

SINGAPORE REINSURANCE CORPORATION LIMITED

(Company Registration No. 197300016C)

Financial Statements Announcement For The Period Ended 31 March 2017

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

| | GROUP | | |
|--|-----------------------------|-----------------------------|----------------------|
| | 3 months 2017 S\$'000 | 3 months 2016 S\$'000 | Incr/ (decr) % |
| Income statements: | | | |
| Reinsurance operations: | | | |
| Gross written premiums | 32,373 | 30,378 | 6.6 |
| Reinsurance premiums | (19,046) | (17,060) | 11.6 |
| Net written premiums | 13,327 | 13,318 | 0.1 |
| Gross transfer (to)/from provision for unexpired risks | (206) | 2,322 | nm |
| Reinsurance transfer to/(from) provision for unexpired risks | 642 | (1,242) | nm |
| Net earned premiums | 13,763 | 14,398 | (4.4) |
| Gross claims incurred | (3,961) | (12,432) | (68.1) |
| Reinsurers' share of claims incurred | 244 | 3,963 | (93.8) |
| Net claims incurred | (3,717) | (8,469) | (56.1) |
| Commission expense | (10,734) | (7,893) | 36.0 |
| Commission income | 5,346 | 4,186 | 27.7 |
| Net commission expense | (5,388) | (3,707) | 45.3 |
| Management expenses | (1,936) | (1,908) | 1.5 |
| Underwriting results | 2,722 | 314 | nm |
| Net investment income | 1,598 | 1,765 | (9.5) |
| Net income from reinsurance operations (I) | 4,320 | 2,079 | 107.8 |
| Non-reinsurance operations: | | | |
| Net investment income | 657 | 673 | (2.4) |
| Other operating income | 1,791 | 1,914 | (6.4) |
| Management expenses | (1,532) | (1,525) | 0.5 |
| Net income from non-reinsurance operations (II) | 916 | 1,062 | (13.7) |

| | GROUP | | |
|--|-----------------|-----------------|-----------------|
| | 3 months | 3 months | Incr/ (decr) |
| | 2017 S\$'000 | 2016 S\$'000 | % |
| Income statements - continued | | | |
| Profit before income tax (I + II) | 5,236 | 3,141 | 66.7 |
| Income tax expense | (554) | (319) | 73.7 |
| Profit for the period | 4,682 | 2,822 | 65.9 |
| Profit attributable to: | | | |
| Equity holders of the Company | 4,630 | 2,758 | 67.9 |
| Non-controlling interests | 52 | 64 | (18.8) |
| Profit for the period | 4,682 | 2,822 | 65.9 |
| Statements of comprehensive income: | | | |
| Profit for the period | 4,682 | 2,822 | 65.9 |
| Other comprehensive income, after tax: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Revaluation of property, plant and equipment | 30 | (24) | nm |
| Tax on items that will not be reclassified to profit or loss | - | 6 | (100.0) |
| | 30 | (18) | nm |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Available-for-sale financial assets: | | | |
| Reclassification of gain on sale of investments to profit or loss (realised) | (147) | (63) | 133.3 |
| Change in fair value of investments (unrealised) | 6,382 | 2,286 | 179.2 |
| Tax on items that are or may be reclassified subsequently to profit or loss | (1,037) | (397) | 161.2 |
| | 5,198 | 1,826 | 184.7 |
| Other comprehensive income for the period, net of income tax | 5,228 | 1,808 | 189.2 |
| Total comprehensive income for the period | 9,910 | 4,630 | 114.0 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | 9,848 | 4,567 | 115.6 |
| Non-controlling interests | 62 | 63 | (1.6) |
| Total comprehensive income for the period | 9,910 | 4,630 | 114.0 |
| Profit for the period has been arrived at after crediting/(charging): | | | |
| Net exchange loss | (320) | (328) | (2.4) |
| Depreciation | (83) | (105) | (21.0) |
| Gain on sale of investments | 147 | 63 | 133.3 |
| Change in fair value of investment properties | (109) | (125) | (12.8) |

nm not meaningful

Note: certain items in the comparatives figures have been reclassified to conform with the current's presentation

