vendors develop robust and efficient digital platforms to stay competitive. As an insurance provider, we have responded by creating new products tailored to the evolving needs of our customers. In addition, we have established a Project Management Office that drives initiatives related to digitalisation and are closely monitoring other technological advancements, such as big data analytics and FinTech, to maintain our relevance in this changing landscape.

   Other challenges faced by the insurance sector include regulatory changes, the threat of terrorism, generational shifts, escalating healthcare costs, and geopolitical conflicts that challenge multilateralism and affect international relations and trade.

Our Response

Strong Governance

UOI has a tradition of strong corporate governance, where policies and actions are steered by high standards of professionalism, ethics, integrity, transparency, and governance, which are crucial for the company's long-term sustainability. UOI has implemented robust policies to manage business disruptions and uncertainties in investment markets caused by pandemics, climate change, global recessions, and geopolitics.

Sustainability

The Board, provides strategic direction and guidance, monitors financial performance, sets company values and standards, and guides the Management in its implementation of business plans and projects. It has guided Management in establising comprehensive systems of controls and procedures.

UOI's Audit and Risk Committee (ARC) is responsible for reviewing financial statements, transactions involving interested persons, internal control systems and risk management policies. It appoints the internal auditors and recommends the appointment of the external auditors. Its responsibilities include approving the audit plans and reviewing the auditor reports from the internal and external auditors.

In line with this, both the Board and Management seek to adopt the MAS ERM Guidelines. These guidelines are designed to enhance the governance, oversight, and management of climate-related risks and opportunities. Management remains committed to regularly updating our environmental risk management framework, methodically assessing and managing UOI's environmental risk exposures in alignment with the Board's policies.

A detailed explanation of the Company's governance can be found in Corporate Governance on pages 17 to 36.

Judicious Underwriting

Effective risk management is central to UOI's operations, given the inherent high risks of the insurance industry and the need to always meet regulatory solvency requirements. UOI is committed to careful underwriting, especially in light of the emerging challenges mentioned above. We maintain a vigilant approach in monitoring risk accumulation and the sustainability of UOI's value chain, including our reinsurers.

Digital Capabilities

UOI invests in enhancing our digital capabilities to improve customer service and operational efficiency and productivity. Securing our IT infrastructure is a top priority, and we continually upgrade our data protection and cybersecurity measures. We also invest in ongoing training of our people to build a digitally-savvy workforce.

Responsible Investing

ESG considerations are integrated into our investment decisions. Our fund manager, UOB Asset Management (UOBAM), incorporates ESG evaluations across all investment asset classes. As a signatory of the UN Principles for Responsible Investment (UNPRI), UOBAM employs tools such as sustainability ratings to assess ESG performance of portfolio companies.

Read more about our Responsible Investment in the TCFD Report section of this report.

Green Insurance

UOI continues to explore opportunities in green insurance solutions to support eco-friendly lifestyles, products, and projects. We are also attentive to rapid technological advancements and their implications for risk assessment and underwriting.

An example of our green insurance product is InsureDrive, whereby we offer a motor insurance policy catering to electric cars.

Read more about our Sustainable Insurance solutions in the TCFD Report section of this report.

Green Building

UOI Building has received the Green Mark Certification from the Building and Construction Authority (BCA) of Singapore. The building features energy-and water-efficient systems, such as an upgraded cooling system, energy-saving LED lighting and water-efficient fixtures.

Our Stakeholders

Listening attentively to our stakeholders is at the core of our sustainability and business approach. We maintain ongoing engagement with a diverse array of stakeholders to gain insights into their needs, concerns, and expectations. These insights help to develop suitable insurance plans and solutions for our customers. Insights gained from stakeholder interactions play a crucial role in our materiality assessment and guiding our communications relating to ESG matters.

Our key stakeholders include individuals or groups whose interests are directly affected or could be affected by UOI's business operations. We engage with them regularly as part of our daily operations, aiming to understand their legitimate concerns and expectations. Our approach centres on active listening and constructive stakeholder dialogues, fostering a trusted environment for meaningful conversations.

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 the claims process • Hotline for UOI customers	• Customer-centric business approach • Hiring of skilled personnel • Adherence to industry code of practice • Adherence to our Code of Conduct • Behavioural service standards for employees • 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 cater to customers' needs • Annual review of agents to ensure their suitability in serving our customers

Sustainability

Our Stakeholders	What They Expect	How We Engage	How We Respond
Employees	• Conducive work environment • Trust and respect • Job satisfaction • Skills training • Career advancement • Work-life balance • Job security • Safe workplace • Fair remuneration and benefits	• Communication tools and regular meetings • Team bonding activities and events • Performance appraisal • Internal employee survey • Regular workplace safety assessments	• 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
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	• Participate in 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

Our Stakeholders	What They Expect	How We Engage	How We Respond
Trade Associations	• Support through membership subscriptions	• Attendance of industry seminars and conferences	• Membership of relevant associations such as the GIA
Investors	• Consistent returns • Good governance • Sustainable business growth • High standards of ethics and integrity	• Annual General Meeting • Investor Relations section on the UOI website • Investor Relations Officer	• Professional and ethical conduct • An experienced management team that runs the business efficiently and generates optimal returns • Sustainable business growth policies and strategies • Prudent business planning and risk management • Good governance, transparency and disclosure
Community	• Good corporate citizenship • Support for social causes	• Various community outreach activities	• Organise community and employee volunteer programmes and participate in our parent Company's (UOB) 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:

- GIA
- Singapore National Employers Federation
- Singapore Business Federation

Sustainability

Materiality

We focus on ESG factors that are deemed material to our business and key stakeholders. This ongoing process is complemented by periodic materiality assessments, conducted in accordance with established sustainability reporting standards, including the GRI Standards.

Guided by the GRI Standards, we evaluate material factors for reporting, giving priority to those that encompass UOI's significant actual and potential ESG impacts, across short-, medium-, and long-term horizons. We assess the severity and likelihood of negative impacts, as well as the scale and probability of positive impacts of those factors. Our materiality review encompasses human rights aspects and other potential ESG impacts, risks, and opportunities in our various business relationships, including interactions with employees, customers, regulators, business partners and local communities.

Our materiality assessment also encompasses broader sustainability trends, the SDGs, emerging ESG risks, opportunities within the insurance sector, and regulatory developments. Additionally, our report addresses material climate-related issues in line with the TCFD Recommendations and the MAS ERM Guidelines for Insurers. We also incorporate input from our internal stakeholders and external sustainability consultant to develop the list of material ESG factors.

The MC validates sustainability factors identified during materiality reviews and assessments. Subsequently, these factors are presented to the Board for review and approval. The outcomes of such reviews and assessments serve as guiding principles for our sustainability policies, priorities, strategy, targets, and reporting practices.

Materiality Determination Process			
1. Analyse	2. Identify	3. Assess	4. Prioritise
Review our business model, activities and stakeholder relationships, ESG trends, reporting regulations and industry practice to understand our organisational context.	• Identify potential and actual ESG impacts, risks and opportunities. • Consider relevant insights from stakeholders and experts.	• Evaluate the significance of ESG impacts, risks and opportunities. • Map risks based on severity and likelihood.	• Determine material topics for reporting. • Review of material topics by MC. • Review and approval of material topics by the Board.

UOI's financial performance is reported in detail in our Annual Report based on applicable financial reporting standards. Therefore, we have removed Financial and Economic Performance from our list of material factors to sharpen our focus on material ESG issues. Additionally, we continue to report on topics we consider important but not material. These include energy consumption and GHG emissions in our direct operations and our contribution to local communities.

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. The table below illustrates how our material ESG factors contribute to the relevant SDGs.

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

Material ESG Topics	Impact Description	Our Approach	Stakeholders Interested in the Topic	Relevant SDGs
Client Satisfaction	The impact occurs across our customer base through our product features, pricing, underwriting, claim settlement processes, customer service, and our agents and bancassurance partners.	To conduct our business professionally and ethically, and to deliver value and fair dealing outcomes to our customers.	Customers, Agents/Brokers, Regulators, Investors	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Digitalisation	The impact occurs through improved efficiency and productivity as well as through enhanced customer experience.	To accelerate and increase digitalisation of business processes and delivery of insurance services.	Customers, Agents/Brokers, Regulators, Investors	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Regulations	The impact occurs due to the strict regulations governing the insurance sector.	To maintain zero breaches or incidents of non-compliance with cybersecurity, corruption and bribery, and personal data protection, laws and regulations.	Regulators	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Responsible Investment	The impact occurs outside of our organisation through our investment.	To embed ESG considerations in our investment decisions.	Investors	13 CLIMATE ACTION
Climate change	The impact occurs outside of our organisation through our underwriting insurance risks, investment decisions and green insurance solutions.	To focus on prudent underwriting of insurance risks and consider climate change concerns in underwriting and investment decisions. To explore developing solutions that support climate change mitigation.	Investors	13 CLIMATE ACTION

Sustainability

Material ESG Topics	Impact Description	Our Approach	Stakeholders Interested in the Topic	Relevant SDGs
Talent management	The impact occurs within our organisation through the professional development of our people and through building an inclusive workplace.	To attract, develop and retain talent. To nurture an inclusive workplace.	Employees	8 DECENT WORK AND ECONOMIC GROWTH
Building a risk-focused organisation culture	The impact occurs within our organisation through building risk management skills and capabilities.	To build a risk-focused organisation through ongoing training on risk management.	Employees	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Marketplace

At UOI, we focus on enhancing customer experience, ensuring that we offer an exceptional value to our clients. We aim to offer solutions that cater to our customers' insurance needs. Driven by our long-standing values, we consistently work to sustain our reputation as a responsible and pioneering player in the general insurance sector in Singapore. In all our interactions and commitments with customers and stakeholders, we adhere to the utmost ethical and professional standards.

Our Insurance Operations

Client Satisfaction

At UOI, our organisational culture is deeply rooted in client satisfaction, and we take great pride in placing clients at the heart of all our operations. We train our employees to listen actively to and gather client feedback, enhancing our understanding of their insurance needs. A dedicated task force at UOI regularly evaluates and implements initiatives aimed at achieving excellence in customer service.

Over the past 50 years, we have established a solid foundation of client trust and loyalty by consistently delivering high-quality products and services. We ensure that our offerings provide the right coverage levels and affordable premiums to meet our clients' needs. Our range of mandatory insurance products, including motor insurance, foreign worker insurance, and work injury compensation, are competitively priced to assist clients in fulfilling their legal requirements.

We understand the importance our clients place on straightforward, efficient, and prompt claim processing, and we are committed to facilitating this throughout the organisation.

Our growing investment in digital solutions is also aimed at enhancing client satisfaction by streamlining our processes and improving overall customer service as well as operational efficiency.

Material Topic: Customer Satisfaction	
Ongoing Target	**2023 Performance**
To conduct our business professionally and ethically and deliver 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

At UOI, we treat clients with fairness and respect, and maintain transparency in our sales and marketing practices. This approach is fundamental to building client trust and our client-centric culture. We take steps to understand our clients' needs, providing tailored advice and clear explanations to assist them in making informed decisions when purchasing an insurance policy. We are committed to ensuring that our advertising, promotional materials, and product information are transparent, straightforward and easily understood. Our agents are trained to clearly explain the key features of our products and services. They provide product summaries that highlight crucial details like coverage and benefits, significant restrictions, warranties or exclusions, and any important conditions or obligations that our customers must be aware of, and adhere to.

Free Look Period
Client confidence in their insurance choices is paramount for us. To support this, some of our products include a 14 to 30-day free-look period. This allows clients to review their policy and ensure it aligns with their needs. If a client decides to cancel the policy within this period, they are entitled to a full refund of their premium.

Fair Claim Processing
Fair and efficient claim processing is a cornerstone of client trust in the insurance sector. UOI is dedicated to handling claims and complaints in a fair, reasonable, and prompt manner. Our goal is to acknowledge all claims within three business days of receipt and resolve them as swiftly as possible, following a thorough review of all necessary information and completion of investigations.

Clear communication about coverage and procedures from the start enhances the efficiency of claim processing. We ensure our clients understand the claim procedures at the time of purchase. Our approachable claims executives are available to address any queries our clients may have during the claim process. Our website also provides comprehensive details about our claim procedures, further assisting our clients.

Insurance Solutions for SMEs
Our BizPA insurance policy is specifically tailored for small and medium enterprise (SME) owners. It offers a safety net, providing financial payouts to the business in cases of accidental death or permanent disability of the owners. This coverage is instrumental in mitigating financial disruptions and ensuring business continuity.

Digitalisation
At UOI, we acknowledge the growing trend towards digital e-commerce in our data-centric world. Digital transformation has been a strategic focus for us in recent years. We firmly believe in harnessing the power of technology to enhance client experiences, boost productivity, and improve efficiency. Our investments in upgrading our IT infrastructure and management information systems are pivotal to our strategy for digitalising products and services. By consolidating services and processes onto a secure digital platform, we aim to expedite processing, lower operational costs, and reduce our direct environmental impact.

We envisage that emerging technologies such as artificial intelligence, machine learning, data analytics, and the Internet of Things will play an integral role in reshaping the insurance sector. Utilising big data, for instance, empowers us to create customised and personalised insurance solutions that cater specifically to our clients' needs.

Embracing Technological Innovation: Our digitalisation initiatives are designed to capitalise on the opportunities arising from rapid technological advancements, evolving business landscapes, stringent regulatory demands and shifting customer preferences. Our strategy focuses on creating a customer-centric digital platform and utilising data analytics to enhance the distribution of insurance products and reducing operational costs through process automation.

Enhancing Access to Insurance Products and Services: We offer a broad spectrum of insurance products and services accessible through our mobile and web-based platforms. Customers can effortlessly purchase our travel insurance via e-commerce channels, including UOI, UOB and UOB Travel Planners' websites and UOB TMRW. Additionally, our secure online platform enables customers to obtain instant quotes and purchase travel insurance with ease.

Sustainability

Improving B2B Online Application System: Our B2B online application system is integral to our agents' workflow, streamlining the sale of travel insurance and supporting telemarketing sales of motor insurance to UOB customers. This digital platform also enhances our claims servicing and policy administration, continuously improving our bancassurance business model and customer service standards.

Reducing Environmental Impact: Our digitalisation drive continues to help us reduce our paper consumption for insurance proposals, processing, approvals, renewals, and billing significantly thereby positively impacting the environment. We encourage customers to choose soft copies of their policy documents over traditional printed versions.

We have transitioned our personal line insurance product outreach programmes towards e-mail and digital marketing. This transition has not only improved our customer engagement but also substantially reduced our paper consumption, aligning with our environmental sustainability goals.

Material Topic: Digitalisation	
Ongoing Annual Target	**2023 performance**
To enhance our digital capability and operational efficiency through investments in IT infrastructure, business process automation and interactive customer platforms.	Efforts are in place to enhance our digital solutions to make them seamless and to upgrade our infrastructures. A Project Management Office has been setup to drive the process improvement and efficiency gains and embark on digitalisation initiatives.

Developing a Technology-savvy Workforce

As we integrate more digital solutions and processes, it has become more crucial to enhance the technological proficiency of our workforce to fully harness the benefits of digitalisation. We have initiated digital training and ongoing skills development for our employees in critical areas such as marketing, underwriting, and claims servicing in a digital operating environment.

Ensuring Regulatory Compliance

At UOI, regulatory compliance is critical in our business. We have a strict zero-tolerance policy against breaches of applicable laws, ensuring full compliance with all applicable law and regulations. We use opportunities to collaborate with regulatory bodies like the MAS, reinforcing the resilience of the sector. The RMCC oversees all aspects of regulatory compliance.

Increasing Compliance Awareness

Training our employees in regulatory compliance is a fundamental aspect of our corporate governance. We provide operational manuals and toolkits to guide our employees in regulatory adherence. Our employees undergo annual training on various regulatory compliance topics, including insider trading, market misconduct, anti-money laundering, anti-bribery, banking secrecy, computer misuse and cybersecurity, and fair dealing.

Compliance Record

In the reported period, we experienced no incidents of non-compliance with applicable laws or regulations that resulted in fines or non-monetary sanctions.

Our Business Practices

Anti-corruption

UOI rigorously upholds a policy of zero tolerance of fraud, bribery, corruption, and money laundering. We adhere to anti-bribery laws, guided by our Code of Conduct, which is binding on all employees and Directors. Our policy unequivocally forbids any act of offering, accepting, authorising, or facilitating bribes by our employees.

In 2023, there were no confirmed incidents or cases of corruption.

Code of Practice

At UOI, we are committed to the responsible sale of insurance products. In alignment with this commitment, we have adopted the Singapore General Insurance Code of Practice, as issued by the GIA. This includes adherence to the Service Standards of General Insurers.

The Code of Practice establishes precise and consistent standards for the insurance industry. Its aim is to enhance transparency in insurance products and practices, thereby empowering policyholders to make well-informed decisions when choosing insurance products.

Customer Privacy and Data Security

As we progress in digitalising our services and processes, the importance of data privacy and personal data security becomes increasingly significant. UOI is committed to implementing best practices in protecting the personal data of our customers, employees and other stakeholders. Our cybersecurity measures include a robust security system that safeguards the confidentiality of our customers' account information and personal details. This is achieved through multiple layers of firewalls separating our internal computer systems from internet servers.

We adhere to the Personal Data Protection Act (PDPA) of Singapore. A privacy policy is available on our website which details how UOI manages personal data, including the purposes for which personal data may be collected, used, and disclosed.

In 2023, there were no substantiated complaints regarding breaches of customer privacy.

Material Topic: Regulations	
Ongoing Annual Target	2023 performance
To maintain zero breaches of laws and regulations.	No incidents of regulatory non-compliance.
To maintain zero breaches of anti-corruption laws and regulations.	No incidents or cases of corruption.
To maintain zero breaches of personal data protection/privacy laws and regulations.	No substantiated complaints concerning breaches of personal data or customer privacy were received.

Our Participation in Market Pools

UOI actively participates in the Motor Insurers' Bureau, a key independent entity in Singapore. Funded by all motor insurers in the country, its central aim is to provide compensation to road users for bodily injuries resulting from accidents involving untraced or uninsured motorists.

Our Approach to Supplier Relationships

At UOI, we are committed to maintaining fair and ethical relationships with our suppliers and partners. We expect our suppliers to adhere to high ethical standards and demonstrate professional integrity. Our supply chain primarily consists of providers of IT and office equipment, consumables, utilities, financial services from banks, professional services, legal consultancy, telemarketing and direct marketing services, as well as loss adjusters and claim handling service providers. Our broader value chain encompasses reinsurers, agents, and brokers who play a pivotal role in marketing and selling our insurance products.

People

As a service provider, our workforce is our most important asset. Our team of skilled professionals offers a rich mix of experience, expertise, and knowledge. Over the years, we have developed a culture that values teamwork, collaboration,and empowering our employees. Our employees' commitment drives our strong business performance, our ability to innovate, our pursuit of excellence and commitment to constantly improving customer experience.

