

## NEWS RELEASE

To : All Shareholders

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

### 1. Audited income statement for the year ended 31 December 2016

	<b>2016</b>	<b>2015</b>	<b>Incr/ (Decr)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
(a) Gross premium written	<b><u>106,943</u></b>	<b><u>104,883</u></b>	2.0
Net earned premium	<b>44,992</b>	43,634	3.1
Less/(Add) :			
Net claims incurred	<b>12,148</b>	15,740	(22.8)
Net commission	<b>(4,266)</b>	(4,527)	(5.8)
Management expenses :			
Staff cost	<b>7,508</b>	7,236	3.8
Rental expenses	<b>1,306</b>	1,255	4.1
Depreciation	<b>162</b>	99	63.6
Foreign exchange loss	<b>103</b>	186	(44.6)
Other operating expenses	<b>3,506</b>	3,547	(1.2)
Underwriting profit	<b><u>24,525</u></b>	<b><u>20,098</u></b>	22.0
Gross dividends from investments	<b>4,818</b>	5,831	(17.4)
Interest income from investments	<b>7,970</b>	6,602	20.7
Interest on fixed deposits and bank balances	<b>314</b>	230	36.5
Amortisation of discount on available-for-sale investments	<b>86</b>	53	62.3
Miscellaneous income	<b>27</b>	52	(48.1)
Net fair value losses on financial derivatives - realised	<b>(2,043)</b>	(4,260)	(52.0)
Net fair value (losses)/gains on financial derivatives - unrealised	<b>(1,651)</b>	1,074	NM
Net (losses)/gains on disposal of available-for-sale investments	<b>(5,119)</b>	353	NM
Impairment losses on available-for-sale investments	<b>(1,298)</b>	(3,416)	(62.0)
(Less)/Add :			
Management expenses not charged to insurance revenue account:			
Management fees	<b>(982)</b>	(936)	4.9
Other operating expenses	<b>(748)</b>	(482)	55.2
Exchange differences	<b>1,257</b>	1,373	(8.4)
Non-underwriting income	<b><u>2,631</u></b>	<b><u>6,474</u></b>	(59.4)
Profit before tax	<b>27,156</b>	26,572	2.2
Tax expense	<b>(4,028)</b>	(4,195)	(4.0)
Profit after tax	<b><u>23,128</u></b>	<b><u>22,377</u></b>	3.4
Profit attributable to equity holders of the Company	<b><u>23,128</u></b>	<b><u>22,377</u></b>	3.4

Note : NM = Not Meaningful

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### 1. Audited income statement for the year ended 31 December 2016 (cont'd)

	<u>2016</u> \$'000	<u>2015</u> \$'000	Incr/ (Decr) %
(b) Gross premium income			
6 months ended 30 June	61,087	60,099	1.6
6 months ended 31 December	45,856	44,784	2.4
Total for the year	<u>106,943</u>	<u>104,883</u>	2.0
(c) Net profit after tax			
6 months ended 30 June	12,066	14,447	(16.5)
6 months ended 31 December	11,062	7,930	39.5
Total for the year	<u>23,128</u>	<u>22,377</u>	3.4
(d) Earnings per share :			
Basic and diluted (cents)	<u>37.82</u>	<u>36.59</u>	3.4

### 2. Audited statement of comprehensive income for the year ended 31 December 2016

	<u>2016</u> \$'000	<u>2015</u> \$'000	Incr/ (Decr) %
Net profit	23,128	22,377	3.4
<b>Other comprehensive income :</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net gains/(losses) on fair value changes of available-for-sale investments	12,943	(4,222)	(406.6)
Income tax relating to available-for-sale investments	(2,192)	724	(402.8)
<b>Other comprehensive income for the financial year, net of tax</b>	<u>10,751</u>	<u>(3,498)</u>	(407.3)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<u>33,879</u>	<u>18,879</u>	79.5

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### 3. Audited statement of financial position

