United Overseas Insurance Limited REGISTERED OFFICE 80 Raffles Place UOB Plaza Singapore 048624 Tel: (65) 6533 9898 Fax: (65) 6534 2334 uoi.com.sg Co. Reg. No.197100152R

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 2013

HH UOB Group | HH UOI 大 華 銀 行 集 ₪

	Group		
			Incr/
	<u>2013</u> \$'000	<u>2012</u> \$'000	<u>(Decr)</u> %
(a) Gross premium written	109,452	104,419	4.8
Net earned premium	43,990	45,622	(3.6)
Less/(Add) :			
Net claims incurred	20,358	20,085	1.4
Net commissions	(1,487)	(3,240)	(54.1)
Management expenses :			
Staff cost	6,396	6,328	1.1
Rental expenses	1,203	838	43.6
Depreciation	102	130	(21.5)
Foreign exchange loss	140	77	81.8
Other operating expenses	2,653	2,329	13.9
Underwriting profit	14,625	19,075	(23.3)
Gross dividends from investments	5,253	4,327	21.4
Interest income from investments	6,296	5,849	7.6
Interest on fixed deposits and bank balances	86	77	11.7
Amortisation of investments	16	27	(40.7)
Miscellaneous income	241	64	276.6
Net fair value (losses)/gains on financial derivatives - realised	(504)	1,989	(125.3)
Net fair value (losses)/gains on financial derivatives - unrealised	(889)	351	(353.3)
Net gains on disposal of available-for-sale investments	6,514	5,620	15.9
Impairment on available-for-sale investments (Less)/Add :	(1,550)	(350)	342.9
Management expenses not charged			
to insurance revenue accounts:			
Management fees	(956)	(791)	20.9
Other operating expenses	(526)	(371)	41.8
Exchange differences	1,977	(1,932)	(202.3)
Non-underwriting income	15,958	14,860	7.4
Profit before tax	30,583	33,935	(9.9)
Tax expense	(3,098)	(4,812)	(35.6)
Profit from continuing operations, net of tax	27,485	29,123	(5.6)
(Loss)/profit from discontinued operation, net of tax	(109)	46	(337.0)
Profit attributable to:			
Equity holders of the Company	27,376	29,169	(6.1)

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1. Audited income statement for the year ended 31 December 2013 (cont'd)

	Group		
	<u>2013</u> \$'000	<u>2012</u> \$'000	Incr/ (Decr) %
(b) Gross premium income from continuing operations			
6 months ended 30 June	63,648	63,171	0.8
6 months ended 31 December	45,804	41,248	11.0
Total for the year	109,452	104,419	4.8
 (c) Net profit after tax from continuing operations 6 months ended 30 June 	14,801	17,388	(14.9)
6 months ended 31 December	12,684	11,735	8.1
Total for the year	27,485	29,123	(5.6)
(d) Earnings per share from continuing operations : Basic and diluted (cents)	44.94	47.62	(5.6)
(e) Earnings per share : Basic and diluted (cents)	44.76	47.70	(6.2)

2. Audited statement of comprehensive income for the year ended 31 December 2013

	Group		
	<u>2013</u> \$'000	<u>2012</u> \$'000	Incr/ (Decr) %
Net profit	27,376	29,169	(6.1)
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	247	(440)	(156.1)
Net gains on fair value changes of available-for-sale investments	1,800	16,449	(89.1)
Income tax relating to available-for-sale investments	(309)	(2,796)	(88.9)
Other comprehensive income for the financial year, net of tax	1,738	13,213	(86.8)
Total comprehensive income for the financial year	29,114	42,382	(31.3)
Attributable to: Total comprehensive income from continuing			
operations, net of tax	28,976	42,776	(32.3)
Total comprehensive income/(loss) from discontinued operation, net of tax	138	(394)	(135.0)
Total comprehensive income attributable to equity holders of the Company	29,114	42,382	(31.3)

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3. Audited statement of financial position