Our human resource policies focus on cultivating a skilled, engaged, committed, and high-performing workforce. We empower our staff to serve our customers effectively and encourage them to excel in their daily tasks. We aim to create a caring and collaborative team culture, emphasising diversity, inclusion, engagement, mutual respect, teamwork, meritocracy, and employee wellbeing.

As at the end of 2023, UOI employed 115 people, 98 per cent of whom were full-time staff while part-time employees accounted for the remaining 2 per cent. Of the total headcount, 84 per cent were permanent employees and 16 per cent were on fixed-term contracts. Additionally, 11 non-employee workers were deployed at our workplace. Provided by third-party agencies, these workers included cleaners, security guards and facilities personnel.

The average age of our employees was 50, many of whom were long-serving staff.

Sustainability

Workplace Diversity and Inclusion

We are committed to cultural harmony at the workplace and recognise the strength in diversity. Operating in a multiethnic and multicultural market, we strive to mirror this diversity within our workforce. Our recruitment practices are centred around attracting individuals who align with our company's values, vision, and culture based on merit and qualification.

As a signatory of the Employers' Pledge of Fair Employment Practices, we uphold the principles set out by the Tripartite Alliance for Fair and Progressive Employment Practices. This alliance, a collaborative effort by the Ministry of Manpower (MOM), the National Trades Union Congress, and the Singapore National Employers Federation, advocates for fair, responsible, and progressive employment practices. We prohibit any form of discrimination based on race, gender, age, religion, sexual orientation, disability, or any other characteristic protected by law.

Our commitment to diversity and inclusion is evident in our workforce composition. Women constitute 79 per cent of our full-time employees, hold 76 per cent of managerial and supervisory roles and 75 per cent of Head of Department (HOD) positions. In 2023, we rehired 14 retiring employees, including 13 women, demonstrating our commitment to maintaining a balanced and inclusive work environment.

At the Board level, the percentage of female directors in FY2023 was zero. However, the Board appointed a female director who joined on 1st January 2024, bringing the percentage of female directors at the time of this report to 12.5 per cent on an eight-member Board.

Talent Management

We understand that the ability to attract, develop, and retain talent is crucial for our business success and the well-being of our employees. We are committed to offering continuous personal and professional development opportunities to our employees throughout their tenure with us.

Our talent management approaches include ongoing employee engagement and seeking feedback. We conduct exit interviews with all outgoing employees to learn about their experience at UOI and areas for improvement. The insights gained from these interviews are instrumental in reviewing and refining our HR policies, ensuring we maintain a healthy working environment for our employees.

We hired 39 employees in 2023. Overall hiring rate for the year was 36 per cent. Hiring rate for male and female employees were 79 per cent and 27 per cent respectively. Hiring rate by age group was as follows: Less than 30 years (114 per cent), 30-50 years (91 per cent) and more than 50 years (2 per cent).

To evaluate our performance in talent retention, we compare our employee turnover rates with the national averages in the insurance sector, as reported by the Department of Manpower Research and Statistics under MOM. Our turnover rate, recorded at 14 per cent in 2023, has consistently stayed below the industry average. In 2023, 15 employees comprising 3 men and 12 women, left UOI.

Material Topic: Talent Management	
Ongoing Annual Target	**2023 Performance**
To achieve a staff turnover rate which is lower than the national insurance sector turnover rates.	UOI: 14 per cent Insurance sector national average[1]: 18 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 programmes for all relevant topics have been refreshed for all full-time and contract staff on relevant topics. A 100 per cent passing rate was achieved.
To ensure 100 per cent fulfilment of training hours for Front-end Operatives within the calendar year.	Achieved 100 per cent fulfilment of training hours for FEOs within the calendar year.

We take pride in having a stable workforce at UOI. Around 36 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
70	4	12	15	14

1 Source: Labour Market Survey, December 2023 (MOM). Q4 data is based on the average of Q1-Q3.

Developing People

We emphasise the importance of continuous learning and development for our employees' personal and professional growth. Providing ongoing training opportunities is crucial for cultivating a skilled and motivated workforce that is fit for the future. We ensure our employees have access to learning opportunities that enhance their skills and knowledge to effectively meet the needs of our customers and stakeholders.

In 2023, our employees participated in regular in-house briefings, training, and workshops on 54 diverse topics. These sessions were led by our experienced underwriters and claims handlers and included key areas such as digitalisation, cybersecurity, and risk management. Additionally, our senior executives attended a sustainability workshop to learn about new reporting trends, frameworks and to review UOI's material ESG impacts, risks and opportunities.

As part of Continuing Professional Development, our employees in Front-End Operations (FEOs) are required to meet the minimum training requirement mandated by MAS. In 2023, our FEOs completed 100% of the required training.

Performance Management

Our approach to performance management focuses on rewarding our employees fairly and supporting their professional and personal growth. Our performance management process encourages open and honest communication between employees and their managers. This dialogue aims to help employees achieve their personal development goals while aligning with UOI's business objectives. All permanent employees undergo regular performance and career development reviews.

At the start of each year, we establish Key Performance Indicators (KPIs) to ensure employee performance is assessed fairly, transparently, and objectively. Employees discuss their progress on these KPIs with their managers throughout the year. Additionally, we conduct performance feedback dialogues semi-annually, with formal appraisals at the end of the year. In 2023, all eligible permanent employees participated in the performance appraisal process.

Parental Leave

At UOI, we support work-life balance. Our family-friendly policies encourage employees to take parental leave and return to jobs after the leave without affecting their employment, remuneration or career progression. The statistics relating to parental leave are provided in the table below.

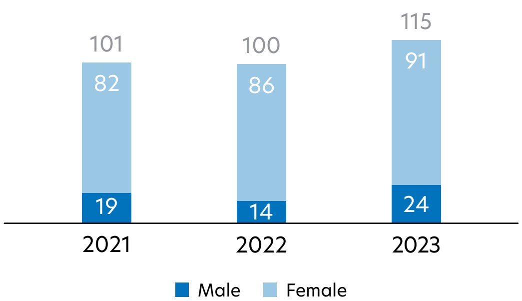
Parental Leave	2023			2022		
Metrics	Male	Female	Total	Male	Female	Total
Number of employees who were entitled to parental leave	9	15	24	3	8	11
Number of employees who took parental leave	9	15	24	3	8	11
Number of employees due to return to work after taking parental leave	8	15	23	3	8	11
Number of employees who returned to work after parental leave ended	8	15	23	3	8	11
Total number of employees who returned to work after parental leave and who were still employed 12 months after their return to work	2	4	6	NA	NA	NA
Parental Leave Rate	Male	Female	Overall	Male	Female	Overall
Return to work rate	100%	100%	100%	100%	100%	100%
Retention rate	67%	50%	55%	NA	NA	NA

Sustainability

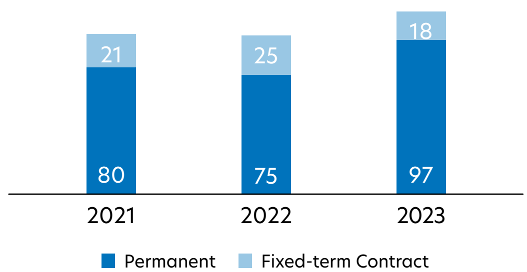
Performance Summary

Our people performance data is presented in the charts below.

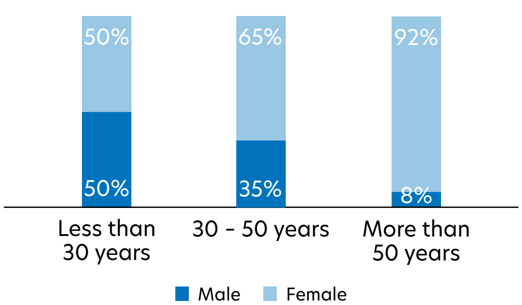
Total Number of Employees by Gender



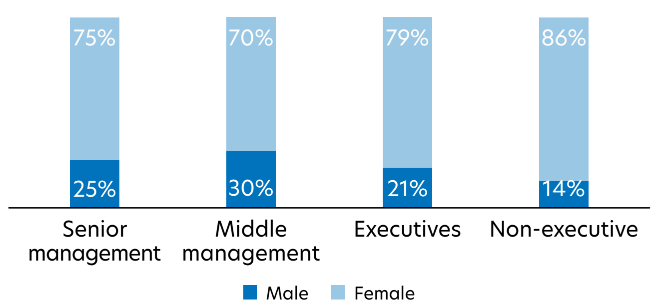
Employee by Employment Contract Type



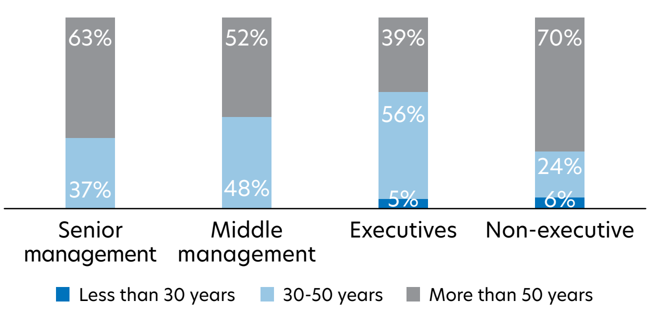
Age and Gender Diversity - 2023



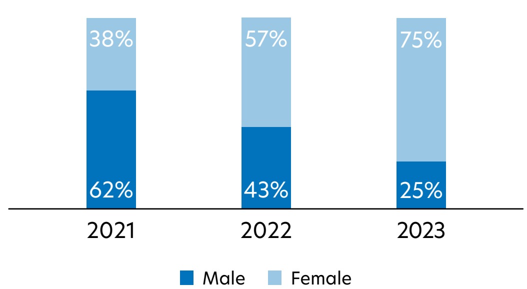
Gender Diversity by Employee Category - 2023



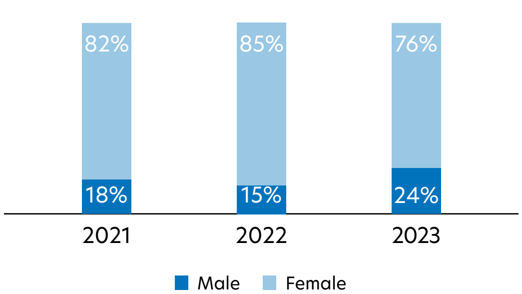
Age Diversity by Employee Category



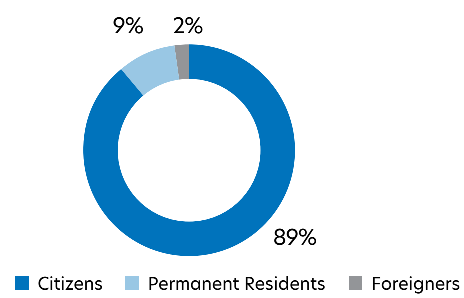
Gender Diversity: HODs



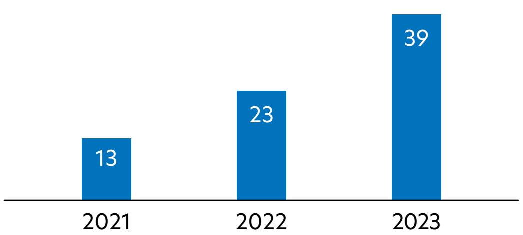
Gender Diversity: Managers and Supervisors



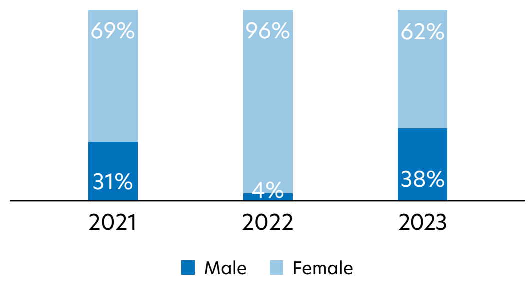
Citizenship - 2023



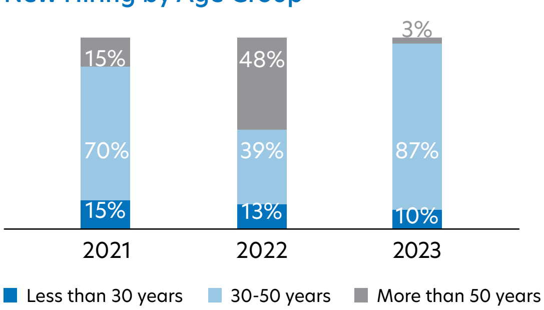
New Hires



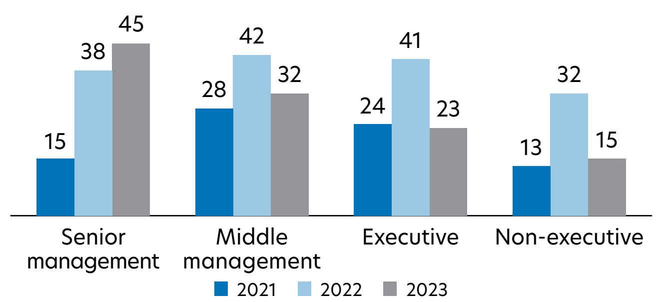
New Hires by Gender



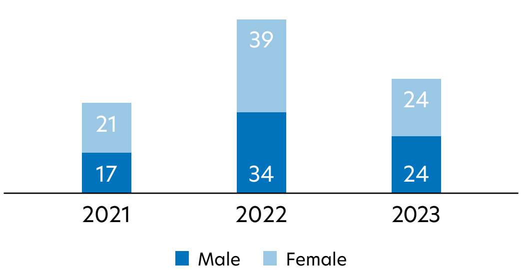
New Hiring by Age Group



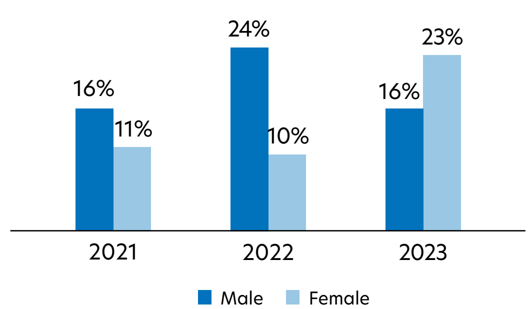
Average Training Hours by Management Category



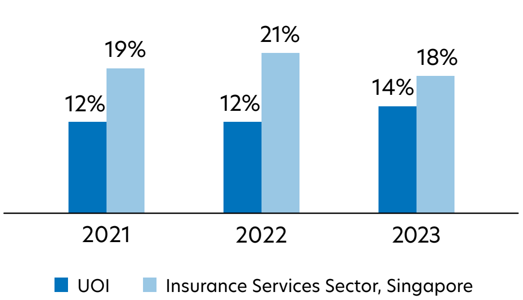
Average Training Hours Per Employee (By Gender)



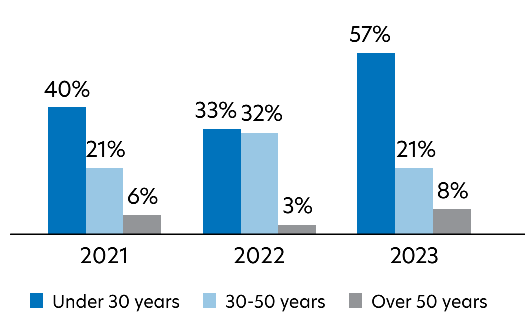
Employee Turnover by Gender



Annual Employee Turnover



Employee Turnover by Age



Sustainability

Risk-focused Organisational Culture

A robust risk culture, emphasising risk awareness, discipline, and risk-control values, is vital for a general insurance business. It not only fosters and maintains a strong risk management capability but also serves as the best protection for our policyholders.

Our risk culture's key components are outlined in our Board-approved Enterprise Risk Management Framework. This framework, setting out risk tolerance and operational limits, is reviewed every year. It is regularly communicated to all managers, ensuring consistent awareness across the organisation.

The responsibility for monitoring and managing risks, including those unquantifiable but identifiable, is entrusted to our RMCC. These risks span a broad spectrum, including strategic, reputational, cyber, geopolitical, natural catastrophes like earthquakes, technology, climate change and outsourcing risks.

Supporting the RMCC, UCC and Credit Control Committee focus on key risks stemming from the company's core business activities. These committees convene monthly to review issues related to underwriting, claims handling, reinsurance, credit, asset allocation, concentration, investment management, liquidity, foreign exchange, operational risks, and other identified and emerging risks under their purview. The insights gained from these meetings are disseminated to all staff through departmental meetings, fostering a well-informed and proactive risk management culture.

Material Topic: Building a Risk-focused Organisation	
Ongoing Annual Target	**2023 Performance**
Refresh training programme on relevant risk-related topics with a 100 per cent passing rate for all full-time and contract staff.	Training programme on relevant risk-related topics were refreshed with a 100 per cent passing rate for all applicable full-time and contract staff.
Staff to attend at least three risk-related training programmes.	All staff attended at least three risk-related training programmes.

Risk Management Training

In 2023, 110 employees completed training in 28 risk management topics and totalling 1,809.50 training hours.

Employee Health and Wellbeing

The safety, health and wellbeing of our employees have always been integral to our operations. Post-COVID-19, most employees have returned to the office. Our focus and approach to employee safety, health and wellbeing has not changed. With increased human interactions at the workplace, we strive to provide a clean and safe working environment for our employees' peace of mind. At the same time, we recognise our duty to support the mental well-being of our employees as they continue to navigate increasingly digital and remote communication methods. We introduced lunch time talks to share tips on health and well-being, and to inculcate the need for our employees to care for themselves by eating right and exercising regularly.

Employee Relations

Building and maintaining the trust of all employees is essential for a healthy and productive workplace culture. We are committed to supporting our employees' lawful rights to freedom of association and collective bargaining. Since 2004, UOI has actively engaged with the Singapore Insurance Employees' Union, marking the beginning of our collaboration with the signing of our first collective bargaining agreement. This agreement, which is reviewed and revised every three years, addresses employment benefits for bargainable employees, who make up approximately 32 per cent of UOI's workforce. The most recent renewal of this agreement occurred in 2021, extending it for another three-year term.

Throughout the years, UOI's relationship with the union has been characterised by regular engagement and constructive dialogue. Our remuneration policy aligns with the tripartite agreement established with the union. We are proud to maintain a positive working relationship with the union, a collaboration that has been free from dispute over labour issues.

Environment

We understand that it is important for all businesses, including ours, to take care of the environment. At UOI, we are committed to running our business in a way that reduces harmful effects on the environment and supports activities that have a positive impact on the environment. Even though our direct operations do not have a big impact on the environment, we strive to use less energy, water and paper. More importantly, as an insurance company, we can help the environment through the way we invest and choose our insurance policies.

Reducing Our Overall Resource Consumption

Our direct environmental impact comes primarily from the electricity and paper we use in our workplace. We have taken steps to manage these resources better, including raising employee awareness, to keep our environmental footprint as small as possible.

