REACHING NEW GROWTH HEIGHTS

Annual Report 2022

eqinsurance
You've Got a Friend

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ABOUT US

EQ Insurance Company Limited is a homegrown general insurance provider.

Established since 2007, we built our initial insurance success through the construction-related industry and have since grown to underwrite all classes of non-life insurances to a diverse group of personal and commercial clients.

Our key business segments are motor, property, casualty, and accident and health insurance. To provide a more holistic suite of products to our clients, we are also underwriting marine (cargo and pleasure craft) and selected specialty lines.

We are a rapidly growing company backed by a proven management team and a strong network of intermediaries, including agents, brokers and financial advisers.

EQ Insurance is part of the Citystate Group – a service oriented group of diversified companies with established brands in travel, general insurance underwriting and broking, food processing and distribution, preschool education and enrichment programmes, restaurants, property management and events managements.

Citystate Capital Asia Pte Ltd is headquartered in Singapore. It owns both general insurance companies and insurance brokerage firms. In particular, it has 100% shareholdings in EQ Insurance.

VISION

To deliver quality insurance solutions to consumers and SME businesses with an engaged and skilled workforce that delivers superior service, adds value to our shareholders and contributes to the community.

MISSION

Underwrite a profitable portfolio of non-life insurance business; develop a team of competent executives to lead the company's expansion; and build a value-driven organisation.

CORE VALUES

EASE

To ensure that intermediaries have access to us and our facilities for quotation and issue of certificates of insurance.

To ensure that customers enjoy a seamless enquiry, application, and payment process, making it easy for them to buy our products.

QUALITY

To ensure that intermediaries benefit from quality support, advice on guidelines, and consistent information on procedures.

To ensure that customers benefit from quality products, advice, and consistent information when purchasing a policy or enquiring on a claim.

INTEGRITY

To ensure that intermediaries experience transparency in our dealings and procedures.

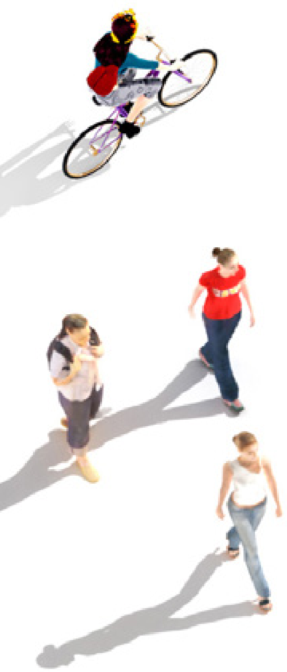
To ensure that customers experience honest and reliable claims solutions.

BUSINESS OVERVIEW

On the back of our judicious portfolio management and forward-looking strategy, we are optimistic that this will position us to sustain EQI's growth trajectory.

Singapore's economy grew by 3.6% in 2022[1]. This came on the back of easing COVID-19 border restrictions and the return of international visitors, although growth was mitigated by weaker external demand.

Against this backdrop, EQ Insurance ("**EQI**") turned in a stellar set of results. During the year in review, we achieved S$65.5 million in gross written premium ("**GWP**"), registering an 18% increase year-on-year. In conjunction with this, our profit surged 11% to a record S$5.7 million, while our underwriting profit rose 18% to S$3.3 million.



PROPERTY & CASUALTY

The year saw the General Insurance Association of Singapore ("**GIA**") reporting a 6% rise in overall gross premiums for property insurance to S$758.3 million. This segment, which makes up the third largest component of Singapore's general insurance industry, achieved a 19% upswing in underwriting profit to S$50.0 million in 2022.

In contrast, the Property and Casualty portfolio is EQI's biggest business segment, comprising 51% of our total GWP in FY2022. During the year in review, this sector raked in premiums amounting to S$33.5 million, which represents a 23% increase over the preceding year.

It was all attributed to the easing of the pandemic restrictions in 2022 that led to a revival in business activity, including the resumption of bigger construction projects. In line with this, revenue for our Work Injury Compensation segment rose 16% to S$17.7 million and our Bonds portfolio spiked 53% to S$6.1 million. At the same time, our Engineering and Fire business grew 42% and 18% to S$3.6 million and S$3.1 million respectively.

MOTOR

Raking in S$1.1 billion, motor insurance was the largest contributor to Singapore's general insurance sector in 2022, making up 22% of the overall gross premiums. During the year, this segment recorded a loss of S$21.6 million, against an underwriting profit of S$49.7 million in 2021. According to the GIA, these were the result of diverse factors ranging from rising accident rates, to an increase in average claim bill sizes and inflationary pressures on repair costs.

In comparison, our motor segment contributed to 32% of our revenue in 2022, with a GWP of S$21.2 million in FY2022. Consistent with our efforts over the years to fine-tune our motor business, rebalance our portfolio mix and manage our risk profile, we reduced our attained sales by 32% over the preceding year.

