2020
ANNUAL REPORT

Singapore Reinsurance
Corporation Limited

CONTENTS

CHAIRMAN'S STATEMENT

2020 will long be remembered as a year of daunting challenges for the reinsurance industry. Apart from having to grapple with the serious impacts of extreme weather conditions resulting from climate change which made 2020 one of the costliest years on record in terms of paid insured losses from natural catastrophes since 1970, the industry had had to face up to the devastating challenge of the COVID-19 pandemic. The dire consequences of the outbreak are continuing.

The full extent of damage caused to the reinsurers cannot be reasonably assessed and is expected to remain so for some years to come. The insurance industry is left with no option but to keep adjusting to the contours of the 'new normal' as they develop and unfold.

Reinsurance Operations

Notwithstanding the dismal backdrop, the Group's gross premium income grew *by 10.8%* to S$264 million for the year ended 31 December 2020. Premiums from the Singapore market alone represented 30.6% of gross premium (2019: 32.9%), while the premium contribution from each of the top 3 overseas territories was as follows:

Territory	Gross Premium Written
Outside Singapore	69.4%
of which the top 3 overseas markets remained:	
Malaysia	25.6%
China	10.1%
Hong Kong	4.7%

Fire, the predominant class, contributed 60.8% of gross premium income, followed by Accident (including Casualty), 30.8% and Marine, 8.4%.

Net claim incurred rose 21% to S$49 million in 2020, equivalent to an incurred loss ratio of 71.2%, a 8.1-percentage-points deterioration compared to the 63.1% incurred loss ratio in 2019. Apart from a slew of man-made Fire and NatCat losses in the Asian region, the business written was affected by claims provision for business interruption and other losses resulting from the COVID-19 pandemic.

Net commission expense rose 12.8% to S$16.6 million in 2020, generally in line with the premium growth, and the commission expense ratio of 23.9% of net written premium in 2020 was 1.2-percentage-points higher than the preceding year (2019: 22.7%). On account of the higher net premium revenue and also benefiting from the Singapore government's wage subsidy under the Jobs Support Scheme ("JSS"), the Group's reinsurance management expense ratio (as percentage of net written premium) slid to 10.7% in 2020 (2019: 11.8%). Overall, the Group recorded a higher underwriting loss of S$5.5 million in 2020, equivalent to a deficit ratio of 7.9% (of net written premium), compared to the S$3.4 million underwriting loss or 5.3% deficit ratio (of net written premium) a year earlier.

Concurrently, the Group generated lower net investment income of S$11.4 million in 2020 (2019: S$14.1 million). This represented an annual rate of return of 2.5% on market value (2019: 3.1%). The reduction in net investment income was largely due to the ultra-low interest rate environment and lower dividend income, as well as a decline in revaluation surplus for property investments. The investment asset allocation for 2020 remained stable and the breakdown was as follows:

Assets	Total Investment Allocation
Fixed Income Investment	37.5%
Cash and Cash equivalents	32.9%
Properties	20.2%
Equities	9.4%

The Group's total assets, which comprised the sum of shareholders' and insurance funds, rose 8% to S$953.5 million. However, NAV declined nominally to 44.9 cents per share in 2020, compared to the 45.1 cents per share the year before.

Taking into consideration the worsened operating performance in an extremely difficult operating environment, your Board is recommending nevertheless, a reduced final dividend of 0.35 cent (2019: 0.8 cent) per share. Added to the interim dividend of 0.35 cent per share (2019: 0.5 cent), the total dividend of 0.7 cent (2019: 1.3 cents) is equivalent to 2.4% dividend yield (2019: 4.4%). This represents a high 77.3% pay-out ratio (as a percentage of Net Profit after Tax).

During the year under review, independent international rating agency A.M. Best reaffirmed your Company's financial strength rating of A- (Excellent), with an adjustment in the Outlook to Negative from Stable, as a reflection of the changing operating environment.

Subsidiaries

Collectively, the subsidiaries' turnover fell 58.6% to S$2.2 million and reported a pre-tax profit of S$164,000.

It was with a heavy heart that INS Communications Private Limited (INS), the publishing and conferencing arm of the Group was sold off in August 2020. Having been a subsidiary of the Group for close to three decades, INS had been a fundamental part of our branding over the years. Under its wings numerous insurance publications were produced to meet the needs of the insurance industry in Asia and elsewhere. In particular the Asia Insurance Review has become known throughout the insurance industry.

After careful deliberation, the Company reluctantly decided to dispose of its 85% stake in INS in order to pre-empt a closure from lack of support of its various activities amid mounting threats from the pandemic. The Company also took into consideration the continuity of employment for the majority of the staff and perpetuity of the various publications which have taken so many years in nurturing. The buyer Beacon International Group publishes Insurance Advocate, which is US's oldest continually published insurance medium, and Business Insurance, one of the oldest insurance magazines in the world. The agreed sale price was reached after taking into account INS's reserve fund amount and net tangible assets at the time of sale.

The Board would like to take this opportunity to convey its deepest appreciation to Mr. Sivam Subramaniam for his outstanding stewardship and dedication to INS since its formation and wish him and the INS team every success for the future.

SR-China Advisory Services Co Lt, incorporated in Shanghai, continues to focus on managing the Company's investments in China. It is not a profit centre.

CHAIRMAN'S STATEMENT

Outlook

Within a relatively short span of time since its emergence, the pandemic COVID-19 has wreaked havoc on the mankind in all spheres of human activities; social, economic and political. It has become more than a mere medical problem. Insurance/reinsurance industry being in the forefront facilitating risk transfers has been unavoidably impacted in every area of business. As the situation is unlikely to return to the pre-pandemic normal, the Company needs to reset its short and middle-term strategies, while maintaining the flexibility to quickly adapt to the evolving 'new normal'. As the entire supply chain from retrocessionaires to reinsurers, and through them, to the primary insurers and ultimately the insuring public, has been subjected to tremendous impact, the Company will have to be ready to meet any new challenge thrown up by the changing circumstances. The pandemic has opened a Pandora's box, creating uncertainties, and presenting unforeseen dimensions of loss. The defensive position taken up by many players to restrict the scope and limit the sum of coverage have left gaps in the supply chain, which cannot be effectively bridged in the short term. However, efforts to better manage coverage issues in the areas of communicable disease exclusions, silent cyber, amongst others have gained considerable traction following the pandemic outbreak, and will likely continue to dominate the conversations between reinsurers, cedants and brokers in the near future.

Climate change will test not only the financial strength of the insurance industry but also our ability to evaluate and respond to the altered climate-related risks.

Given the extremely demanding underwriting and high pressure on margins, the Company will continue to rely on investment income. However, the sustainability of a steady investment income will depend on the extent and speed of recovery in the world economies.

The Company has successfully overcome a plethora of challenges thrown in its path by the pandemic, in various areas of business. There would still be many challenges on the road ahead for the Company, but I wish to assure all our stakeholders that your Board and Management will do their utmost to ensure sustainable growth in this highly challenging and volatile environment.

On behalf of the Board, I convey our appreciation to Mr. Ravi Menon, Managing Director of the Monetary Authority of Singapore and his team for the deep understanding of the challenges and constraints presented by the unprecedented circumstances and for providing steadfast leadership in steering the financial sector through these difficult times.

We would also like to express our thanks to our stakeholders including our shareholders, clients, brokers, reinsurers, other business partners and our management and staff for their commitment to and conviction in ensuring the continued success of the Company.

Ramaswamy Athappan
Chairman

24 February 2021

CORPORATE DATA

Board of Directors
Ramaswamy Athappan (Chairman) *B Eng, AFII*
David Chan Mun Wai (Deputy Chairman) *BBA, Chartered Insurer (FCII)*
Dileep Nair *B Eng, MPA*
Peter Sim Swee Yam *LLB*
Ong Eng Yaw *LLB (2nd Class Upper Division), M Sc (Investment Management), MBA*

Audit Committee
Dileep Nair (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Peter Sim Swee Yam
Ong Eng Yaw

Executive Committee
Ramaswamy Athappan (Chairman)
David Chan Mun Wai (Deputy Chairman)
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw

Remuneration Committee
Peter Sim Swee Yam (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Ong Eng Yaw

Nominating Committee
Ong Eng Yaw (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Peter Sim Swee Yam

Investment Committee
Hwang Soo Jin (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw
Theresa Wee Sui Ling
Carlene Lim Lay Hoon
Francis Sandiago Savari (appointed on 24 February 2021)

CORPORATE DATA

Joint Company Secretaries
Ong Beng Hong
Tan Swee Gek

Auditors
KPMG LLP
Public Accountants and Chartered Accountants
Partner: Goh Kim Chuah
(since Financial Year Ended 31 December 2016)

Share Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Independent Scrutineers
DrewCorp Services Pte Ltd
10 Collyer Quay #10-10
Ocean Financial Centre
Singapore 049315

Bankers
Citibank, N.A.
DBS Bank Ltd
CIMB Bank Berhad, Singapore Branch

Registered Office and Correspondence Address
85 Amoy Street, Singapore 069904
Tel: (65) 6324 7388 Fax: (65) 6224 8910
Email: enquiry@singre.com.sg
Company Registration No. 197300016C

Labuan Branch
Level 11(B), Block 4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Labuan Federal Territory, Malaysia
Tel: (087) 412 389 Fax: (087) 422 389
Email: labuan@singre.com.sg

Subsidiaries
Singapore-Re Management Services Private Limited
SR-China Advisory Services Co Ltd

Corporate Website
www.singre.com.sg

DIRECTORS' PROFILE

RAMASWAMY ATHAPPAN, 75

B Eng, AFII

Non-Executive and Non-Independent Director/Chairman

Mr Athappan was appointed to the Board on 1 August 1988 and became Chairman of the Board on 1 January 2008. He is also the Chairman of the Executive Committee and a member of the Audit, Nominating, Remuneration and Investment Committees.

Mr Athappan, with more than 40 years of experience in insurance and finance, is the Chief Executive Officer of MS First Capital Insurance Limited and Chairman of Fairfax Asia Limited. He is also Director of a few other insurance companies and property development companies incorporated in various countries in Asia.

He holds a Bachelor in Engineering (Electrical), First Class degree from Coimbatore Institute of Technology, Madras University and is a member of the Insurance Institute of India.

DAVID CHAN MUN WAI, 67

BBA, Chartered Insurer (FCII)

Non-Executive and Non-Independent Director/Deputy Chairman

Mr Chan was appointed to the Board on 28 December 1998 and became Deputy Chairman of the Board and the Executive Committee on 1 January 2008. He is also a member of the Audit, Nominating, Remuneration and Investment Committees.

Mr Chan is the Managing Director of United Overseas Insurance Limited. He holds a Bachelor of Business Administration from the University of Singapore (now known as National University of Singapore) and is also a Chartered Insurer and a Fellow of the Chartered Insurance Institute, UK.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2018 to 31 December 2020
– United Overseas Insurance Limited	– United Overseas Insurance Limited

DIRECTORS' PROFILE

DILEEP NAIR, 70

B Eng, MPA

Non-Executive and Independent Director

Mr Dileep Nair was appointed to the Board on 20 October 2015. He was appointed Chairman of the Audit Committee on 6 January 2016. He is also a member of the Nominating, Remuneration, Executive and Investment Committees.

Mr Nair was Singapore's non-resident High Commissioner to Ghana till end 2016. Mr Nair currently sits on the Board of Thakral Corporation Ltd and Keppel DC REIT Management Pte. Ltd. He is also a Board member of Health Sciences Authority of Singapore.

He holds a Bachelor of Engineering (Magna cum Laude) from McGill University, Canada and has a Master in Public Administration from Harvard University, USA. He was awarded the Public Administration Medal (Silver) by the Singapore Government and the Friendship Medal by the Government of Laos.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2018 to 31 December 2020
– Thakral Corporation Ltd – Keppel DC REIT Management Pte. Ltd.	– Thakral Corporation Ltd – Keppel DC REIT Management Pte. Ltd.

PETER SIM SWEE YAM, 65

LLB

Non-Executive and Independent Director

Mr Sim was appointed to the Board on 24 August 2015. He was appointed Chairman of the Remuneration Committee on 6 January 2016. He is also a member of the Audit, Nominating, Executive and Investment Committees.

Mr Sim practices in his own law firm, Sim Law Practice LLC. He is also an independent director of Lum Chang Holdings Limited, Haw Par Corporation Limited and ST Group Food Industries Limited. He also sits on the Board of Singapore Heart Foundation. He was previously an independent director of Latitude Tree International Group Ltd, Marco Polo Marine Limited and Mun Siong Engineering Limited.

He holds a Bachelor of Law from the University of Singapore (now known as National University of Singapore) and was admitted to the Singapore Bar in 1981. Mr Sim was awarded the Pingat Bakti Masyarakat in August 2000 and the Bintang Bakti Masyarakat in August 2008.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2018 to 31 December 2020
– Lum Chang Holdings Limited – Mun Siong Engineering Limited – Haw Par Corporation Limited – ST Group Food Industries Limited	– Lum Chang Holdings Limited – Haw Par Corporation Limited – ST Group Food Industries Limited – Marco Polo Marine Limited – Mun Siong Engineering Limited

DIRECTORS' PROFILE

ONG ENG YAW, 48

LLB (2nd Class Upper Div.), M Sc (Invt. Management), MBA

Non-Executive and Independent Director

Mr Ong was appointed to the Board on 24 August 2015. He was appointed Chairman of the Nominating Committee on 6 January 2016. He is also a member of the Audit, Remuneration, Executive and Investment Committees.

Mr Ong currently holds the position of Chief Operating Officer at Hwa Hong Corporation Limited. His prior work experience in OCBC Bank, Vickers Ballas, DBS Bank, CIMB Group and Parkway Life Real Estate Investment Trust has given him breadth of exposure in corporate finance, investment and real estate development.

He holds a Bachelor of Law (Second Class Upper Division) degree from University College London, a Master of Science (Investment Management) from the Cass Business School and a Master of Business Administration from INSEAD.

