SINGAPORE REINSURANCE CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 197300016C

ANNUAL GENERAL MEETING TO BE HELD ON 23 JUNE 2020 – RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RAISED BY SHAREHOLDERS

The Board of Directors (the "**Board**") of Singapore Reinsurance Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Notice of Annual General Meeting ("**AGM**") dated 24 April 2020 and the Company's announcement dated 1 June 2020 regarding the Company's AGM to be held solely by way of electronic means on Tuesday, 23 June 2020 at 11.00 a.m. (the "**Announcement**").

Unless otherwise defined, all capitalised terms used in this announcement shall have the same meaning ascribed to them in the Announcement.

As set out in the Announcement, in view of the ongoing developments on the COVID-19 outbreak and pursuant to the Relevant Order and as Shareholders will not be able to ask questions at the AGM "live" during the webcast, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by, *inter alia*, submitting questions in advance of the AGM.

The Company thanks Shareholders for the questions submitted.

The Appendix sets out the Company's responses to the questions received from the Shareholders by 15 June 2020 that are substantial and relevant to the AGM resolutions and the business of the Company.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary

19 June 2020

AGM FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019
QUESTIONS FROM SHAREHOLDERS

Question		Responses
Covid-19 Pandemic		
1	What is the expected extent of Covid-19 impact on the entire insurance industry?	We assume the query is referring to the global (re)insurance industry's insured loss estimates and does not include the impact on (re)insurance companies' investment portfolios in light of the upheaval in the equity and bond markets. In any case, it is too early to indicate what the ultimate insured loss estimate would be given that the COVID-19 situation is still developing, and there is socio-political push in various US states to pass laws to coerce insurers to cover COVID-19 losses, legal tussles challenging policy coverage issues, etc.
2	What is COVID-19 impact on the group's business?	From the underwriting perspective, premium revenue would probably not meet budget and cashflow would be impacted as premium collections from insureds would be delayed. It is difficult to quantify the full potential loss impact of Covid-19 as the situation is developing and most territories are in different stages of "lockdown" so insureds (and/or their brokers and insurers) have difficulty submitting loss documents. However, as far as can be gauged at this stage, the Company's exposure to Covid-19 appears to be manageable for the following reasons:- (1) We do not write Property/Casualty business in the US, Europe and UK. (2) For those markets that we derive our business from, there are specific policy conditions that must be satisfied before Infectious Disease (ID) extensions under the Business Interruption section of IAR/PAR policies can be triggered, while some markets excluded infectious diseases even before COVID-19. Also, when ID extensions are granted, they are usually subject to relatively modest monetary sub-limits.

AGM FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019
QUESTIONS FROM SHAREHOLDERS

Question		Responses
	…Cont'd	(3) We write very few event cancellation policies and have limited Medical/Health exposure, while travel PA policies generally exclude "known events". The Work Injury Compensation (WIC) business which we write mainly emanates from Singapore where the government exercised stringent safe-distancing controls during the early stages and the medical expenses are currently largely borne by the government. (4) The COVID-19 pandemic has also helped to propel a hardening in terms and conditions in the (re)insurance market. Since late-March 2020, there has been a general push by (re)insurers to exclude COVID-19 and/or tighten Infectious Disease extensions. On the investment front, asset values will fluctuate widely given the many existing economic and geopolitical uncertainties globally and the move away from multi-lateralism in international trade, the pandemic's impact on businesses' long-term viability and the consequential impact on corporate bonds and equity prices remain a concern. Rental income would also be impacted by the rental relief to be given to tenants. On a positive note, there would also be opportunities to buy equities at cheaper valuations which we would cautiously explore.

AGM FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019
QUESTIONS FROM SHAREHOLDERS

<table>
<tr><th colspan="2">Question</th><th>Responses</th></tr>
<tr><td colspan="3">Investment – Property</td></tr>
<tr><td>3</td><td>The group sold units #711 and #712 in South Office Block, Beijing New World Centre in Beijing, PRC. As at 31 December 2018, the carrying value was $1.632 million. The group recognised a loss on sale of investment properties of -$272,000.

Proceeds from disposal of investment properties amounted to just $1.36 million (page 86 – Consolidated statement of cash flows).

What were the reasons that the properties were sold at a 1/6 discount from the book value?</td><td>The loss on disposal of the Beijing property (-$272,000) was attributed to the higher revaluation surplus recognised in the prior year (revaluation surplus for the Beijing properties as at 31.12.2018 was $1.05 million). In absolute value, the sale of the Beijing property generated a net capital gain of +$655K or +93% when compared to the initial purchase price.

$’000
Capitalised cost after depreciation 582
Revaluation recognised @31.12.2018 1,050
Market value @31.12.2018 1,632
Net proceeds from sale 1,360
Impact on 31.12.2019 (272)
Net proceeds from sale 1,360
Capitalised cos before depreciation 705
Actual profit on disposal 655</td></tr>
<tr><td>4</td><td>Given that the group has more than $34.7 million in investment properties and an additional $54.5 million in owner occupied leasehold land and buildings, what assurance can the board/management give to shareholders that the carrying values of the properties are not overstated?</td><td>All properties owned by the Company are revalued by independent professional valuers based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction.</td></tr>
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AGM FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019
QUESTIONS FROM SHAREHOLDERS

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<tr><td colspan="3">Investment Policy</td></tr>
<tr><td>5</td><td>Page 75 of the 2019 annual report - "We noted that the insurance contract liabilities maintained in the Group's financial statements were higher than those assessed by the independent actuary due to more prudent assumptions used by the Group" Would the board be considering changes to the investment policy going forward as the capital adequacy ratio implies that it is overly prudent. (394% in 2019)?</td><td>The Group strives to be nimble bearing in mind the ever-changing market conditions in light of COVID-19, weak economic outlook, rising geo-political and trade tensions, etc. Nevertheless, a defensive investment strategy will largely remain and the portfolio split as at 31.12.2019 was
• 45.7% (of the Group's investment funds) in fixed income instruments (namely, bonds, public authorities' and government securities);
• less than 15% in equity investments.

Effective 1 January 2020, the Company is required to comply with the revised Risk Based Capital Framework (RBC 2) which subject the Offshore insurance funds to risk charges. As such, based on RBC2, the CAR ratio would fall below 300% in FY2020.</td></tr>
<tr><td colspan="3">Methodology for insurance liabilities</td></tr>
<tr><td>6</td><td>Would the board be considering changes in valuation methodology for insurance liabilities, noting that the auditors have mentioned that the valuation maintained were higher than that assessed by an independent party in the Annual report of 2018 and 2019?</td><td>There are no plans to change the valuation methodology for insurance liabilities as we need to have a clearer assessment of the impact of the new international accounting standard IFRS17 on the business.

In any event, given the nature of the reinsurance business from experience, we have found it is best to appear to be over prudent as even actuarial calculation is not always accurate.</td></tr>
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