On the commercial motor front, GWP edged up 3% to S$7.7 million in 2022. Recognising the intensely competitive nature of the corporate fleet business, we sought to reduce our risk exposure in this segment.

The financial year saw our private motor business recording steady growth of 19% to S$13.5 million. In view of the rising number of luxury vehicles on Singapore roads and our aim of growing our Motor segment, we are placing greater emphasis on the high-end private car business moving forward.

[1] Ministry of Trade and Industry ("**MTI**"): MTI Maintains 2023 GDP Growth Forecast at "0.5 to 2.5 Per Cent" – 13 February 2023

ACCIDENT & HEALTH

During the year, GIA reported that the health insurance segment in Singapore recorded a 19% increase to S$888.2 million. This growth was accompanied by a profit of S$64.5 million in 2022, as opposed to an underwriting loss of S$5.1 million in the preceding year.

EQI's Accident & Health portfolio expanded 7% to S$8.7 million, buoyed by the lifting of COVID-19 border control measures in 2022 and the larger inflow of migrant workers into Singapore. Correspondingly, our Foreign Worker Medical business recorded an uptick of 10% to SS$3.3 million in FY2022, while our Personal Accident and Maid Insurance segments grew 29% and 35% to S$1.4 million and S$1.1 million respectively.

However, this was partially offset by an 11% decline in our Health portfolio to S$2.9 million in FY2022. This was partly due to the government's removal of the mandatory 14-day Stay-Home Notice (SHN) for foreign workers in view of the easing of COVID-19 measures. Additionally, this drop was also due to our ongoing efforts to prune our portfolio and reduce exposure to this business line.

Additionally, the relaxation of restrictions along with the resumption of cross-border travel worldwide contributed to an upsurge in our Travel portfolio, as premiums jumped 887% to S$0.2 million this financial year.

MARINE

Our Marine portfolio saw a 56% uptick to S$2.0 million this financial year. In particular, our Marine Cargo business increased 62% to S$1.5 million, while our Marine Hull segment registered 42% growth to S$0.6 million.

These were mainly due to a major insurer's exit in 2022, which enabled EQI to benefit from this development.

SURPASSING INDUSTRY PERFORMANCE IN 2022

Singapore's general insurance industry recorded a 10% increase in GWP to S$4.8 billion in 2022. Meanwhile, underwriting profit across the industry rose 15% to S$301.6 million.

Bearing testament to our strong operational performance, our GWP and underwriting profit improvement of 18% surpassed that of Singapore's general insurance industry in 2022. This was chiefly due to our efforts to streamline our portfolio over the past couple of years, as we concentrated our efforts on more viable businesses, while deprioritising our riskier segments.

On the back of our judicious portfolio management and forward-looking strategy, we are optimistic that this will position us to sustain EQI's growth trajectory.

CHAIRMAN'S MESSAGE

Our strong financial performance is a testament to the resilience of our business strategy and the dedication of our intermediaries, partners and employees.

2022 marked 15 years of operations for EQ Insurance ("**EQI**"). Since inception, we have capitalised on our position as a comparatively smaller player in the local insurance industry to stay nimble and flexible in order to ride different market cycles, while seizing strategic opportunities to bolster our portfolio. This targeted approach has stood us in good stead throughout the pandemic years and into 2022, as the insurance industry faced unprecedented disruptions caused by the COVID-19 pandemic and geopolitical uncertainties.

Over 2022, Singapore's economy grew 3.6% as business activity began to normalise. In a testament to our resilience and agility amidst an uncertain operating environment, EQI's gross written premium ("**GWP**") rose 18% to reach a record S$65.5 million during the financial year. In tandem, our profit and underwriting profit climbed 11% and 18% to S$5.7 million and S$3.3 million respectively, with the latter outperforming the local general insurance industry by 3%.

Contributing to this robust performance were our ongoing efforts to streamline our portfolio, which enabled us to optimise EQI's profitability.

EMBRACING A MEASURED APPROACH TO GROW OUR BUSINESS LINES

Underpinned by our prudent management strategy, we seek to expand our business in a sustainable manner – adopting a targeted, measured approach to strengthen our insurance portfolio. Alongside this, we remain keenly aware of the need to balance our company's objectives withthe needs of our intermediaries and clients to achieve strategic alignment.

DIGITALISING TO BETTER SUPPORT OUR INTERMEDIARIES

As an intermediary-led business, we are committed to surrounding our partners and intermediaries with the digital tools they need to deliver better and more efficient service. During the year, we continued investing to upgrade our digital solutions and enhanced our online portal.

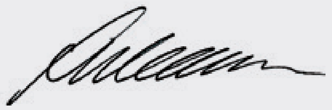
Beyond improving their effectiveness, these digital tools empower our intermediaries to enhance their sales performance and seize new business opportunities. We will continue in our efforts to facilitate growth of improving their market penetration and drive our business growth.