Our office building is equipped with energy and water-efficient features, such as an upgraded cooling system and energy-efficient lighting to save electricity and water.

Our ongoing digitalisation programme is helping us reduce paper use by transitioning more to digital forms and documents. We offer our customers the option to receive their travel insurance policy documents electronically to save paper.

We monitor and report paper consumption, including copier paper, envelopes, policy jackets, and letterheads. In 2023, our paper usage from these items decreased by 12 per cent compared to 2022 (13,695 kg). For more details, please refer to the charts on paper use.

In 2023, we continued to see a reduction in waste generated compared to the previous year by 23 per cent.

Climate Change

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.

In its latest report, AR6 Synthesis Report[2], issued in March 2023, the Intergovernmental Panel on Climate Change (IPCC), highlights that climate change poses a significant risk to human well-being and the health of our planet. It emphasises a rapidly narrowing opportunity to ensure a future that is both liveable and sustainable for everyone. The report says that the decisions and measures taken during this decade will influence not only the present but also extend their effects for millennia. According to the report, the solution lies in climate resilient development which involves integrating measures to adapt to climate change with actions to reduce or avoid greenhouse gas emissions in ways that provide wider benefits.

The potential impact of climate change holds significant consequences for the insurance sector, resulting in increased claims and indirect exposure through investment activities. It is increasingly vital for insurance companies to comprehend and address the various risks associated with climate change, including physical, liability, and transitional risks.

In the context of Singapore, where UOI's main office is located, the city-state's small and low-lying geography makes it particularly susceptible to the effects of climate change. According to the Centre for Climate Research Singapore, projections indicate that by the end of this century, Singapore could face a rise in daily mean temperature ranging from 1.4 to 4.6 degrees Celsius and a sea-level increase of up to one meter by 2100. In response, the Singapore Government launched the Singapore Green Plan 2030 in 2021. This 10-year initiative sets out specific plans and goals for mitigating and adapting to climate change risks, aimed at transforming Singapore into a low-carbon city-state and reducing national greenhouse gas emissions.

Climate Risks

UOI has been working toward enhancing its understanding of climate-related risks and opportunities taking the MAS ERM Guidelines and TCFD Recommendations into consideration. Our TCFD Report is presented on the next page.

2 Synthesis Report of the IPCC Sixth Assessment Report (AR6): https://report.ipcc.ch/ar6syr/pdf/IPCC_AR6_SYR_LongerReport.pdf

Sustainability

TCFD Report

Governance

At UOI, our governance structure for dealing with climate issues include the Board, the MC, and other key executive bodies.

The Board guides management in formulating the Company's environmental risk management strategies. Management is responsible for establishing the necessary controls and risk management tools to operationalise ERM within the company.

The MC, under the Board's guidance, is tasked with the implementation of environmental risk management initiatives. This committee is additionally responsible for the development and implementation of an environmental risk management framework. This includes developing policies, tools, and metrics to manage climate-related risks and opportunities. It conducts regular reviews of these risks and opportunities, ensuring that the Board is informed about significant developments.

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

Environmental Risk Management

Various senior executive committees actively contribute to implementing ERM. These committees and their responsibilities are as follows:

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

Underwriting and Claims Committee: 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.

Investment Committee: 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 are available in the Risk Management section of this Annual Report.

Strategy and Risk Management

UOI treats environmental risk as the Fifth Risk Dimension with its own Risk Tolerance Framework. As guided by our risk tolerance statement we target 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.
- The maximum tolerance limit for investment is defined as the asset allocation limits of our investment policy.

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 operations 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 factor in our investment decision-making, especially in relation to ESG considerations. Our fund manager, UOBAM, has made sustainability a major focus, treating it as one of its top four business priorities. UOBAM is committed to incorporating ESG factors into all its investment strategies. This approach helps identify strong and well-managed companies that are likely to grow sustainably and stay competitive over time.

UOBAM, which supports the UNPRI, uses a range of tools, such as sustainability ratings, to assess companies' performance in ESG areas.

In addition, UOBAM has an Active Ownership Policy. This policy involves engaging in conversations with companies, participating actively in shareholder meetings, and voting on key issues. UOBAM's teams across the region use their local knowledge to conduct these important discussions and make informed investment choices for sustainable investments.

For its ESG assessments, UOBAM creates ratings based on ESG data and information from company reports and publications. These ratings are then used by different investment teams to complement their investment strategies. UOBAM is also investing in building environmental data sets and working with others to build its own tools. These efforts are aimed at understanding the carbon footprint of our investments and evaluating the environmental and change-related risks companies face.

Our IC at UOI oversees how much our investment portfolio is exposed to sectors that are at high risk for environmental issues. It uses the ESG risk score from S&P as a guide.

Sustainable Insurance

UOI is committed to supporting the insurance needs of industries and projects which aim at reducing environmental impacts and promoting positive social changes. Some of the examples of UOI's sustainability-oriented insurance solutions are described below.

UOI collaborates with reinsurance partners to support UOB ESG proposals in the ASEAN region, contributing to net zero carbon goals. This includes insurance solutions for aquaculture farms on an indemnity basis for damages caused by excessive rainfall or floods.

UOI offers property damage and all-risk coverage for solar panels installed on commercial and retail properties. This coverage underscores UOI's commitment to supporting renewable energy sources and their integration into the urban landscape.

In the building construction sector, UOI offers insurance coverage for construction projects of UOB clients that employ prefabrication methods. Prefabricated buildings are constructed using eco-friendly materials, making them a sustainable building choice. Owners of such buildings benefit from faster construction processes and cost savings, aligning with UOI's focus on sustainable development in the construction sector.

Sustainability

Metrics and Targets

Investment-related Climate Metrics

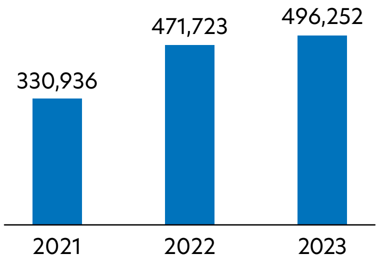
A summary of our investment-related metrics is presented in the table below. In FY2023, our financed emissions rose due to increased equity investments in our portfolio. On a total investment portfolio view, the total emission exposure has dropped around 7 per cent to 62,719 for FY2023.

Indicators	Unit	FY2023	FY2022	FY2021
Equity Assets				
Emission Exposure (Scope 1 & 2)	tCO_2e	4,843	814	1,058
Carbon Footprint	tCO_2e/$ mn Invested	49	17.9	10.6
Weighted Average Carbon Intensity	tCO_2e/$ mn Revenue	174	59.2	47.2
Emissions Data Coverage	%	100	98.2	100
Fixed Income Assets				
Emission Exposure (Scope 1 & 2)	tCO_2e	57,876	66,565	48,197
Carbon Footprint	tCO_2e/$ mn Invested	349	368.1	251.7
Weighted Average Carbon Intensity	tCO_2e/$ mn Revenue	644	648.5	582.1
Emissions Data Coverage	%	69	67.3	71.1

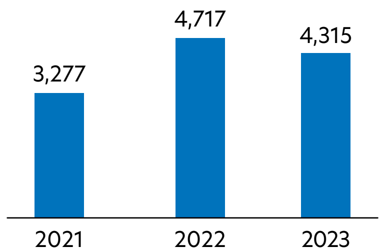
Material Topic: Responsible Investment	
Ongoing Annual Target	**2023 Performance**
Ensure that our fund manager applies economic and ESG evaluation into the investment process across all investment asset classes.	Our fund manager, UOBAM, has integrated ESG evaluation into the investment process across all asset classes.

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

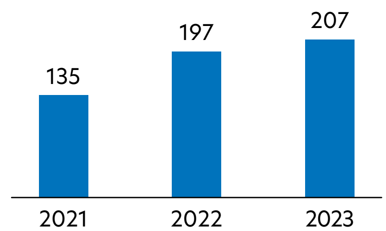
Electricity Consumption (kWh)



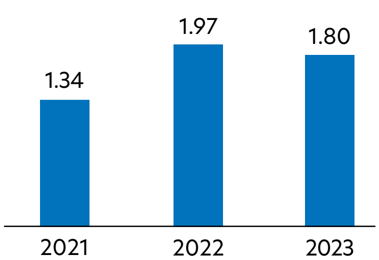
Energy Intensity (kWh per Employee)



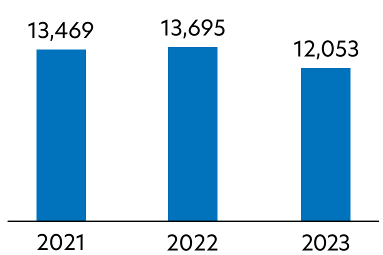
Carbon Dioxide Emissions (tCO_2)



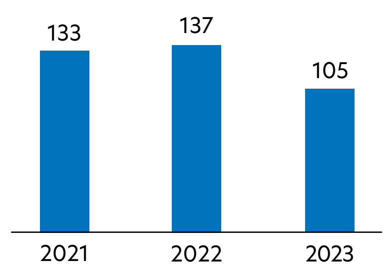
Carbon Emission Intensity (tCO_2 Emission per Employee)



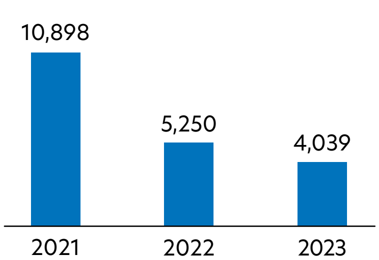
Office Paper Use (kg)



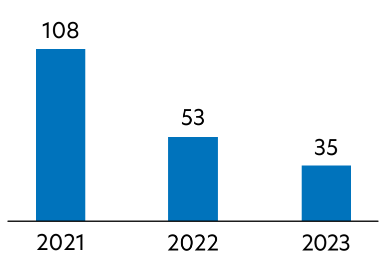
Paper Use Per Employee (kg)



General Waste (kg)



Waste Per Employee (kg)



Sustainability

Society

As an insurance provider, we play a vital role in supporting our customers, communities, and a wide range of stakeholders. Insurance is a crucial service that safeguards individuals and businesses from financial losses due to various risks, including physical, moral, environmental, and man-made hazards.

Utilising our expertise in general insurance, we protect businesses and individuals from unforeseen financial burdens. Our insurance plans are designed to offer risk-oriented solutions, enhancing societal resilience by giving people and companies peace of mind and safeguarding them against financial setbacks. As risks evolve with climate change and technological advancements, our insurance plans are a reliable source for mitigating unexpected losses and disruptions. Our insurance products also encourage positive practices in areas like road, home, and workplace safety.

We provide significant insights and trends in claims to our commercial clients, aiding them in loss prevention and reduction. This not only helps them to choose the most appropriate insurance products but also benefits the wider community.

Our business model contributes to the local economy by creating direct and indirect employment opportunities. Together with our ecosystem of agents, brokers, and other service providers, we create jobs in the entire spectrum of insurance activities.

Additionally, our investment activities yield positive economic, social, and environmental outcomes. Our fund manager invests responsibly in businesses that meet specified ESG criteria, reflecting our commitment to sustainability.

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 42.4 years in 2023, according to Population Trends 2023[3]. Singapore's resident total fertility rate fell to a historic low at 1.04 births per female in 2022, and the old-age support ratio – the ratio of residents aged 20-64 years for each resident aged 65 years and above – has declined from 13 in 1970 to 3.7 in 2023. Life expectancy at birth for residents has continued to rise steadily over the past ten years, to 83.0 years in 2022, a decline of 0.2 years from 83.2 years in 2021.

To adapt to this demographic shift, from 1 July 2022, the Singapore government increased 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.

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 monitor closely 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

UOI supports the growth of small businesses by providing them with tailored insurance solutions, thereby facilitating easier access to financing. SMEs are crucial to Singapore's economy, representing 99 per cent of all businesses, employing 71 per cent of the workforce, and contributing to nearly half of the nation's GDP, as reported by the Singapore Department of Statistics.

3 https://www.singstat.gov.sg/publications/population/population-trends
4 https://www.mom.gov.sg/newsroom/press-releases/2021/1101-retirement-and-re-employment-amendment-bill-2021-and-cpf-amendment-bill-2021

Our range of insurance products are specifically designed for SMEs, offering protection against financial losses due to damage to their property and the subsequent loss of income. We also collaborate with various government agencies to provide insurance coverage that enhances SMEs' ability to secure financing. We are also active participants in the Special Risk Pool programme, which aims to extend insurance coverage to businesses facing challenges in obtaining insurance due to their high-risk or complex risk profiles.

Community Outreach

At UOI, we are committed to supporting our local community and contributing through different social projects. Participating in community outreach not only boosts our employees' morale and engagement, but it strengthens our connection with the community. Our team frequently takes part in volunteer activities organised by UOB, our parent company.

Volunteering

In 2023, our employees participated in various outreach programs and clocked a total of 235 volunteer hours.

UOB Global Heartbeat Run/Walk

In 2023, UOI employees participated in the Global Heartbeat Virtual Run/Walk, an annual event organised by UOB. Aligning with the bank's commitment to positively impact its communities, the raised funds were channelled through the Community Chest. These funds support causes promoting inclusion for individuals with disabilities, special needs support, and educational advancement. Beneficiaries included the Dyslexia Association of Singapore, Extra. Ordinary People, Rainbow Centre, and President's Challenge. These organisations utilised the funds for educational and artistic programmes. By supporting initiatives in speech and language therapy, education, vocational training, and inclusive hiring, the contributions significantly improved the lives of disadvantaged children, enhancing their knowledge, skills, and resilience.

Additionally, $1 was donated to the UOB Heartbeat Fund for every kilometre completed. This fund supports various causes that foster greater inclusivity, especially for those with special needs, ensuring that no one is left behind.

Beach Clean Up

Beach Clean-up is an initiative by the Public Hygiene Council to remind everyone that we have a part to play towards a safe and sustainable Singapore. Volunteers help to clean up public spaces like beaches and parks to keep them clean and safe. This is a first for UOI, where UOI Directors and 37 UOI staff volunteers gathered at East Coast Park armed with tongs, gloves and trash bags to clean up the beach and park areas.

Collaborations with Business Partners

We also supported the CSR initiatives organised by our business partners. Our employees participated in the blood donation drive organised by Aon in collaboration with the Singapore Red Cross Society. UOI representatives attended the Marsh World Refugee Day Dinner to raise funds to support the Jesuit Mission and their humanitarian programs to uplift the lives of refugees in our region.

Economic and Financial Performance

UOI is committed to maintaining financial resilience and generating sustainable value for our investors and stakeholders. We achieve this by following sustainable growth strategies, concentrating on underwriting profit, and ensuring positive investment returns to enhance shareholder value. With more than 50 years of experience, UOI's robust economic performance reflects our financial expertise, business wisdom, and effective governance. A key aspect of our financial strength is our ability to maintain strong capital adequacy and solvency.

Please refer to the Financial Report section of this Annual Report, for detailed information on our financial performance and value creation.

Sustainability

GRI Content Index

Statement of Use	UOI has reported in accordance with the GRI Standards for the period 1st January 2023 to 31st December 2023.
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		
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GRI standard	Disclosure	Location
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Material Topics		
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Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	33–34, 46, 48, 51–53
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	38, 52, 55
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GRI 3: Material Topics 2021	3-3 Management of material topics	46–48, 50, 52–53
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GRI standard	Disclosure	Location
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GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	51
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TCFD disclosures

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TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities	58, 68
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities	58, 68-69
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	58-59
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	59, 71
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	59
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks	58, 68-69
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks	59, 71
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TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	60

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 is 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 seeks to continually 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 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 approval by the Board. Significant changes to the Company's ERM framework require the Board's approval.

Management is responsible for operationalising the Company's ERM framework, 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, assess, manage and monitor rather than eliminate the risks in the Company's business operations. It can only provide reasonable and not absolute assurance.

Various committees, comprising managerial staff 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 at least quarterly with the Chief Executive Officer to chart, execute and monitor outcomes of the strategies. It is also actively involved in mentoring our talents who show potential for leadership roles and aptitude for more complex work.

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. It develops appropriate action plans across all business and support units. It also sets the 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)** oversees 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 monitoring function, it receives reports from the Underwriting and Claims Committee and Credit Control Committee which address the key risks arising from the Company's core business activities.

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 that adequate reinsurance protection is in place. Issues arising from claims development and provisions are dealt within 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.

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 the business of general insurance encompasses a wide range of 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 the 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 and incurred but not enough reported, as well as direct and indirect claim expenses. The Company's unearned premium reserves are calculated based on a 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

Risk Management

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 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 a 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 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 and derivatives contracts used for hedging purposes. The Company's investment policy, which sets strategic asset allocation and exposure limits for its investment portfolio, is approved by the Board.

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.

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 secure new business. The Company has put in place processes for monitoring, controlling and reporting significant operational risks.

Business continuity risk
Business continuity risk is also addressed as a separate key risk category as it encompasses not only the restoration of information technology infrastructure, but also focuses on the rapid recovery and resumption of critical business functions for the fulfillment of business obligations.

The Company has a comprehensive Business Continuity Management Plan. An 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 targets and that it maintains adequate financial resources as buffers.

4. Risk dimension – liquidity

Liquidity risk
Liquidity risk is the risk that UOI will be unable to meet expected and unexpected current and future cash flow needs hence affecting its daily operations or financial condition. It arises from the mismatch of maturities of cash inflows and outflows.

Due to the nature of its business and type of assets held, the Company is not exposed to significant liquidity risk. Nevertheless, the Company has established a liquidity risk management policy. 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
Credit risk is the risk of loss arising from the failure of an obligor (such as policyholder, counterparty, reinsurer) to perform according to the terms and conditions of his agreement with UOI, as well as a loss in value of UOI's assets due to deterioration in credit quality of the obligor.

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 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 policies 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 relatively low in its overall insurance portfolio and promoting the innovation of green insurance products.

Investment risk
Environmental risk is an essential component of the ESG considerations in the Company's investment decisions. Its fund manager, UOB Asset Management Ltd, uses a combination of tools, including sustainability ratings, to assess investees' 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 2023

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Directors' Statement

for the financial year ended 31 December 2023

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 2023.

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 2023 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 Ee Cheong (Chairman)
David Chan Mun Wai
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)*
Tan Yian Hua *(appointed on 1 January 2024)*

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' Statement

for the financial year ended 31 December 2023

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 2023, 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	
	31 December 2023	1 January 2023 or date of appointment	31 December 2023	1 January 2023 or date of appointment
The Company				
United Overseas Insurance Limited				
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				
Ordinary Shares				
Wee Ee Cheong	3,281,455	3,181,455	173,701,487	173,701,487
David Chan Mun Wai	6,888	6,888	–	–
Ho Yew Kee	1,065	1,065	–	–
Leong Yung Chee	79	80	–	23,260
Grant of Restricted Shares				
Leong Yung Chee	83,713	69,951	–	–
4.25% Perpetual Capital Securities				
Chua Kim Leng	250,000	250,000	–	–
David Chan Mun Wai	500,000	500,000	–	–
5.25% Perpetual Capital Securities				
David Chan Mun Wai [1]	250,000	–	–	–
Winston Ngan Wan Sing	250,000	250,000	–	–

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

There was no change in any of the above interests of the directors between the end of the financial year and 21 January 2024.