Other key information regarding the Director is set out below:

Present Directorships or Chairmanships in Other Listed Companies	Directorships or Chairmanships in Other Listed Companies from 1 January 2018 to 31 December 2020
– MTQ Corporation Limited	– MTQ Corporation Limited

MANAGEMENT DATA

SINGAPORE REINSURANCE CORPORATION LIMITED

Theresa Wee Sui Ling *B Soc Sc (Hons), Chartered Insurer, GDFM*
Chief General Manager/Chief Executive

Francis Sandiago Savari, *MEdT, MBA, B Bus*
Deputy Chief Executive

Carlene Lim Lay Hoon *BBA, CA*
Financial Controller
Finance, Investment, Administration and Human Resource

Mervyn Low Cheng Chwee *BA, Dip CII*
General Manager
Operations

Cheng Yiina *B Sc (Hons)*
Assistant General Manager
Systems

Ho Wing Hoong *LLB (Hons)*
Assistant General Manager
Operations

Yap Sock Cheen Dip *BA, Dip Admin Mgmt*
Assistant General Manager
Operations

Lee Fon Yin *BB (Acc), CRMA, Dip Banking & Finance*
Head, Internal Audit
Internal Audit and Compliance

Grace Loh Chit Hiang
Senior Manager
Operations Administration and Corporate Secretarial

Cheah Sooi Ping *B Sc (Comp Sc)*
Senior Manager
Systems

SR-CHINA ADVISORY SERVICES CO LTD

Chin Tsu-Kuang *MA, Marine Law (Wales)*
Director

SENIOR MANAGEMENT'S PROFILE

THERESA WEE SUI LING

Chief General Manager/Chief Executive

Ms Theresa Wee Sui Ling joined the Company on 4 July 1990, and was appointed Chief General Manager in 2005 and Chief Executive in 2014. She is a member of the Investment Committee.

Ms Wee holds a Bachelor of Social Science (Honours) from the National University of Singapore and a Graduate Diploma in Financial Management from the Singapore Institute of Management. She is also a Chartered Insurer of the Chartered Insurance Institute, UK.

FRANCIS SANDIAGO SAVARI

Deputy Chief Executive

Mr Francis Sandiago Savari joined the Company on 1 September 2020 as Deputy Chief Executive. He was appointed as member of the Investment Committee on 24 February 2021.

Mr Savari holds a Master of Training (MEdT) from University of Southern Queensland Australia, Master of Business Administration (MBA) from University of La Verne USA and a Bachelor of Business Degree (B.Bus) from Nanyang Technological University Singapore. He has 28 years of professional experience in the (re)insurance industry.

CARLENE LIM LAY HOON

Financial Controller (Finance, Investment, Administration and Human Resource)

Ms Carlene Lim Lay Hoon joined the Company on 13 August 1990 and was appointed Financial Controller in 2011. She is responsible for the Group's Financial, Investment, Administrative and Human Resource functions. She is also a member of the Investment Committee.

Ms Lim holds a Bachelor of Business Administration from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

MERVYN LOW CHENG CHWEE

General Manager (Operations)

Mr Mervyn Low Cheng Chwee re-joined the Company on 11 September 2012 as General Manager. He is responsible for the Treaty and Facultative Underwriting operations. Mr Low was previously with the Corporation from 1991 to 2010 and was responsible for the Underwriting, China Affairs and Human Resource operations.

Mr Low holds a Bachelor of Arts from the National University of Singapore and holds a diploma from the Chartered Insurance Institute, UK.

CHENG YIINA

Assistant General Manager (Systems)

Ms Cheng Yiina joined the Company on 4 July 1991 and was appointed Assistant General Manager in 1999. She is responsible for the Group's Information Technology requirements.

Ms Cheng holds a Bachelor of Science (Honours) from the Oxford Brookes University, UK.

HO WING HOONG

Assistant General Manager (Operations)

Mr Ho Wing Hoong joined the Company on 24 January 2011 as Assistant General Manager. He is responsible for the Treaty and Facultative Underwriting operations.

Mr Ho holds a Bachelor of Law (Honours) from the University of Wolverhampton, UK.

YAP SOCK CHEEN

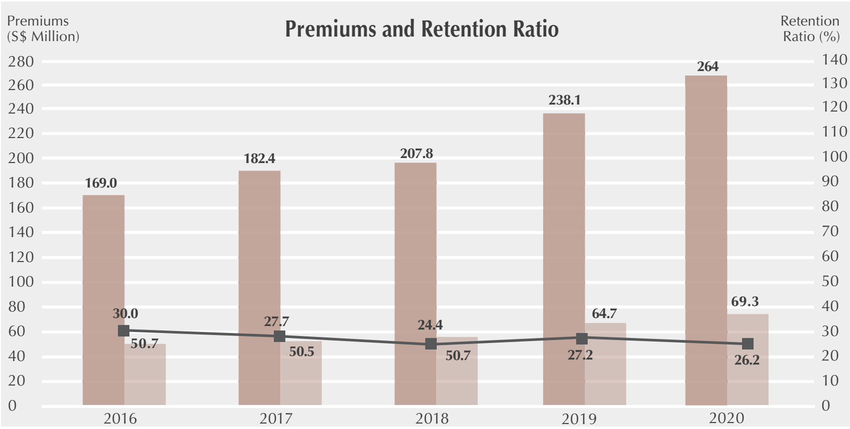
Assistant General Manager (Treaty Administration and Claims)

Ms Yap Sock Cheen joined the Company on 28 March 1980 and was appointed Assistant General Manager in 2012. She is responsible for the Treaty Administration and Claims operations.

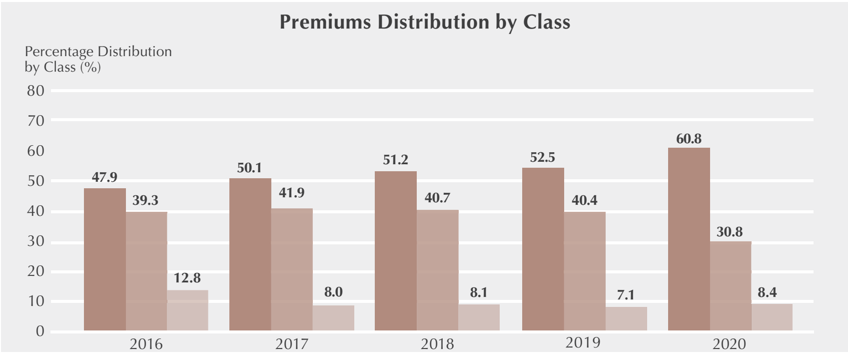
Ms Yap holds a Diploma in Business Administration and Diploma in Administration Management.

GROUP FINANCIAL HIGHLIGHTS

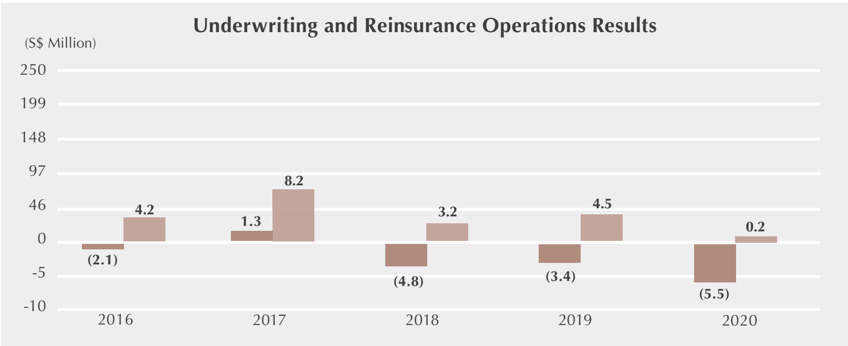
S$'000	2016	2017	2018	2019	2020
Gross Written Premiums	169,016	182,447	207,802	238,144	**263,965**
Net Written Premiums	50,722	50,526	50,681	64,668	**69,274**
Underwriting Results	(2,055)	1,309	(4,769)	(3,407)	**(5,468)**
Net Income From Reinsurance Operations	4,163	8,183	3,243	4,470	**223**
Profit Before Income Tax	9,878	14,056	11,297	10,286	**5,740**
Profit After Income Tax And Non-Controlling Interests	8,842	12,654	8,791	9,817	**5,130**
Net Insurance Contract Provisions:					
Outstanding Claims	152,449	148,289	153,274	160,307	**172,184**
Unexpired Risks	19,074	18,492	18,322	23,262	**24,640**
	171,523	166,781	171,596	183,569	**196,824**
% To Net Written Premiums (based on 5-year average of net written premiums)	327.4%	315.8%	327.2%	339.9%	**344.3%**
Shareholders' Funds	240,836	259,153	263,495	273,100	**268,302**
Investment Funds	411,078	441,005	435,600	453,169	**463,337**
Total Assets	703,246	771,409	817,733	883,098	**953,523**
Net Tangible Assets Per Share (cents)	39.79	42.82	43.54	45.12	**44.99**
Earnings Per Share (cents)	1.46	2.09	1.45	1.62	**0.86**
Return On Equity (%)	3.67	4.88	3.34	3.59	**1.91**
Gross Dividend (cents)	1.30	1.30	1.30	1.30	**0.70**
Gross Dividend Yield (%) At Year-End Share Price	4.26	4.13	4.56	4.41	**2.37**



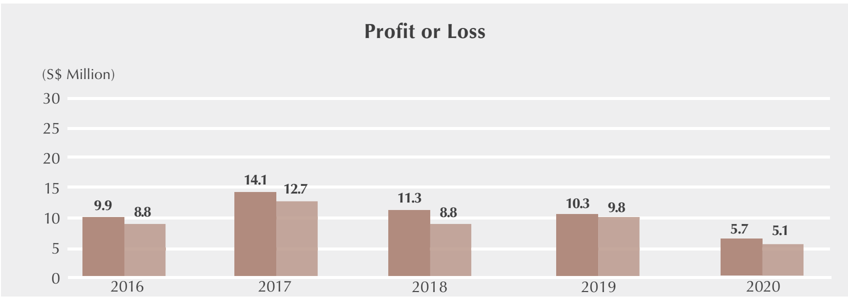
Gross Written Premiums Net Written Premiums Retention Ratio



Fire Accident Marine

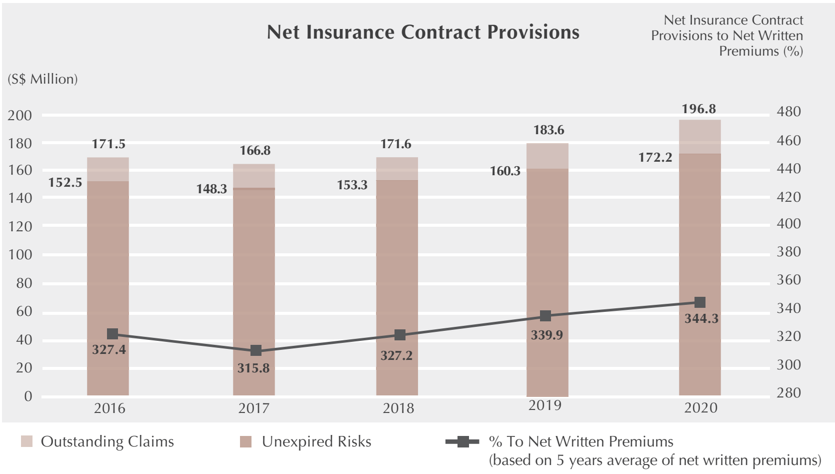


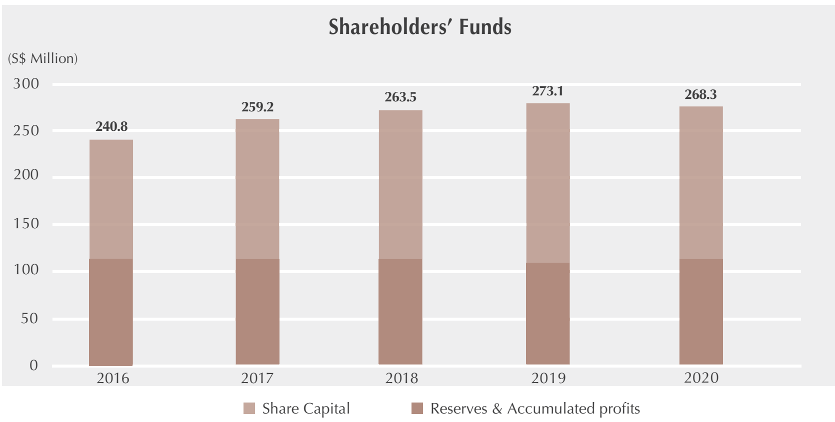
Underwriting Results Net Income From Reinsurance Operations

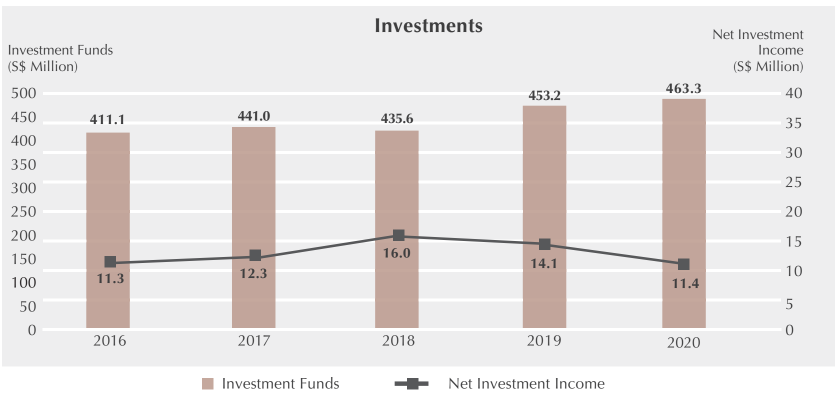


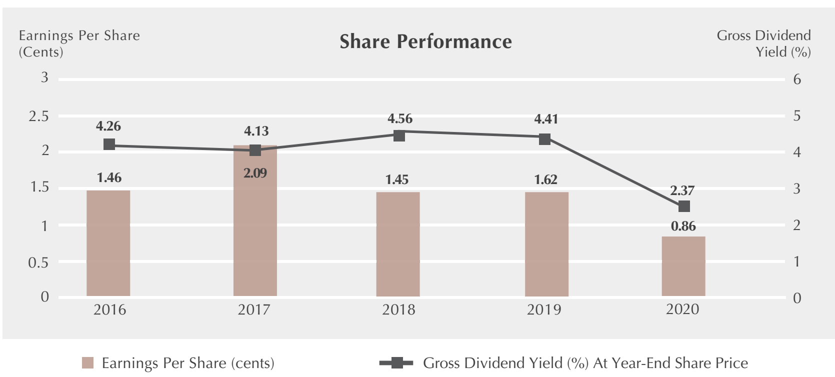
Profit Before Income Tax Profit After Income Tax and Non-Controlling Interests

GROUP FINANCIAL HIGHLIGHTS









CORPORATE GOVERNANCE

The Board is committed to good corporate governance and has adopted policies pursuant to the principles and guidelines in the Code of Corporate Governance issued on 6 August 2018 (**Code**) and the Practice Guidance issued on 6 August 2018 (**Practice Guidance**), the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (**CG Guidelines**) by the Monetary Authority of Singapore (**MAS**) and the Insurance (Corporate Governance) Regulations 2013 (**CG Regulations**) issued on 3 April 2013 and the Singapore Exchange Securities Trading Limited Listing Manual (**SGX Listing Manual**). The Company has put in place an internal guide to ensure good corporate governance in its business practices and activities. The Company believes that it has complied with the spirit and intent of Code, the Practice Guidance and the CG Guidelines and in areas where the Company's practices have deviated from Code, the Practice Guidance and the CG Guidelines, rationale for the same is provided herein.