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 31.03.2017 | 31.12.2016 | 31.03.2017 | 31.12.2016 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Assets | | | | |
| Property, plant and equipment | 38,460 | 38,485 | 38,360 | 38,382 |
| Investment properties | 27,220 | 27,329 | 27,220 | 27,329 |
| Interests in subsidiaries | - | - | 1,123 | 1,123 |
| Reinsurers' share of insurance contract provisions for | | | | |
| - outstanding claims | 190,550 | 198,382 | 190,550 | 198,382 |
| - unexpired risks | 41,329 | 40,687 | 41,329 | 40,687 |
| Financial assets | 259,800 | 259,127 | 259,187 | 258,579 |
| Club membership | 15 | 15 | - | - |
| Insurance receivables | 50,804 | 47,966 | 50,804 | 47,966 |
| Other receivables | 6,262 | 4,433 | 4,680 | 3,664 |
| Cash and cash equivalents | 93,615 | 86,822 | 91,789 | 84,507 |
| Total assets | 708,055 | 703,246 | 705,042 | 700,619 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 123,300 | 123,300 | 123,300 | 123,300 |
| Reserves | 35,531 | 30,313 | 35,504 | 30,342 |
| Accumulated profits | 91,853 | 87,223 | 91,168 | 86,819 |
| | 250,684 | 240,836 | 249,972 | 240,461 |
| Non-controlling interests | 326 | 264 | - | - |
| Total equity | 251,010 | 241,100 | 249,972 | 240,461 |
| Liabilities | | | | |
| Insurance contract provisions for | | | | |
| - outstanding claims | 339,207 | 350,831 | 339,207 | 350,831 |
| - unexpired risks | 59,967 | 59,761 | 59,967 | 59,761 |
| Deferred taxation | 2,464 | 1,440 | 2,475 | 1,449 |
| Insurance payables | 50,028 | 45,423 | 50,028 | 45,423 |
| Other payables | 4,177 | 4,056 | 2,337 | 2,172 |
| Current tax payable | 1,202 | 635 | 1,056 | 522 |
| Total liabilities | 457,045 | 462,146 | 455,070 | 460,158 |
| Total equity and liabilities | 708,055 | 703,246 | 705,042 | 700,619 |

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

| As at 31.3.2017 | | As at 31.12.2016 | |
|-----------------|-----------|------------------|-----------|
| S\$'000 | | | |
| Secured | Unsecured | Secured | Unsecured |
| - | - | - | - |

Amount repayable after one year

| As at 31.3.2017 | | As at 31.12.2016 | |
|-----------------|-----------|------------------|-----------|
| S\$'000 | | | |
| Secured | Unsecured | Secured | Unsecured |
| - | - | - | - |