Directors' Remuneration

The proposed annual fee structure for the Board for 2023 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 and Risk Committee (ARC, formerly the 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 2023 are as follows:

	Directors' fees	Base or fixed salary	Variable performance bonus	Benefits-in-kind and others	Total
$250,000 to $499,999					
David Chan Mun Wai [1]					
• As managing director	–	21.6%	66.4%	12.0%	100.0%
• As non-independent, non-executive director	$26,370	–	–	–	$26,370
Below $250,000					
Wee Cho Yaw	$18,236	–	–	–	$18,236
Wee Ee Cheong [2]	$52,161	–	–	–	$52,161
Hwang Soo Jin	$15,387	–	–	–	$15,387
Ho Yew Kee	$57,576	–	–	–	$57,576
Chng Hwee Hong	$58,431	–	–	–	$58,431
Chua Kim Leng	$59,155	–	–	–	$59,155
Winston Ngan Wan Sing	$29,342	–	–	–	$29,342
Leong Yung Chee [2]	$29,342	–	–	–	$29,342
Total directors' fees	**$346,000**	**–**	**–**	**–**	**$346,000**

1 Mr David Chan, the Managing Director and Chief Executive was remunerated as a key management personnel from 1 January 2023 to 31 March 2023, and will not receive any director's fee for this period. Mr David Chan remained on our Board as a non-independent and non-executive Director with effect from 1 April 2023 and director's fee payable are for the period from 1 April 2023 to 31 December 2023.

2 Director's fees payable to Mr Wee Ee Cheong and Mr Leong Yung Chee 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 2023.

Directors' Statement

for the financial year ended 31 December 2023

Audit and Risk Committee

The ARC comprises four members, all of whom are non-executive and independent directors. The members of the ARC are:

Chua Kim Leng (*Chairman*)
Chng Hwee Hong
Ho Yew Kee
Winston Ngan Wan Sing

The ARC 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 procedures, 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 Chief Executive Officer and/or other senior management staff, as appropriate.

Auditor

The ARC 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 Ee Cheong
Chairman

Leong Yung Chee
Director

Singapore
20 February 2024

Independent Auditor's Report

for the financial year ended 31 December 2023

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 2023, the profit and loss statement, statement of comprehensive income, 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 material accounting policy information.

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 2023 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.

Independent Auditor's Report

for the financial year ended 31 December 2023

Key Audit Matters (continued)

<u>Adoption of SFRS(I) 17 and valuation of insurance contracts under SFRS(I) 17</u>

The Company adopted SFRS(I) 17 *Insurance Contracts* ("SFRS(I) 17") on 1 January 2023. The standard introduces new requirements for the recognition, measurement, presentation and disclosure of insurance contracts. The Company has adopted the general measurement model ("GMM") which requires insurance contract liabilities to be measured using discounted probability-weighted current estimates of future cash flows. This measurement requires management to take into consideration adjustment for non-financial risk and the contractual service margin ("CSM") representing the future profit expected from fulfilling the contracts. These require management to make significant judgements and estimates in determining the discount rates, risk adjustments and estimates of future cashflows which can have a material impact on the valuation of insurance contracts. Accordingly, we have identified this area as a key audit matter.

In auditing the adoption of SFRS(I) 17 and valuation of the insurance contracts liabilities and assets, we performed the following procedures, amongst others:

- Reviewed the new accounting policies, presentation and disclosures adopted by the Company for consistency with the requirements of SFRS(I) 17.

- Obtained an understanding of the Company's implementation process to assess the impact of adoption of SFRS(I) 17, including understanding the changes to the Company's systems, processes and controls.

- Reviewed the de-recognition of the balances relating to legacy SFRS(I) 4 *Insurance Contracts* and recognition of new SFRS(I) 17 balances, which include the liability for incurred claims ("LIC") and liability for remaining coverage ("LRC").

- Evaluated and tested management's data validation processes, which included reconciliations between data from the policy administration systems and the actuarial data used in the SFRS(I) 17 calculation model. We also performed testing on the completeness and accuracy of the data used in the SFRS(I) 17 calculation model.

- Involved our internal actuarial specialists to review the actuarial and risk models to:

  - assess the reasonableness of the key assumptions used in the calculation of the fulfillment cash flows, including future cash flows, risk adjustment for non-financial risk and discount rates, against the Company's historical loss experience and net cashflows over the life of the insurance contract;

  - evaluate the methodology used to determine the coverage units for groups of contracts, is appropriate for each line of business;

  - evaluate the appropriateness of the CSM release pattern against the terms of insurance contracts and market practices;

  - assess the appropriateness and reasonableness of key models and valuation methodologies used to develop key estimates in determining insurance contract liabilities against industry/market and actuarial practices; and

  - perform independent analysis and re-computation of the LIC and LRC balances of selected classes of business for comparison with those performed by management. We evaluated explanations and evidence provided by management for any significant variances.

Key Audit Matters (continued)

Adoption of SFRS(I) 17 and valuation of insurance contracts under SFRS(I) 17 *(continued)*

We reviewed the Company's disclosures required under SFRS(I) 17 which are included in Note 2.2 (SFRS(I) 17 Insurance Contracts), Note 2.6 (Insurance and reinsurance contracts), Note 4.1 (Insurance risks) and Note 10 (Insurance and reinsurance contracts).

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.

Independent Auditor's Report

for the financial year ended 31 December 2023

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

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.

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
20 February 2024

Profit and Loss Account

for the financial year ended 31 December 2023

	Note	2023 $'000	2022 Restated $'000
Insurance revenue	5, 10	**94,448**	94,875
Insurance service expense	10	**(39,303)**	(48,405)
Insurance service result before reinsurance contracts held		**55,145**	46,470
Net expenses from reinsurance contracts	10	**(32,155)**	(22,508)
Insurance service result		**22,990**	23,962
Dividend income from investments	8(a)	**5,885**	3,565
Interest income from investments	8(b)	**8,377**	8,094
Interest on fixed deposits and bank balances from:			
- Holding company		**272**	88
- Other financial institutions		**1,342**	362
Rental income from investment property	8(c), 27	**647**	693
Miscellaneous income		**49**	12
Net fair value losses on mandatorily measured at fair value through profit or loss (FVTPL) investments - realised		**(866)**	(2,189)
Net fair value gains/(losses) on mandatorily measured at FVTPL investments - unrealised		**1,997**	(2,183)
Net fair value gains on investment property - unrealised	27	**–**	3,221
Net losses on disposal of fair value through other comprehensive income (FVOCI) investments		**(122)**	(3,808)
Write-back of expected credit loss on debt securities at FVOCI	33(d)	**53**	42
Amortisation of discount/(premium) on investments		**96**	(434)
Net fair value gains/(losses) on financial derivatives - realised		**3,097**	(9,580)
Net fair value (losses)/gains on financial derivatives - unrealised	22	**(2,829)**	7,457
Exchange losses		**(2,990)**	(1,815)
		(2,722)	(3,938)
Less			
Other management expenses:			
- Management fees		**(1,320)**	(1,328)
- Depreciation on property		**(279)**	(268)
- Other operating expenses		**(2,751)**	(1,469)
Total non-underwriting income		**10,658**	460
Insurance finance expenses for insurance contracts issued	7	**(937)**	(825)
Reinsurance finance income for reinsurance contracts held	7	**499**	383
Net insurance financial result		**22,552**	23,520
Profit before tax		**33,210**	23,980
Tax expense	13(a)	**(3,948)**	(5,046)
Profit, net of tax		**29,262**	18,934
Profit attributable to:			
Equity holders of the Company		**29,262**	18,934
Earnings per share:			
Basic and diluted	14	**47.85 cents**	30.96 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 2023

	Note	2023 $'000	2022 Restated $'000
Net profit		**29,262**	18,934
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss in subsequent periods:			
Net fair value gains/(losses) on equity securities at FVOCI		**108**	(17,635)
Tax related to the above		**2,873**	2,962
		2,981	(14,673)
Net fair value gains on property	28	**–**	3,779
Tax related to the above		**–**	(643)
		–	3,136
Items that may be reclassified subsequently to profit or loss:			
Debt securities at FVOCI			
Changes in fair value		**8,917**	(26,097)
Transfer to profit or loss on disposal		**122**	3,808
Changes in allowance for expected credit loss	33(d)	**(53)**	(42)
Tax related to the above		**(3,731)**	3,789
		5,255	(18,542)
Insurance finance expenses for insurance contracts issued	7	**4**	2
Reinsurance finance income for reinsurance contracts held	7	**(2)**	–
Related income tax		**–**	–
Net insurance financial result		**2**	2
Other comprehensive income/(loss) for the financial year, net of tax		**8,238**	(30,077)
Total comprehensive income/(loss) for the financial year, net of tax		**37,500**	(11,143)
Total comprehensive income/(loss) attributable to equity holders of the Company		**37,500**	(11,143)

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

Balance Sheet

as at 31 December 2023

	Note	**31 December 2023 $'000**	31 December 2022 Restated $'000	1 January 2022 Restated $'000
Share capital				
Issued and fully paid	16	**91,733**	91,733	91,733
Reserves				
General reserve	18	**22,880**	22,880	22,880
Revaluation on investment reserve	20	**16,916**	9,994	41,601
Revaluation surplus		**3,801**	3,801	665
Insurance/reinsurance finance reserve		**8**	6	–
Retained profits		**307,123**	289,389	287,356
Total equity attributable to equity holders of the Company		**442,461**	417,803	444,235
Liabilities				
Non-trade creditors and accrued liabilities	21	**8,173**	7,680	7,887
Lease liabilities	29(a)	**25**	28	28
Amount owing to related companies	21	**879**	1,769	2,058
Derivative financial liabilities	22	**–**	526	158
Tax payable	13(b)	**11,413**	4,837	8,686
Deferred tax liabilities	19	**1,023**	3,007	8,569
Insurance contract liabilities	10	**121,566**	134,728	137,172
Reinsurance contract liabilities	10	**1,681**	564	–
Total liabilities		**144,760**	153,139	164,558
Total equity and liabilities		**587,221**	570,942	608,793
Assets				
Bank balances and fixed deposits	23, 24	**67,612**	47,303	40,003
Non-trade debtors and accrued interest receivables	24	**4,630**	4,950	5,131
Derivative financial assets	22	**5,217**	8,572	747
Associated company	25	**1**	1	1
Investments	26	**391,280**	379,772	435,593
Investment property	26, 27	**28,530**	28,530	27,858
Fixed assets	28	**39,825**	40,608	33,515
Right-of-use assets	29(a)	**19**	22	23
Reinsurance contract assets	10	**50,107**	61,184	65,922
Total assets		**587,221**	570,942	608,793

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 2023

	Note	Share capital $'000	General reserve $'000	Revaluation on investment reserve $'000	Revaluation surplus $'000	Insurance/ Reinsurance finance reserve $'000	Retained profits $'000	Total $'000
		Attributable to equity holders of the Company						
Balance at 1 January 2023		**91,733**	**22,880**	**9,994**	**3,801**	**6**	**289,389**	**417,803**
Profit, net of tax		**–**	**–**	**–**	**–**	**–**	**29,262**	**29,262**
Other comprehensive income for the financial year, net of tax		**–**	**–**	**8,236**	**–**	**2**	**–**	**8,238**
Total comprehensive income for the financial year, net of tax		**–**	**–**	**8,236**	**–**	**2**	**29,262**	**37,500**
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	20	**–**	**–**	**(1,314)**	**–**	**–**	**1,314**	**–**
Dividend for Year 2022	15	**–**	**–**	**–**	**–**	**–**	**(7,644)**	**(7,644)**
Dividend for Year 2023	15	**–**	**–**	**–**	**–**	**–**	**(5,198)**	**(5,198)**
Balance at 31 December 2023		**91,733**	**22,880**	**16,916**	**3,801**	**8**	**307,123**	**442,461**
Balance at 1 January 2022 as previously reported		91,733	22,880	41,601	665	–	291,333	448,212
Impact of initial application of SFRS(I) 17		–	–	–	–	4	(3,981)	(3,977)
Restated balance at 1 January 2022		91,733	22,880	41,601	665	4	287,352	444,235
Profit, net of tax		-	-	-	-	-	18,934	18,934
Other comprehensive income for the financial year, net of tax		-	-	(33,215)	3,136	2	-	(30,077)
Total comprehensive income for the financial year, net of tax		-	-	(33,215)	3,136	2	18,934	(11,143)
Transfer of fair value reserves of equity securities at FVOCI upon disposal, net of tax	20	-	-	1,608	-	-	(1,608)	-
Dividend for Year 2021	15	-	-	-	-	-	(10,091)	(10,091)
Dividend for Year 2022	15	-	-	-	-	-	(5,198)	(5,198)
Restated balance at 31 December 2022		91,733	22,880	9,994	3,801	6	289,389	417,803

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 2023

	Note	2023 $'000	2022 Restated $'000
Cash Flows from Operating Activities			
Profit before tax		**33,210**	23,980
Adjustments for:			
Movement in reinsurance contract assets		**11,077**	4,738
Movement in reinsurance contract liabilities		**1,117**	564
Movement in insurance contract liabilities		**(13,162)**	(2,444)
Net fair value losses/(gains) on financial derivatives – unrealised	22	**2,829**	(7,457)
Net fair value gains on investment property – unrealised	27	**–**	(3,221)
Depreciation	28, 29	**1,474**	1,222
Net fair value (gains)/losses on mandatorily measured at FVTPL investments – unrealised		**(1,997)**	2,183
Net fair value losses on mandatorily measured at FVTPL investments – realised		**866**	2,189
Net losses on disposal of FVOCI investments		**122**	3,808
Amortisation of (discount)/premium on investments		**(96)**	434
Write-back of expected credit loss on debt securities at FVOCI	33(d)	**(53)**	(42)
Dividend income from investments	8(a)	**(5,885)**	(3,565)
Interest income from investments	8(b)	**(8,377)**	(8,094)
Interest on fixed deposits and bank balances		**(1,614)**	(450)
Exchange losses		**2,836**	1,829
Operating profit before working capital changes		**22,347**	15,674
Changes in working capital:			
Other receivables		**320**	181
Other payables		**493**	(207)
Amount owing to related companies		**(890)**	(289)
Cash generated from operations		**22,270**	15,359
Tax paid	13(b)	**(215)**	(8,349)
Net cash flows from operating activities		**22,055**	7,010

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

	Note	2023	2022 Restated
		$'000	$'000
Cash Flows from Investing Activities			
Proceeds from disposal of investments	26	**177,979**	346,411
Proceeds from fixed assets		**1**	–
Purchase of investments		**(182,195)**	(340,646)
Purchase of fixed assets	28	**(689)**	(1,986)
Proceed from/(placement in) long-term fixed deposits		**305**	(1,440)
Dividend received from investments		**5,885**	3,704
Interest received from investments		**8,594**	7,745
Interest received from fixed deposits and bank balances		**1,524**	351
Net cash flows from investing activities		**11,404**	14,139
Cash Flows from Financing Activity			
Leases paid	29	**(3)**	–
Dividend paid	15	**(12,842)**	(15,289)
Cash flows used in financing activity		**(12,845)**	(15,289)
Net increase in cash and cash equivalents		**20,614**	5,860
Cash and cash equivalents at beginning of year		**44,336**	38,476
Cash and cash equivalents at end of year		**64,950**	44,336

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

Cash and bank balances	23(a)	**7,930**	10,215
Fixed deposits placement less than 3 months	23(b)	**57,020**	34,121
Cash and cash equivalents		**64,950**	44,336
Fixed deposits placement more than 3 months	23(b)	**2,662**	2,967
Bank balances and fixed deposits		**67,612**	47,303

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 2023

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. Material Accounting Policy Information

2.1. 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.

2. Material Accounting Policy Information (continued)

2.2. 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 2023.

Changes during the financial year
The Company adopted the following reporting standards during the financial year:
SFRS(I) 17 *Insurance Contracts*
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to SFRS(I) 1-12 *Income Taxes:* Deferred tax related to Assets and Liabilities arising from a Single Transaction

In these financial statements, the Company has applied SFRS(I) 17 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

SFRS(I) 17 Insurance Contracts

SFRS(I) 17 replaces SFRS(I) 4 Insurance Contracts for annual periods beginning on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions. The nature of the changes in accounting policies can be summarised, as follows:

2.2.1. Changes to classification, measurement

The adoption of SFRS(I) 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under SFRS(I) 4 to continue accounting using its previous accounting policies. However, SFRS(I) 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The key principles of SFRS(I) 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;

- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards;

- Divides the insurance and reinsurance contracts into groups it will recognise and measure;

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.2. Changes in Accounting Policies (continued)

2.2.1. Changes to classification, measurement (continued)

- Recognises and measures groups of insurance contracts at:

  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows (FCF)) that incorporates all available information about the FCF in a way that is consistent with observable market information; plus
  - An amount representing the unearned profit in the group of contracts (known as the contractual service margin (CSM)); and

- Recognises profit from a group of insurance contracts over the period the Company provides insurance coverage, as the Company is released from risk. If a group of contracts is expected to be onerous or loss-making over the remaining coverage period, the Company recognises the loss immediately.

The Company's classification and measurement of insurance and reinsurance contracts are explained in Note 10.

2.2.2. Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates groups of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately:

- Groups of insurance and reinsurance contracts issued that are assets
- Groups of reinsurance contracts held that are assets
- Groups of insurance contracts and reinsurance contracts issued that are liabilities
- Groups of reinsurance contracts held that are liabilities

The groups referred to above are those established at initial recognition in accordance with the SFRS(I) 17 requirements.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items: premium income, policyholder claims and benefits, and change in insurance contract liabilities. SFRS(I) 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expense;
- Net expenses from reinsurance contracts;
- Insurance finance income or expense; and
- Reinsurance finance income or expense.

The Company provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from insurance contracts; and
- Significant judgements, and changes in those judgements, made when applying the standard.

2. Material Accounting Policy Information (continued)

2.2. Changes in Accounting Policies (continued)

2.2.3. Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if SFRS(I) 17 had always applied;
- Derecognised any existing balances that would not exist had SFRS(I) 17 always applied; and
- Recognised any resulting net difference in equity.

The Company has adopted SFRS(I) 17 retrospectively, the full retrospective approach was applied to all the insurance contracts issued on or after 1 January 2019.

The transition approach was determined at the level of a group of insurance contracts and affected the approach to calculating the CSM on initial adoption of SFRS(I) 17. Under the full retrospective approach, the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if SFRS(I) 17 had always been applied.