The Company aims to preserve and enhance shareholder value by ensuring high standards of corporate performance and accountability.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 of the Code: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is supported by specialised Board committees to facilitate effective oversight of the Company and supervision of Management and the matters delegated by the Board to such Board committees are listed out in the terms of reference of each Board committee. The Board committees, namely, the Executive Committee (**EXCO**), Audit Committee (**AC**), Nominating Committee (**NC**), Remuneration Committee (**RC**) and Investment Committee (**INV**) meet regularly to consider the audit and risk management processes, investments, remuneration, nomination and other matters. A report on each committee's last meeting is provided at the next Board meeting.

The Board's core responsibilities, apart from statutory and fiduciary duties, include:

- to determine the Group's broad strategic directions, major investment and funding decisions and levels of risk tolerance and risk policies;

- to set the Group's values and standards (including ethical standards), as well as ensure proper accountability within the Company, and obligations to shareholders and other stakeholders are understood and met;

- to approve the financial objectives of the Group and monitor its performance and prospects;

- to ensure the implementation of the Board's overall strategies, including the formulation and proper execution of risk management policies and guidelines set by the Board;

- to approve the nomination of directors to the Board and appointment and removal of senior executives;

CORPORATE GOVERNANCE

- to oversee Management in the design, implementation and monitoring of the risk management and internal control systems;
- to review the adequacy and effectiveness of the Group's internal controls including compliance, operational, financial and IT controls and risk management systems; and
- to be responsible for the formulation of and compliance with the Group's sustainability policies and practices.

The Board meets at least quarterly to oversee the conduct of business of the Group.

The Board's approval is required for all major matters such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half yearly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends. In this regard, the Group has adopted internal guidelines which set out specific matters requiring Board approval. These written guidelines also include financial and non-financial limits of authority given to Management to facilitate operational efficiency.

Management provides the Board, EXCO and AC with detailed management accounts of the Group's financial performance, position and prospects on a quarterly basis. Management also provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis to enable the Board to make informed decisions and discharge their duties and responsibilities. Such information includes financial management reports, annual budgets and performance against budget, announcement of results, matters requiring the Board's decision and updates on key outstanding issues.

For matters which require the Board's decision outside the pre-agreed meetings, board papers are circulated to the Board for consideration, with discussions taking place between members of the Board and Management directly, before approval is granted.

In addition, the Board as a whole approves the appointment and removal of the Company Secretary. The Company Secretary's responsibilities include advising the Board on corporate and administrative matters, as well as facilitating orientation and assisting with professional development as required. The Board does not require the Company Secretary to attend all Board meetings, and the Company Secretary only attends Board meetings as and when requested by the Board, as the Company maintains an internal corporate secretarial function. The internal corporate secretarial function is responsible for preparing the minutes of Board meetings.

The Board also has separate and independent access to Management, the Company Secretary, and external advisors (where necessary) at the Company's expense. The Company Secretary assists Management to ensure that Board procedures are observed and the Company complies with the requirements of the Companies Act and the SGX Listing Manual. The Chief Executive (**CE**) and Financial Controller (**FC**) provide assistance in the company secretarial role and attend the Board meetings. Should the directors, whether as a group or individually, need independent professional advice to carry out their duties, the Company will, upon approval of the Chairman, arrange to appoint a professional advisor to render the advice.

Executive Committee
(Provision 1.4 of the Code – Board Committees with clear written terms of reference)

The EXCO, on behalf of the Board, supervises the Management in its conduct of the Group's business, and in ensuring the implementation of the Board's broad strategies, including the proper execution of risk management policies and guidelines set by the Board.

The EXCO comprises five non-executive directors. The members of the EXCO are:

Ramaswamy Athappan (Chairman)	Non-Independent
David Chan Mun Wai (Deputy Chairman)	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent

The EXCO holds periodic meetings with Management which is in charge of daily operations.

The principal functions of the EXCO are:

- to supervise Management in its conduct of the Group's business on behalf of the Board; and
- to ensure the implementation of the Board's overall strategies, including the proper execution of risk management policies and guidelines set by the Board.

As at 31 December 2020, the independent directors make up the majority of the EXCO as the Chairman is a non-independent director. Hence, the Company has complied with Guideline 11.12 of the CG Guidelines.

Investment Committee
(Provision 1.4 of the Code – Board Committees with clear written terms of reference)

The INV comprises the following five non-executive directors, the Senior Advisor and three key executives:

Hwang Soo Jin (Chairman)	Senior Advisor
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent
Theresa Wee Sui Ling	Chief Executive
Francis Sandiago Savari (appointed on 24 February 2021)	Deputy Chief Executive
Carlene Lim Lay Hoon	Financial Controller

Periodic meetings are held with Management in charge of investments to discuss key investment issues.

CORPORATE GOVERNANCE

The responsibilities of the INV are:

- to monitor the progress and development of the investment decisions taken by the Group;
- to determine the strategic direction and to identify suitable investment opportunities;
- to oversee the day-to-day investment activities conducted by Management;
- to ensure close coordination between the underwriting and the investment arms of Management so that available funds can be invested promptly and efficiently;
- to ensure judicious management of the investment portfolio in line with the risk appetite of and tolerance limits set by the Board in order that there will always be adequate liquidity to support the underwriting activities;
- to ensure reasonable returns to enable servicing of shareholders' dividends at a consistently credible level; and
- to approve investment proposals submitted by Management as required under established procedure.

Board Orientation and Continual Training and Development
(Provision 1.2 of the Code – Induction, training and development for new and existing directors)

As part of the induction programme for directors new to the reinsurance industry, a briefing on the fundamental aspects of the esoteric business of reinsurance, the Code and the CG Guidelines would be conducted. The Company did not appoint any first-time directors in 2020.

As part and parcel of a training programme introduced by the NC, a series of orientation sessions would be organized for new directors. During such sessions, the experiences of the old directors would be shared with the newcomers. In the process, the new directors' attention would be drawn to the peculiarity of reinsurance accounting, the key risks involved in the business, the risk management process and the related systems of control in place as well as the directors' extent of responsibility for exercising oversight and for complying with regulatory and other requirements. For continuous development, such dialogue sessions outside normal Board meetings will continue to be held at regular intervals.

Directors are encouraged to continually develop and refresh their knowledge and skills, and keep themselves abreast with relevant developments and updates on key legal, regulatory and financial and accounting changes which affect the Group by attending briefings or seminars conducted by external parties.

Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. In 2020, the briefing for Directors focused on Cyber Security.

Board Composition and Independence

Principle 2 of the Code: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company

The Board comprises five non-executive directors and the members are:

Ramaswamy Athappan (Chairman)	Non-Independent
David Chan Mun Wai (Deputy Chairman)	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent

The Board considers its present number of five directors to be sufficient and appropriate for effective decision-making, taking into account the scope and nature of the Group's operations.

The composition of the Board and the independence of each director are reviewed annually by the NC, based on the Code's, the Practice Guidance's, the CG Guidelines', the CG Regulations' and the SGX Listing Manual's definition of what constitutes an independent director. The NC is satisfied that the Board consists of directors who are professionals of high caliber and as a group, they possess a broad range and appropriate balance of core competencies and experience in insurance, banking, finance, law and business.

The Board is able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decision making of the Board.

The Board has also conducted a review of the performance of the directors and considers that each of the directors brings invaluable integrity, wisdom and experience to the Board and that they continue to contribute positively to the Board. The Board collectively has the critical skills, experience and expertise needed in charting the strategic direction of the Group. The NC is satisfied that each director is a fit and proper person fully qualified for the office.

All directors, on an ongoing basis, are required to declare any interest which they believe could conflict with the Company's interests. If a potential conflict does arise, the director concerned recuses himself from Board discussions and decisions on the matter being considered.

The non-executive independent directors have no relationship with the Company, its related corporations, its substantial shareholders or its officers which could interfere, or be reasonably perceived to interfere, in their exercising independent business judgement in the best interests of the Company. They are not substantial shareholders and are independent from the substantial shareholders of the Company.

Two of the five directors may not, pursuant to the CG Regulations, be considered independent, namely, Mr Ramaswamy Athappan and Mr David Chan. As Mr Ramaswamy Athappan is the Chief Executive Officer of MS First Capital Insurance Limited and the Chairman of Fairfax Asia Limited, he may not be considered independent by virtue of the business relationship of MS First Capital Insurance Limited with the Company and Fairfax Asia Limited being a substantial shareholder of the Company. As Mr David Chan

CORPORATE GOVERNANCE

is the Managing Director of United Overseas Insurance Limited, he may not be considered independent by virtue of the business relationship of United Overseas Insurance Limited with the Company and United Overseas Insurance Limited being a substantial shareholder of the Company.

Given that the business relationship between the Company and insurance companies which some of the directors are employees of are conducted at arms' length and in the ordinary course of business, the Board is satisfied that there is a strong and independent element on the Board and the ability to act in the interests of the Company have not been impeded.

Pursuant to the CG Regulations as well as Provision 2.1 of the Code and Practice Guidance 2, Mr Ramaswamy Athappan is not independent by virtue of Fairfax Asia Limited's substantial shareholding in the Company and Mr David Chan is not independent by virtue of United Overseas Insurance Limited's substantial shareholding in the Company.

As no Director has been employed by the issuer or any of its related corporations for the current or any of the past three financial years, and no employee of the Company and its related corporations in any of the past three financial years is an immediate family member of any of the directors, no Director is considered non-independent for the purposes of Rule 210(5)(d) of the SGX Listing Manual.

In compliance with the CG Regulations, the Code and the Practice Guidance, the NC determined after rigorous review that, except for Mr Athappan and Mr Chan, all Board members are considered independent. As at 31 December 2020, the independent directors make up the majority of the Board as the Chairman is a non-independent director and the Board consists only of non-executive directors. Hence, the Company has complied with the CG Regulations, Provisions 2.2 and 2.3 of the Code and Practice Guidance 2.

The non-executive directors meet at least once a year and as and when required without the presence of Management.

Board Diversity Policy

Given the all-embracing nature of general insurance in its wide-ranging scope of services catering to practically every aspect and activity of human endeavours, it is of importance that the leadership of an insurance company collectively is knowledgeable and experienced from diverse backgrounds so as to be able to exercise effective guidance to and oversight on Management in its conduct of business. The Board, being the highest level of authority, must therefore comprise of persons with different expertise and experience. As such, diversity in terms of business experience, skills, age, gender, ethnicity and culture, amongst other desirable qualities, are essential in the selection of candidates for Board appointments.

Given the relatively small size of the Company and consequently the need to limit the number of Board seats, Board diversity in the context of the Company should take into account the talents already available amongst the Company's senior executives. They participate actively at all Board discussions. Their combined wisdom complements that of the directors in ensuring all decisions taken at the Board level are circumspectively considered.

The NC is appointed by the Board to assist in the implementation of this policy. In carrying out its duty, it undertakes an annual review of the efficacy of the composition of the Board and that it remains relevant to the changing circumstances. As and when necessary, suitable suggestions to change the policy will be recommended to the Board.

Currently, whilst there are no women represented on the Board, diversity is achieved by having the CE and FC, who are women, attend all Board meetings. The NC is of the view that the relevance of a potential candidate's skills, experience and ability, among other desirable attributes, are more important factors than age or gender in the consideration for appointment to the Board. However, equal opportunity will continue to be accorded to all potential candidates irrespective of age or gender as and when the occasion arises in the future.

The directors' profile is provided in pages 7 to 10.

The Members' attendance at the Board and Board Committee meetings and general meetings of the Company for the financial year ended 31 December 2020 are as shown below:

Committees	**BOARD**	**EXCO**	**AC**	**NC**	**RC**	**INV**	**GM**
Number of Meetings Held	4	2	4	1	1	2	1
Members	**Number of Meetings Attended**						
Ramaswamy Athappan	4	2	4	1	1	2	1
David Chan Mun Wai	4	2	4	1	1	2	1
Dileep Nair	4	2	4	1	1	2	1
Peter Sim Swee Yam	4	2	4	1	1	2	1
Ong Eng Yaw	4	2	4	1	1	2	1

Notes:

BOARD – Board of Directors
EXCO – Executive Committee
AC – Audit Committee
NC – Nominating Committee
RC – Remuneration Committee
INV – Investment Committee
GM – General Meeting

Chairman and Chief Executive

Principle 3 of the Code: Clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

There is a clear division of responsibilities between the non-executive Chairman and the CE who are not related. The CE bears the executive responsibility for the day-to-day operations of the Company while the responsibilities of the Chairman, among other things, are to:

- provide leadership to the Board in the formulation and review of Board policies and to guide Management in striving towards the desired strategic directions set by the Board;

CORPORATE GOVERNANCE

- schedule meetings of the Board to enable it to perform its duties responsibly;
- prepare meeting agenda in consultation with the CE;
- review key proposals before they are presented to the Board for decision;
- exercise control over the quality, quantity and timeliness of the information submitted to the Board;
- encourage constructive relations between the Board and Management;
- facilitate the effective contribution of non-executive directors;
- ensure effective communication with the regulators and shareholders;
- ensure compliance with the Code, CG Guidelines, CG Regulations, Practice Guidance, SGX Listing Manual and Board policies as well as promote high standards of corporate governance; and
- ensure information the Board receives is comprehensive, accurate and timely to enable effective decision making.