Details of any collaterals

Not applicable.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | GROUP | |
|--|----------------------|----------------------|
| | 3 months | 3 months |
| | 2017 | 2016 |
| | S\$'000 | S\$'000 |
| Operating activities | | |
| Profit before income tax | 5,236 | 3,141 |
| Adjustments for: | | |
| Insurance contract provisions for net unexpired risks | (436) | (1,080) |
| Insurance contract provisions for net outstanding claims | (3,792) | (1,149) |
| Change in fair value of investment properties | 109 | 125 |
| Gain on sale of investments | (147) | (63) |
| Depreciation of property, plant and equipment | 83 | 105 |
| Interest income | (1,895) | (2,110) |
| Dividend income | (399) | (391) |
| | <u>(1,241)</u> | <u>(1,422)</u> |
| Changes in working capital: | | |
| Insurance receivables | (2,838) | 1,234 |
| Other receivables | (1,942) | (364) |
| Insurance payables | 4,605 | (3,014) |
| Other payables | 121 | 254 |
| Cash flows used in operations | <u>(1,295)</u> | <u>(3,312)</u> |
| Income tax paid | - | (288) |
| Net cash used in operating activities | <u>(1,295)</u> | <u>(3,600)</u> |
| Investing activities | | |
| Interest received | 1,998 | 2,394 |
| Dividends received | 399 | 391 |
| Purchase of investments | (1,921) | (7,877) |
| Proceeds from sale of investments | 7,641 | 2,336 |
| Purchase of property, plant and equipment | (29) | (82) |
| Net cash from/(used in) investing activities | <u>8,088</u> | <u>(2,838)</u> |
| Financing activities | | |
| Decrease in deposits pledged | 2 | 28 |
| Net cash used in financing activities | <u>2</u> | <u>28</u> |
| Net increase/(decrease) in cash and cash equivalents | 6,795 | (6,410) |
| Cash and cash equivalents at beginning of the year (excluding pledged assets) | 86,726 | 75,699 |
| Cash and cash equivalents at end of the period (excluding pledged assets) | <u>93,521</u> | <u>69,289</u> |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Share Capital S\$'000 | Fair Value Reserves S\$'000 | Revaluation Reserves S\$'000 | Accumulated Profits S\$'000 | Total attributable to equity holders of the Company S\$'000 | Non- Controlling Interests S\$'000 | Total Equity S\$'000 |
|--|-----------------------------|-----------------------------------|------------------------------------|-----------------------------------|---|---|----------------------------|
| GROUP | | | | | | | |
| At 1 January 2017 | 123,300 | 3,395 | 26,918 | 87,223 | 240,836 | 264 | 241,100 |
| Total comprehensive income for the period | | | | | | | |
| Net profit | - | - | - | 4,630 | 4,630 | 52 | 4,682 |
| Other comprehensive income: | | | | | | | |
| Revaluation of property, plant and equipment | - | - | 30 | - | 30 | - | 30 |
| Available-for-sale financial assets: | | | | | | | |
| Reclassification of gain on sale of investments to profit or loss (realised) | - | (147) | - | - | (147) | - | (147) |
| Change in fair value of investments (unrealised) | - | 6,372 | - | - | 6,372 | 10 | 6,382 |
| Income tax relating to components of other comprehensive income | - | (1,037) | - | - | (1,037) | - | (1,037) |
| Total other comprehensive income, net of income tax | - | 5,188 | 30 | - | 5,218 | 10 | 5,228 |
| Total comprehensive income for the period | - | 5,188 | 30 | 4,630 | 9,848 | 62 | 9,910 |
| At 31 March 2017 | 123,300 | 8,583 | 26,948 | 91,853 | 250,684 | 326 | 251,010 |
| At 1 January 2016 | 123,300 | 1,991 | 21,589 | 85,038 | 231,918 | 264 | 232,182 |
| Total comprehensive income for the period | | | | | | | |
| Net profit | - | - | - | 2,758 | 2,758 | 64 | 2,822 |
| Other comprehensive income: | | | | | | | |
| Revaluation of property, plant and equipment | - | - | (24) | - | (24) | - | (24) |
| Available-for-sale financial assets: | | | | | | | |
| Reclassification of gain on sale of investments to profit or loss (realised) | - | (63) | - | - | (63) | - | (63) |
| Change in fair value of investments (unrealised) | - | 2,287 | - | - | 2,287 | (1) | 2,286 |
| Income tax relating to components of other comprehensive income | - | (397) | 6 | - | (391) | - | (391) |
| Total other comprehensive income, net of income tax | - | 1,827 | (18) | - | 1,809 | (1) | 1,808 |
| Total comprehensive income for the period | - | 1,827 | (18) | 2,758 | 4,567 | 63 | 4,630 |
| At 31 March 2016 | 123,300 | 3,818 | 21,571 | 87,796 | 236,485 | 327 | 236,812 |