POSITIONING FOR THE FUTURE

Our strong financial performance is a testament to the resilience of our business strategy and the dedication of our intermediaries, partners and employees. Today, our concerted efforts to streamline our business focus have resulted in a higher quality portfolio, deeper relationships with our customers and improved service levels.

Looking ahead, we remain committed to building on our achievements to secure greater sustainability for EQI. I am confident that our strong business fundamentals and forward-looking strategy will continue to bolster our competitive edge, while augmenting our position within Singapore's insurance landscape. As we adapt to evolving market conditions, we will maintain our focus on exploring growth opportunities and our business partners.

Leow Tze Wen
Chairman



CHIEF EXECUTIVE OFFICER'S MESSAGE

Despite the challenges posed by the global pandemic, EQI continued to grow from strength to strength, as we sustained our growth momentum to post an excellent set of results.

As we reflect on the past year, we are proud of the progress that EQ Insurance ("**EQI**") has made. Despite the challenges posed by the global pandemic, EQI continued to grow from strength to strength, as we sustained our growth momentum to post an excellent set of results. We are heartened that our portfolio recalibration efforts over the past few years have borne fruit, contributing to a better risk pool, while bringing us nearer to our desired portfolio mix.

DELIVERING A ROBUST PERFORMANCE

Against the backdrop of a 3.6% uptick in Singapore's economy, we generated a record gross written premium ("**GWP**") of S$65.5 million in 2022, achieving 18% growth against the previous year. This outperformed the general insurance industry's 10% top line increase during the year. Driving EQI's higher revenue was our strategic focus on the small-and-medium enterprises ("**SMEs**") and personal insurance segments, which allowed us to leverage our strengths in our core competencies. At the same time, this enabled us to offer improved service quality, while providing us with a competitive advantage in our risk, claims and business development capabilities.

Meanwhile, profit for the year stood at S$5.7 million, marking a 11% increase compared to the preceding year. This came on the back of higher investment income, which was buoyed by rising bank deposit rates in the second half of 2022 and the improved performance of the equity market.

Another contributing factor to our strong performance in 2022 was the exit of a major insurer in 2022. The departure of this major player from the motor and commercial lines allowed us to gain increased business opportunities.

ENHANCING OUR LOSS RATIO

2022 saw the ramping up of business activity as pandemic restrictions were scaled down across the island. Correspondingly, more incidences were reported on the roads and building sites in 2022, which led to a rise in claims.

Notwithstanding this, our loss ratio improved slightly to 51% in FY2022, against 52% in the previous year. This was mainly attributable to prudent cost management and disciplined underwriting, which enabled us to keep our expense ratio stable, even as premiums climbed. In line with this, the 9% increase in our total number of policies was accompanied by a twofold expansion in GWP to 18%, which reflects the increase in our higher value policies.

UPLIFTING PORTFOLIO QUALITY

As a smaller entity in Singapore's general insurance sector, we leverage our size while remaining agile and flexible to capture growth opportunities and strengthen our portfolio.

Over the past several years, we strategically exited overseas businesses and specialty lines in alignment with our targeted approach and focus on more profitable and lower-risk options. During the year in review, we pulled out of riskier segments in the Banker's Guarantee business line to focus more on areas in which we have stronger expertise.

Meanwhile, Foreign Worker Medical and Maid insurance will receive a potential uplift stemming from the government's plans to increase coverage for S Pass and Work Permit holders and foreign domestic helpers from S$15,000 to S$60,000. When the new law is enacted from July 2023, premiums for our Foreign Worker Medical and Maid insurance products may rise, although we will need to assess our risks before deciding on any course of action.

ENHANCING DIGITAL SOLUTIONS TO STRENGTHEN OPERATIONAL EFFICIENCY

During the year, we continued to improve our digital tools to deliver added convenience for our intermediaries. New self-serve functions were added to our online portal – ranging from policy downloads to statement of accounts – to facilitate seamless access, while elevating operational efficiency.

At the same time, we upgraded our Customer Relationship Management ("**CRM**") tool to be more robust. Beyond enabling us to monitor our intermediaries' activities more transparently across the policy life cycle, these digital improvements allow us to elevate our policy conversion, renewal and retention rates.

Recognising that our people are the life blood of EQI, we continued to equip them with the skills to succeed in our industry. The financial year saw us upgrading our staff's insurance knowledge and soft skills in areas ranging from sales, to negotiation and customer service.

OUTLOOK

Looking ahead, macro-economic growth for 2023 is projected to soften in the face of geopolitical and economic uncertainties. Nevertheless, our robust financial position will help to cushion us against external events.