2.3. 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)	Amendments to SFRS(I) 1-1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current	1 January 2024
(ii)	Amendments to SFRS(I) 1-16 *Leases:* Lease Liability in a Sale and Leaseback	1 January 2024
(iii)	Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Non-current Liabilities with Covenants	1 January 2024
(iv)	Amendments to SFRS(I) 1-7 *Statement of Cash Flows* and SFRS(I) 7 *Financial Instruments: Disclosures*: Supplier Finance Arrangements	1 January 2024
(v)	Amendments to SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability	1 January 2025
(vi)	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

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.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.4. 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.

2.5. Insurance and reinsurance contracts classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

2.6. Insurance and reinsurance contracts

2.6.1. Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

(a) Derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
(b) Distinct investment components which are investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (that is not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

Some reinsurance contracts issued contain profit commission, overriding commission or overriding profit commission arrangements. Under these arrangements, there is no minimum guaranteed amount that the policyholder will always receive as these are calculated considering the results of prior underwriting cohorts. Hence, the Company has assessed that there are no investment components.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.2. Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts grouped by year of issue and each annual cohort into three groups based on the profitability of contracts:

(a) Any contracts that are onerous on initial recognition;
(b) Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
(c) Any remaining contracts in the annual cohort.

The Company manages insurance contracts issued by business lines, where each business line includes contracts that are subject to similar risks. Each business line also groups insurance contracts for the purposes of profitability and management reporting. All insurance contracts within a line of business represent a portfolio of contracts.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

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.

An insurance contract issued by the Company is recognised from the earliest of:

(a) The beginning of its coverage period (that is the period during which the Company provides services in respect of any premiums within the boundary of the contract);
(b) When the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
(c) When facts and circumstances indicate that the contract is onerous.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.2. Aggregation and recognition of insurance and reinsurance contracts (continued)

Insurance contracts (continued)

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance Contracts

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

Reinsurance treaties providing proportionate and non-proportionate coverage are managed individually at a treaty contract level. Each treaty forms a reinsurance contract portfolio.

Facultative reinsurance contracts with proportionate coverage that cover the same underlying risk class will be grouped together, while the facultative contracts with non-proportionate coverage that cover the same underlying risk class will be grouped together in a similar manner. The Company manages the facultative reinsurance contracts held in accordance to the underlying insurance contract. Facultative reinsurance contracts portfolios are defined at the line of business level.

A group of reinsurance contracts is recognised on the following date.

(a) Reinsurance contracts initiated by the Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Company's quota share reinsurance contracts.

(b) Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the Company's excess of loss and stop loss reinsurance contracts.

(c) Reinsurance contracts acquired: The date of acquisition.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.3. Onerous groups 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:

(a) pricing information; and
(b) results of similar contracts it has recognised.

2.6.4. Contract boundaries

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance Contracts

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

(a) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
(b) The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.4. Contract boundaries (continued)

Reinsurance Contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

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

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

2.6.5. Insurance acquisition cash flows

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

(a) To that group; and
(b) To groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than SFRS(I) 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.5. Insurance acquisition cash flows (continued)

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

(a) Renewals of contracts recognised at the date of acquisition; and
(b) Other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

(a) Recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
(b) If the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

2.6.6. Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another SFRS(I) standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.7. Measurement

Insurance contracts – Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of

(a) The FCF, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and

(b) The CSM.

The FCF of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

(a) The initial recognition of the FCF;
(b) Cash flows arising from the contracts in the group at that date;
(c) The derecognition of any insurance acquisition cash flows asset; and
(d) The derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the FCF as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.7. Measurement (continued)

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises:

(a) The FCF that relate to services that will be provided under the contracts in future periods; and
(b) Any remaining CSM at that date.

The LIC includes the FCF for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The FCF of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in FCF are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

(a) The CSM of any new contracts that are added to the group in the year;
(b) Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
(c) Changes in FCF that relate to future services, except to the extent that:

    (i) Any increases in the FCF exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see Note 2.6.9); or
    (ii) Any decreases in the FCF are allocated to the loss component, reversing losses previously recognised in profit or loss (see Note 2.6.9);

(d) The effect of any currency exchange differences on the CSM; and
(e) The amount recognised as insurance revenue because of the services provided in the year (see Note 2.6.9).

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.7. Measurement (continued)

Insurance contracts – Subsequent measurement (continued)

Changes in FCF that relate to future services comprise:

(a) Experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
(b) Changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
(c) Differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see Note 2.6.9) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year; and
(d) Changes in the risk adjustment for non-financial risk that relate to future services.

The following adjustments do not adjust the CSM:

(a) Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
(b) Changes in the FCF relating to the LIC;
(c) Experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
(d) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

(a) Expected incurred claims and other directly attributable expenses for the period;
(b) Changes in the risk adjustment for non-financial risk for the risk expired; and
(c) Finance income/(expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.7. Measurement (continued)

Reinsurance contracts – Initial measurement

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage (ARC) and the asset for incurred claims (AIC). The ARC comprises:

(a) The FCF that relate to services that will be received under the contracts in future periods; and
(b) Any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of:

(a) The FCF;
(b) Any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group;
(c) Any cash flows arising at that date; and
(d) Any income recognised in profit or loss because of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below). However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.7. Measurement (continued)

Reinsurance contracts – Subsequent measurement

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

(a) The CSM of any new contracts that are added to the group in the year;
(b) Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
(c) Income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
(d) Reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under Note 2.6.9) to the extent that they are not changes in the FCF of the group of reinsurance contracts;
(e) Changes in FCF that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in FCF of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component; and
(f) The effect of any currency exchange differences on the CSM; and the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

(a) The amount of the loss that relates to the underlying contracts; and
(b) The percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

(a) The amount of the loss component that relates to the underlying contracts at the date of acquisition; and
(b) The percentage of claims on the underlying contracts that the Company expects at the date of acquisition to recover from the reinsurance contracts.

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.7. Measurement (continued)

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

2.6.8. Derecognition and contract modification

The Company derecognises a contract when it is extinguished – that is when the specified obligations in the contract expire or are discharged or cancelled.

If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of FCF.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of FCF.

When a new contract is required to be recognised as a result of modification and it is within the scope of SFRS(I) 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the component separation requirements and contract aggregation requirements.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.8. Derecognition and contract modification (continued)

On derecognition of a contract from within a group of contracts:

(a) The FCF allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
(b) The CSM of the group is adjusted for the change in the FCF, except where such changes are allocated to a loss component; and
(c) The number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see Note 2.6.9).

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

2.6.9. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under Note 2.6.5) are included in the carrying amount of the related portfolios of contracts. The Company disaggregates amounts recognised in the statement of profit or loss and Other Comprehensive Income (OCI) into:

(a) An insurance service result, comprising insurance revenue and insurance service expenses; and
(b) Insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.9. Presentation (continued)

Insurance Revenue

The Company recognises insurance revenue as it satisfies its performance obligations – that is as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the LRC that relate to services for which the Company expects to receive consideration, and comprises the following items:

(a) Claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

   (i) Amounts allocated to the loss component;
   (ii) Repayments of investment components and policyholder rights to withdraw an amount;
   (iii) Amounts of transaction-based taxes collected in a fiduciary capacity;
   (iv) Insurance acquisition expenses; and
   (v) Amounts related to the risk adjustment for non-financial risk (see (b));

(b) Changes in the risk adjustment for non-financial risk, excluding:

   (i) Changes included in insurance finance income/(expenses);
   (ii) Changes that relate to future coverage (which adjust the CSM); and
   (iii) Amounts allocated to the loss component;

(c) Amounts of the CSM recognised for the services provided in the period;

(d) Experience adjustments – arising from premiums received in the period other than those that relate to future service; and

(e) Other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time over the expected coverage period. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.9. Presentation (continued)

Release of CSM

The amount of the CSM of a group of insurance and reinsurance contracts that is recognised as insurance revenue and reinsurance expense in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the reporting period and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the reporting period. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period.

Loss Components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the LRC for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the FCF to: (i) the loss component; and (ii) the LRC excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the FCF and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the LRC excluding the loss component.

Loss-recovery Component

As described in Note 2.6.7 above, when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the ARC for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.9. Presentation (continued)

Loss-recovery Component (continued)
Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

Insurance Service Expenses
Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items:

(a) Incurred claims and other insurance service expenses;
(b) Amortisation of insurance acquisition cash flows: The Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
(c) Losses on onerous contracts and reversals of such losses;
(d) Adjustments to the LIC that do not arise from the effects of the time value of money, financial risk and changes therein; and
(e) Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts held
Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the Premium Allocation Approach (PAA), the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the ARC that relate to services for which the Company expects to pay consideration.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the ARC to depict the recovery of losses recognised:

(a) On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
(b) For changes in FCF of the group of reinsurance contracts relating to future services that result from changes in FCF of the onerous underlying contracts.

2. Material Accounting Policy Information (continued)

2.6. Insurance and reinsurance contracts (continued)

2.6.9. Presentation (continued)

Net expenses from reinsurance contracts held (continued)

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group underlying contracts that the Company expects to recover from the reinsurance contracts.

Insurance Finance Income and Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) The effect of the time value of money and changes in the time value of money; and
(b) The effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

(a) Interest accreted on the FCF and the CSM;
(b) The effect of changes in interest rates and other financial assumptions; and
(c) Foreign exchange differences.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Amounts presented in OCI are accumulated in the insurance finance reserve. The Company presents insurance finance income or expenses in profit or loss.

2.7. 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.

2.8. 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.

2. Material Accounting Policy Information (continued)

2.8. Fixed Assets and Depreciation (continued)

A revaluation surplus is recorded in 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	12 1/2 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.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.9. 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.

2.10. 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.

2. Material Accounting Policy Information (continued)

2.10. Impairment of Non-financial Assets (continued)

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.

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.

2.11. Financial Instruments

2.11.1. 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.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.11. Financial Instruments

2.11.1. Classification (continued)

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
- 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.

2.11.2. 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 profit and loss account.

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 profit and loss account 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.

2. Material Accounting Policy Information (continued)

2.11. Financial Instruments (continued)

2.11.2. Measurement (continued)

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.

2.11.3. 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.

2.12. 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 FVOCI are not subjected to impairment assessment.

2. Material Accounting Policy Information (continued)

2.12. Impairment of Financial Assets (continued)

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.

2.13. 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.

2.14. 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 FVTPL, directly attributable transaction costs.

Subsequent measurement

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

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

Financial liabilities at FVTPL 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 FVTPL 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 FVTPL.

2. Material Accounting Policy Information (continued)

2.14. Financial Liabilities (continued)

Subsequent measurement (continued)

(b) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at AC 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.

2.15. Foreign Currency

2.15.1. Functional currency

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

2.15.2. 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 profit or loss as appropriate.

Exchange differences on investments held at FVTPL, 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.

2.16. 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.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.17. 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.

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.

2.18. 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.

2.19. Dividend Distribution

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

2.20. Employees' Benefits

2.20.1. 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.

2.20.2. 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.

2. Material Accounting Policy Information (continued)

2.21. 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.

2.21.1. 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.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (that is 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 2.10.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. Material Accounting Policy Information (continued)

2.21. Leases (continued)

2.21.1. As lessee (continued)

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.

2.21.2. 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.

2.22. 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.

2. Material Accounting Policy Information (continued)

2.22. Associate (continued)

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.

2.23. 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.

2.24. 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.

2.25. Related Parties

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

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) 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);
- (ii) 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);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); and
- (vii) A person identified in (a)(i) 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).

Notes to the Financial Statements

for the financial year ended 31 December 2023

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:

4.1. 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 insurance service 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 insurance contracts liabilities; and reinsurance contracts assets and liabilities. The insurance contract liabilities; and reinsurance contract assets and liabilities comprise estimates of present value of future cash flows, risk adjustment for non-financial risk and CSM. Their values are carried in the balance sheet as disclosed in Note 10.

Although the FCF and risk adjustments for non-financial risk 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.

4. Judgements and Inherent Uncertainty in Accounting Estimates (continued)

4.1. Insurance Risks (continued)

For general insurance contracts, LIC excluding risk adjustment for non-financial risk 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.

4.1.1. Sensitivity analysis

The LIC is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

		Profit or loss		Equity	
	Change in assumptions	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
31 December 2023					
$'000					
Risk adjustment margin	**+20%**	**(1,402)**	**(576)**	**(1,164)**	**(478)**
Loss ratio	**+20%**	**(4,266)**	**(3,010)**	**(3,541)**	**(2,498)**
31 December 2022					
$'000					
Risk adjustment margin	+20%	(1,240)	(461)	(1,029)	(383)
Loss ratio	+20%	(4,770)	(3,354)	(3,959)	(2,784)

4. Judgements and Inherent Uncertainty in Accounting Estimates (continued)

4.1. Insurance Risks (continued)

4.1.2. Judgements

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

(a) Note 2.5 - insurance and reinsurance contracts classification: assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features;
(b) Note 2.6.2 - aggregation and recognition of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
(c) Note 4.1.3.1 - estimates of future cash flows to fulfil insurance contracts: determining the techniques for estimating risk adjustments for non-financial risk; and
(d) Note 4.1.3.2 - contractual service margin: the techniques for determining coverage units provided under a contract.

4.1.3. Assumptions and Estimates

4.1.3.1. Estimates of future cash flows to fulfil insurance contracts

Fulfilment cash flows comprise:

(a) Estimates of future cash flows;

(b) An adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and

(c) A risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

4. Judgements and Inherent Uncertainty in Accounting Estimates (continued)

4.1. Insurance Risks (continued)

4.1.3. Assumptions and Estimates (continued)

4.1.3.1. Estimates of future cash flows to fulfil insurance contracts (continued)

Estimates of future cash flows (continued)

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

(a) Claims handling, maintenance and administration costs; and
(b) Recurring commissions payable on instalment premiums receivable within the contract boundary.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

4. Judgements and Inherent Uncertainty in Accounting Estimates (continued)

4.1. Insurance Risks (continued)

4.1.3. Assumptions and Estimates (continued)

4.1.3.1. Estimates of future cash flows to fulfil insurance contracts (continued)

Estimates of future cash flows (continued)

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques such as the chain-ladder and Bornhuetter-Ferguson methods. These techniques assume that the Company's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each line of business, except for large claims, which are assessed separately from other claims. The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

In its claims incurred assessments, the Company uses internal and market data. Internal data is derived mostly from the Company's claims reports. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims. Market data consists of inflation projections, large claims threshold, large claims quantity, market claims ratios and other.

Estimates are performed on an accident year basis, with further allocation to annual cohorts in proportion to the gross or reinsurance premiums earned by the respective cohort of contracts in a given accident year.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Discount rates

The cash flows of the Company's insurance contracts do not vary with returns of the underlying items. Bottom-up approach was applied in the determination of the discount rates for the company's insurance contracts. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free was derived using Singapore Government Securities ("SGS"). Management uses judgement to assess liquidity characteristics of the liability cash flows.

Observable market information is available for up to 20 years and the duration of the insurance contracts liabilities of the Company typically do not exceed the "last observable point" or "last liquid point" of the selected curve.

4. Judgements and Inherent Uncertainty in Accounting Estimates (continued)

4.1. Insurance Risks (continued)

4.1.3. Assumptions and Estimates (continued)

4.1.3.1. Estimates of future cash flows to fulfil insurance contracts (continued)

Discount rates (continued)

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

	2023				
Currency	**1 year**	**3 years**	**5 years**	**10 years**	**20 years**
SGD	1.013923%	1.0155578%	1.0117608%	1.0049417%	1.0143061%

	2022				
Currency	1 year	3 years	5 years	10 years	20 years
SGD	1.011193%	1.0130075%	1.0099759%	1.0042517%	1.0136057%

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies the technique above both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

4. Judgements and Inherent Uncertainty in Accounting Estimates (continued)

4.1. Insurance Risks (continued)

4.1.3. Assumptions and Estimates (continued)

4.1.3.2. Contractual service margin

Determination of coverage units

The Company considers the following in the identification of the coverage units for each cohort:

(a) Lapse expectations are included to the extent they affect the expected duration of coverage;
(b) Different levels of service across periods (if applicable) are considered in the determination of coverage units;
(c) The quantity of benefits is determined from the policyholder perspective, not the quantity of benefits expected to be incurred by the Company; and
(d) A policyholder benefits from the Company standing ready to meet valid claims should the insured event occur. Therefore, the quantity of benefits relates to the amounts that can potentially be claimed.

The Company has assessed and identified the coverage unit to be the sum insured for its direct, facultative inwards, and facultative outwards contracts. For reinsurance treaty outwards contracts, the coverage unit has been assessed to be the estimated premium income for the treaty.

Investment components

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

The Company offers profit commission, overriding commission, and overriding profit commission to its cedants in the inward reinsurance contracts. These commissions are determined based on the performance of the inward reinsurance contracts (i.e., the profit or combined ratio of the contracts) and settled at gross amount, separated from premiums.

Under these arrangements, there is no minimum guaranteed amount that the policyholder will always receive as these are calculated considering the results of prior underwriting cohorts. Hence, the company has assessed that there are no investment components.

4. Judgements and Inherent Uncertainty in Accounting Estimates (continued)

4.2. 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 2023, refer to Note 33(d).

4.3. 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 2023. 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 2023 was $62,000,000 (2022: $62,000,000). The details can be found in Notes 27 and 28 respectively.