	<u>2016</u> \$'000	<u>2015</u> \$'000
(a) Share capital - Issued and fully paid	91,733	91,733
Reserves	<u>243,269</u>	<u>219,786</u>
	<b>335,002</b>	<b>311,519</b>
<b>Liabilities</b>		
Insurance creditors	21,163	15,364
Non-trade creditors and accrued liabilities	4,138	3,119
Amount owing to related companies	2,140	2,459
Derivative financial liabilities	1,775	128
Tax payable	7,478	6,166
Deferred tax liabilities	6,416	4,146
Deferred acquisition cost - reinsurers' share	9,298	9,428
Gross technical balances		
- Reserve for unexpired risks	62,972	60,893
- Reserve for outstanding claims	<u>156,363</u>	<u>144,013</u>
	<u>271,743</u>	<u>245,716</u>
	<b><u>606,745</u></b>	<b><u>557,235</u></b>
<b>Assets</b>		
Bank balances and fixed deposits	59,648	62,535
Insurance debtors	20,780	13,912
Non-trade debtors and accrued interest receivables	3,172	2,845
Derivative financial assets	1	5
Associated company	1	1
Available-for-sale investments	380,741	352,568
Fixed assets	224	332
Deferred acquisition cost - gross	7,940	7,888
Reinsurers' share of technical balances		
- Reserve for unexpired risks	39,635	37,140
- Reserve for outstanding claims	<u>94,603</u>	<u>80,009</u>
	<u>606,745</u>	<u>557,235</u>
	<b><u>606,745</u></b>	<b><u>557,235</u></b>
(b) Net asset value per share (S\$)	5.48	5.09
Number of shares issued ('000)	61,155	61,155

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#### 4. Audited statement of changes in equity

	Share capital \$'000	General reserve \$'000	Available- for-sale investment reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2016	91,733	22,880	18,940	177,966	311,519
Profit net of tax	-	-	-	23,128	23,128
Other comprehensive income for the financial year	-	-	10,751	-	10,751
Total comprehensive income for the financial year	-	-	10,751	23,128	33,879
Dividend for Year 2015	-	-	-	(8,561)	(8,561)
Dividend for Year 2016	-	-	-	(1,835)	(1,835)
<b>Balance at 31 December 2016</b>	<b>91,733</b>	<b>22,880</b>	<b>29,691</b>	<b>190,698</b>	<b>335,002</b>
Balance at 1 January 2015	91,733	22,880	22,438	165,985	303,036
Profit net of tax	-	-	-	22,377	22,377
Other comprehensive income for the financial year	-	-	(3,498)	-	(3,498)
Total comprehensive income for the financial year	-	-	(3,498)	22,377	18,879
Dividend for Year 2014	-	-	-	(8,561)	(8,561)
Dividend for Year 2015	-	-	-	(1,835)	(1,835)
<b>Balance at 31 December 2015</b>	<b>91,733</b>	<b>22,880</b>	<b>18,940</b>	<b>177,966</b>	<b>311,519</b>

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### 5. Audited statement of cash flows

	<u>2016</u> \$'000	<u>2015</u> \$'000
<b>Cash flows from operating activities</b>		
Profit before tax	27,156	26,572
Adjustments for:		
Movement in net reserve for unexpired risks	(416)	(557)
Movement in net deferred acquisition costs	(182)	(87)
Movement in net reserve for outstanding claims	(2,244)	(1,971)
Net fair value losses/(gains) on financial derivatives-unrealised	1,651	(1,074)
Depreciation	162	99
Net losses/(gains) on disposal of available-for-sale investments	5,119	(353)
Amortisation of discount on available-for-sale investments	(86)	(53)
Impairment losses on available-for-sale investments	1,298	3,416
Gross dividends from investments	(4,818)	(5,831)
Interest income from investments	(7,970)	(6,602)
Interest on fixed deposits and bank balances	(314)	(230)
Exchange differences	(1,241)	(1,361)
Operating profit before working capital changes	<u>18,115</u>	<u>11,968</u>
Changes in working capital:		
Trade and other receivables	(6,885)	(1,888)
Trade and other payables	6,818	815
Amount owing (from)/to related companies	(319)	365
Cash generated from operations	<u>17,729</u>	<u>11,260</u>
Tax paid	(2,638)	(6,321)
<b>Net cash flow from operating activities</b>	<u>15,091</u>	<u>4,939</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of available-for-sale investments	195,275	142,943
Purchase of available-for-sale investments	(215,595)	(147,959)
Purchase of fixed assets	(54)	(98)
(Placement in)/proceeds from long-term fixed deposits	(3,151)	5,441
Gross dividends from investments	4,955	6,035
Interest income from investments	7,527	6,568
Interest on fixed deposits and bank balances	310	219
<b>Net cash flow (used in)/from investing activities</b>	<u>(10,733)</u>	<u>13,149</u>
<b>Cash flow from financing activity</b>		
Dividend paid	(10,396)	(10,396)
<b>Cash flow used in financing activity</b>	<u>(10,396)</u>	<u>(10,396)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(6,038)</u>	<u>7,692</u>
Cash and cash equivalents at beginning of year	<u>60,349</u>	<u>52,657</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>54,311</u></u>	<u><u>60,349</u></u>

