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FOR IMMEDIATE RELEASE

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AM Best Removes From Under Review With Developing Implications and Affirms Credit Ratings of Singapore Reinsurance Corporation Limited

SINGAPORE, 15 July 2021—AM Best has removed from under review with developing implications and affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” (Excellent) of Singapore Reinsurance Corporation Limited (Singapore Re) (Singapore). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect Singapore Re’s balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM). In addition, the ratings factor in rating enhancement from the company’s ultimate parent, Fairfax Financial Holdings Limited (Fairfax group).

These ratings were previously placed under review with developing implications following an announcement made on the Singapore Exchange (SGX), stating that Fairfax Asia Limited’s (Fairfax Asia) voluntary cash offer to purchase all issued and paid-up ordinary shares in the capital of Singapore Re, other than those already held by Fairfax Asia and other Fairfax group companies, had been declared unconditional after having met the minimum acceptance condition.

Following the close of the voluntary cash offer period on 17 June 2021, Fairfax group has become the ultimate majority shareholder of Singapore Re. The latest rating actions, therefore, follow the completion of AM Best’s assessment of the recent change in ownership on Singapore Re’s rating fundamentals.

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Singapore Re's balance sheet strength is underpinned by its risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), which is expected to remain at the strongest level over the medium term. In addition, AM Best views the company's financial flexibility and capital management to benefit from ownership by the Fairfax group. Other balance sheet considerations include the company's moderate risk investment strategy and high usage of and dependence on retrocession to manage exposure to catastrophe events, accumulations and large single risks.

AM Best views Singapore Re's operating performance as adequate, with the company having reported a five-year average return-on-equity ratio of 3.5% (2016-2020). The company's overall earnings remain driven by investment operations, which have aided to offset volatile underwriting performance in recent years, as demonstrated by a five-year average net investment yield of 2.6% and an average combined ratio of 105.1% during the same period (2016-2020).

AM Best assesses Singapore Re's business profile as limited. The company is viewed to have a moderately diversified business portfolio by line of business, albeit with a high concentration and reliance on a select number of local cedants. AM Best considers the company's ERM approach as appropriate given the current size and complexity of its operations.

Singapore Re receives rating enhancement to reflect its ownership by the Fairfax group. The company is expected to benefit from implicit support from the group, as well as access to shared resources, including investment management, underwriting support, ERM and information technology administration.

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office

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responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).

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