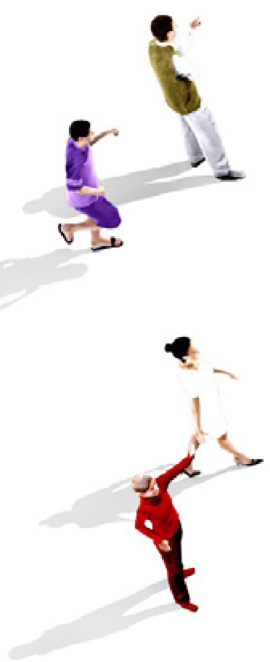
Meanwhile, our investment income is expected to double on the back of rising interest rates in 2023. On the risk management front, we remain mindful of taking on undue risk. Given that most of the policies we underwrite involve low levels of risk, we are unlikely to be adversely impacted by single, major losses.

Leveraging the vast expertise of our management team and our prudent risk management approach, we are well-placed to overcome challenges and take advantage of any strategic opportunities that may come our way in the year ahead.

John Fu
Chief Executive Officer

BOARD OF DIRECTORS

Effective leadership and strong governance.



Leow Tze Wen
Chairman

Mr Leow Tze Wen started his career in investment banking in 1996, working with local and foreign companies such as OCBC and Merrill Lynch. He also worked with Guy Carpenter, a reinsurance broker in London before joining the Citystate Group Pte Ltd in 1998. In the last few years, he has been involved in the Group's insurance broking operations, and in 2011, Mr Leow was appointed Principal Officer of EQ Insurance. In addition, he presides as Group Chief Operating Officer of Citystate Capital Asia Pte Ltd, an investment company formed in 2009 with the sole purpose of developing a pan-Asian Insurance Group of companies.

Mr Leow is also Managing Director of the Citystate Group Pte Ltd. He is an Associate of the Chartered Insurance Institute and holds a BSc (Econs) and MSc (Econs) in Accounting and Finance from the London School of Economics, UK.

Phillip Tan
Director

Mr Phillip Tan is a fellow of the Institute of Singapore Chartered Accountants. He was a member of the leadership team in an international firm of accountants in Singapore and was the leader of the capital and insurance market practices till he retired on 30 June 2007. He has more than 25 years of auditing experience of insurance companies and has advised on a wide range of issues in relation to insurance companies, including cost reduction and reorganisations, mergers and acquisitions, and financial investigations. He was a former Chairman of the Insurance Committee of the Institute of Certified Public Accountants Singapore.

Mr Tan is active in community services and has received the following National Day Awards: the Public Service Medal, Public Service Star (Bar) and the Meritorious Service Medal.

Ng Tee Yen
Director

Mr Ng Tee Yen graduated with a Bachelor of Computer Science and a Bachelor of Engineering (Electrical and Electronic) from the University of Western Australia in 2002. He then worked as a software engineer in a startup company that was subsequently acquired twice, ending in acquisition by IBM. In 2009, he left to manage various family companies. He holds a Master of Business Administration from the University of Western Australia.

Ng Tee Chuan
Director

Mr Ng Tee Chuan has a Bachelor of Science (Computer Science) and a Bachelor of Engineering (Electronics) from the University of Western Australia, Australia. He also has a Master of Business Administration (Finance and IM) from the University of Western Australia. He was a practicing engineer for a few years before leaving the profession to manage the various family companies.

Mr Ng is on the board of many diverse companies in Singapore, Malaysia, Indonesia, Australia, and the British Virgin Islands.

Freddie Sim
Director

Mr Freddie Sim has been working in the insurance industry from 1974 till his retirement in 2016, holding various senior positions in insurance and reinsurance companies in the Republic. He held the position of Principal Officer of EQ Insurance in 2010, and prior to joining EQ Insurance, he was the General Manager and Principal Officer of GE Frankona Reinsurance. He has extensive experience in property underwriting both in Singapore and in the region.

Mr Sim was an Associate of the Chartered Insurance Institute, UK, and an Associate member of the Institution of Fire Engineers, UK. He holds an MBA from the University of Leicester, UK.

Peter Ho
Director

Mr Peter Ho is a former civil servant. When he retired in 2010 after a career in the Public Service stretching more than 34 years, he was Head, Civil Service, concurrent with his other appointments of Permanent Secretary (Foreign Affairs), Permanent Secretary (National Security & Intelligence Coordination), and Permanent Secretary (Special Duties) in the Prime Minister's Office.

Mr Ho is now Senior Advisor to the Centre for Strategic Futures, and a Senior Fellow in the Civil Service College. He serves as chairman of various boards and councils, including the Urban Redevelopment Authority of Singapore.

1 Leow Tze Wen
2 Phillip Tan
3 Ng Tee Yen
4 Ng Tee Chuan
5 Freddie Sim
6 Peter Ho

MANAGEMENT TEAM

Driving growth to meet strategic objectives

John Fu
Chief Executive Officer

Mr John Fu joined EQ Insurance in January 2019. Prior to his appointment as CEO in EQ Insurance, he was the President & CEO for LMG Insurance Public Company based in Thailand. During the earlier years of his career, he worked for Liberty Mutual Insurance Group. He has a Master degree in Business Administration from The Pennsylvania State University and completed the Insurance Executive Development Program at The Wharton School, University of Pennsylvania. He is also an accredited Chartered Property and Casualty Underwriter (CPCU).