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### 5. Audited statement of cash flows (cont'd)

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

	<u>2016</u> \$'000	<u>2015</u> \$'000
Cash and bank balances	10,057	7,951
Fixed deposits placement less than 3 months	44,254	52,398
Cash and cash equivalents	<u>54,311</u>	<u>60,349</u>
Fixed deposits placement more than 3 months	5,337	2,186
	<u><u>59,648</u></u>	<u><u>62,535</u></u>

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### 6. Segment information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>Total</u> \$'000
<b><u>For Year 2016</u></b>				
Gross premium written	83,765	23,178	-	106,943
Net earned premium	33,645	11,347	-	44,992
Net claims incurred	6,736	5,412	-	12,148
Net commission	(6,172)	1,906	-	(4,266)
Management expenses	10,357	2,228	-	12,585
Underwriting profit	22,724	1,801	-	24,525
Gross dividends from investments	1,508	251	3,059	4,818
Interest income from investments	4,378	802	2,790	7,970
Interest on fixed deposits and bank balances	157	113	44	314
Net fair value losses on financial derivatives	(1,978)	(462)	(1,254)	(3,694)
Net (losses)/gains on disposal of available-for-sale investments	(4,483)	(718)	82	(5,119)
Impairment losses on available-for-sale investments	(736)	(116)	(446)	(1,298)
Other income	62	9	42	113
Miscellaneous (management expenses)/income not included in insurance revenue account - net	(35)	48	(486)	(473)
Profit before tax	21,597	1,728	3,831	27,156
Tax expense	(3,594)	(103)	(331)	(4,028)
Profit after tax	18,003	1,625	3,500	23,128
Segment total assets as at 31 December 2016	361,921	74,874	169,950	606,745
Segment total liabilities as at 31 December 2016	223,246	41,959	6,538	271,743
<b><u>For Year 2015</u></b>				
Gross premium written	84,567	20,316	-	104,883
Net earned premium	33,644	9,990	-	43,634
Net claims incurred	9,706	6,034	-	15,740
Net commission	(5,452)	925	-	(4,527)
Management expenses	10,289	2,034	-	12,323
Underwriting profit	19,101	997	-	20,098
Gross dividends from investments	2,457	373	3,001	5,831
Interest income from investments	3,685	666	2,251	6,602
Interest on fixed deposits and bank balances	112	75	43	230
Net fair value losses on financial derivatives	(1,798)	(303)	(1,085)	(3,186)
Net gains/(losses) on disposal of available-for-sale investments	605	323	(575)	353
Impairment (losses)/gains on available-for-sale investments	(2,219)	80	(1,277)	(3,416)
Other income	68	5	32	105
Miscellaneous income/(management expenses) not included in insurance revenue account - net	55	(155)	55	(45)
Profit before tax	22,066	2,061	2,445	26,572
Tax expense	(3,804)	(278)	(113)	(4,195)
Profit after tax	18,262	1,783	2,332	22,377
Segment total assets as at 31 December 2015	328,939	67,763	160,533	557,235
Segment total liabilities as at 31 December 2015	204,182	37,183	4,351	245,716

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

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

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

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

#### Information about major external customer

For the year ended 31 December 2016 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:

	<u>Revenue for</u>		<u>Non-current assets as at</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Singapore	<b>86,013</b>	85,921	<b>224</b>	332
Asean	<b>15,295</b>	14,701	-	-
Others	<b>5,635</b>	4,261	-	-
	<b><u>106,943</u></b>	<u>104,883</u>	<b><u>224</u></b>	<u>332</u>

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



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### 7. Review of performance