	Gr	Group		bany
	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>
	\$'000	\$'000	\$'000	\$'000
(a) Share capital - Issued & fully paid	91,733	91,733	91,733	91,733
Reserves	189,205	170,487	186,830	168,250
	280,938	262,220	278,563	259,983
Liabilities				
Insurance creditors	20,473	12,981	20,473	12,981
Non-trade creditors & accrued liabilities	3,187	2,893	3,187	2,893
Amount owing to related companies	2,020	1,088	9,326	1,088
Derivative financial liabilities	850	-	850	-
Tax payable	5,833	9,647	5,833	9,647
Deferred tax liabilities	3,578	3,571	3,578	3,571
Deferred acquisition cost - reinsurers' sha Gross technical balances	are 9,890	9,043	9,890	9,043
 Reserve for unexpired risks 	65,143	60,521	65,143	60,521
 Reserve for outstanding claims 	170,095	140,003	170,095	140,003
	281,069	239,747	288,375	239,747
Liabilities of discontinued operation	-	1,830	-	-
	562,007	503,797	566,938	499,730
Assets				
Bank balances and fixed deposits	47,269	35,611	47,269	35,611
Insurance debtors	12,121	11,194	12,121	11,194
Non-trade debtors and accrued interest r		3,389	2,597	3,389
Amount owing by related companies	-	-	-	49
Derivative financial assets	7	46	7	46
Associated company	1	1	1	1
Available-for-sale investments	347,403	321,271	347,403	321,271
Unsecured term loan	13	13	13	13
Fixed assets	256	299	256	299
Deferred acquisition cost - gross	8,295	7,260	8,295	7,260
Reinsurers' share of technical balances				
- Reserve for unexpired risks	39,700	35,764	39,700	35,764
 Reserve for outstanding claims 	104,336	79,893	104,336	79,893
	561,998	494,741	561,998	494,790
Investment in subsidiary	-	-	4,940	4,940
Assets of discontinued operation	9	9,056	-	-
	562,007	503,797	566,938	499,730
(b) Net asset value per share (S\$)	4.59	4.29	4.56	4.25
Number of shares issued ('000)	61,155	61,155	61,155	61,155

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4. Audited Group statement of changes in equity

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	Share <u>capital</u> \$'000	General <u>reserve</u> \$'000	Available- for-sale investment <u>reserve</u> \$'000	Foreign currency translation <u>reserve</u> \$'000	Retained <u>profits</u> \$'000	Reserve of discontinued <u>operation</u> \$'000	<u>Total</u> \$'000
Balance at 1 January 2013	91,733	22,880	16,437	-	132,939	(1,769)	262,220
Profit net of tax	-	-	-	-	27,376	-	27,376
Other comprehensive income for the financial year	-	-	1,491	-	-	247	1,738
Total comprehensive income for the financial year	-	-	1,491	-	27,376	247	29,114
Dividend for Year 2012	-	-	-	-	(8,561)	-	(8,561)
Dividend for Year 2013	-	-	-	-	(1,835)		(1,835)
Balance at 31 December 2013	91,733	22,880	17,928	-	149,919	(1,522)	280,938

Balance at 1 January 2012	91,733	22,880	2,784	(1,329)	112,943	-	229,011
Profit net of tax Other comprehensive income for	-	-	-	-	29,169	-	29,169
the financial year	-	-	13,653	(440)	-	-	13,213
Total comprehensive income for the financial year	-	-	13,653	(440)	29,169	-	42,382
Reserve attributable to discontinued operation	-	-	-	1,769	-	(1,769)	-
Dividend for Year 2011	-	-	-	-	(7,339)	-	(7,339)
Dividend for Year 2012	-	-	-	-	(1,834)	-	(1,834)
Balance at 31 December 2012	91,733	22,880	16,437	-	132,939	(1,769)	262,220



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5. Audited Company statement of changes in equity

Balance at 31 December 2013	91,733	22,880	17,928	146,022	278,563
Dividend for Year 2013	-	-	-	(1,835)	(1,835)
Dividend for Year 2012	-	-	-	(8,561)	(8,561)
Total comprehensive income for the financial year	-	-	1,491	27,485	28,976
Other comprehensive income for the financial year	-	-	1,491	-	1,491
Profit net of tax	-	-	-	27,485	27,485
Balance at 1 January 2013	91,733	22,880	16,437	128,933	259,983
	Share <u>capital</u> \$'000	General <u>reserve</u> \$'000	Available- for-sale investment <u>reserve</u> \$'000	Retained <u>profits</u> \$'000	<u>Total</u> \$'000

Balance at 1 January 2012	91,733	22,880	2,784	108,983	226,380
Profit net of tax	-	-	-	29,123	29,123
Other comprehensive income for the financial year	-	-	13,653	-	13,653
Total comprehensive income for the financial year	-	-	13,653	29,123	42,776
Dividend for Year 2011	-	-	-	(7,339)	(7,339)
Dividend for Year 2012	-	-	-	(1,834)	(1,834)
Balance at 31 December 2012	91,733	22,880	16,437	128,933	259,983

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6. Audited statement of cash flows