Notwithstanding Provision 3.3 of the Code, the Board is of the view that it is not necessary for the Company to appoint a lead independent director given that the number of directors on the Board is relatively small and the members are well experienced. There is regular and active participation at Board and Board Committee meetings. Non-accessibility by shareholders to the directors has also never been an issue and the Board is available to shareholders when they have concerns. Where contact through normal channels of communication with the Chairman or Management are inappropriate or inadequate, the independent directors are available to meet with shareholders. Furthermore, each of the independent directors, Mr Dileep Nair, Mr Ong Eng Yaw and Mr Peter Sim Swee Yam provide independent leadership on the Board by virtue of their appointment as Chairman of the AC, NC and RC, respectively.

The independent directors meet as and when required without the presence of the other directors and the Management and feedback, if warranted, is given to the Chairman after such meetings.

BOARD MEMBERSHIP

Board Membership
Principle 4 of the Code: Formal and transparent process for the appointment and re-appointment of directors to the Board

The NC in consultation with the Chairman of the Board considers and makes recommendations to the Board concerning the appropriate size and needs of the Board.

New directors are appointed to the Board following recommendation of the NC and approval of the MAS. Regulation 101 of the Company's Constitution requires all new directors to submit themselves for re-election at the next Annual General Meeting (**AGM**) of the Company.

The NC also makes recommendations to the Board in respect of the directors who are eligible to be re-appointed at the AGM of the Company at regular intervals.

Pursuant to Regulation 96 of the Company's Constitution, one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, retire by at every AGM. Under the Company's Constitution, there is no maximum fixed term or retirement age for non-executive directors.

Pursuant to Regulation 96 of the Company's Constitution, Mr Ramaswamy Athappan and Mr Peter Sim Swee Yam are due to retire at the forthcoming AGM to be held on 27 April 2021.

The NC and the Board have recommended that Mr Ramawamy Athappan and Mr Peter Sim Swee Yam be re-elected.

Pursuant to Rule 720(6) of the SGX Listing Manual, the information as set out in Appendix 7.4.1 of the SGX Listing Manual relating to Mr Ramaswamy Athappan and Mr Peter Sim Swee Yam, who are the Directors seeking re-election at the forthcoming AGM, is mentioned in pages 178 to 181.

The NC is also of the view that it is not necessary to impose a limit on the number of board representations which directors may hold, as directors have different capabilities and companies have different complexities. The NC is satisfied that each of the directors has been devoting sufficient time and attention to the Company's affairs. The NC is of the view that, notwithstanding the number of directorships and commitments of each director, the duties of all directors have been fully discharged based on the time and commitment by each director to the affairs of the Company. To address the competing time commitments of directors who sit on multiple boards and committees, meeting dates are scheduled in advance before the beginning of every calendar year.

The Board does not have any alternate directors. All directors have dedicated adequate time to the affairs of the Company.

Appointment of New Directors

The search and nomination process for new directors is through contacts and recommendations. When recommending new directors to sit on the Board, the NC strives to ensure that the Board has sufficient number of independent directors with the right expertise, attributes and ability.

The NC will assess potential candidates taking into consideration the individual's background, skills and abilities, such as experience or expertise in some of the following areas: the insurance industry, corporate affairs, government affairs, experience as director, chief executive officer, chief operating officer or chief financial officer of a large company. The NC would also strive to determine whether the candidate is a fit and proper person and able to devote time in carrying out his duties as a director of the Company.

CORPORATE GOVERNANCE

When a candidate meets the assessment criteria set by the NC, the Committee will thereafter make a recommendation to the Board for consideration of the appointment. Upon the Board's endorsement, the Company will then seek MAS's approval accordingly and make the announcement to the Singapore Exchange Securities Trading Limited (**SGX**).

Newly appointed directors will be provided with formal letters of appointment (setting out the directors' roles, duties, obligations and responsibilities).

Nominating Committee

Principle 4 of the Code: Formal and transparent process for the appointment and re-appointment of directors to the Board

The NC comprises the following five non-executive directors, the majority of whom, including the NC Chairman, are independent as defined in the Code:

Ong Eng Yaw (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Peter Sim Swee Yam	Independent

As Senior Advisor, Mr Hwang Soo Jin would attend the meeting(s) of the NC as and when so requested, at the invitation of the NC.

The NC holds its meetings annually or as frequently as may be necessary. The NC's primary functions are:

- to review and make recommendations to the Board concerning the size, structure, composition and diversity of the Board and the Board committees;

- to identify potential candidates to fill Board vacancies, if any, as well as put in place plans for succession for directors and the Chairman;

- to review and make recommendations, for the Board's approval, on the appointment of the Group's senior executives and review the succession plans for the CE and key management personnel;

- to review and make recommendations to the Board on the re-appointment of directors taking into consideration the directors' ability to exercise sound judgment, independence, demonstrated leadership, skills and work experience;

- to ensure compliance with the CG Regulations and adhere to the Code, Practice Guidance and CG Guidelines on the composition of the Board;

- to decide how the Board's and Board committees' performance may be evaluated and propose objective performance criteria for the Board's approval;

- to assess the effectiveness of the Board as a whole and the contribution by individual directors to the effectiveness of the Board;

- to review the ability of directors with multiple board representations to carry out their duties and other principal commitments adequately;

- to review the training and professional development programmes for the Board and the directors;

- to provide its views on the independence of the Board and determine annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in the CG Regulations, Provision 2.1 of the Code, Rule 210(5)(d) of the SGX Listing Manual and Guideline 2.4 of the CG Guidelines;

- to develop a framework to identify the skills that the Board collectively needs in order to discharge the Board's responsibilities effectively, taking into account the complexity of the Company's risk profile, business operations and future business strategy;

- to assess, on an annual basis, if the Board and the Board committees lack any skills to perform their roles effectively and identify steps to improve the effectiveness of the Board and the Board committees;

- to oversee the implementation of the Guidelines on Individual Accountability and Conduct; and

- to ensure the clear identification of senior managers who have responsibility for functions that are core to the management of the Company's affairs, including but not limited to the core management functions.

There was no cessation, resignation or dismissal of any key appointment holder for the financial year ended 31 December 2020.

BOARD PERFORMANCE

Principle 5 of the Code: Formal annual assessment of the effectiveness of the Board as a whole and the contribution by each director

The NC conducts a formal annual assessment of the performance of the Board as a whole and each Board committee in view of the complementary and collective nature of directors' contributions. The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole and of each Board committee, as well as the contribution by the Chairman and each individual director to the Board.

The evaluation parameters for the Board's and Board committees' performance are based on quantitative and qualitative criteria, which include the level of return on equity, regularity of attendance at meetings, the success of the strategic and long term objectives set by the Board and Board committees, and the effectiveness of the Board and the Board committees in monitoring Management's performance against the goals set by the Board.

CORPORATE GOVERNANCE

The assessment of the contribution of directors is made with reference to a set of common key performance indicators and the skills and experience which the Board is expected to possess. Non-executive directors of the Company constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives, as well as monitor the performance.

The Board is of the opinion that all directors collectively and individually have contributed positively to the growth of the Company during the year and in discharging their duties have conducted themselves diligently in safeguarding the interests of shareholders.

The NC did not engage any external facilitator for the assessment of the Board, the Board committees and each director.

The EXCO, on behalf of the Board, supervises the Management in its conduct of the Group's business, and in ensuring the implementation of the Board's broad strategies, including the proper execution of risk management policies and guidelines set by the Board.

In addition, it has been the Group's practice for the Board Chairman's performance to be appraised annually by the Board without his participation. When the NC is deliberating on the performance of a particular member of the NC, that member recuses himself from the discussion to avoid conflict of interests.

REMUNERATION MATTERS

Remuneration Committee

Principle 6 of the Code: Formal and transparent procedure for fixing the remuneration packages of individual directors and key management staff

The RC comprises the following five non-executive directors, the majority of whom, including the RC Chairman, are independent as defined in the Code:

Peter Sim Swee Yam (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Dileep Nair	Independent
Ong Eng Yaw	Independent

As Senior Advisor, Mr Hwang Soo Jin would attend the meeting(s) of the RC as and when so requested, at the invitation of the RC.

The RC holds periodic meetings with Management in charge of human resource functions and also has access to the information when clarification and advice is needed.

The principal functions of the RC are:

- to review and recommend to the Board for its endorsement a framework of remuneration for the Board and key management personnel to ensure that it is sufficiently equitable to attract, retain and motivate them to provide good stewardship;

- to review and recommend to the Board the specific remuneration packages for each director and all personnel, in an effort to motivate, retain and create a sense of belonging to facilitate the achievement of strategic objectives and corporate values;

- to exercise oversight of personnel administration executed by Management and to ensure that there is sufficient equitable staff welfare in terms of training, health and safety to attract, retain and motivate personnel; and

- to review all aspects of remuneration, including the Company's obligation in the event of termination of executive directors, if any, and key management personnel's contract of service to ensure that the contract of service contain fair and reasonable clauses.

Level and Mix of Remuneration

Principle 7 of the Code: Level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company

Principle 8 of the Code: Clear disclosure on remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

The Group adopts a remuneration policy that is primarily performance based taking into account each person's job responsibilities, function and market conditions. The remuneration for employees of the Group comprises a fixed component and a performance-related variable component in an effort to link rewards to corporate and individual performance, align their interests with those of shareholders and promote the long-term success of the Company.

The RC sets out the remuneration guidelines and reviews all aspects of the remuneration framework of the Group, including without limitation, directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind.

The RC did not engage any external consultant on the remuneration of the directors and key management personnel.

The fixed component consists of a base salary and fixed allowance. The variable component is in the form of a bonus that is linked to the Group's and the individual's performance. A budget for salary increment and bonus is submitted by the CE to the Board annually. During the course of the year, the salary and bonus proposal would be put forth to the RC for consideration and approval.

CORPORATE GOVERNANCE

The RC reviews the level and mix of remuneration and approves the framework for salary reviews, performance bonus and incentives for the CE and key management personnel of the Group. In setting the remuneration packages, the RC takes into consideration the Company's and the individual's performance, as well as the contribution to revenue and profitability. The Group uses indicators such as key financial metrics (such as, Earnings per Share, Operating Profit ratio) and performance rating of the employees to link remuneration to corporate and individual performance. Salaries are benchmarked against comparable roles in the insurance industry, while bonuses are granted based on the performance of the Company and the individual.

To motivate the non-executive directors and key management personnel to work in alignment with the goals of stakeholders, the Company has viewed leadership, people development, commitment and teamwork as important performance criteria.

The remuneration policies are in line with the strategic objectives and corporate values of the Company, and do not conflict with the Company's objectives and directions. The remuneration practices do not create incentives for excessive or inappropriate risk-taking behaviour. The remuneration policies are also appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The remuneration of the directors is appropriate to their level of contribution and respective responsibilities. Directors are paid an attendance fee for their involvement in the Board and Board committee meetings. Directors who participate in the Board committees receive fees for the additional responsibilities. No director decides his own remuneration. The fees are reviewed by the RC and thereafter submitted to the Board for endorsement. The directors' fees proposed by the Board are subject to shareholders' approval at the Company's AGM.

The Company believes that it is not in its best interest to disclose the precise remuneration of the directors and key management personnel due to the highly competitive market for talent. Accordingly, the Company continues its practice of disclosing the remuneration of directors and key management personnel in bands of S$250,000.

The remuneration of directors for the financial year ended 31 December 2020 is set out below:

Directors	Directors' Fees %	Salary %	Bonus %	Other Fees, Allowances & Benefits[1] %	Total %
Ramaswamy Athappan	100	0	0	0	100
David Chan Mun Wai	100	0	0	0	100
Dileep Nair	100	0	0	0	100
Peter Sim Swee Yam	100	0	0	0	100
Ong Eng Yaw	100	0	0	0	100

[1] Other fees, allowances and benefits include advisor fees and out-of-pocket allowances

The following information relates to directors' remuneration:

Remuneration Bands	Number of Directors in Remuneration Bands 2020	2019
S$250,000 to S$499,999	**1**	1
Below S$250,000	**4**	5
Total	**5**	6

The aggregate amount of remuneration paid/accrued to directors is S$552,250.00.

The remuneration of key management personnel for the financial year ended 31 December 2020 is set out below:

Key Management Personnel	Directors' Fees[2] %	Salary %	Bonus %	Other Fees, Allowances & Benefits[3] %	Total %
Theresa Wee Sui Ling	0	81	11	8	100
Francis Sandiago Savari[4]	0	66	34	–	100
Carlene Lim Lay Hoon	0	82	15	3	100
Mervyn Low Cheng Chwee	0	78	14	8	100
Cheng Yiina	0	82	14	4	100
Ho Wing Hoong	0	80	14	6	100
Yap Sock Cheen	0	85	15	–	100
Subramaniam Mokanasivam[5]	0	91	0	9	100

2 Including directors' fees paid to key management personnel in respect of their appointment to the Subsidiaries' Boards
3 Other fees, allowances and benefits include transport, entertainment allowances and long service awards
4 Francis Sandiago Savari joined the Company as Deputy Chief Executive on 1 September 2020 and he reports to the Chief Executive and the Board of Directors
5 Following the Company's disposal of its shareholding in INS Communications Private Limited, which was completed on 26 August 2020, Subramaniam Mokanasivam is no longer an employee of the Group with effect from 26 August 2020

CORPORATE GOVERNANCE

The following information relates to key management personnel's remuneration:

Remuneration Bands	Number of Senior Management in Remuneration Bands	
	2020	2019
S$250,000 to S$499,999	**1**	2
Below S$250,000	**7**	5
Total	**8**	7

The aggregate amount of remuneration paid/accrued to the key management personnel is S$1,655,087.00.

Having reviewed and considered the variable components of the key management personnel, which are moderate, the RC is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components of the key management personnel's remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss.

There are no termination, retirement and post-employment benefits granted to directors, the CE and the key management personnel.

Currently, no long-term share based incentive scheme has been adopted by the Company. Nevertheless, the RC reviews from time to time the appropriateness of adopting a long-term incentive scheme and whether executive directors, if any, and key management personnel should be eligible for long-term incentive schemes, taking into account the costs and benefits of adopting such proposed long-term incentive scheme.

The Company did not and does not employ any immediate family member of any director or the CE whose remuneration for the financial year ended 31 December 2020 exceeds S$50,000.

ACCOUNTABILITY AND AUDIT

Audit Committee

Principle 10 of the Code: Establishment of Audit Committee which discharges its duties objectively

The AC comprises five non-executive directors, the majority of whom, including the AC Chairman, are independent directors as defined in the Code.