Rina Tan
Group Financial Controller

Ms Rina Tan has held various positions covering responsibilities in Accounting, Finance, HR as well as IT functions in the general and reinsurance industry. She joined Citystate Group Pte Ltd in 1996 and was actively involved in the run-off of Equatorial Reinsurance (S) Ltd and its branch in Hong Kong. She was a member of the management team responsible for the formation of EQ Insurance in 2007. Rina is a member of The Institute of Singapore Chartered Accountants (CA) as well as a Fellow of the Association of the Chartered Certified Accountants (FCCA). She is also an Accredited Tax Practitioner (ATP) of Singapore Institute of Accredited Tax Professionals Limited. She oversees the accounting, business support, financial planning and analysis, internal audit and tax functions at EQ Insurance.

Adam Tang
Deputy Chief Executive Officer

Mr Adam Tang started his insurance career in Malaysia and joined the Singapore insurance industry in 1989. He has had an illustrious career in General Insurance with both local and international insurance companies, contributing his experience in the areas of management, operations, marketing and underwriting. At EQ Insurance, he is responsible for the IT, Technical & Compliance and Distribution teams – engaging partners in corporate and services delivery functions through greater adoption of robust processes to meet our financial obligations and business targets. He holds a Bachelor of Science (Business Administration) from Oklahoma State University, USA.

Chia Ka Wei
Senior Manager, Claims

Mr Chia Ka Wei holds a Master of Business Administration from Murdoch University, and is a Senior Associate member of ANZIIF, and a Fellow member of LOMA.

He joined EQ Insurance in March 2019 and heads the Claims Department. Since joining EQ Insurance, he has been instrumental in reforming and putting in place new measures to drive the Claims Team forward.

He and his team are tasked with leading further enhancement initiatives to continuously improve EQ Insurance's Claims Service Level.

BUSINESS OUTLOOK

Our robust financial position and established track record stands us in good stead to weather the challenges ahead.

The Ministry of Trade and Industry ("**MTI**") forecasts Singapore's economy to grow between 0.5% and 2.5% in 2023[1], due to weaker external demand and persistent inflation. Amidst the easing of COVID-19 border restrictions, Singapore has seen the normalisation of business activity, with tourist arrivals progressively returning to pre-pandemic levels. As such, the growth in 2023 will be supported by the recovery of international travel and domestic consumption, as well as the continued expansion of the construction sector.

However, several market risks remain on the horizon, owing to geopolitical and economic uncertainties, tightening monetary policy and inflationary pressures. Nevertheless, our robust financial position and established track record stands us in good stead to weather the challenges ahead.

Additionally, amidst rising cost pressures and hardening rates in the industry, we will persist in maintaining our underwriting discipline, while ensuring alignment between our risk selection and rates to continue surrounding our customers with comprehensive coverage for their personal and business needs.

PROPERTY & CASUALTY

The Building and Construction Authority ("**BCA**") has projected total construction demand in 2023 to stand between S$27 billion and S$32 billion[2]. This remains unchanged from the previous year, in light of sustained strong demand in this sector, driven by a robust pipeline of construction projects. These range from the public sector's Build-To-Order flats, MRT line construction and infrastructure works, to new condominiums, high-specification industrial buildings and commercial premises in the private sector.

In tandem with the resumption of larger construction projects in 2022, our Work Injury Compensation business witnessed healthy year-on-year growth of 16% – three times the industry growth rate for the business line. We will continue to differentiate ourselves by providing quick turnaround for our services and quotations, while facilitating a hassle-free claims process to strengthen our reputation as a reliable and customer-focused insurer.

Meanwhile, the ramping up of economic activity among our SME clients will certainly open up opportunities for further growth in our Bonds, Engineering and Fire business lines.

MOTOR

Motor insurance remains the largest component of Singapore's general insurance industry, and our second biggest business line, behind our Property & Casualty segment. Over the years, we strategically pruned our Motor portfolio to reduce unwanted risks, given that the local motor segment has been reporting losses or thin profit margins in recent years.

As part of our ongoing efforts to recalibrate risks within this business line, we further pared down our exposure to the intensely competitive commercial motor sector. At the same time, we are looking to expand our private motor business by targeting the luxury vehicle market. This ties in with our focus on capturing higher-quality risks in this segment while leveraging Singapore's position as a global wealth management hub. Furthermore, this strategy will also enable us to pursue other complementary high-end personal business lines that will help us drive improved top line growth.

With the resumption of road activities, we can expect the number of reported incidences to rise in the year ahead. In light of this, we will continue to monitor the impact on our loss ratio and make relevant adjustments to manage our risk.