5. Insurance revenue and allocation of reinsurance premiums paid

	2023 $'000 Total	2022 $'000 Total
Insurance revenue		
Amounts relating to the changes in the liability for remaining coverage:		
Expected insurance claims, benefits and expenses	**37,748**	33,435
Release of the risk adjustment for non-financial risk for risk expired	**3,640**	3,053
CSM recognised in profit or loss for services provided	**29,853**	38,696
Other amounts (such as, experience adjustments for premium receipts)	**2,294**	4,102
Amounts relating to recovery of insurance acquisition cash flows:		
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	**20,913**	15,589
Total insurance revenue	**94,448**	94,875

5. Insurance revenue and allocation of reinsurance premiums paid (continued)

	2023 $'000 Total	2022 $'000 Total
Allocation of reinsurance premiums paid		
Amounts relating to the changes in the assets for remaining coverage		
Expected recovery for insurance service expenses incurred in the period	**(11,110)**	(11,358)
Changes in the risk adjustment for non-financial risk	**(1,188)**	(1,189)
Net cost recognised in profit or loss	**(25,327)**	(26,842)
Total allocation of reinsurance premiums paid	**(37,625)**	(39,389)

6. Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	Insurance Contracts		Reinsurance contracts	
Number of years until expected to be recognised	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
1	**9,743**	7,539	**(11,356)**	(10,072)
2	**464**	362	**(2,796)**	(1,429)
3	**150**	106	**(188)**	(63)
4	**11**	23	**(43)**	(27)
5	**4**	–	**(5)**	(4)
6 - 10	**–**	–	**–**	–
Total	**10,372**	8,030	**(14,388)**	(11,595)

7. Net financial result

	2023 $'000 Total	2022 $'000 Total
Net investment income/(expenses):		
- Interest revenue from financial assets not measured at FVTPL	**8,328**	8,094
- Net gains/(losses) on FVTPL investments	**181**	(7,860)
- Net credit impairment losses	**53**	42
- Net gains/(losses) on investments measured at FVOCI	**13,987**	(33,892)
- Revaluation gain on investment property	**–**	3,136
- Other	**695**	3,926
Total net investment income/(expenses)	**23,244**	(26,554)
Net finance expenses from insurance contracts		
Interest accreted at locked in rate	**(937)**	(825)
Effect of changes in interest rates and other financial assumptions	**4**	2
Total net finance expenses from insurance contracts	**(933)**	(823)
Net finance income from reinsurance contracts:		
Interest accreted	**499**	383
Other	**(2)**	–
Total net finance income from reinsurance contracts	**497**	383
Net insurance finance expenses	**(436)**	(440)
Summary of the amounts recognised in profit or loss:		
- Net investment income	**15,008**	3,525
- Net insurance finance expenses	**(438)**	(442)
	14,570	3,083
Summary of the amounts recognised in OCI:		
- Net investment income/(expenses)	**8,236**	(30,079)
- Net insurance finance income	**2**	2
	8,238	(30,077)
Summary of the amounts recognised:		
- Net investment income/(expenses)	**23,244**	(26,554)
- Net insurance finance expenses	**(436)**	(440)
	22,808	(26,994)

8. Other Income

		2023 $'000	2022 $'000
(a)	Dividend income from:		
	- Equity securities at FVOCI	**5,885**	3,565
(b)	Interest income from:		
	- Debt securities measured at FVOCI	**8,377**	8,094
(c)	Rental income from:		
	- Investment property (Note 27)	**647**	693

Notes to the Financial Statements

for the financial year ended 31 December 2023

9. Management Expenses

Included in management expenses are the following:

	Charged to profit and loss account	
	2023	2022
	$'000	$'000
Depreciation on:		
Right-of-use assets (Note 29(a))	**3**	1
Owner-occupied property (Note 28)	**578**	531
Building improvement and renovation (Note 28)	**590**	521
Office equipment (Note 28)	**287**	164
Motor vehicles (Note 28)	**16**	5
	1,474	1,222
Auditor's remuneration:		
Payable to the auditors of the Company		
- Audit fees	**750**	182
- Under provision for prior year	**–**	5
- Non-audit fees	**53**	55
Foreign exchange (gains)/losses	**(34)**	295
Telemarketing expenses	**1,786**	1,530
Professional fees	**1,336**	595
Licence/levy	**186**	178
Printing and stationery	**103**	70
Repair and upkeep	**1,035**	586
Staff cost	**12,371**	10,068
Brokerage	**35**	80
Management fees	**1,320**	1,328
Property expenses	**803**	746
Others	**1,523**	1,669
Claims and benefits	**7,408**	22,927
Losses on onerous insurance contracts	**6,373**	1,275
Fees and commission	**14,341**	14,565
Amounts attributed to insurance acquisition cash flows incurred during the year	**(25,054)**	(23,310)
Amortisation of insurance acquisition cash flows	**17,844**	17,404
Represented by:		
- Insurance service expenses	**39,303**	48,405
- Other management expenses	**4,350**	3,065
	43,653	51,470

10. Insurance and reinsurance contracts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the profit and loss account and statement of comprehensive income. The Company presents a table that separately analyses movements in the LRC and movements in the LIC and reconciles these movements to the line items in the profit and loss account and statement of comprehensive income.

10. Insurance and reinsurance contracts (continued)

10.1. Analysis by remaining coverage and incurred claims

10.1.1. Insurance contracts

		For the year ended 31 December 2023			
		Liabilities for remaining coverage			
	Note	Excluding loss component $'000	Loss component $'000	Liabilities for incurred claims $'000	Total $'000
Insurance contract assets as at 1 January		–	–	–	–
Insurance contract liabilities as at 1 January		**24,844**	**2,044**	**107,840**	**134,728**
Net opening balance		**24,844**	**2,044**	**107,840**	**134,728**
Changes in the statement of profit or loss and other comprehensive income					
Insurance contract revenue	5	**(94,448)**	–	–	**(94,448)**
Insurance service expenses					
Incurred claims (excluding investment components) and other incurred insurance service expenses		–	**(6,591)**	**23,478**	**16,887**
Changes related to past services		–	–	**(1,801)**	**(1,801)**
Incurred claims and benefits		–	**(6,591)**	**21,677**	**15,086**
Amortisation of insurance acquisition cash flows		**17,844**	–	–	**17,844**
Changes related to future services (i.e. losses on onerous contracts)		–	**6,373**	–	**6,373**
Insurance service operating expenses		**17,844**	**6,373**	–	**24,217**
Total insurance service expenses		**17,844**	**(218)**	**21,677**	**39,303**
Investment components excluded from insurance revenue and insurance service expenses		–	–	–	–
Insurance service result		**(76,604)**	**(218)**	**21,677**	**(55,145)**
Net finance expenses from insurance contracts	7	**358**	**27**	**548**	**933**
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		**(76,246)**	**(191)**	**22,225**	**(54,212)**
Cash flows					
Premiums received		**100,535**	–	–	**100,535**
Claims and other insurance service expenses paid, including investment components		–	–	**(35,265)**	**(35,265)**
Insurance acquisition cash flows		**(24,220)**	–	–	**(24,220)**
Total cash flows		**76,315**	–	**(35,265)**	**41,050**
Insurance contract assets as at 31 December		–	–	–	–
Insurance contract liabilities as at 31 December		**24,913**	**1,853**	**94,800**	**121,566**
Net closing balance		**24,913**	**1,853**	**94,800**	**121,566**

Notes to the Financial Statements

for the financial year ended 31 December 2023

10. Insurance and reinsurance contracts (continued)

10.1. Analysis by remaining coverage and incurred claims (continued)

10.1.1. Insurance contracts (continued)

		For the year ended 31 December 2022			
		Liabilities for remaining coverage			
	Note	Excluding loss component $'000	Loss component $'000	Liabilities for incurred claims $'000	Total $'000
Insurance contract assets as at 1 January		–	–	–	–
Insurance contract liabilities as at 1 January		24,321	3,961	108,890	137,172
Net opening balance		24,321	3,961	108,890	137,172
Changes in the statement of profit or loss and other comprehensive income					
Insurance contract revenue	5	(94,875)	–	–	(94,875)
Insurance service expenses					
Incurred claims (excluding investment components) and other incurred insurance service expenses		–	(3,234)	19,433	16,199
Changes related to past services		–	–	13,527	13,527
Incurred claims and benefits		–	(3,234)	32,960	29,726
Amortisation of insurance acquisition cash flows		17,404	–	–	17,404
Changes related to future services (i.e. losses on onerous contracts)		–	1,275	–	1,275
Insurance service operating expenses		17,404	1,275	–	18,679
Total insurance service expenses		17,404	(1,959)	32,960	48,405
Investment components excluded from insurance revenue and insurance service expenses		–	–	–	–
Insurance service result		(77,471)	(1,959)	32,960	(46,470)
Net finance expenses from insurance contracts	7	433	42	348	823
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		(77,038)	(1,917)	33,308	(45,647)
Cash flows					
Premiums received		101,078	–	–	101,078
Claims and other insurance service expenses paid, including investment components		–	–	(34,358)	(34,358)
Insurance acquisition cash flows		(23,517)	–	–	(23,517)
Total cash flows		77,561	–	(34,358)	43,203
Insurance contract assets as at 31 December		–	–	–	–
Insurance contract liabilities as at 31 December		24,844	2,044	107,840	134,728
Net closing balance		24,844	2,044	107,840	134,728

10. Insurance and reinsurance contracts (continued)

10.1. Analysis by remaining coverage and incurred claims (continued)

10.1.2. Reinsurance contracts

		For the year ended 31 December 2023			
		Assets for remaining coverage			
	Note	Excluding loss-recovery component $'000	Loss-recovery component $'000	Assets for incurred claims $'000	Total $'000
Reinsurance contract assets as at 1 January		9,419	(453)	(70,150)	(61,184)
Reinsurance contract liabilities as at 1 January		2,402	–	(1,838)	564
Net opening balance		**11,821**	**(453)**	**(71,988)**	**(60,620)**
Changes in the statement of profit or loss and other comprehensive income					
Allocation of reinsurance premiums					
Insurance contract revenue ceded to reinsurers	5	**37,625**	–	–	**37,625**
Amounts recoverable from reinsurers					
Insurance claims and benefits recovered from reinsurers		–	–	(15,298)	(15,298)
Insurance operating expenses ceded to reinsurers		–	–	–	–
Changes in amounts recoverable arising from changes in liability for incurred claims		–	–	9,928	9,928
Changes in fulfilment cash flows which relates to onerous underlying contracts		–	(100)	–	(100)
Total amounts recoverable from reinsurers		–	**(100)**	**(5,370)**	**(5,470)**
Reinsurance investment components		–	–	–	–
Cost of retroactive cover on reinsurance contracts held		–	–	–	–
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net expense/(income) from reinsurance contract held	5	**37,625**	**(100)**	**(5,370)**	**32,155**
Net finance income from reinsurance contracts	7	(125)	(4)	(368)	(497)
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		**37,500**	**(104)**	**(5,738)**	**31,658**
Cash flows					
Premiums paid		(37,370)	–	–	(37,370)
Reinsurance service expenses recovered for insurance contracts issued		–	–	17,906	17,906
Reinsurance acquisition cash flows		–	–	–	–
Total cash flows		**(37,370)**	–	**17,906**	**(19,464)**
Reinsurance contract assets as at 31 December		9,012	(557)	(58,562)	(50,107)
Reinsurance contract liabilities as at 31 December		2,939	–	(1,258)	1,681
Net closing balance		**11,951**	**(557)**	**(59,820)**	**(48,426)**

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for the financial year ended 31 December 2023

10. Insurance and reinsurance contracts (continued)

10.1. Analysis by remaining coverage and incurred claims (continued)

10.1.2. Reinsurance contracts (continued)

		For the year ended 31 December 2022			
		Assets for remaining coverage			
	Note	Excluding loss-recovery component $'000	Loss-recovery component $'000	Assets for incurred claims $'000	Total $'000
Reinsurance contract assets as at 1 January		8,558	(451)	(74,029)	(65,922)
Reinsurance contract liabilities as at 1 January		–	–	–	–
Net opening balance		8,558	(451)	(74,029)	(65,922)
Changes in the statement of profit or loss and other comprehensive income					
Allocation of reinsurance premiums					
Insurance contract revenue ceded to reinsurers	5	39,389	–	–	39,389
Amounts recoverable from reinsurers					
Insurance claims and benefits recovered from reinsurers		–	–	(3,122)	(3,122)
Insurance operating expenses ceded to reinsurers		–	–	–	–
Changes in amounts recoverable arising from changes in liability for incurred claims		–	–	(13,757)	(13,757)
Changes in fulfilment cash flows which relates to onerous underlying contracts		–	(2)	–	(2)
Total amounts recoverable from reinsurers		–	(2)	(16,879)	(16,881)
Reinsurance investment components		–	–	–	–
Cost of retroactive cover on reinsurance contracts held		–	–	–	–
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net expense/(income) from reinsurance contract held	5	39,389	(2)	(16,879)	22,508
Net finance income from reinsurance contracts	7	(145)	–	(238)	(383)
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		39,244	(2)	(17,117)	22,125
Cash flows					
Premiums paid		(35,981)	–	–	(35,981)
Reinsurance service expenses recovered for insurance contracts issued		–	–	19,158	19,158
Reinsurance acquisition cash flows		–	–	–	–
Total cash flows		(35,981)	–	19,158	(16,823)
Reinsurance contract assets as at 31 December		9,419	(453)	(70,150)	(61,184)
Reinsurance contract liabilities as at 31 December		2,402	–	(1,838)	564
Net closing balance		11,821	(453)	(71,988)	(60,620)

10. Insurance and reinsurance contracts (continued)

10.2. Analysis by measurement component

10.2.1. Insurance contracts

		For the year ended 31 December 2023			
	Note	Estimates of the present value of the future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Insurance contract assets as at 1 January		–	–	–	–
Insurance contract liabilities as at 1 January		113,921	12,777	8,030	134,728
Net opening balance		113,921	12,777	8,030	134,728
Changes in the statement of profit or loss and other comprehensive income					
Changes in estimates that adjust the contractual service margin		(693)	108	585	–
Changes in estimates that do not adjust the contractual service margin, i.e. losses on groups of onerous contracts and reversals of such losses		639	96	–	735
Effects of contracts initially recognised in the period		(30,064)	4,258	31,444	5,638
Changes that relate to future services		(30,118)	4,462	32,029	6,373
CSM recognised in profit or loss for services provided		–	–	(29,853)	(29,853)
Release of the risk adjustment for non-financial risk		–	(3,640)	–	(3,640)
Experience adjustments		(26,224)	–	–	(26,224)
Revenue recognised for incurred policyholder tax expenses		–	–	–	–
Changes that relate to current services		(26,224)	(3,640)	(29,853)	(59,717)
Changes that relate to past service, i.e. changes in fulfilment cash flows relating to incurred claims		(151)	(1,650)	–	(1,801)
Changes that relate to past services		(151)	(1,650)	–	(1,801)
Insurance service result		(56,493)	(828)	2,176	(55,145)
Net finance expenses from insurance contracts	7	677	90	166	933
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		(55,816)	(738)	2,342	(54,212)
Cash flows					
Premiums received		100,535	–	–	100,535
Claims and other insurance service expenses paid, including investment components		(35,265)	–	–	(35,265)
Insurance acquisition cash flows		(24,220)	–	–	(24,220)
Total cash flows		41,050	–	–	41,050
Insurance contract assets as at 31 December		–	–	–	–
Insurance contract liabilities as at 31 December		99,155	12,039	10,372	121,566
Net closing balance		99,155	12,039	10,372	121,566

Notes to the Financial Statements

for the financial year ended 31 December 2023

10. Insurance and reinsurance contracts (continued)

10.2. Analysis by measurement component (continued)

10.2.1. Insurance contracts (continued)

		For the year ended 31 December 2022			
	Note	Estimates of the present value of the future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Insurance contract assets as at 1 January		–	–	–	–
Insurance contract liabilities as at 1 January		114,830	12,708	9,634	137,172
Net opening balance		114,830	12,708	9,634	137,172
Changes in the statement of profit or loss and other comprehensive income					
Changes in estimates that adjust the contractual service margin		(6,344)	(202)	6,546	–
Changes in estimates that do not adjust the contractual service margin, i.e. losses on groups of onerous contracts and reversals of such losses		(2,093)	(175)	–	(2,268)
Effects of contracts initially recognised in the period		(30,713)	3,886	30,370	3,543
Changes that relate to future services		(39,150)	3,509	36,916	1,275
CSM recognised in profit or loss for services provided		–	–	(38,696)	(38,696)
Release of the risk adjustment for non-financial risk		–	(3,053)	–	(3,053)
Experience adjustments		(19,523)	–	–	(19,523)
Revenue recognised for incurred policyholder tax expenses		–	–	–	–
Changes that relate to current services		(19,523)	(3,053)	(38,696)	(61,272)
Changes that relate to past service, i.e. changes in fulfilment cash flows relating to incurred claims		13,986	(459)	–	13,527
Changes that relate to past services		13,986	(459)	–	13,527
Insurance service result		(44,687)	(3)	(1,780)	(46,470)
Net finance expenses from insurance contracts	7	575	72	176	823
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		(44,112)	69	(1,604)	(45,647)
Cash flows					
Premiums received		101,078	–	–	101,078
Claims and other insurance service expenses paid, including investment components		(34,358)	–	–	(34,358)
Insurance acquisition cash flows		(23,517)	–	–	(23,517)
Total cash flows		43,203	–	–	43,203
Insurance contract assets as at 31 December		–	–	–	–
Insurance contract liabilities as at 31 December		113,921	12,777	8,030	134,728
Net closing balance		113,921	12,777	8,030	134,728

10. Insurance and reinsurance contracts (continued)

10.2. Analysis by measurement component (continued)

10.2.2. Reinsurance contracts

		For the year ended 31 December 2023			
	Note	Estimates of the present value of the future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Reinsurance contract assets as at 1 January		(43,216)	(6,373)	(11,595)	(61,184)
Reinsurance contract liabilities as at 1 January		1,197	(633)	–	564
Net opening balance		(42,019)	(7,006)	(11,595)	(60,620)
Changes in the statement of profit or loss and other comprehensive income					
Changes in estimates that adjust the contractual service margin		597	(41)	(556)	–
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		253	–	–	253
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		(353)	–	(1,947)	(2,300)
Effects of contracts initially recognised in the period		28,797	(1,173)	(27,624)	–
Changes that relate to future services		29,294	(1,214)	(30,127)	(2,047)
CSM recognised in profit or loss for services provided		–	–	27,504	27,504
Release of the risk adjustment for non-financial risk		–	(1,188)	–	(1,188)
Experience adjustments		(3,065)	1,023	–	(2,042)
Changes that relate to current services		(3,065)	(165)	27,504	24,274
Changes that relate to past service, i.e. changes in fulfilment cash flows relating to incurred claims		7,390	2,538	–	9,928
Changes that relate to past services		7,390	2,538	–	9,928
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net expense/(income) from reinsurance contract held		33,619	1,159	(2,623)	32,155
Net finance income from reinsurance contracts	7	(278)	(49)	(170)	(497)
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		33,341	1,110	(2,793)	31,658
Cash flows					
Premiums paid		(37,370)	–	–	(37,370)
Reinsurance service expenses recovered for insurance contracts issued		17,906	–	–	17,906
Reinsurance acquisition cash flows		–	–	–	–
Total cash flows		(19,464)	–	–	(19,464)
Reinsurance contract assets as at 31 December		(30,154)	(5,565)	(14,388)	(50,107)
Reinsurance contract liabilities as at 31 December		2,012	(331)	–	1,681
Net closing balance		(28,142)	(5,896)	(14,388)	(48,426)