The Board is of view that the members of the AC have the financial management expertise and experience to discharge the AC's responsibilities. The members of the AC are:

Dileep Nair (Chairman)	Independent
Ramaswamy Athappan	Non-Independent
David Chan Mun Wai	Non-Independent
Peter Sim Swee Yam	Independent
Ong Eng Yaw	Independent

As Senior Advisor, Mr Hwang Soo Jin would attend the meeting(s) of the AC as and when so requested, at the invitation of the AC.

The AC holds quarterly meetings each year and discharges the following responsibilities:

- to evaluate the adequacy and effectiveness of internal controls, including compliance, financial, operational and IT controls of the Company (carried out internally or with the assistance of competent third parties) and provide their assessment to the Board annually on the effectiveness and adequacy of the controls;

[Note: The Board retains the responsibility for the review of the effectiveness of the system of internal controls and must form its own opinion despite aspects of the review being delegated to the AC.]

- to review the adequacy and effectiveness of the Group's risk management systems as delegated by the Board;

- to ensure compliance with legal and regulatory requirements and review reports received from regulators and the SGX;

- to review the financial accounts of the Company and Group each quarter in conjunction with the external auditors' comments thereon prior to their submission to the Board for adoption;

- to review the assurance from the CE and FC on the financial records and financial statements;

- to review, guide and ensure compliance with the Group's sustainability policies and practices;

- to review the adequacy, effectiveness and independence of the external audit and the Company's internal audit function;

- to review and approve the audit scope/plans of the external and internal auditors, the results of the auditors' examinations and evaluation of the Company's system of internal accounting controls, and the Management's response to their recommendations;

- to make recommendations to the Board on the appointment/re-appointment and removal of external auditors, the external audit fees and the terms of engagement of external auditors;

- to evaluate external auditors' objectivity and independence including the provision of non-audit services;

- to review legal and regulatory matters that may have material impact on the financial statements and reports received from regulators;

- to review and consider if interested person transactions are on normal commercial terms and not prejudicial to the Company's interests;

CORPORATE GOVERNANCE

- to report to the Board regularly on the exercise of its duties, identifying matters which it considers require action or improvement, and making recommendations as to the steps to be taken;

- to review the assistance and co-operation given by the Company's officers to the external and internal auditors;

- to have authority to investigate any matter within its terms of reference, full access to and co-operation by Management and reasonable resources (including obtaining professional advice) to enable it to discharge its functions properly;

- to oversee and guide Management in:

  (a) the establishment and the operation of an independent enterprise-wide risk management system and

  (b) the adequacy of the risk management function, ensuring that it is sufficiently resourced to monitor risk and that it has appropriate independent reporting lines;

- to assist the Board in determining the Company's overall risk tolerance and risk policies;

- to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; and

- to review the Company's whistle-blowing policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and to ensure that the Company publicly discloses, and clearly communicates to employees, the existence of the Company's whistle-blowing policy and the procedures for raising such concerns.

None of the members of the AC is a former partner or director of the Company's existing auditing firm or auditing corporation.

The AC conducts a review on the adequacy and effectiveness of the internal audit function annually, to ensure that the Company maintains an effective internal audit function that is adequately staffed and independent of the activities it audits. The AC is satisfied that the internal audit function is independent, effective, adequately resourced and has the appropriate standing within the Group.

The internal audit function is overseen by the Company's internal auditor, whose qualifications are provided on page 11. The internal auditor has unfettered access to the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. The internal auditor is accountable to the AC and provides reports to the AC regularly.

Internal audit activities are conducted in relation to nationally or internationally recognized standards such as the Institute of Internal Auditors Professional Practice of Internal Auditing.

The AC meets with the external and internal auditors, without the presence of Management, at least annually. It has explicit authority to investigate any matter, full access to and co-operation by Management and other employees, and full discretion to invite any director to attend the meetings.

The Committee has reviewed the non-audit services provided by the external auditors in the financial year ended 31 December 2020 and is satisfied that such services would not affect the independence of the external auditors. The external auditors, on an annual basis, have also provided a written confirmation of their independence to the AC.

The AC has reviewed the financial statements, the internal and external audit plans and reports, the external auditor's evaluation of the system of internal accounting controls, the scope and result of internal and external audit procedures, the significant findings of audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the FC, CE and other management staff, as appropriate.

Comments on Key Audit Matters (KAms)

In reviewing the Independent Auditors' Report, the AC notes with satisfaction that for the 5th year running there is no apparent weakness found in the Company's systems and procedures of controls and that there is no breach in operational compliance with applicable laws, rules and regulations. In particular, the KAms relating to estimation of premium, commission expense and outstanding claims provision, the external auditor has found the methodologies adopted and the assumptions used to arrive at the final figures to be appropriate in ensuring reasonableness in the overall valuation. In view of the sensitive nature of these key areas in the Company's core operation, the AC will continue to monitor closely on a regular basis the submissions from Management prior to adoption in the final accounts. As the processes involved considerable degree of judgmental decision based on technical expertise and relevant experience, the AC will ensure that Management is equipped with adequate resources and that the system and procedure remain relevant and efficacious at all times in keeping with changes in the operating environment.

Finally, it should be noted that in the course of the AC's deliberation, the Management has been called upon to account for the assumptions used and the methodologies adopted where necessary and in all cases its response has been found satisfactory.

INTERNAL CONTROLS

Principle 9 of the Code: Sound system of risk management and internal controls

The Board determines the Company's risk tolerance and policies and oversees Management in the design, implementation and monitoring of the internal controls. The Board exercises oversight on Management through the AC on the adequacy and effectiveness of the Company's systems of internal controls in compliance, operational, financial, IT and risk management. The AC reviews regularly with Management and auditors, both internal and external, the continued development in the measures taken by Management to further strengthen internal controls. In particular, the AC satisfies itself of the adequacy in the documentation of operating procedures and their compliance and amendments made to meet changing circumstances. The AC undertakes a review of the effectiveness of the internal control systems and reports its findings to the Board for endorsement annually.

CORPORATE GOVERNANCE

The Board believes that the recognition of the importance of internal controls is a matter of corporate culture that calls for common commitment at all levels of the Company from Board to Management and staff. The Board recognises that the system of internal controls can only provide reasonable assurance but cannot totally eliminate the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. In order to minimise such occurrence, continued strengthening of internal controls to meet the challenges of a rapidly changing operating environment should be part and parcel of daily business process to be pursued relentlessly.

The AC has reviewed, and the Board has received, the assurance given by the CE and the FC on the following:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) that the Company's risk management and systems of internal controls are adequate and effective.

During the year under review, in compliance with Rule 1207(10) of the SGX Listing Manual, the Board, based on reports from both internal and external auditors as well as the AC, is of the opinion, with the concurrence of the AC, that the internal controls, including financial, operational, compliance and IT controls, and risk management systems in all aspects of the Company's operations are adequate and effective to safeguard shareholders' interest.

Whistle-blowing policy

In addition, the Company has a whistle-blowing protection policy that sets out the business practice and ethical conduct expected of all employees. The purpose of the policy is to encourage the reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with confidence to the AC. All employees and other persons making such reports will be treated fairly and protected from reprisal. All reports received are accorded confidentiality and independently investigated by the Internal Audit Head and reported to the AC. The whistle-blowing policy and procedures are incorporated in the Employee Handbook. New employees are briefed on the policy during their orientation.

RISK MANAGEMENT

Principle 9 of the Code: Sound system of risk management and internal controls

Given the special nature of reinsurance business, the Board is firmly of the conviction that risk management is synonymous with the process of underwriting. Consequently, it believes that the thrust for the continued development in the measures taken to strengthen risk management should be left with Management. The Board however, exercises oversight on the adequacy and effectiveness of the Group's risk management system and ultimately determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. To facilitate closer monitoring, the Board has delegated the review of the adequacy and effectiveness of the risk management system to the AC. In carrying out its duty, the Company has established a Risk Management Review Committee (**RMRC**) at the management level with the General Manager (Operations) designated as Risk Management Officer and the RMRC reporting to the AC. The RMRC meets regularly and its responsibilities are:

- to identify, assess and monitor all reasonably foreseeable and material risks that the Company is or may be exposed to;
- to review and recommend risk management measures to address the key risks; and
- to support the AC in the review of the adequacy and effectiveness of the risk management measures implemented.

The AC in turn meets with Management and the auditors to review the reports submitted by the RMRC in order to satisfy itself of the continued adequacy of the risk management system. Once a year, based upon predetermined criteria, the AC assesses the effectiveness of the system and submits its findings to the Board for endorsement if appropriate.

The principal risks facing the Company and how they are being managed or mitigated are provided in Note 31 of the Financial Statements.

For the year under review, based on reports from both internal and external auditors as well as the AC, the Board is satisfied that the risk management system maintained by the Management is adequate and effective to meet the needs of the Company in its current business environment.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11 of the Code: *Shareholder Rights and Conduct of General Meetings*
Principle 12 of the Code: *Engagement with Shareholders*

In presenting the half yearly and annual financial statements to shareholders, it is the aim of the Board to provide the shareholders with a balanced, comprehensive and understandable assessment of the Group's performance, financial position and prospects.

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company is made available to shareholders of the Company. This is done through the Company's annual reports, half yearly and annual financial announcements and press releases disclosed through SGXNET which are also posted on the Company's website at http://www.singre.com.sg (**Corporate Website**). The Company has in place an Investor Relations Policy which allows for an ongoing exchange of views to actively engage and promote regular, effective and fair communication with shareholders and sets out the mechanism through which information is conveyed to shareholders and through which shareholders may initiate ad hoc communication with the Company from time to time.

Where disclosure is inadvertently made to a selected group, the Company will make the same disclosure publicly as soon as practicable for it to do so.

CORPORATE GOVERNANCE

Shareholders are given opportunities to participate in and vote at the Company's general meetings and are kept informed of the rules governing the Company's general meetings. The Board, including the Chairman and Management, are present at these meetings to address queries that shareholders may have. A representative of the external auditors is also present to assist the Board in addressing relevant queries by shareholders. The Constitution allows a member of the Company to appoint one or two proxies to attend and vote at general meetings. In addition, a member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at general meetings, but such proxies must be appointed to exercise the rights attached to a specified number of shares. The term "relevant intermediary" is for this purpose defined under the Companies Act and includes the Central Provident Fund Board, banks and capital market services licence holders which provide custodial services. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation.

Separate resolutions on each distinct issue are tabled at general meetings.

The Company Secretary and/or a representative from the Company Secretary's office prepares the minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. The minutes of such meetings are then circulated to the Board for approval. Thereafter, the finalised minutes are published on the Corporate Website as soon as practicable.

In compliance with Rule 730A(2) of the SGX Listing Manual, resolutions tabled at general meetings will be put to vote by poll. To enhance transparency and efficiency in the voting process and results, electronic poll voting is conducted. The Company appoints an independent external party as scrutineer for the electronic poll voting process. The results showing the number of votes cast for and against each resolution and the respective percentages are announced via the SGXNET on the same day as the general meeting.

Dividend Policy

The Company intends to pay dividends annually in two instalments, with a target aggregate dividend pay-out ratio of at least 50% of the Company's profit after income tax. The interim dividends will be declared and paid following the publication of our financial results for the first half of each year while the final dividend will be paid after the approval by shareholders at the Annual General Meeting. There can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Board may deem relevant, as well as other legal and regulatory requirements.

In compliance with Rule 704(24) of the SGX Listing Manual, in the event that the Board decides not to declare or recommend a dividend, the Company will expressly disclose the reason(s) for the decision together with the announcement of the relevant financial statements.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13 of the Code: Inclusive approach by considering and balancing the needs and interests of material stakeholders

The Company engages regularly with its key stakeholders, namely the Board, Regulators, Intermediaries, Shareholders, Investors, Employees, Cedants and Rating Agencies. Interactions with stakeholders would be in the form of:

- regular feedback and consultation with regulatory bodies;
- industry gatherings and market visits with intermediaries, cedants and retrocessionaires;
- general meetings, SGX Announcements and annual reports are carried out for shareholders and investors;
- meetings with rating agencies; and
- orientation programme, performance reviews and bonding activities with employees.

The Company maintains a Corporate Website to update and communicate with stakeholders.

INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the SGX Listing Manual on interested person transactions, the Board and AC regularly reviews if the Company enters into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9.

No interested person transactions were entered into during the financial year ended 31 December 2020.

DEALINGS IN SECURITIES OF THE COMPANY

The Group provides guidance to its directors and employees on the implications of insider trading. It has adopted a code of conduct for dealings in securities of the Company in compliance with the Best Practices Guide on Dealings in Securities as set out in Rule 1207(19) of the SGX Listing Manual.

The Company's directors and employees are prohibited from dealing in the Company's securities on short-term considerations. The Company, its directors and employees are also prohibited from trading in the Company's securities for the period commencing one month before the announcement of half year and year-end results

CORPORATE GOVERNANCE

SUMMARY OF DISCLOSURES

Rule 710 of the SGX Listing Manual requires SGX-listed companies to describe their corporate governance practices with specific reference to the principles and the provisions of the Code in their annual reports. This summary of disclosures describes the Company's corporate governance practices with specific reference to the principles and provisions of the Code.