ACCIDENT & HEALTH

The accident and health insurance landscape remains a dynamic and competitive one. While there is increasing awareness and demand for protection against unforeseen events, higher claims costs and the greater number of claims amidst the reopening of the country continue to impact this sector. For this reason, although our Foreign Worker Medical, Personal Accident and Maid business lines experienced growth due to the lifting of border restrictions, we are recalibrating our Health business line.

Separately, the government's plans to increase medical coverage for S Pass and Work Permit holders and foreign domestic helpers from S$15,000 to S$60,000 may lead to a potential boost in our Foreign Worker Medical and Maid insurance. However, the enactment of the law may cause premiums to rise, and we will need to assess our risks before coming to a decision.

On the travel insurance front, the provision of enhanced COVID-19 coverage helped us to strengthen our market position in 2022. With the anticipated removal of border restrictions worldwide in 2023, we stand to gain from the expected strong demand for travel moving forward.

MARINE

Our Marine business experienced a significant surge of 56% in 2022, reaching S$2.0 million. This increase was attributed to a one-off event brought on by a major insurer's exit in 2022. However, we are expecting growth to be normalised to industry levels in the upcoming year. Looking ahead, we plan to actively engage agents with expertise in this niche market to expand our reach in this segment.

SUSTAINING OUR GROWTH MOMENTUM

We have been making significant strides in our digital infrastructure to improve productivity and service delivery over the past few years. In line with this, we added new self-serve functions this financial year to promote transparency and streamline operations.

Looking ahead, we plan to continue enhancing our CRM portal for employees and intermediaries, with the ultimate goal of making it accessible to end-consumers as well. As a forward-looking organisation, we will persist in integrating more digital solutions throughout various aspects of our business to further enhance efficiency. Alongside this, we will continue streamlining our portfolio to safeguard EQI's top line and improve our bottom line, while strengthening our long-term sustainability.

1 Ministry of Trade and Industry: MTI Maintains 2023 GDP Growth Forecast at 0.5 to 2.5 Per Cent – 13 February 2023.
2 Building and Construction Authority: Singapore's Construction Demand to Remain Strong in 2023 – 12 January 2023.

Extract from
FINANCIAL REPORT

BALANCE SHEET AS AT 31 DECEMBER 2022

	2022 $	2021 $
Non-current assets		
Property and equipment	**941,152**	714,721
Right-of-use assets	**266,264**	931,508
Investment securities	**11,502,047**	9,753,178
Reinsurers' share of insurance contract liabilities	**10,100,258**	8,772,128
Deferred tax assets - net	**-**	472,805
	22,809,721	20,644,340
Current assets		
Investment securities	**19,516,462**	16,622,586
Prepayments and other current assets	**1,198,317**	1,012,214
Trade receivables	**5,655,679**	7,749,839
Amounts due from related companies	**112,799**	141,049
Other receivables	**866,323**	197,612
Cash, bank balances and deposits	**119,379,535**	104,175,102
Loans and receivables at amortised costs	**126,014,336**	112,263,602
	146,729,115	129,898,402
Current liabilities		
Other current liability	**984,031**	874,831
Trade payables	**18,957,343**	14,741,853
Amounts due to related companies	**62,082**	55,789
Other payables	**4,086,118**	3,748,321
Lease liabilities	**237,917**	673,637
Hire purchase payables at amortised costs	**23,200**	23,200
Financial liabilities carried at amortised costs	**23,366,660**	19,242,800
Net Current assets	**122,378,424**	109,780,771
Non-current liabilities		
Gross insurance contract liabilities	**83,438,980**	72,198,030
Contingency reserves	**35,118**	35,118
Lease liabilities	**34,257**	272,173
Hire purchase payables at amortised costs	**7,733**	30,933
Deferred tax liabilities – net	**629,137**	-
	84,145,225	72,536,254
Net assets	**61,042,920**	57,888,857
Equity attributable to equity holder of the Company		
Share capital	**45,700,000**	45,700,000
Fair value reserve	**-**	-
Accumulated profit	**15,342,920**	12,188,857
Total equity	**61,042,920**	57,888,857

STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 $	2021 $
Gross written premium	**65,478,127**	55,490,910
Reinsurers' share of gross premiums written	**(8,876,372)**	(6,693,695)
Gross change in reserve for unexpired risk-net of deferred acquisition cost	**(6,518,212)**	(3,506,004)
Reinsurers' share of gross change in reserve for unexpired risk-net of deferred acquisition cost	**1,595,019**	1,283,384
Net earned premium	**51,678,562**	46,574,595
Gross claims paid	**(23,118,309)**	(26,407,897)
Reinsurers' share of gross claims paid	**1,661,761**	3,131,530
Gross change in loss reserves	**(4,723,818)**	3,464,579
Reinsurers' share of gross change in loss reserves	**(266,889)**	(4,445,201)
Net claims incurred	**(26,447,255)**	(24,256,989)
Commission expense	**(10,761,124)**	(9,083,209)
Commission income	**1,865,357**	1,372,641
Net commission	**(8,895,767)**	(7,710,568)
Other underwriting expenses	**(2,023,678)**	(1,722,412)
Other underwriting income	**488,715**	312,749
Underwriting profit from direct general insurance	**14,800,577**	13,197,375
Net underwriting results from reinsurance business (in run off)	**1,080**	175
Investment and other income	**2,523,828**	2,483,771
Other operating expenses	**(11,569,480)**	(10,512,332)
Profit before tax	**5,756,005**	5,168,989
Taxation	**(1,101,942)**	(906,766)
Profit for the year	**4,654,063**	4,262,223