| | Share Capital S\$'000 | Fair Value Reserves S\$'000 | Revaluation Reserves S\$'000 | Accumulated Profits S\$'000 | Total S\$'000 |
|--|-----------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------|
| COMPANY | | | | | |
| At 1 January 2017 | 123,300 | 3,424 | 26,918 | 86,819 | 240,461 |
| Total comprehensive income for the period | | | | | |
| Net profit | - | - | - | 4,349 | 4,349 |
| Other comprehensive income: | | | | | |
| Revaluation of property, plant and equipment | - | - | 30 | - | 30 |
| Available-for-sale financial assets: | | | | | |
| Reclassification of gain on sale of investments to profit or loss (realised) | - | (147) | - | - | (147) |
| Change in fair value of investments (unrealised) | - | 6,316 | - | - | 6,316 |
| Income tax relating to components of other comprehensive income | - | (1,037) | - | - | (1,037) |
| Total other comprehensive income, net of income tax | - | 5,132 | 30 | - | 5,162 |
| Total comprehensive income for the period | - | 5,132 | 30 | 4,349 | 9,511 |
| At 31 March 2017 | 123,300 | 8,556 | 26,948 | 91,168 | 249,972 |
| At 1 January 2016 | 123,300 | 2,059 | 21,589 | 84,337 | 231,285 |
| Total comprehensive income for the period | | | | | |
| Net profit | - | - | - | 2,353 | 2,353 |
| Other comprehensive income: | | | | | |
| Revaluation of property, plant and equipment | - | - | (24) | - | (24) |
| Available-for-sale financial assets: | | | | | |
| Reclassification of gain on sale of investments to profit or loss (realised) | - | (63) | - | - | (63) |
| Change in fair value of investments (unrealised) | - | 2,293 | - | - | 2,293 |
| Income tax relating to components of other comprehensive income | - | (397) | 6 | - | (391) |
| Total other comprehensive income, net of income tax | - | 1,833 | (18) | - | 1,815 |
| Total comprehensive income for the period | - | 1,833 | (18) | 2,353 | 4,168 |
| At 31 March 2016 | 123,300 | 3,892 | 21,571 | 86,690 | 235,453 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous reported period. There were no shares held as treasury shares and no outstanding convertibles as at 31 March 2017 and 31 March 2016.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of shares excluding treasury shares as at 31 March 2017 and 31 December 2016 was 605,219,785.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The financial figures have not been audited or reviewed by the Group's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as those in the audited annual financial statements as at 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | GROUP | |
|--|--------------------------|--------------------------|
| | 3 months 2017 | 3 months 2016 |
| Basic and fully diluted earnings per share (cents) | 0.77 | 0.46 |
| Number of ordinary shares issued ('000) | 605,220 | 605,220 |

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and
 (b) immediate preceding financial year.

| | GROUP | | COMPANY | |
|-----------------------------------|------------|------------|------------|------------|
| | 31.03.2017 | 31.12.2016 | 31.03.2017 | 31.12.2016 |
| Net asset value per share (cents) | 41.42 | 39.79 | 41.30 | 39.73 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Comparison of 1st quarter 2017 vs 1st quarter 2016

In first quarter 2017, the Group's gross written premium rose 6.6% to \$32.373 million due partly to organic growth and partly from new sources of business. However, net earned premium dropped by 4.4% to \$13.763 million due to substantially increased retrocession premium. Net claims incurred fell 56.1% to \$3.717 million attributed to lower advised outstanding losses and IBNR loss reserve provision. Net commission expense rose 45.3% to \$5.388 million due to higher profit commission accrual. As a consequence, a higher underwriting surplus of \$2.722 million was recorded in the quarter under review. Net investment income declined by \$183,000 or 7.5% to \$2.255 million due to lower interest income derived from fixed income securities on the back of lower coupon rates. Overall, the Group's profit before income tax of \$5.236 million was 66.7% higher than the \$3.141 million recorded in the corresponding quarter a year earlier. Being the first quarter, the net claims incurred figures are in developing stage and may not follow the same pattern in subsequent quarters.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the balance sheet date and the date of this announcement which is likely to affect substantially the results of the operations of the Company and of the Group for the current financial year.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Excessive global capacity, both from traditional and non-traditional sources, continues to plague the (re)insurance sector and intense competition remains. In addition, the multi-faceted global uncertainties render the operating environment increasingly challenging.

11. DIVIDEND - If a decision regarding dividend has been made:

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared? No

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for IPTs.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual.

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited group financial results for first quarter ended 31 March 2017 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual.

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
26 April 2017