Board Matters	
The Board's Conduct of Affairs	
Principle 1	
Provision 1.1	Pages 17-18 & 21
Provision 1.2	Page 20
Provision 1.3	Page 18
Provision 1.4	Pages 17-20, 26-29 & 32-34
Provision 1.5	Page 23
Provision 1.6	Page 18
Provision 1.7	Page 18
Board Composition and Guidance	
Principle 2	
Provision 2.1	Pages 21 & 22
Provision 2.2	Page 22
Provision 2.3	Pages 21 & 22
Provision 2.4	Page 21
Provision 2.5	Pages 21-23
Chairman and Chief Executive Officer	
Principle 3	
Provision 3.1	Pages 21-24
Provision 3.2	Pages 21-24
Provision 3.3	Page 24
Board Membership	
Principle 4	
Provision 4.1	Pages 26 & 27
Provision 4.2	Page 26
Provision 4.3	Pages 25 & 26
Provision 4.4	Page 22
Provision 4.5	Pages 7-10, 20, 22 & 27-28

Board Performance	
Principle 5	
Provision 5.1	Page 27
Provision 5.2	Page 28
Remuneration Matters	
Procedures for Developing Remuneration Policies	
Principle 6	
Provision 6.1	Pages 29-32
Provision 6.2	Page 28
Provision 6.3	Pages 29-32
Provision 6.4	Page 29
Level and Mix of Remuneration	
Principle 7	
Provision 7.1	Pages 29-32
Provision 7.2	Page 30
Provision 7.3	Page 30
Disclosure on Remuneration	
Principle 8	
Provision 8.1	Pages 29-32
Provision 8.2	Page 32
Provision 8.3	Pages 30-32
Accountability and Audit	
Risk Management and Internal Controls	
Principle 9	
Provision 9.1	Pages 36 & 37
Provision 9.2	Page 36

Audit Committee	
Principle 10	
Provision 10.1	Pages 32-35
Provision 10.2	Page 32
Provision 10.3	Page 34
Provision 10.4	Page 34
Provision 10.5	Page 35
Shareholder Rights and Responsibilities	
Shareholder Rights and Conduct of General Meetings	
Principle 11	
Provision 11.1	Page 38
Provision 11.2	Page 38
Provision 11.3	Page 38
Provision 11.4	Page 38
Provision 11.5	Page 38
Provision 11.6	Page 38
Engagement with Shareholders	
Principle 12	
Provision 12.1	Page 37
Provision 12.2	Page 37
Provision 12.3	Page 37
Managing Stakeholders Relationships	
Engagement with Stakeholders	
Principle 13	
Provision 13.1	Page 39
Provision 13.2	Pages 46-64
Provision 13.3	Page 39

SUSTAINABILITY REPORT

CONTENTS

SUSTAINABILITY REPORT

A MESSAGE FROM OUR BOARD

Dear Stakeholders,

2020 was another year with high natural catastrophe ("NatCat") activity with insured loss estimates from NatCat reaching close to USD80 billion. Looking at the last 41 years (1980-2020), the years with 10 or more separate billion-dollar disaster events include 1998, 2008, 2011, 2012 and 2015-2020. The effects of global warming on rising sea levels and extreme weather patterns have been consistently expounded on by many independent global bodies, scientists and NGOs and their warnings cannot be ignored. However, during the year under review, the COVID-19 outbreak largely over-shadowed NatCat loss discussions, and with the pandemic still ongoing, the ultimate insured losses from COVID-19 could plausibly take years to unravel.

Reinsurance, which is Singapore Reinsurance Corporation Limited ('**SingRe**')'s core focus, by its nature is the business of providing protection against damages due to both natural and man-made events. Therefore, both as a company and individuals, we are concerned about changing climatic patterns and its repercussions on mankind and the core business.

SingRe continues to operate in a highly challenging operating environment but remains committed to achieving sustainability of its business. We also strive for the longer term goal of a more eco-friendly organisation and believe that SingRe in its own small way contribute as an enabler toward a more sustainable society locally and globally.

Following the identification of the Environment, Social and Governance ('**ESG**') factors that are material to the organisation and its stakeholders, SingRe's sustainability strategy and targets were formalised in 2017 and will be progressively integrated into the overall business strategy. The targets are reviewed by the Board who oversees Management and monitors the identified key ESG factors namely, Economic Performance, Climate Change, Occupational Health and Safety, Training and Education, Community Engagement, Cyber Security and Corporate Governance. The Board's view on performance with respect to targets will be discussed on a regular basis.

At the working level, a Sustainability Committee has been set up to monitor sustainability strategies and performance through quarterly meetings, regular updates and stakeholder engagements; to align SingRe's efforts with governmental commitments, where plausible; and, to strengthen and integrate its approach to managing social and environmental factors.

Our stakeholders' interests influence our strategy. In our view, we can make the biggest difference by continually looking at ways to improve operating efficiency. There is little doubt that digitalisation presents opportunities for SingRe in the areas of business growth and operational efficiency. Intelligent processes and changing laws to address risks associated with greater reliance on automation and digitalisation open channels for new (re)insurance products. Also, faster and more detailed analysis of large amounts of data (data analytics) could improve productivity and transparency. However, as a "wholesaler" of insurance products, we take a pragmatic approach towards digitalisation: strictly business-driven in an effort to contribute to the bottom-line.

The Board of Directors, together with Management, is cognizant of the fact that more can be done to achieve greater sustainable impact for a better world. The journey to transform business sustainability is one we are committed to. By improving sustainability standards and practices, it will ultimately create a stronger and more resilient organisation, and support Management's goal to deepen its involvement in the insurance industry in terms of sustainable profitability and responsibility.

ABOUT THIS REPORT

SingRe's Sustainability Report, developed in accordance with the Global Reporting Initiative ('**GRI**') Standards 2016: Core option, is formed with reference to the primary components set out in SGX Listing Rule 711B on a 'Comply or Explain' basis. Please refer to the GRI Content Index at the end of this report for the relevant references.

SCOPE OF THE REPORT AND PERIOD

SingRe's Sustainability Report provides an update on the Group's sustainability journey and focuses on the period from 1 January 2020 to 31 December 2020. INS Communications Private Limited ("INS"), ceased to be a subsidiary following its sale to a third party in August 2020, and therefore the report will no longer include INS.

Material topics boundaries are defined and contents of this report are developed by placing reliance on the GRI reporting principles. In the whole sustainability materiality process, SingRe takes into consideration the key stakeholders' interests. The Group continually seeks to enhance the accuracy, completeness and coverage of its sustainability practices and reporting, and welcomes feedback and suggestions for improvements.

SingRe has not sought external independent assurance for this reporting period, which may be considered in the future as its sustainability efforts gain momentum.

Please write to enquiry@singre.com.sg if there are queries or feedback on this sustainability report.

SUSTAINABILITY REPORT

MANAGING SUSTAINABILITY

SUSTAINABILITY GOVERNANCE STRUCTURE

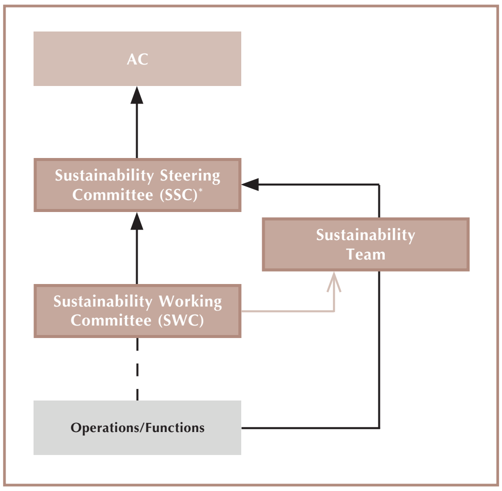


Figure 1: SingRe Sustainability Governance Structure

The Board assumes ultimate responsibility for the sustainability objectives and reporting. It has entrusted the Audit Committee ('**AC**') with the responsibility of assisting it to fulfil the Group's sustainability reporting requirements. The personal commitment and influence of the Board help promote responsible, sustainable behaviour across the Group. Sustainability is a two-way street, therefore SingRe seeks and encourages dialogue and openness as it strives to learn from others.

Who's involved?

Strategy and progress in meeting SingRe's sustainability goals are reviewed and discussed by the Sustainability Steering Committee ('**SSC**'). SingRe's SSC comprises SingRe's core management team.

Beneath this is the Sustainability Working Committee ('**SWC**') responsible for implementing, managing and developing specific elements of the strategy. In between SSC quarterly meetings, SWC members remain actively engaged in executing the Sustainability Initiatives.

Within SingRe, employees have a significant role to play in delivering its sustainability commitments. Their involvement in the day-to-day running of business puts them in a pivotal position to identify issues and potential risks and brainstorm solutions. This is why SingRe encourages and enables information sharing between all levels of the business hierarchy.

SingRe's Sustainability Steering Committee

The SSC's primary function is to monitor the progress and provide guidance in the day-to-day execution of the Group's sustainability efforts based on the Board's strategic direction. The Committee makes a conscious effort to review all policies and procedures related to ESG factors on a regular basis, including evaluating the effectiveness of existing sustainability practices. The SSC is assisted by the Corporate Secretarial team in the communication and coordination with shareholders, customers and/or employees on sustainability issues.

SUSTAINABILITY ACROSS THE VALUE CHAIN

Sustainability Strategy

SingRe aspires to continuously promote and integrate sustainability in its business operations and dealings with its stakeholders. As such, SingRe is committed towards incorporating ESG aspects in the Group's value and supply chain as sustainability efforts progressively mature. The Group believes that management of material ESG factors will eventually yield organisational excellence and deliver positive business results for stakeholders.

In the 2020 Sustainability Report, relevant goals, strategies and measurement of performance are outlined through various key initiatives introduced by SingRe across its operations. SingRe plans to extend its pledge to sustainable business practices across its value chain, from personnel to vendors, where practicable and meaningful. The Group does so not simply to counter the social and environmental risks but rather because of the rewards integrated sustainability practices can deliver.

As a reinsurance company, SingRe does not have an extensive supply chain. Its core business does not require the company to buy raw materials, semi-finished goods or energy like a manufacturing entity. Nevertheless, to conduct its business activities, the Group requires a variety of goods and services. Although SingRe has embarked on its journey towards greater sustainability awareness, the sustainability efforts would require time to filter through all levels of its value chain.

SUSTAINABILITY REPORT

MATERIALITY AND STAKEHOLDER ENGAGEMENT

SingRe recognises that through dialogue with stakeholders it would be in a better position to anticipate and respond to sustainability challenges as they arise. Regular engagement with key stakeholders is achieved through the below matrix. SingRe welcomes feedback from business partners, investors, regulators, the Board, and last but not least our employees.

Stakeholder Group	Engagement mode
Board of Directors	• Ongoing communication • Quarterly Board meetings
Regulators	• Feedback/consultation with regulatory bodies • Annual reports • Audit reports
Intermediaries	• Annual General Meetings • Corporate enquiries • Industry gatherings
Shareholders	• Annual General Meetings • Investor meetings • Company visits • Corporate website
Investors	• Annual General Meetings • Annual reports • SGXNet announcements
Employees	• Orientation programme • Performance and career development reviews • Learning and Development • Staff bonding activities
Clients	• Interactions at office • Marketing and advertising campaigns • Website and social media channels • Events and seminars
Rating agency	• Engagement meetings with rating agencies at least once a year

Figure 2: Summary of Stakeholder Engagement

SingRe seeks to join forces with its stakeholders in order to tackle some of the major challenges in the insurance industry – challenges that no company can solve on its own and affects everyone in the value chain. The Group aims to reinforce its sustainability commitment by more regular engagements with its key internal and external stakeholders in a bid to broaden its outreach of sustainability awareness and understand their expectations.

MATERIALITY ASSESSMENT

To define materiality of the ESG factors, the relevance of each GRI topic-specific standard and industry benchmark was assessed based on two criteria: "Importance of (the ESG factor) to Stakeholders" and its "Significance to (SingRe's) Business".

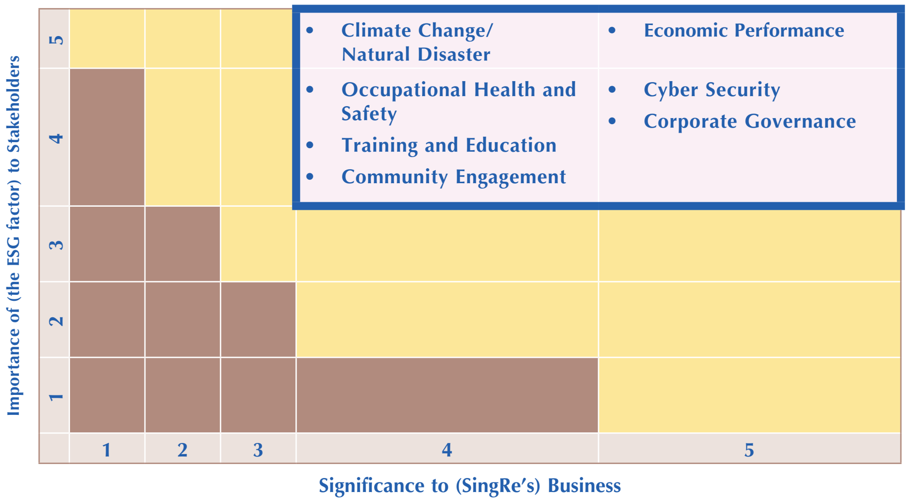


Figure 3: Materiality Matrix

Using this analysis framework, SingRe has identified seven ESG factors that could have a material impact on the earnings or valuation of SingRe, taking into account the business environment, the Group's business objectives and importance to the stakeholders. The relevance of these factors, as well as SingRe's performance against targets set, will be formally reassessed on a yearly basis. During the course of the year, Management had assessed and confirmed that there were no material changes in the ESG factors.

SUSTAINABILITY REPORT

MATERIAL FACTORS – ECONOMIC

Building Long-Term Value

Profit and value-creation are the cornerstones of SingRe's sustainable development as an organisation. Sustainability of long-term profitability and generating shareholders' value are essential pillars. This is in the best interest of SingRe's clients, shareholders, employees and business partners. SingRe's financial goals are to:

(1) achieve a reasonable return on capital;

(2) pay decent dividends to its shareholders;

(3) give assurance to customers that SingRe is a partner that is financially sound; and

(4) provide a financially stable and safe organisation for employees to work in.

The ESG factors embedded in SingRe's core business activities are broad-based and are taken into consideration in the business decisions, profitability assessment and productivity and cost saving efforts as the organisation adapts to an ever changing and highly competitive operating environment.

On the underwriting front, with continued excessive (re)insurance capacity and availability of alternative capital globally, achieving decent underwriting margin remains challenging. However, the COVID-19 pandemic outbreak and its impact on the global economic and investment climate, as well as uncertainties associated with the level of insured claims from COVID-19, have strengthened (re)insurers' resolve to stem the soft market cycle. Similar to many (re)insurers globally, SingRe's bottom-line has, to some extent, been impacted by the COVID-19 pandemic due mainly to Business Interruption claims associated with the intermittent lockdowns by governments and the slowdown in economic growth on credit and bond business. As regards the investment arena, the ultra-low interest rate environment and much lower dividend pay-outs by corporates was a double whammy to the (re)insurance industry, although the multi-trillion dollar bailouts by governments worldwide to limit job and income losses amid COVID-19 pandemic has helped to support some asset prices.

- The Group's premium revenue rose 10.8% to S$264 million (2019: S$238.1 million) for the year ended 31 December 2020.