Extract from

FINANCIAL REPORT

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022	2022 $	2021 $
Profit for the year	**4,654,063**	4,262,223
Other comprehensive income:		
Item that may be subsequently reclassified to profit or loss:		
Changes in value of available-for-sale financial assets:		
Net fair value (losses) on available-for-sale financial assets	-	(3,375)
Income tax relating to components of other comprehensive income	-	575
Other comprehensive loss for the year, net of tax	-	(2,800)
Total comprehensive income for the year	**4,654,063**	4,259,423

ENRM REPORT

ENRM REPORT

OVERVIEW

OUR PERFORMANCE IN 2022

- Electric and Hybrid Vehicles represent 5.6% in our personal use vehicle portfolio
- Annual carbon footprint is recorded at 10,308 kg CO_2, a saving of 50%
- Fully digitalized our claims submission and processing procedures
- 99% of our claim payments are made electronically
- Our corporate calendars and red packets are printed on environmentally friendly paper

OUR TARGETS

- To align our exposure on Electric and Hybrid Vehicles to industry's and consumers' demands
- To achieve 20% reduction in employees' commute carbon footprint
- To achieve 20% reduction in paper consumption
- Continually review and evolve our assessment on our business exposure in order to align with industry development

ENVIRONMENTAL FOOTPRINT

GOVERNANCE

We have a robust Enterprise Risk Management framework which identify, assess, manage and control the risk exposure as well as the analyses of the effects of the potential strategic decisions on the level of risk taking are an essential part of the operations of the Company.

The Board of Directors has the overall responsibility for the risk management of EQI, including setting of the risk appetite, organization and risk management and internal control systems. In particular, the Board is responsible to ensure that we incorporate environmental risk in our assessment and management of our financial and business risks.

Within this structure, the Chief Executive Officer has the ultimate responsibility for the implementation of risk controls in the business and financial operations. The Chief Executive Officer is supported by the management team of EQI.

OUR STRATEGY

In line with the MAS' Guidelines on Environmental Risk Management ("ENRM") for Insurers and Task-Force on Climate-related Financial Disclosures ("TCFD") recommendations, we strive to step up our efforts and capability to better assess our portfolio resilience against the exposure to climate-related risks and transition risks.

In this aspect, within the process of identifying material risks in new product and investment opportunities, we have integrated environmental risks in our assessment of these risk exposures.

We are keeping abreast with the development in consumers' insurance needs and regularly reviewing our range of product offerings and proprietary investment portfolio to establish areas or sectors that are most vulnerable.

RISK MANAGEMENT

In EQI, we have identified our main risks to include:

i) Insurance risk – relating to underwriting and pricing insurance products and reserving payments for future claims.

ii) Financial risk – the risk relating to fluctuations in the value of financial assets (market risk), fluctuations in interest and foreign exchange rates, credit risk and liquidity risk, and

iii) Operational risk – the risk related to operations, brands and systems

We recognize that environmental risks can result in negative impact to the above risk categories. In that respect, we have established an ENRM framework within our Enterprise Risk Management policy such that in the execution of any new or existing operational activity, the Company will assess the risks in concurrent with environmental risk to ascertain its exposure.

We believe that a gradual and smooth transition would alleviate physical and transition risks, by reducing the probability of a "too little, too late" scenario, where physical costs of environmental changes may be exacerbated and policymakers would need to implement mitigation measures in a belated and disruptive manner.

INSURANCE INDUSTRY IN SINGAPORE

While there is still an on-going deliberation between the regulators and insurers on the assessment of the insurance industry by climate-relevant sectors and the challenges of projecting such exposures due to the unavailability of information, we will continually review and evolve our assessment on our exposures due to the developing nature and maturity of this risk management practices.