#### Highlights and Performance Indicators

\$'000	2016	2015	2016/ 2015 %	4th Quarter 2016	4th Quarter 2015	4Q16/ 4Q15 %
Gross premium written	<b>106,943</b>	104,883	+ 2.0	<b>21,459</b>	20,823	+ 3.1
Net earned premium	<b>44,992</b>	43,634	+ 3.1	<b>11,404</b>	10,367	+ 10.0
Net claims incurred	<b>12,148</b>	15,740	- 22.8	<b>2,370</b>	3,144	- 24.6
Net commission	<b>4,266</b>	4,527	- 5.8	<b>2,658</b>	3,029	- 12.2
Management expenses	<b>12,585</b>	12,323	+ 2.1	<b>3,017</b>	3,192	- 5.5
Underwriting profit	<b>24,525</b>	20,098	+ 22.0	<b>8,675</b>	7,060	+ 22.9
Non-underwriting income/(loss)	<b>2,631</b>	6,474	- 59.4	<b>(546)</b>	(3,821)	- 85.7
Profit before tax	<b>27,156</b>	26,572	+ 2.2	<b>8,129</b>	3,239	+151.0

#### 2016 versus 2015

Gross premium increased by \$2.1 million or 2.0% to \$106.9 million due to organic growth and increase in new business. Net earned premium increased by \$1.4 million or 3.1% to \$45.0 million as compared to that of the preceding year. Net claims incurred decreased by \$3.6 million or 22.8% reflecting qualitative improvement in the portfolio resulting from pruning. Net commission income decreased by \$0.3 million or 5.8%. Management expenses increased by \$0.3 million or 2.1%. Consequently, underwriting profit increased by 22.0% to a record of \$24.5 million due mainly to higher net earned premium and lower net claims incurred.

Non-underwriting income decreased by \$3.8 million to \$2.6 million as compared to \$6.5 million in the corresponding period last year due mainly to defensive restructuring of the investment portfolio.

Consequently, overall profit before tax increased by 2.2% to \$27.2 million.

#### 4th Quarter 2016 ("4Q16") versus 4th Quarter 2015 ("4Q15")

The gross premium increased by 3.1% to \$21.5 million. Net earned premium increased by 10.0% to \$11.4 million in 4Q16 as compared to 4Q15 due to growth in premium and the Company's increase in retention. Net claims incurred decreased by \$0.8 million or 24.6% due to improvement in claims experience. Net commission income decreased by \$0.4 million to \$2.7 million. Management expenses was lower by \$0.2 million or 5.5%. Consequently, underwriting profit in 4Q16 increased by \$1.6 million or 22.9% to \$8.7 million. The Company recorded a non-underwriting loss of \$0.5 million due to losses arising from disposal of investments. Profit before tax for 4Q16 increased by 151% to \$8.1 million due mainly to higher underwriting profit.

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

Given the many global uncertainties, Singapore and other regional economies will continue to face severe challenges in 2017. Amid a highly mature and competitive local market for general insurance, the Company will continue to strive for premium and profit growth by stepping up innovative initiatives in bancassurance, developing new business and enhancing application of digitalisation in its operation.

On the investment income front, results will continue to be influenced by the unpredictability and volatility present in investment markets worldwide.

### **9. Accounting policy**

The financial statements, expressed in Singapore dollars are prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies and computation methods adopted in the financial statements for the year ended 31 December 2016 are the same as those adopted in the preceding year.

### **10. Dividend**

The Directors recommend the payment of a final dividend of 12 cents per share (one-tier tax-exempt) and a special dividend of 2 cents per share (one-tier tax-exempt) (2015 final dividend: 12 cents per share one-tier tax-exempt; special dividend: 2 cents per share one-tier tax-exempt) in respect of the financial year ended 31 December 2016.

Together with the interim dividend of 3 cents per share paid on 12 August 2016, the total dividend for the financial year ended 31 December 2016 would be 17 cents per share (2015 : 17 cents per share) amounting to a total net dividend payment of \$10.4 million (2015: \$10.4 million). If approved at the forthcoming Annual General Meeting, the proposed final dividend and special dividend amounting to \$8.6 million will be paid on 3 May 2017.

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

The Company has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 31 December 2016 (31 December 2015: nil).

### **12. Interested person transactions**

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

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

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

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

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

**15. Closure of books**

Notice is hereby given that, subject to shareholders' approval of the payment of the final and special dividends at the Annual General Meeting scheduled for 13 April 2017, the Share Transfer Books and the Register of Members of the Company will be closed on 24 April 2017, for the preparation of dividend warrants. Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 pm on 21 April 2017 will be registered for the final and special dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final and special dividends will be paid by the Company to CDP which will, in turn, distribute the dividends to holders of the securities accounts.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN  
SECRETARY

Dated this 7th February 2017