- 2020 recorded a higher underwriting deficit of S$5.5 million (2019: S$3.4 million deficit) due to higher advised outstanding losses and IBNR/IBNER loss reserve provisions including case reserves/ACRs set aside for COVID-19 related losses and other recent natural and man-made calamities.

- The Group's net investment income fell 19% to S$11.4 million in 2020 (2019: S$14.1 million) primarily due to lower interest and dividend income, as well as lower surplus on revaluation of investment properties.

- Operating costs (including employee wages and benefits) declined by 26.1% to S$9.8 million (2019: S$13.2 million).

- The Group's pre-tax profit fell 44.2% to S$5.7 million (2019: S$10.3 million).

- Total dividend payment in 2020 was S$6.9 million (2019: S$7.9 million).

- Total assets amounted to S$953.5 million (2019: S$883.1 million) and NAV was 45 cents per share (2019: 45 cents).

- Total accumulated profit and reserves (ie. Economic Value Retained) in 2020 declined 3.2% to S$145 million (2019: S$149.8 million).

SingRe is committed to achieving long-term economic viability through disciplined underwriting and investment management. The key financial indicators for the Group to manage are:

- Operating Result Ratio (Net Profit before Income Tax/Net Premium Written)

- Dividend Yield to Shareholders

- Insurance Contracts Provision Ratio

- Return on Capital

SingRe's Financial Strength Rating of A-(Excellent) was re-affirmed by A M Best during the year under review.

SUSTAINABILITY REPORT

MATERIAL FACTORS – ENVIRONMENTAL

Environmental Conservation

The United Nations, at the Climate Action Summit in 2019, iterated the need for global leaders to develop concrete and realistic national climate plans as they work collectively towards "reducing greenhouse gas emissions by 45% over the next decade, and to net zero emission by 2050. With global carbon gas emissions continuing to rise, there is widespread concern that the higher temperatures will have life-threatening impact on health and food security, through air pollution, heatwaves, rising sea levels and adverse changes in weather patterns. Simultaneously, the COVID-19 pandemic and the intermittent "lockdowns" by governments throughout the world might have caused some delay and diverted funding away from climate resilience projects and renewable energy.

The insurance industry also noticed discernible changes in the claims pattern particularly for weather-related events. Interestingly, with the onset of the COVID-19 outbreak, the manufacturing and construction slowdown globally had resulted in lower carbon emissions and clearer skies, and some countries even experienced cooler than normal temperatures. The challenges of climate change and unpredictable weather patterns are unavoidable in the Company's business operations. SingRe attempts to manage its exposure to climate change by monitoring catastrophe accumulation and buying adequate retrocession protections. The Company also strives for a lower carbon footprint within its establishment by minimising printing, encouraging paper recycling, ensuring efficient water and energy usage for the protection of the environment.

The Company has implemented paperless meeting for all Board and Board Committee meetings and this is being adopted for internal meetings as well. The Company continues to utilise Forest Stewardship Council (**FSC**) certified paper for its printing needs. With the rollout of work-from-home arrangements triggered by the Singapore government's safe distancing measures amidst the COVID-19 pandemic, the Company's personnel has had to revamped work processes by placing greater reliance on electronic documents to carry out day-to-day work. Therefore, print volume has further declined significantly.

In addition, in an effort to promote an environmentally friendly initiative, the Company organised a "Grow Your Vegetable" workshop in September 2020 to equip staff with basic knowledge on growing vegetables in their own homes.

On the business front, SingRe is monitoring such technological developments and underwriting ESS albeit carefully.

Plants grown by Staff after attending the Grow Your Own Organic Veggies Workshop

SUSTAINABILITY REPORT

A long-term challenge

Climate change presents a long-term challenge for governments, corporates and society as a whole since losses from floods, storms, earthquakes, droughts and other natural perils can have drastic repercussions and costs on economies, entities and individuals. SingRe continually monitors the disruptive and sometimes opportunistic impact of climate change and has to carefully manage the implications on its reinsurance business. In addition, SingRe monitors advancements in "Green Finance" practices and products within the finance industry as actively advocated by the Singapore regulators with the vision of plausibly participating in Green Finance investment products in the medium to long term.

SingRe will continue to engage business partners, higher-learning institutes, rating agencies, as well as relevant governmental authorities, in an effort to enhance its climate-related risk knowledge and where viable, incorporate the values into its ESG process.

FY 2020 Performance	FY 2021 Target
Losses reported within the year were well within our retrocession protections demonstrating the total coverage was adequate.	Adequacy of retrocession protections to address the worst-case loss accumulation in a single loss event arising from a major natural disaster.
Capital adequacy ratio of 262% was achieved. • Note: The Company adopted Risk Based Capital Framework (RBC) 2 effective 1 January 2020. Under RBC 2, Offshore Insurance Fund (OIF) business is subject to the same risk requirements as Singapore Insurance Fund. Under the previous RBC 1 framework, OIF business for reinsurers was exempted from any risk charges and only subjected to the simplified solvency requirements.	Capital adequacy ratio to remain above internal benchmark of minimum 150% after the worst-case loss scenario occurs.

MATERIAL FACTORS – SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety concerns all organisations and employees. Any plans to move SingRe's business forward have to start with its people therefore employee safety and well-being are priority concerns. Any down time due to an accident or illness can lead to business disruptions. SingRe periodically assesses potential health and safety risks, takes preventive measures and raises employee safety awareness through educational talks conducted by subject experts. For instance, SingRe conducts regular Disaster Recovery simulation exercise on Emergency Preparedness and Cyber Risks training. Fire Safety Awareness talks are also organised in the workplace.

SingRe's corporate values are stated in the Employee Handbook. SingRe provides employees with a caring and secure environment with adequate training to enable them to contribute effectively towards meeting the Company's corporate goals. SingRe treasures its employees and recognises they are important assets to the Company. If personnel are clocking excessive overtime or too many days of medical leave, the matter is investigated or reviewed.

Occupational Health and Safety Performance

There has been no work-related fatality since 1973.

	HEALTH AND SAFETY INDICATORS[1]	ACTUAL FY 2020*	TARGET FY 2021
1	WORKPLACE INJURY RATE ('WIR')	Zero	Zero
2	OCCUPATIONAL DISEASE INCIDENCE RATE ('ODIR')	Zero	Zero
3	ACCIDENT FREQUENCY RATE ('AFR')	Zero	Zero
4	ACCIDENT SEVERITY RATE ('ASR')	Zero	Zero

Table 4: SingRe's Safety Indicators

* Note: SingRe's health and safety definitions are adopted from the Singapore Workplace Safety and Health ('**WSH**') Institute's Guidance on Workplace Safety and Health Reporting. Refer to the Workplace Safety Manual for details.

[1] Data had been compiled by Human Resources and received by the SWC.

SUSTAINABILITY REPORT

The Company complies with local legislation covering workplace safety and health. The Workplace Safety and Health Act is the key legislation to effect the principles of the Occupational Safety and Health framework. SingRe has implemented various programmes to maintain workplace safety for its employees and some examples are:

- Regular servicing and checks on fire, security detection, heating, ventilation and air conditioning systems and lift maintenance.
- Talks on Fire Safety and Preventive Awareness and SG Secure Program.
- Sponsorship to attend the Occupational First Aid with CPR+AED[2] workshop conducted by the Singapore First Aid Training Centre.
- Employees can claim for flu vaccination costs up to a certain amount per year.
- Staff are encouraged to go for Health Screening as part of the Company's medical benefits.

Health and safety of our employees remain the Company's priority. In compliance with Singapore's Ministry of Manpower's advisory on safe distancing measures, the following measures are in place:

- At least 50% of the employees are under Work-From-Home (WFH) arrangements. However, we have allowed employees to work-on-premise on average twice-a-week to enable them to access physical documents and improve productivity.
- Employees and visitors must use the TraceTogether application to check-in/out at the work premise.
- As far as possible, employees who work-on-premise are split into 2 teams to minimise physical interactions.
- Staff are required to wear face masks and take temperature readings when work-on-premise. Spare face masks and hand sanitisers are provided at the building reception, together with thermometers to facilitate temperature screening.
- Meetings are largely conducted using web-based telecommunication platforms.

---

2 Cardiopulmonary resuscitation ('**CPR**') and Automated External Defibrillator ('**AED**').

- Virtual interactions between superiors and subordinates to ensure their mental well-being are not affected due to reduced socialisation and adjustment to WFH arrangements.

- Regular monitoring efforts to ensure that there is no adverse impact on productivity due to WFH arrangements. During the initial "circuit breaker" period, there was some decline in productivity observed as employees had to make adjustments to revamped paper-less processes. However, our latest experience suggests that operational efficiencies persist and the momentum on business activities is unchanged in spite of WFH.

Always Striving To Do Better

SingRe values the contribution and cares for the physical and mental well-being of its employees. With the majority of the Company's workforce aged above 35 years, SingRe is well aware of the need to provide a safe and secure working environment for its employees in line with applicable local standards in the maintenance of heritage buildings. To ensure the success of its Health and Safety policy, SingRe wishes to implement and strengthen the following initiatives during the upcoming financial year:

- To organise Health and Safety talks for all employees at least annually

- To look at improving air quality within the office premises

- To encourage employees to improve their general well-being, both physically and mentally, through regular exercise

FY 2020 Performance	FY 2021 Target	Key Initiatives to be Implemented
0 fatal or serious work-related incidents	0 fatal or serious work-related incidents	To organise health & safety talks for all employees;
0 case of Work Injury related incidents to be reported to Manpower Ministry	0 case of Work Injury related incidents to be reported to Manpower Ministry	To encourage employees to improve their general well-being, both physically and mentally, through regular exercise

SUSTAINABILITY REPORT

TRAINING AND EDUCATION

Enhancing learning and development and ensuring all people are afforded a high standard of education has been reaffirmed as a key global goal of development under the post-2015 development agenda[3]. To effectively promote these principles throughout the organisation, the Group believes the development of its human capital and a culture of learning will enhance job skills, deepen employee contribution and instil greater work satisfaction. Better skilled employees will also improve work efficiency. Enhancement of the skills of employees through continuous learning and development initiatives will raise the professional standards of SingRe's team and give stakeholders more confidence when dealing with the Company's representatives.

Measuring SingRe's Effort

Quantifying and improving the quality of the Group's learning and education efforts is an increasingly important goal in SingRe. Management measures the average training hours provided for each employee through the year and this is applicable to senior management, executives and non-executive employees.

Some of SingRe's key policies related to training and education can be found in the Employee Handbook. On-the-job training and mentoring are provided thereby enabling a smooth transition into the workplace. To encourage employees to pursue higher educational qualifications, SingRe sponsors employees for technical training and present "Qualification Awards" to those who have successfully completed their part-time studies. In 2020, SingRe organised the following trainings for its employees:

– IT/Cyber security awareness

– A practical understanding on anti-money laundering

– Workshop on Goods and Services tax

---

[3] The Post-2015 Development Agenda refers to a process led by the United Nations that aims to help define the future global development framework that will succeed the Millennium Development Goals.

Preparing For The Future

Employee engagement and development is a priority concern for the Group. SingRe's staff are encouraged to put forth their educational and work aspirations in their appraisal review and training opportunities are available to those keen on continual skills development. There are monetary incentives/awards given to employees who complete professional courses or higher education that would enhance their personal development.

FY 2020 Performance	FY 2021 Target	Key Initiatives to be implemented
Conducted in-house and external trainings for employees	Enhance in-house and external trainings to refresh or re-train employees	Work with external consultants/training centres. Encourage employees to attend courses to upgrade skills
50% of employees received at least 7 training hours[4]	Increase the number of employees with at least 10 training hours	Work with external consultants/training centres. Encourage employees to attend courses to upgrade skills

[4] Data had been compiled by Human Resources and received by the SWC.

SUSTAINABILITY REPORT

COMMUNITY ENGAGEMENT

Contribution towards the community's interests and well-being builds goodwill and positive sentiment towards the business. Community engagement helps to enhance the Company's profile and build employees' sense of belonging.

To fulfil its responsibility as a good corporate citizen, especially since COVID-19 has had greater impact on certain segments of the society and economy, SingRe gave cash donations to:

– the Lions Home for the Elders to help keep the elderly and the frontline heroes safe

– Club Rainbow (Singapore) for chronically-ill children from low-income families

– the Singapore Association of the Visually Handicapped (SAVH)'s International White Cane Day (IWCD). IWCD is a yearly international initiative spearheaded by the World Federation of the Blind and celebrated by the visually handicapped community all across the world on 15th October. The mission is to educate the world about blindness and how the visually handicapped can live and work independently while giving back to society.

On 13 November 2020, 10 staff volunteers participated in the Children's Wishing Well FRESH Programme (**F**resh g**R**oceries for **E**very **S**tudent's **H**ome). The Children's Wishing Well is a charitable organisation which focuses on disadvantaged children in the community. Each staff volunteer accompanied a child to the supermarket to buy groceries which his/her family required. In addition, goodie bags comprising healthy snacks, balloons made into swords and headgears, as well as marker pen sets were also given to all the children after the grocery shopping activity. The volunteers found the activity meaningful and were happy to bring some cheer to the children and their families.

FY 2020 Performance	FY 2021 Target	Key Initiatives to be implemented
In light of the COVID-19 pandemic, the percentage of employees volunteering in community engagement activities did not meet the 2020 target as most of the physical activities from charitable organisations were suspended during the year.	In light of the COVID-19 pandemic, employee volunteer participation ratio in community initiatives would likely remain the same as in 2020.	Encourage staff to brainstorm ideas on new areas of community engagement and how to raise volunteerism.

Children's Wishing Well FRESH programme on 13 November 2020.

SUSTAINABILITY REPORT






Over the years, SingRe also played a small part in helping to nurture future insurance professionals by contributing to an endowment fund which is used to award Book Prizes to tertiary students who study insurance-related subjects at the Nanyang Technological University.

SingRe also supports local culture and conservation by owning and having its corporate office in properties under conservation.

MATERIAL FACTORS – GOVERNANCE

CORPORATE GOVERNANCE

The Board and Management are committed to achieving a high standard of corporate governance for the long-term sustainability of the Company in an effort to safeguard shareholders' interests and raise their confidence in the Company. Good governance practices give assurance to business partners that the Company is able to provide a financially secure environment that its employees are proud of.

SingRe's Annual General Meeting for the financial year ended 31 December 2020 would be held via electronic means. In accordance with the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and the Singapore Exchange dated 1 October 2020, entities are allowed to hold general meetings via electronic means up to 30 June 2021 so as to keep physical interactions and COVID-19 transmission risk to a minimum.