Figure 1 - Electric And Hybrid Vehicle Count

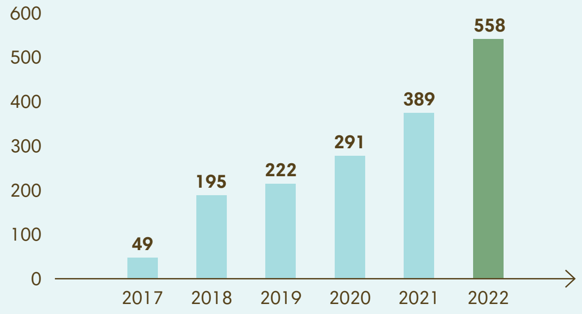
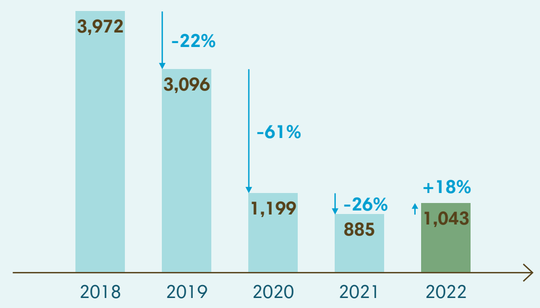


Figure 2 - Paper Consumption (in terms of reams)



RESPONSIBLE UNDERWRITING

EQI generally does not write industries that have a direct influence on the environment, such as petrochemicals or fossil fuels.

We will progressively develop more product offerings to address consumers' needs, such as electric vehicles charging kiosks and renewable energy-related projects.

MOTOR PORTFOLIO

In particular, with the main global focus on a low carbon economy, we expect a direct risk to the Motor business resulting from policy changes that could potentially be imposed by the government in the development years ahead. Motor insurance, being EQI's largest top-line business, will be materially impacted if regulatory measures make it difficult for consumers to own fossil fuel vehicles.

In 2022, our personal use vehicle portfolio has 5.6% exposure to hybrid and electric automobiles. It has increased from 49 vehicles in 2017 to 558 vehicles in 2022, showing a compound annual growth rate of 50.0% **(Figure 1)**.

We will continuously monitor the industry and align ourselves to the evolving market sentiments.

RESPONSIBLE INVESTMENT

To uphold our tenacity in investing responsibly, the investment managers with whom we have engaged for our proprietary investment portfolio, have integrated environmental, social and governance (ESG) analysis into their approach and in the evaluation of investment opportunities. They take a forward-looking and transition-based approach that takes not just the current and past ESG profile of an investment opportunity, but their assessment of its future trajectory. Together we will periodically review our portfolio to ensure that it remains materially sustainable and minimize financial impact to the business.

RESPONSIBLE BUSINESS PRACTICES

MANAGE AND REDUCE CARBON EMISSIONS

To contribute to the reduction of Scope 3 carbon emissions, we have commenced the tracking our employees' commute carbon footprint and paper consumption.

EMPLOYEE COMMUTING

We are tracking the indirect emissions produced by our employees commuting between their residences and office. In the event that all employees return to office, the annual carbon footprint is expected to be 20,751 kg CO_2.

As EQI is dedicated to environmental preservation, we implemented a Work-from-Home Policy in 2022, requiring remote working at least once a week. Our overall carbon footprint as a result of this practice was 10,308 kg CO_2. This corresponds to a 50% reduction in the carbon footprint of employees' commuting when compared to full-time Work-from-Office set up, exceeding our objective of a 20% reduction.

PAPER CONSUMPTION

As a contribution to the cause, we have also established a paper-less culture and incorporated sustainability principles into our procurement practices by engaging suppliers certified by SGLS ("Singapore Green Labelling Scheme") and PEFC ("Programme for the Endorsement of Forest Certification").

Due to the Covid-19 pandemic, we have had the opportunity to urge our insured to 'go green'. In the absence of a request for hard copies, all our insurance policy documents are transmitted to our intermediaries or insured electronically.

As at end of December 2022, we have fully digitalised our claims submission and processing procedures. This eliminated the need for physical documentation and manual processing. Furthermore, EQI has achieved a 99% electronic claim payment rate.

On the whole, the adoption of a paper-less culture, coupled with behavioral changes as employees' transition to hybrid work arrangements, had resulted in a total paper consumption of 1,043 reams (2,602 kg) in 2022, an 18% increase over the previous year. This rise can primarily be attributed to the increased level of business activities during the year, as Singapore normalised and eased into living with COVID **(Figure 2)**.

However, as compared to the pre-paper-less adoption exercise, EQI's paper usage has on average reduced by 34%.

Overall, EQI is proud to have met our compliance objectives for electronic claim payments and digitalisation of claims submission. We recognize the importance of sustainable business practices and the need to minimize our environmental impact. As such, we will continue to leverage on our digitalisation efforts by transforming paper-centric operations to electronic operating systems over time. EQI aims to continually reduce our average paper consumption by 20%.

SUSTAINABLE GIFTS

To reinforce EQI's brand value and enhance our brand image with our customers and business partners, we are increasingly shift towards eco-friendly corporate gifts to demonstrate our commitment to the cause and willingness to invest in environmental responsibility. In 2022, our corporate calendars and red packets are printed on environmentally friendly paper.