Notes to the Financial Statements

for the financial year ended 31 December 2023

10. Insurance and reinsurance contracts (continued)

10.2. Analysis by measurement component (continued)

10.2.2. Reinsurance contracts (continued)

		For the year ended 31 December 2022			
	Note	Estimates of the present value of the future cash flows $'000	Risk adjustment for non-financial risk $'000	Contractual service margin $'000	Total $'000
Reinsurance contract assets as at 1 January		(51,995)	(7,043)	(6,884)	(65,922)
Reinsurance contract liabilities as at 1 January		–	–	–	–
Net opening balance		(51,995)	(7,043)	(6,884)	(65,922)
Changes in the statement of profit or loss and other comprehensive income					
Changes in estimates that adjust the contractual service margin		5,101	201	(5,302)	–
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		(2)	–	–	(2)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		–	–	832	832
Effects of contracts initially recognised in the period		26,799	(1,306)	(25,493)	–
Changes that relate to future services		31,898	(1,105)	(29,963)	830
CSM recognised in profit or loss for services provided		–	–	25,396	25,396
Release of the risk adjustment for non-financial risk		–	(1,189)	–	(1,189)
Experience adjustments		9,127	2,101	–	11,228
Changes that relate to current services		9,127	912	25,396	35,435
Changes that relate to past service, i.e. changes in fulfilment cash flows relating to incurred claims		(14,026)	269	–	(13,757)
Changes that relate to past services		(14,026)	269	–	(13,757)
Effect of changes in non-performance risk of reinsurers		–	–	–	–
Net expense/(income) from reinsurance contract held		26,999	76	(4,567)	22,508
Net finance income from reinsurance contracts	7	(200)	(39)	(144)	(383)
Effect of movements in exchange rates		–	–	–	–
Total changes in the statement of profit or loss and other comprehensive income		26,799	37	(4,711)	22,125
Cash flows					
Premiums paid		(35,981)	–	–	(35,981)
Reinsurance service expenses recovered for insurance contracts issued		19,158	–	–	19,158
Reinsurance acquisition cash flows		–	–	–	–
Total cash flows		(16,823)	–	–	(16,823)
Reinsurance contract assets as at 31 December		(43,216)	(6,373)	(11,595)	(61,184)
Reinsurance contract liabilities as at 31 December		1,197	(633)	–	564
Net closing balance		(42,019)	(7,006)	(11,595)	(60,620)

10. Insurance and reinsurance contracts (continued)

10.3. Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

10.3.1. Insurance contracts

	2023 $'000			2022 $'000		
	Profitable contracts issued	**Onerous contracts issued**	**Total**	Profitable contracts issued	Onerous contracts issued	Total
- Claims and insurance service operating expenses payable	**28,435**	**13,799**	**42,234**	26,552	12,323	38,875
- Insurance acquisition cash flows	**19,708**	**8,434**	**28,142**	18,992	2,573	21,565
Estimates of the present value of future cash outflows	**48,143**	**22,233**	**70,376**	45,544	14,896	60,440
- Estimates of the present value of future cash inflows	**(82,199)**	**(18,241)**	**(100,440)**	(78,572)	(12,582)	(91,154)
- Risk adjustment for non-financial risk	**2,612**	**1,647**	**4,259**	2,658	1,228	3,886
- CSM	**31,444**	**–**	**31,444**	30,370	–	30,370
Total at initial recognition	**–**	**5,639**	**5,639**	–	3,542	3,542

10.3.2. Reinsurance contracts

	2023 $'000			2022 $'000		
	Contracts initiated without loss-recovery component	**Contracts initiated with loss-recovery component**	**Total**	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total
- Estimates of the present value of future cash outflows	**39,082**	**–**	**39,082**	38,219	–	38,219
- Estimates of the present value of future cash inflows	**(10,283)**	**–**	**(10,283)**	(11,419)	–	(11,419)
- Risk adjustment for non-financial risk	**(1,173)**	**–**	**(1,173)**	(1,306)	–	(1,306)
- CSM	**(27,626)**	**–**	**(27,626)**	(25,494)	–	(25,494)
- Loss component	**–**	**–**	**–**	–	–	–
Total at initial recognition	**–**	**–**	**–**	–	–	–

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for the financial year ended 31 December 2023

10. Insurance and reinsurance contracts (continued)

10.4. Claims development

31 December 2023 $'000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Gross of reinsurance											
Estimates of undiscounted gross cumulative claims											
At end of accident year	**51,991**	**49,497**	**67,666**	**50,098**	**45,449**	**44,683**	**52,362**	**40,341**	**48,166**	**42,767**	
One year later	**54,793**	**48,664**	**67,916**	**43,213**	**41,787**	**36,934**	**44,423**	**30,121**	**26,107**		
Two years later	**52,172**	**45,692**	**65,144**	**41,472**	**39,786**	**37,673**	**43,679**	**29,572**			
Three years later	**47,179**	**41,671**	**57,644**	**39,067**	**37,023**	**33,890**	**41,544**				
Four years later	**40,311**	**40,072**	**54,276**	**37,580**	**34,451**	**32,179**					
Five years later	**38,627**	**38,159**	**51,984**	**35,115**	**32,706**						
Six years later	**35,887**	**36,923**	**50,131**	**33,557**							
Seven years later	**34,460**	**36,191**	**49,313**								
Eight years later	**33,990**	**35,274**									
Nine years later	**33,624**										
Cumulative gross claims paid	**33,255**	**34,730**	**47,163**	**32,061**	**28,686**	**25,333**	**31,464**	**16,895**	**11,148**	**3,056**	
Gross liabilities - accident years from 2014 to 2023	**369**	**544**	**2,150**	**1,496**	**4,020**	**6,846**	**10,080**	**12,677**	**14,959**	**39,711**	**92,852**
Gross liabilities - accident years before 2014											**1,948**
Gross liabilities for incurred claims included in the statement of financial position (Note 10.1.1)											**94,800**

31 December 2023 $'000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Net of reinsurance											
Estimates of undiscounted net cumulative claims											
At end of accident year	**22,829**	**24,872**	**24,275**	**20,090**	**17,621**	**17,567**	**18,395**	**18,360**	**19,705**	**20,295**	
One year later	**22,111**	**20,214**	**22,206**	**19,530**	**17,455**	**15,792**	**16,112**	**14,226**	**11,630**		
Two years later	**21,096**	**19,353**	**21,555**	**19,370**	**17,685**	**16,252**	**16,836**	**15,464**			
Three years later	**18,894**	**17,530**	**20,418**	**18,248**	**16,623**	**15,002**	**15,898**				
Four years later	**17,041**	**16,462**	**18,890**	**17,177**	**15,395**	**14,249**					
Five years later	**16,173**	**15,693**	**17,764**	**16,375**	**14,791**						
Six years later	**15,033**	**15,218**	**16,994**	**15,948**							
Seven years later	**14,632**	**14,839**	**16,719**								
Eight years later	**14,388**	**14,580**									
Nine years later	**14,183**										
Cumulative net claims paid	**13,918**	**14,230**	**16,176**	**15,195**	**12,986**	**12,035**	**12,463**	**10,381**	**6,783**	**5,837**	
Net liabilities - accident years from 2014 to 2023	**265**	**350**	**543**	**753**	**1,805**	**2,214**	**3,435**	**5,083**	**4,847**	**14,458**	**33,753**
Net liabilities - accident years before 2014											**1,227**
Net liabilities for incurred claims included in the statement of financial position (Note 10.1.1 and Note 10.1.2)											**34,980**

11. Staff Information

	2023 $'000	2022 $'000
Wages, salaries and other employee benefits	**11,206**	9,091
Central Provident Fund contribution	**1,165**	977
	12,371	10,068

	2023	2022
Number of persons employed at the end of year	**115**	100

12. Directors' Remuneration

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

	2023	2022
$750,000 to $999,999	**–**	1
$500,000 to $749,999	**–**	–
$250,000 to $499,999	**1**	–
Below $250,000	**8**	6
Total	**9**	7

13. Income Tax

(a) Tax Expense

The tax expense attributable to profit is made up of:

	2023 $'000	2022 $'000
On the profit of the year:		
Singapore current income tax (Note 13(b))	**3,939**	4,829
Transfer from deferred taxation (Note 19)	**9**	217
Income tax expenses recognised in profit and loss	**3,948**	5,046

Notes to the Financial Statements

for the financial year ended 31 December 2023

13. Income Tax (continued)

(a) Tax Expense (continued)

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:

	2023 $'000	2022 $'000
Profit before tax	**33,210**	23,980
Tax calculated at a tax rate of 17% (2022: 17%)	**5,646**	4,077
Exempt income	**(581)**	(392)
Expenses not deductible for tax purposes	**194**	294
Expense/(income) from qualifying debt securities and general business, taxed at a rate of 10%	**(1,148)**	115
Others	**(163)**	952
Actual tax expense	**3,948**	5,046

(b) Movement in Tax Payables

	2023 $'000	2022 $'000
Balance at beginning of the financial year	**4,837**	8,686
Income tax paid	**(215)**	(8,349)
Current financial year's tax payable on profit	**3,939**	4,829
Tax relating to net gains/(losses) on disposal of FVOCI equity securities	**212**	(329)
Tax relating to net gains on unrealised reserves of FVOCI equity securities	**2,640**	–
Balance at end of financial year	**11,413**	4,837

14. 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.

	2023 $'000	2022 $'000
Net profit	**29,262**	18,934
Weighted average number of ordinary shares ('000)	**61,155**	61,155
Basic and diluted earnings per share (cents)	**47.85**	30.96

15. Dividend Paid

	2023 **$'000**	2022 $'000
Interim dividend of 8.5 cents per share (one-tier tax-exempt) (2022: 8.5 cents per share one-tier tax-exempt in respect of the financial year 2022), in respect of the financial year 2023	**5,198**	5,198
Special dividend of 4 cents per share (one-tier tax-exempt) (2022: 8 cents per share one-tier tax-exempt in respect of the financial year 2021), in respect of the financial year 2022	**2,446**	4,893
Final dividend of 8.5 cents per share (one-tier tax-exempt) (2022: 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
	12,842	15,289

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 2023 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 2024.

16. Share Capital

	2023		2022	
	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.

17. 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;

Notes to the Financial Statements

for the financial year ended 31 December 2023

17. Capital Management (continued)

- 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 2023. There was no change in the Company's capital management objectives, policies and processes during the years ended 31 December 2023 and 31 December 2022.

The Company's equity as at 31 December 2023 was $442,461,000 (2022: $417,803,000).

18. 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 2023, there is no transfer of retained profits to general reserve.

19. Deferred Tax Liabilities

Deferred tax liabilities as at 31 December relate to the following:

	Balance sheet		Profit and loss	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Differences in tax depreciation	**280**	279	**1**	207
Differences in tax depreciation – Right-of-use assets	**3**	4	**(1)**	4
Differences in lease liabilities	**–**	(1)	**1**	(1)
Differences in expected credit loss	**(39)**	(47)	**8**	7
Deferred income tax related to other comprehensive income:				
Revaluation of investments				
– Balance at 1 January	**2,772**	8,551		
– Net losses on fair value changes of FVOCI equity securities	**(5,724)**	(2,633)		
– Net gains/(losses) on fair value changes of FVOCI debt securities	**3,731**	(3,789)		
– Net gains on fair value changes on property	**–**	643		
Balance at 31 December	**1,023**	3,007		
Deferred income tax expense			**9**	217

20. 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.

	2023 $'000	2022 $'000
Balance at 1 January	**9,994**	41,601
Net change in the reserve, net of tax	**6,922**	(31,607)
Balance at 31 December	**16,916**	9,994
Net change in the reserve arises from:		
- Net gains/(losses) on fair value changes and changes in allowance for ECL during the financial year, net of tax	**8,135**	(36,376)
- Recognised in the profit and loss account on disposal of FVOCI debt securities, net of 17% tax (2022: 17%)	**101**	3,161
- Recognised in the retained profits on disposal of FVOCI equity securities, net of 17% tax (2022: 17%)	**(1,314)**	1,608
	6,922	(31,607)

21. Amount owing to Non-trade Creditors

	2023 $'000	2022 $'000
Non-trade creditors and accrued liabilities	**8,173**	7,680
Amount owing to related companies	**879**	1,769
Total financial liabilities carried at amortised cost	**9,052**	9,449

These amounts are non-interest bearing and are normally settled on 90-day term.

(a) Non-trade Creditors and Accrued Liabilities

These amounts are unsecured, non-interest bearing and repayable on demand.

(b) Amount owing to Related Companies

These amounts are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements

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22. 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.

	2023			2022		
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	**184,792**	**5,217**	**–**	206,533	8,572	–
Buy USD/ Sell SGD	**–**	**–**	**–**	11,576	–	526

For the year ended 31 December 2023, the Company recognised net unrealised losses on financial derivatives of $2,829,000 (2022: net unrealised fair value gains $7,457,000).

The foreign exchange forward contracts have maturity dates in March 2024 (2022: March 2023). Counterparties are mainly graded at A-1+.

23. Bank Balances and Fixed Deposits

(a) Cash and Bank Balances

	2023 $'000	2022 $'000
Bank balances with:		
Holding company	**5,630**	6,676
Other financial institutions	**2,300**	3,537
Cash on hand	**–**	2
	7,930	10,215

Cash and bank balances earn interest at rates based on daily deposit rates.

23. Bank Balances and Fixed Deposits (continued)

(b) Fixed Deposits

	2023 $'000	2022 $'000
Fixed deposits with:		
Holding company	**1,498**	1,528
Other financial institutions	**58,184**	35,560
	59,682	37,088
Fixed deposits with:		
3 months or less	**57,020**	34,121
More than 3 months	**2,662**	2,967
	59,682	37,088

The Company's fixed deposits with the holding company and other financial institutions mature on varying dates within 8 months (2022: 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 2023 for the Company was 3.74% (2022: 3.42%) per annum.

	2023 $'000	2022 $'000
Total bank balances and fixed deposits (Note 24)	**67,612**	47,303

24. Loans and Receivables

	2023 $'000	2022 $'000
Bank balances and fixed deposits	**67,612**	47,303
Non-trade debtors and accrued interest receivables (excluding prepayments of $137,000 in 2023, $234,000 in 2022)	**4,493**	4,716
Loans and receivables	**72,105**	52,019

All bank balances, fixed deposits, non-trade debtors and accrued interest receivables are placed with counterparties that are graded from A- to AA-.

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for the financial year ended 31 December 2023

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 2023 $'000	Cost of investment 2022 $'000	% of paid-up capital held by the Company 2023 %	% of paid-up capital held by the Company 2022 %
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 2023.

26. Investments

Financial instruments as at 31 December 2023

	2023 $'000	2022 $'000
Mandatorily measured at FVTPL		
- Unit trusts and ETFs	**18,692**	16,549
- Debt securities	**4,804**	–
	23,496	16,549
At FVOCI		
- Debt securities	**238,829**	275,942
- Equity securities	**128,955**	87,281
	367,784	363,223
Total	**391,280**	379,772
Net carrying amount		
Current	**126,756**	85,464
Non-current	**264,524**	294,308
	391,280	379,772

The debt securities bear an effective weighted average interest rate of 2.93% (2022: 2.80%) per annum with maturity dates from January 2024 to January 2037 (2022: January 2023 to January 2037). The other government securities bear an effective weighted average interest rate of 2.50% (2022: 2.71%) per annum with maturity dates on April 2025 (2022: October 2023 to June 2027).

The Company's debt securities and other government securities are all graded as investment grade.

26. Investments (continued)

In 2023, the Company disposed certain investments for cash and realised the capital appreciation. These investments had a fair value $177,979,000 (31 December 2022: $346,411,000) at the date of disposal.

The net gain on disposal of the above investments was $537,000 (31 December 2022: Net loss on disposal of $7,934,000).

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:

	2023			
Recurring fair value measurements	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Mandatorily measured at FVTPL				
– Unit trusts & ETFs	**16,943**	**–**	**1,749**	**18,692**
– Debt securities	**–**	**4,804**	**–**	**4,804**
At FVOCI				
– Debt securities	**238,829**	**–**	**–**	**238,829**
– Equity securities	**128,955**	**–**	**–**	**128,955**
Investment property	**–**	**–**	**28,530**	**28,530**
	384,727	**4,804**	**30,279**	**419,810**

	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

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26. Investments (continued)

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.

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:

	2023 **$'000**	2022 $'000
Financial assets at FVTPL		
Opening balance	**923**	–
Purchases during the period	**791**	1,010
Net changes in unrealised gains/(losses) on financial assets at FVTPL	**35**	(87)
Balance as at 31 December	**1,749**	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 2023**	**Valuation techniques**	**Unobservable inputs**	**Range (weighted average)**
Investment in collective investment schemes	**1,749,000**	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

	2023 $'000	2022 $'000
Balance as at 1 January	**28,530**	27,858
Additions	**–**	–
Transfer between investment property and owner-occupied Property	**–**	(2,549)
Net fair value gains recognised in profit or loss	**–**	3,221
Balance as at 31 December	**28,530**	28,530

The following amounts are recognised in profit and loss:

	2023 $'000	2022 $'000
Rental income	**647**	693
Direct operating expenses (including repairs and maintenance) generating rental income	**(803)**	(746)
Loss arising from investment property	**(156)**	(53)

As at 31 December 2023, the investment property consists of leasehold office premises located at 146 Robinson Road, Singapore.

Investment property is stated at fair value, which has been determined based on valuations performed on 15 November 2023. 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.

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for the financial year ended 31 December 2023

28. Fixed Assets

	Owner-occupied property $'000	Building improvement & renovation $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 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 and 1 January 2023	33,470	6,089	4,977	47	44,583
Additions	–	–	689	–	689
Disposals	–	–	(3)	–	(3)
Transfers	–	–	–	–	–
Revaluation surplus	–	–	–	–	–
At 31 December 2023	33,470	6,089	5,663	47	45,269
Accumulated depreciation and impairment					
At 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 and 1 January 2023	1,441	855	1,678	1	3,975
Depreciation charge for the year	578	590	287	16	1,471
Disposals	–	–	(2)	–	(2)
At 31 December 2023	2,019	1,445	1,963	17	5,444
Net book value					
At 31 December 2022	32,029	5,234	3,299	46	40,608
At 31 December 2023	31,451	4,644	3,700	30	39,825

29. Leases

(a) Company as a lessee

The Company has lease contracts for various items of office equipment used in its operations. The lease of office equipment has 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:

	Office equipment $'000
Balance as at 1 January 2022	23
Depreciation charge for the year	(1)
Additions to right-of-use assets	–
Balance as at 31 December 2022 and 1 January 2023	22
Depreciation charge for the year	(3)
Additions to right-of-use assets	–
Balance as at 31 December 2023	19

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Total $'000
Balance as at 1 January 2022	28
Additions	–
Accretion of interest	–
Payments	–
Balance as at 31 December 2022 and 1 January 2023	28
Additions	–
Accretion of interest	–
Payments	(3)
Balance as at 31 December 2023	25

The maturity analysis of lease liabilities are disclosed in Note 33(f).

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for the financial year ended 31 December 2023

29. Leases (continued)

(a) Company as a lessee (continued)

The following are the amounts recognised in profit or loss:

	2023 $'000	2022 $'000
Depreciation charge on right-of-use assets	**3**	1
Interest expense on lease liabilities	**–**	–
Expense relating to short-term leases	**41**	15
Expense relating to leases of low-value assets	**63**	152
Total amount recognised in profit or loss	**107**	168

The Company had total cash outflows for leases of $104,000 in 2023 (2022: $167,000). The Company does not have non-cash additions to right-of-use assets and lease liabilities in 2023 (2022: 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 $647,000 (2022: $693,000) (Note 8).