	Group	
	<u>2013</u>	2012
	\$'000	\$'000
Cash flows from operating activities	00 500	00.005
Profit before tax from continuing operations	30,583	33,935
(Loss)/profit before tax from discontinued operation	<u>(109)</u> 30,474	44 33,979
Adjustments for:	30,474	33,979
Foreign currency difference on provision for outstanding claims	_	(5)
Movement in net reserve for unexpired risks	574	(3,167)
Movement in net deferred acquisition costs	(188)	1,610
Movement in net outstanding claims	5,556	6,657
Net fair value losses/(gains) on financial derivatives-unrealised	889	(351)
Depreciation	102	130
Net gains on disposal of available-for-sale investments	(6,514)	(5,620)
Amortisation of investments	(0,011) (16)	(27)
Impairment on available-for-sale investments	1,550	350
Gross dividends from investments	(5,253)	(4,327)
Interest income from investments	(6,296)	(5,849)
Interest on fixed deposits and bank balances	(89)	(95)
Exchange differences	(2,319)	2,308
Operating profit before working capital changes	18,470	25,593
Changes in working capital:		
Trade and other receivables	(67)	(285)
Trade and other payables	7,343	1,015
Amount owing to related companies	932	37
Cash generated from operations	26,678	26,360
Tax paid	(7,214)	(1,091)
Net cash flow from operating activities	19,464	25,269
Cash flows from investing activities		
Proceeds from sale of available-for-sale investments	161,607	136,073
Purchase of available-for-sale investments	(178,640)	(153,605)
Purchase of fixed assets	(59)	(50)
Proceeds from/(placement in) long-term fixed deposits	3,986	(1,722)
Unsecured term loans	-	3
Gross dividends from investments	5,253	4,327
Interest income from investments	6,296	5,849
Interest on fixed deposits and bank balances	89	95
Net cash flow used in investing activities	(1,468)	(9,030)
Cash flow from financing activity		
Dividend paid	(10,396)	(9,173)
Cash flow used in financing activity	(10,396)	(9,173)
Translation difference on foreign subsidiary company	247	(440)
Net increase in cash and cash equivalents	7,847	6,626
Cash and cash equivalents at beginning of year	36,024	29,853
Effects of exchange rate changes on cash and cash equivalents	50,024	(455)
Cash and cash equivalents at end of year	43,871	36,024
Saon and Saon Squitaients at end of year		00,024

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6. 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 :

	Gro	up
	<u>2013</u> \$'000	<u>2012</u> \$'000
Cash and cash equivalents		
- continuing operations	43,871	28,227
- discontinued operation	-	7,797
	43,871	36,024

Bank balances and fixed deposits in the statement of financial position comprise the following :

	Grou	р
	<u>2013</u>	
	\$'000	\$'000
Cash and bank balances	10,023	6,899
Fixed deposits placement less than 3 months	33,848	21,328
Cash and cash equivalents	43,871	28,227
Fixed deposits placement more than 3 months	3,398	7,384
	47,269	35,611

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7. Segment information

	<u>SIF</u> \$'000	<u>OIF</u> \$'000	<u>SHF</u> \$'000	<u>HK Subsidiary</u> \$'000	Consolidated \$'000
For Year 2013					
Gross premium written	90,113	19,339	-		109,452
Net earned premium	33,128	10,862			43,990
Net claims incurred	16,677	3,681	-	-	20,358
Net commissions	(3,485)	1,998	-	-	(1,487)
Management expenses	8,832	1,662	-	-	10,494
Underwriting profit	11,104	3,521	-	-	14,625
Interest income from investments	3,627	525	2,144		6,296
Interest on Fixed deposits and bank balances	41	34	11		86
Other income	4,566	454	4,061	-	9,081
Management income/(expenses) not charged					
to insurance revenue account	631	(83)	(53)		495
Profit before tax	19,969	4,451	6,163	-	30,583
Tax expense	(2,309)	(423)	(366)		(3,098)
Profit from continuing operations, net of tax	17,660	4,028	5,797	-	27,485
Loss from discontinued operation, net of tax	17 660	4,028	-	(109)	(109) 27,376
Profit/(loss) after tax	17,660	4,020	5,797	(109)	27,370
Segment total assets as at 31 December 2013	348,187	54,224	159,587	9	562,007
Segment total liabilities as at 31 December 2013	247,670	28,308	5,091	-	281,069
For Year 2012					
Gross premium written	85,330	19,089	-		104,419
Net earned premium	34,688	10,934			45,622
Net claims incurred	17,074	3,011	_	_	20,085
Net commissions	(5,172)	1,932	-	-	(3,240)
Management expenses	8,109	1,593	-	-	9,702
Underwriting profit	14,677	4,398	-	-	19,075
Interest income from investments	3,239	515	2,095		5,849
Interest on Fixed deposits and bank balances	36	29	12		77
Other income	6,350	558	5,120	-	12,028
Management expenses not charged					
to insurance revenue account	(1,602)	(263)	(1,229)		(3,094)
Profit before tax	22,700	5,237	5,998	-	33,935
Tax expense	(3,809)	(496)	(507)	-	(4,812)
Profit from continuing operations, net of tax	18,891	4,741	5,491	-	29,123
Profit from discontinued operation, net of tax	- 10.001	4 7 4 4	-	46	46
Profit after tax	18,891	4,741	5,491	46	29,169
Segment total assets as at 31 December 2012	308,058	47,662	139,021	9,056	503,797
Segment total liabilities as at 31 December 2012	210,030	25,334	4,383	1,830	241,577

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7. Segment information (cont'd)

The Group 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 HK Subsidiary refers to the Company's wholly-owned subsidiary, UOB Insurance (H.K.) Limited, which is in the process of members' voluntary liquidation.