Future minimum rental receivable under non-cancellable operating leases as at 31 December 2023 are as follows:

	2023 $'000	2022 $'000
Within one year	**408**	527
After one year but within three years	**262**	217
	670	744

30. Commitments

Capital Commitments

The Company has no lease contracts that have not yet commenced as at 31 December 2023.

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:

	2023 $'000	2022 $'000
Premiums accepted, included in insurance revenue:		
- Holding company	**5,520**	5,154
- Related companies	**597**	649
- Associated companies of the holding company	**1,294**	457
Commission expenses paid, included in insurance service expenses:		
- Holding company	**6,960**	6,046
- Related companies	**–**	24
- Associated company	**712**	614
Gross claims (written-back)/incurred, included in insurance service expenses:		
- Holding company	**(103)**	320
- Related companies	**(6)**	–
- Associated companies of the holding company	**(8,045)**	9,871
Lease payment received from associated company	**81**	81
Management fee received from an associated company of the holding company	**750**	750
Management fee charged by a related company	**1,320**	1,328
Service fee charged by holding company	**2,991**	2,611
Interest income earned from holding company	**272**	88
Compensation of key management personnel		
- Directors and CEO of the Company	**1,241**	1,062

Remuneration of Directors and CEO (appointed with effect from 1 April 2023) 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.

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32. Segment Information (continued)

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 2023				
Insurance revenue	66,691	27,757	–	94,448
Insurance service expense	(21,354)	(17,949)	–	(39,303)
Insurance service result before reinsurance contracts held	45,337	9,808	–	55,145
Net expenses from reinsurance contracts	(25,597)	(6,558)	–	(32,155)
Insurance service result	19,740	3,250	–	22,990
Dividend income from investments	2,348	491	3,046	5,885
Interest income from investments	4,584	846	2,947	8,377
Interest on fixed deposits and bank balances	1,042	411	161	1,614
Net write-back of expected credit loss on investments	25	5	23	53
Amortisation of discount/(premium) on investments	62	48	(14)	96
Rental income from investment property	–	–	647	647
Miscellaneous income	43	–	6	49
Net fair value losses on mandatorily measured at FVTPL investments - realised	(467)	(102)	(297)	(866)
Net fair value gains on mandatorily measured at FVTPL investments - unrealised	998	335	664	1,997
Net losses on disposal of FVOCI investments	(32)	(19)	(71)	(122)
Net fair value gains on financial derivatives - realised	1,646	335	1,116	3,097
Net fair value losses on financial derivatives - unrealised	(1,491)	(306)	(1,032)	(2,829)
Exchange losses	(1,696)	(316)	(978)	(2,990)
	(1,541)	(287)	(894)	(2,722)
Less				
Other management expenses:				
Depreciation on property	–	–	(279)	(279)
Management fees	(711)	(145)	(464)	(1,320)
Other operating expenses	(1,283)	(267)	(1,201)	(2,751)
Total non-underwriting income	5,068	1,316	4,274	10,658
Insurance finance expenses for insurance contracts issued	(820)	(117)	–	(937)
Reinsurance finance income for reinsurance contracts held	481	18	–	499
Net insurance financial result	19,401	3,151	–	22,552
Profit before tax	24,469	4,467	4,274	33,210
Tax expense	(3,481)	(335)	(132)	(3,948)
Profit after tax	20,988	4,132	4,142	29,262
Segment total assets as at 31 December 2023	292,526	54,716	239,979	587,221
Segment total liabilities as at 31 December 2023	116,849	20,334	7,577	144,760

32. Segment Information (continued)

	SIF $'000	OIF $'000	SHF $'000	Total $'000
For Year 2022				
Insurance revenue	63,574	31,301	–	94,875
Insurance service expense	(27,299)	(21,106)	–	(48,405)
Insurance service result before reinsurance contracts held	36,275	10,195	–	46,470
Net expenses from reinsurance contracts	(13,149)	(9,359)	–	(22,508)
Insurance service result	23,126	836	–	23,962
Dividend income from investments	1,209	254	2,102	3,565
Interest income from investments	4,348	888	2,858	8,094
Interest on fixed deposits and bank balances	281	129	40	450
Net write-back of expected credit loss on investments	24	9	9	42
Amortisation of premium on investments	(186)	(33)	(215)	(434)
Rental income from investment property	–	–	693	693
Miscellaneous income	1	1	10	12
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)
Net fair value losses on financial derivatives - realised	(5,118)	(1,099)	(3,363)	(9,580)
Net fair value gains on financial derivatives - unrealised	4,008	799	2,650	7,457
Exchange losses	(1,062)	(152)	(601)	(1,815)
	(2,172)	(452)	(1,314)	(3,938)
Less				
Other management expenses:				
Depreciation on property	–	–	(268)	(268)
Management fees	(715)	(149)	(464)	(1,328)
Other operating expenses	(127)	(142)	(1,200)	(1,469)
Total non-underwriting (loss)/income	(1,542)	(634)	2,636	460
Insurance finance expenses for insurance contracts issued	(699)	(126)	–	(825)
Reinsurance finance income for reinsurance contracts held	340	43	–	383
Net insurance financial result	22,767	753	–	23,520
Profit before tax	21,225	119	2,636	23,980
Tax expense	(4,807)	312	(551)	(5,046)
Profit after tax	16,418	431	2,085	18,934
Segment total assets as at 31 December 2022	281,560	55,919	233,463	570,942
Segment total liabilities as at 31 December 2022	123,309	21,660	8,170	153,139

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for the financial year ended 31 December 2023

32. Segment Information (continued)

Information about major external customers

For the year ended 31 December 2023 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	
	2023	2022 Restated	**2023**	2022 Restated
	$'000	$'000	**$'000**	$'000
Singapore	**75,339**	70,740	**39,844**	40,630
ASEAN countries	**12,488**	16,677	**–**	–
Others	**6,621**	7,458	**–**	–
	94,448	94,875	**39,844**	40,630

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.

33. Financial Risk Factors and Management (continued)

(a) Foreign Exchange Risk (continued)

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:

$'000	Total net assets/(liabilities) position Financial assets	Reinsurance contract assets	Insurance contract liabilities
31 December 2023			
Australian Dollar	**–**	**–**	**1**
Chinese Renminbi	**–**	**–**	**204**
Hong Kong Dollar	**–**	**28**	**(6,042)**
Indian Rupee	**–**	**–**	**(878)**
Indonesian Rupiah	**–**	**391**	**(478)**
Japanese Yen	**–**	**–**	**(1)**
Malaysia Ringgit	**–**	**–**	**1,720**
Thai Baht	**–**	**–**	**(373)**
US Dollar	**34,182**	**146**	**(215)**
	34,182	**565**	**(6,062)**
31 December 2022			
Australian Dollar	–	–	15
Chinese Renminbi	–	–	565
Hong Kong Dollar	–	28	(6,347)
Indian Rupee	–	–	(881)
Indonesian Rupiah	–	712	(968)
Japanese Yen	–	–	(10)
Malaysia Ringgit	–	–	1,994
Sterling Pound	–	–	3
Thai Baht	–	12	894
US Dollar	35,288	(8)	(569)
	35,288	744	(5,304)

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	Impact on profit before tax $'000	Impact on equity net of tax $'000
2023	**+5%**	**(500)**	**(776)**
	-5%	**500**	**776**
2022	+5%	(709)	(687)
	-5%	709	687

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 2023 and as at 31 December 2023, if interest rates had been 10 basis points ("bp") higher/lower, with all other variables held constant, the Company's profit before tax for the year is estimated to be $390,000 (2022: $396,000) higher/lower, due mainly to higher/lower interest income on fixed deposits and fixed income securities. The Company's equity as at 31 December 2023 is estimated to be $585,000 (2022: $768,000) 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.

The Company's interest-sensitive instruments as reported are as follows:

	2023 Floating rate	**2023 Fixed rate**	2022 Floating rate	2022 Fixed rate
Assets	**23,253**	**220,380**	23,610	252,332

Sensitivity analysis

A change of 10 bp in interest rates at the reporting date would not have a significant impact to insurance contracts and reinsurance contracts held. This analysis assumes that all other variables remain constant.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company's interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The Company is exposed to interest rate risk in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred.

33. Financial Risk Factors and Management (continued)

(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% (2022: 2%) higher/lower with all other variables held constant, the Company's equity would have been $2,451,000 (2022: $1,724,000) 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 carrying amount of derivative financial assets, insurance contract liabilities, reinsurance contract assets and cash and cash equivalents represents the Company's maximum exposure to 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 counterparties 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.

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33. Financial Risk Factors and Management (continued)

(d) Credit Risk (continued)

Exposure to credit risk

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties:

	Credit ratings						
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Below BBB-	Not rated	Total
As at 31 December 2023							
Cash and cash equivalents	**–**	**10,228**	**57,384**	**–**	**–**	**–**	**67,612**
Loans and other receivables	**–**	**–**	**–**	**–**	**–**	**4,630**	**4,630**
Derivative financial assets	**–**	**2,932**	**2,285**	**–**	**–**	**–**	**5,217**
Debt securities	**–**	**11,005**	**52,246**	**52,078**	**–**	**128,304**	**243,633**
Reinsurance contract assets	**2,240**	**40,727**	**5,661**	**–**	**–**	**1,479**	**50,107**
Total credit risk exposure	**2,240**	**64,892**	**117,576**	**52,078**	**–**	**134,413**	**371,199**
As at 31 December 2022							
Cash and cash equivalents	–	8,305	38,998	–	–	–	47,303
Loans and other receivables	–	–	–	–	–	4,950	4,950
Derivative financial assets	–	6,978	1,594	–	–	–	8,572
Debt securities	–	10,937	59,225	53,958	–	151,822	275,942
Reinsurance contract assets	58	51,436	7,674	–	–	2,016	61,184
Total credit risk exposure	58	77,656	107,491	53,958	–	158,788	397,951

The loss allowance provision for debt securities at FVOCI as at 31 December 2023 reconciles to the opening loss allowance for that provision as follows:

	2023 $'000	2022 $'000
As at 1 January	**266**	308
Loss allowance measured at:		
12-month ECL		
Write-back of ECL	**(53)**	(42)
As at 31 December	**213**	266

The Company's FVOCI measured debt securities are mainly graded from BBB- to AAA and as such, the Company has minimal credit risk. The Company's ECL loss allowance as at 31 December 2023 is based on 12-month ECL.

Financial assets that are neither past due nor impaired

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.

33. Financial Risk Factors and Management (continued)

(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.

(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 insurance contract issued and reinsurance contracts held balances based on remaining undiscounted contractual obligations.

	2023				
	<3 months $'000	3 - 12 months $'000	> 1 year $'000	Total $'000	Carrying Amount $'000
Investments					
At FVTPL					
Unit trust*	**18,692**	**–**	**–**	**18,692**	**18,692**
Debt securities	**–**	**–**	**4,881**	**4,881**	**4,804**
At FVOCI					
Debt securities	**2,201**	**37,788**	**211,516**	**251,505**	**238,829**
Equity securities*	**128,955**	**–**	**–**	**128,955**	**128,955**
Non-trade debtors and accrued interest receivables excluding prepayments	**4,493**	**–**	**–**	**4,493**	**4,493**
Bank balances and fixed deposits	**65,960**	**1,454**	**198**	**67,612**	**67,612**
Derivative financial assets	**5,217**	**–**	**–**	**5,217**	**5,217**
Investment property	**28,530**	**–**	**–**	**28,530**	**28,530**
Assets	**254,048**	**39,242**	**216,595**	**509,885**	**497,132**
Non-trade creditors and accrued liabilities	**8,173**	**–**	**–**	**8,173**	**8,173**
Lease liabilities	**23**	**2**	**–**	**25**	**25**
Amount owing to related companies	**879**	**–**	**–**	**879**	**879**
Liabilities	**9,075**	**2**	**–**	**9,077**	**9,077**

* No maturity date

33. Financial Risk Factors and Management (continued)

(f) Liquidity Risk (continued)

Maturity profile (continued)

	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
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	196,874	34,981	259,689	491,544	468,891
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	10,001	16	2	10,019	10,019

* No maturity date

33. Financial Risk Factors and Management (continued)

(f) Liquidity Risk (continued)

The following table summarises the maturity profile of portfolios of insurance contract issued and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	Present value of future cash flows						
	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total $'000
As at 31 December 2023							
- Insurance contract liabilities	**(848)**	**34,859**	**28,440**	**16,061**	**9,431**	**11,212**	**99,155**
- Reinsurance contract liabilities	**2,732**	**(136)**	**(259)**	**(163)**	**(63)**	**(99)**	**2,012**
	1,884	**34,723**	**28,181**	**15,898**	**9,368**	**11,113**	**101,167**
As at 31 December 2022							
- Insurance contract liabilities	5,883	41,138	30,488	16,562	9,540	10,310	113,921
- Reinsurance contract liabilities	1,938	(149)	(265)	(168)	(59)	(100)	1,197
	7,821	40,989	30,223	16,394	9,481	10,210	115,118

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 20 February 2024.

United Overseas Insurance Limited

(Incorporated in Singapore)

31 December 2023

Investor Reference

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Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 20 February 2024)

Name of Director	Chng Hwee Hong	Chua Kim Leng	Tan Yian Hua
Date of Appointment	28 January 2016	1 February 2020	1 January 2024
Date of last reappointment (if applicable)	27 April 2022	27 April 2022	Not applicable
Age	73	54	68
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Having considered Mr Chng Hwee Hong's performance on and contributions to the Board and Board Committees, the Board agreed with the Nominating Committee's (NC) recommendation on the re-election of Mr Chng as an independent director. Mr Chng has brought invaluable insights to the Board drawn from his extensive experience in business and management, and corporate governance.	Having considered Mr Chua Kim Leng's performance on and contributions to the Board and Board Committees, the Board agreed with the NC's recommendation on the re-election of Mr Chua as an independent director. Mr Chua has brought invaluable insights to the Board based on his in-depth knowledge and experience in the financial sector.	Having considered Ms Tan Yian Hua's independence, knowledge of and experience in the insurance industry, the Board agreed with the NC's recommendation on the re-election of Ms Tan as an independent director. Her re-election will also bring gender diversity to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	• Independent Director • Chairman of NC • Member of Audit and Risk Committee (ARC)	• Independent Director • Chairman of ARC • Member of NC • Member of Remuneration Committee	Independent Director
Professional Qualifications	• 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 • Singapore Institute of Directors – Senior Accredited Director	• Bachelor of Business Administration (Hons), National University of Singapore	• Fellowship of The Chartered Insurance Institute UK • The Institute of Banking and Finance Distinguished Fellow, General Insurance

Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 20 February 2024)

Name of Director	Chng Hwee Hong	Chua Kim Leng	Tan Yian Hua
Working experience and occupation(s) during the past 10 years	After 22 years of dedicated service to Haw Par Corporation, Mr Chng retired as an Executive Director in 2012. Following his retirement, Mr Chng remained actively engaged in community and social work, and served in various community and not-for-profit organisations.	Mr Chua stepped down as Special Advisor (Financial Supervision) at the Monetary Authority of Singapore 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, which is responsible for the overall oversight of the Authority. He continues to be involved in governance and business matters in various roles.	2019 to present: Ms Tan is currently Senior Director, Middle Market (Mid corporate and SME) at Howden Insurance Brokers (S) (Howden). 2013-2019: Prior to joining Howden, she was the CEO of Sompo Insurance Singapore from 2013 to 2019.
Shareholding interest in the listed issuer and its subsidiaries	100 UOI ordinary shares	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Name of Director	Chng Hwee Hong	Chua Kim Leng	Tan Yian Hua
Other Principal Commitments including Directorships:			
Past (for the last five years)	• National Council Against Drug Abuse (Member) • Industry & Services Co-operative Society (Chairman, Board of Trustees) • Yellow Ribbon Singapore (Chairman)	• Sygnum Singapore (Director) (till December 2020) • Ternary Fund Management (Director) (till December 2020) • Gambling Regulatory Authority (Director) (till March 2023)	• The Hartford Insurance/ Tenet Insurance/ Sompo Insurance, Singapore (CEO) (till March 2019)
Present	• Singapore Land Group (Director) • Ministry of Home Affairs - Criminal Law Advisory Committee (Review) (Member) • Ministry of Social and 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	• Teho International Inc (Director) • Yangzijiang Financial Holding (Director) • ICHX Tech (Director) • Sygnum Bank AG (Director) • GXS Bank (Director)	• Now Health International (Singapore) Pte Limited (Director) • Senior Director, Middle Market, Howden Insurance Brokers (S)

Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual – Appendix 7.4.1 (Information as at 20 February 2024)

Name of Director		Chng Hwee Hong	Chua Kim Leng	Tan Yian Hua
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**				
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

Name of Director	Chng Hwee Hong	Chua Kim Leng	Tan Yian Hua
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Statistics of Shareholdings

As at 18 March 2024

Distribution of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	121	6.97	1,934	0.00
100 – 1,000	372	21.44	236,587	0.39
1,001 – 10,000	971	55.97	3,729,076	6.10
10,001 – 1,000,000	268	15.45	18,136,353	29.66
1,000,001 and above	3	0.17	39,051,050	63.85
Total	**1,735**	**100.00**	**61,155,000**	**100.00**

Public float

As at 18 March 2024, approximately 41.6 per cent 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	Ng Poh Cheng	2,133,550	3.49
3	Thia Cheng Song	1,210,000	1.98
4	Chong Chin Chin (Zhang JingJing)	963,666	1.58
5	Chong Kian Chun (Zhang JianJun)	944,168	1.54
6	Maybank Securities Pte. Ltd.	860,234	1.41
7	Chen Swee Kwong	852,213	1.39
8	DBS Nominees (Private) Limited	796,600	1.30
9	Citibank Nominees Singapore Pte Ltd	794,450	1.30
10	India International Insurance Pte Ltd - SIF	603,750	0.99
11	OCBC Securities Private Limited	584,301	0.96
12	Chong Kian Phang	526,616	0.86
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	408,650	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	**48,814,006**	**79.83**

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.

Corporate Information
As at 20 February 2024

Board of Directors
Wee Ee Cheong *(Chairman)*
David Chan Mun Wai
Ho Yew Kee
Chng Hwee Hong
Chua Kim Leng
Winston Ngan Wan Sing
Leong Yung Chee
Tan Yian Hua

Audit and Risk Committee
Chua Kim Leng *(Chairman)*
Chng Hwee Hong
Ho Yew Kee
Winston Ngan Wan Sing

Nominating Committee
Chng Hwee Hong *(Chairman)*
Wee Ee Cheong
Chua Kim Leng

Remuneration Committee
Ho Yew Kee *(Chairman)*
Wee Ee Cheong
Chua Kim Leng

Secretary
Theresa Sim

Chief Executive Officer
Andrew Lim Chee Hua

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Director Emeritus
Hwang Soo Jin

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(appointed on 23 April 2021)

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