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

Information about major external customer

For the year ended 31 December 2013 and the preceding period, the Group did not have any external customer whose premium income exceeded 10% of the Group's total revenue.

Geographical information

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

	Revenu	Revenue for		Non-current assets as at	
	<u>2013</u> \$'000	<u>2012</u> \$'000	<u>2013</u> \$'000	<u>2012</u> \$'000	
Singapore	83,718	79,037	256	299	
Asean	11,805	11,678	-	-	
Others	5,787	5,531	-	-	
	101,310	96,246	256	299	

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

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8. Review of performance

Highlights and Performance Indicators for the Group

\$'000	2013	2012	2013/ 2012 %	4th Quarter 2013	4th Quarter 2012	4Q13/ 4Q12 %
Gross premium written	109,452	104,419	+ 4.8	21,458	19,808	+ 8.3
Underwriting profit	14,625	19,075	- 23.3	2,426	4,568	- 46.9
Non-underwriting income	15,958	14,860	+ 7.4	2,788	1,814	+ 53.7
Profit before tax	30,583	33,935	- 9.9	5,214	6,382	- 18.3

2013 versus 2012

Gross premium increased by \$5.0 million or 4.8% to \$109.5 million and net earned premium decreased by \$1.6 million or 3.6% to \$44.0 million as compared to those of the preceding year. The premium growth came mainly from increased business from the corporate and reinsurance sectors. The decrease in net earned premium was due to a one-time adjustment in unearned premium reserves (UPR) in the corresponding period last year. Net claims incurred increased by \$0.3 million or 1.4%. Net commission income decreased by \$1.8 million to \$1.5 million mainly due to lower profit commission. Management expenses increased by \$0.8 million or 8.2%.

Underwriting profit decreased by 23.3% to \$14.6 million due mainly to lower net earned premium and commission income. Without the one-time adjustment of UPR in the corresponding period, underwriting profit woud have increased slightly by \$0.1 million or 1.0%. Non-underwriting income increased by \$1.1 million to \$16.0 million as compared to \$14.9 million in the corresponding period last year.

Consequently, overall profit before tax decreased by 9.9% to \$30.6 million.

4th Quarter 2013 ("4Q13") versus 4th Quarter 2012 ("4Q12")

The Group's gross premium increased by 8.3% to \$21.5 million and net earned premium increased by 1.0% to \$11.0 million in 4Q13 as compared to 4Q12. Net commission income decreased by \$1.9 million or 81.0%. Management expenses was higher by \$0.4 million or 15.8%. Consequently, underwriting profit in 4Q13 decreased by 46.9% or \$2.1 million. The Group recorded a non-underwriting income of \$2.8 million due to higher gains from sales of investments, dividend and interest received. Profit before tax for 4Q13 decreased by 18.3% to \$5.2 million due mainly to lower underwriting income.

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

Given the constraints of a highly mature and competitive market. It has become more and more difficult for an insurer domestically to maintain let alone widen its underwriting profit margin. Higher claims and operating costs will continue to be problematic. As such, the operating environment in 2014 is likely to remain challenging. Regionally, the frequency and quantum of claims could rise with unpredictable and extreme weather conditions.

With continued maintenance of its judicious underwriting policy, positive underwriting results can be expected. In light of uncertain geopolitical and economic uncertainties, investment income would likely remain volatile.

10. 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 2013 are the same as those adopted in the preceding year.

11. 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) (2012 final dividend: 12 cents per share one-tier tax-exempt) in respect of the financial year ended 31 December 2013.

Together with the interim dividend of 3 cents per share paid on 27 August 2013, the total dividend for the financial year ended 31 December 2013 would be 17 cents per share (2012 : 17 cents per share) amounting to a total net dividend payment of \$10.4 million (2012: \$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 16 May 2014.

12. Borrowings, contingent liabilities and loan capital

The Group has maintained strong liquidity for its business operations and has no borrowings, contingent liabilities and loan capital as at 31 December 2013 (31 December 2012: nil).

13. Interested person transactions

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

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14. Report of persons occupying managerial position who are related to a director, chief executive officer or <u>or substantial shareholder</u>

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

15. Closure of books

₩ UOB Group

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 24 April 2014, the Share Transfer Books and the Register of Members of the Company will be closed from 8 May 2014 to 9 May 2014, both dates inclusive 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 7 May 2014 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 2014