Board's Responsibility

The Board's core responsibilities include the review and approval of the Group's corporate strategies and direction. The Board sets the Group's ethos and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met.

Remuneration Policy

The Group adopts a remuneration policy that is primarily performance based taking into account each person's job responsibilities and function, bearing in mind the market conditions. The remuneration policy is in line with the strategic objectives and corporate values of the Company.

SUSTAINABILITY REPORT

Integrity And Ethics

The Company has a whistle-blower protection policy to ensure that any hint of suspected unethical or illegal activity is investigated. The Employee Handbook outlines the ethical conduct expected of all employees. All directors and key management personnel, are also required to declare any interest which they believe could conflict with the Company's interests.

Risk Management Practices

The Board determines the Company's risk tolerance levels and oversees Management in the design, implementation and monitoring of the internal controls. Given the special nature of reinsurance business, the Board is firmly of the conviction that risk management is synonymous with the process of underwriting and ensuring adequacy of retrocession protection. The Group is committed to ensuring that business is conducted in compliance with legal, ethical and professional best practices.

FY 2020 Performance	FY 2021 Target	Key Initiatives to be implemented
No known breach of MAS and Labuan FSA corporate governance regulations	No breach of material MAS/SGX/Labuan FSA corporate governance guidelines	To look at potential areas of improvement in an effort to raise SingRe's Governance and Transparency Index ranking.

For more details on our Corporate Governance disclosure, please refer to the Corporate Governance report available on pages 17 to 40 of this Annual Report, as well as our Corporate website.

CYBER SECURITY

With increasing concerns about threats to data confidentiality, integrity and availability, it is vital to ensure SingRe's IT network, digital information databases and assets/devices are adequately protected to minimise business disruption, reputational damage, litigation and other liabilities that may arise following a cyber-breach or cyber-attack. Besides potentially impacting the Company's reputation, revenue and profits, Cyber Security risk may expose the Company to regulatory action and loss of confidence or trust from business partners.

There are no known incidents of loss of client data due to cyber breaches recorded by SingRe in 2020. The design of SingRe's cyber security programme is geared towards meeting regulatory requirements applicable to the Group. Nevertheless, SingRe does not adopt a standard one-size-fit-all approach and its cyber security efforts take into account its relatively small size and IT infrastructure. The Group has implemented various systems to reinforce infrastructure and network security, reliability, resiliency and recoverability. The Group has a Personal Data Protection ('**PDP**') policy which stipulates the code of conduct when using, storing and transferring personal data. A briefing on the "Cyber Security Threats and Landscape" for the Board was conducted on 6 November 2020.

Managing Cyber Security

Preventive and detective measures that are implemented to address cyber security include the following:

- Firewalls are deployed to protect network perimeters from attacks and malicious traffic, as well as to secure web access

- All incoming emails are scanned for security risks and quarantined if suspected spam mails are detected

- Security tools are implemented for protection of network devices, servers, desktops, databases, folders and files

- Security updates/patches/fixes released by third party software vendors are applied in a timely manner

FY 2020 performance	FY 2021 Target	Key Initiatives to be implemented
Zero system downtime due to cyber-attacks.	Zero system downtime due to cyber-attacks that impact more than 20% of the network devices or employees for each incident.	SingRe reviews its cyber security defence system regularly and evaluates new solutions/security products to strengthen monitoring, detection and mitigation of cyber threats.

Since mid-March 2020, the Company had provided facilities, including laptop and secured VPN connection to the Company's network to allow users to work-from-home (WFH).

The Company has ensured that appropriate cyber security measures are implemented in order to facilitate users to WFH, and users are able to access all applications which they are authorised to use.

SUSTAINABILITY REPORT

The Company has also ensured that the following risk management measures as stated in MAS Circular "MAS ADVISORY ON TECHNOLOGY RISK MANAGEMENT DURING COVID-19 SITUATION" dated 20 March 2020 are in place:

(a) Implement strong authentication, such as multi-factor authentication, for remote access;

(b) Grant system access on a need-to-use basis;

(c) Update IT infrastructure for telecommuting with the latest anti-virus signatures and security patches;

(d) Ensure end-point devices used by staff continue to get updated with the latest anti-virus signatures and security patches;

(e) Allow only secure and authorised end-point devices to connect remotely to the corporate network;

(f) Ensure IT operations can continue to support critical business functions.

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Core option.

General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Page 42
102-2	Activities, brands, products, and services	Page 42
102-3	Location of headquarters	Page 6
102-4	Location of operations	Page 6
102-5	Ownership and legal form	Page 86
102-6	Market served	Page 143
102-7	Scale of Organisation	Page 143
102-8	Information on employees and other workers	Pages 11-13
102-9	Supply chain	Page 45
102-10	Significant changes to the organisation and its supply chain	Page 45
102-11	Precautionary principle or approach	Pages 36, 144 to 165
102-12		Not applicable. SingRe does not subscribe or endorse any external activities
Strategy		
102-14	Statement from senior decision-maker	Page 42
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Page 42
Governance		
102-18	Governance structure	Page 44

SUSTAINABILITY REPORT

Stakeholder Engagement		
102-40	List of stakeholder groups	Page 46
102-41	Collective bargaining agreements	There was no collective bargaining agreements in place
102-42	Identifying and selecting stakeholders	Page 46
102-43	Approach to stakeholder engagement	Page 46
102-44	Key topics and concerns raised	Page 47
Reporting Practices		
102-45	Entities included in the consolidated financial statements	Page 120
102-46	Defining report content and topic Boundaries	Page 43
102-47	List of material topics	Page 47
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Page 43
102-51	Date of most recent report	Sustainability Report 2019
102-52	Reporting cycle	Page 43
102-53	Contact point for questions regarding the report	Page 43
102-54	Claims of reporting in accordance with the GRI Standards	Page 43
102-55	GRI content index	Pages 65-67
102-56	External assurance	Page 43
Material Topics[5]		
Economic Performance		
103-1	Explanation of the material topic and its Boundary	Pages 2-3 & 48

5 Three of the ESG Factors identified as material to SingRe – Climate Conservative, Corporate Governance and Cyber Security are not part of GRI topic-specific standards and are excluded from the GRI index.

103-2	The management approach and its components	Pages 2-3 & 48-49
103-3	Evaluation of the management approach	Pages 48-49
201-1	Direct economic value generated and distributed	Pages 2-3, 48-49
Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	Pages 53-55
103-2	The management approach and its components	Pages 53-55
103-3	Evaluation of the management approach	Pages 53-55
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 55
Training and Education		
103-1	Explanation of the material topic and its Boundary	Pages 56-57
103-2	The management approach and its components	Pages 56-57
103-3	Evaluation of the management approach	Pages 56-57
404-3	Percentage of employees receiving regular performance and career development reviews	Page 57
Community Engagement		
	Explanation of the material topic and its Boundary	Pages 58-61
	The management approach and its components	Pages 58-61
	Evaluation of the management approach	Pages 58-61
	Operation with local community engagement, impact assessments, and development programs	Pages 58-61

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages FS1 to FS90 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw

Both Mr Ramaswamy Athappan and Mr Peter Sim Swee Yam will retire by rotation at the forthcoming Annual General Meeting ("AGM") in accordance with Regulation 96 of the Company's Constitution. Mr Athappan, being eligible, offer himself for re-election, but Mr Sim will not be seeking re-election at the forthcoming AGM.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

	Holdings in the name of the directors, spouse or infant children		Other holdings in which directors are deemed to have an interest	
Number of ordinary shares	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Ramaswamy Athappan	178,732	178,732	–	–
David Chan Mun Wai	73,205	73,205	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2021.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year:

(a) there were no options granted to any person to take up unissued shares in the Company or its subsidiaries and there were no shares issued by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiaries; and

(b) no options have been granted to controlling shareholders, their associates, or employees of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option granted by the Company or its subsidiaries as at the end of the financial year.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Dileep Nair (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Peter Sim Swee Yam
Ong Eng Yaw

The members of the Audit Committee are all non-executive directors and perform the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

The Audit Committee also reviewed the following:

– assistance and co-operation provided by the Company's officers to the internal and external auditors;

– quarterly financial information and annual financial statements of the Group and the Company prior to submission to the directors of the Company for adoption;

– the Company's corporate governance processes;

– current and impending changes in accounting requirements and insurance regulation;

– interested person transactions as defined in Chapter 9 of the SGX Listing Manual; and

– independence of external auditors with regard to the provision of non-audit services.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

Internal controls

The Board of Directors ("the Board") believes that the recognition of the importance of internal controls is a matter of corporate culture that calls for common commitment at all levels of the Company from Board to management and staff. The Board recognises that the system of internal controls can only provide reasonable assurance but cannot totally eliminate the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. The continued strengthening of internal controls to meet the challenges of a rapidly changing operating environment should be part and parcel of daily business process to be pursued relentlessly.

For the year under review, based on the review of reports of the internal auditor and findings on internal control by the external auditors arising from their audit of the financial statements, the Audit Committee and the Board are satisfied that the internal controls in all aspects of the Company's operations are adequate and effective to safeguard shareholder's interest. Both the Chief Executive and the Chief Financial Officer have also given their assurance:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) that the Company's systems of internal controls are adequate and effective.

Risk management

For the year under review, based on the review of reports of the internal auditor and findings on internal control by the external auditors arising from their audit of the financial statements, the Audit Committee and the Board are satisfied that the risk management system maintained by the Management is adequate and effective to meet the needs of the Company in its current business environment.

The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ramaswamy Athappan
Director

David Chan Mun Wai
Director

24 February 2021

INDEPENDENT AUDITORS' REPORT

Members of Singapore Reinsurance Corporation Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Singapore Reinsurance Corporation Limited (the 'Company') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS90.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ('the Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Recording of gross written premiums ($264 million), gross claims incurred ($176 million) and commission expenses ($72 million)
(Refer to note 16 to the financial statements)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Premium closings, claims notifications and statement of accounts (SOAs) from cedants that are used to record premiums, claims and commission may not be received on a timely basis and may require significant efforts to verify prior to recording or estimating the accruals in the accounting records.

Bilateral cessions premiums, claims and commissions expenses, to the extent not advised by cedants by the financial year-end are estimated on a cedant-by-cedant basis using comparative information adjusted for revisions in cession terms and conditions as described in Note 16 to the financial statements.

Unprocessed premiums at the reporting date for treaty and facultative business are assessed for their significance to the financial statements to determine if they need to be recorded.</td><td>We assessed the reasonableness of premiums, claims and commissions recorded by performing the following procedures:

For bilateral cession business where premiums, claims and commissions were estimated,

• updating our understanding on the Group’s process for estimating the premiums, claims and commissions;

• evaluating the Group’s quantification of the premiums, claims and commissions not advised at the reporting date; and

• comparing prior year estimates with actuals to assess the reliability of the Group’s estimates.

For unprocessed premium closings, claims notifications and SOAs, we evaluated the Group’s assessment of the significance at the reporting date to ascertain that they do not have a material impact on the financial statements.</td></tr>
<tr><td></td><td>Findings</td></tr>
<tr><td></td><td>For estimates relating to the bilateral cession business, we did not identify any significant changes in the estimation process. We found the assumptions and resulting estimates to be balanced. We have also assessed that Note 16 appropriately disclosed the process, assumptions and judgments involved and the sensitivity to the changes in key assumptions.

For the unprocessed premiums, we independently verified and agreed with Group’s assessment that the unprocessed premiums have no material impact on the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

Valuation of insurance contract provisions –
Gross outstanding claims ($478 million); Gross unexpired risk ($95 million)
(Refer to notes 10 and 16 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
Valuation of insurance contract liabilities is inherently judgmental and subjective. The methodologies and assumptions adopted are crucial to the valuation of the liabilities so that sufficient provisions are held to meet all obligations including those to cover claims which have been incurred but not reported. The estimation of insurance contract liabilities are subjected to various assumptions applied, including, most importantly, the Ultimate Loss Ratio. Management judgment is applied in setting these assumptions. Changes in these assumptions used could result in a material impact to valuation of insurance contract liabilities and the related movements in the income statement.	We assessed whether the valuation of insurance contract provisions is reasonable by performing the following procedures: • evaluating the underwriting and claims processes and the consistency of those policies; • assessing the design and operating effectiveness of controls over the approval and recording of premiums and claims reported and paid, which form the basis upon which insurance contract provisions are estimated; • testing the completeness and accuracy of data used in the valuation of insurance contract provisions; • discussing with both the management and the Certifying Actuary on the methodologies and assumptions adopted; and • involving our actuarial specialists to assess the appropriateness of reserving methodologies, key assumptions used; and the reasonableness of the valuation performed by the Certifying Actuary.
	Findings
	Based on our above procedures, we found the methodologies and assumptions used in the valuation by the Certifying Actuary to be balanced. 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, which is consistent with prior years. We also found that note 16 provides appropriate disclosures on the estimates involved in the valuation process.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

Other than the Directors' Statement which we obtained prior to the date of this auditors' report, the other sections included in the annual report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Goh Kim Chuah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 February 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
	Note	**2020**	2019	**2020**	2019
		$'000	$'000	**$'000**	$'000
Assets					
Property, plant and equipment	4	**57,185**	54,946	**57,185**	54,852
Investment properties	5	**36,658**	34,771	**36,658**	34,771
Interest in subsidiaries	7	**–**	–	**244**	1,123
Reinsurers' share of insurance contract provisions for:					
– outstanding claims	10	**305,870**	268,553	**305,870**	268,553
– unexpired risks	10	**70,427**	58,272	**70,427**	58,272
Financial assets	8	**217,455**	260,253	**217,455**	260,253
Club membership		**–**	15	**–**	–
Insurance receivables	11	**110,924**	99,225	**110,924**	99,225
Other receivables	12	**2,480**	3,418	**3,960**	4,030
Cash and cash equivalents	13	**152,524**	103,645	**150,763**	100,252
Total assets		**953,523**	883,098	**953,486**	881,331
Equity attributable to equity holders of the Company					
Share capital	14	**123,300**	123,300	**123,300**	123,300
Reserves	15	**50,246**	54,916	**50,246**	54,916
Accumulated profits		**94,756**	94,884	**94,840**	94,695
		268,302	273,100	**268,386**	272,911
Non-controlling interests		**24**	226	**–**	–
Total equity		**268,326**	273,326	**268,386**	272,911
Liabilities					
Insurance contract provisions for:					
– outstanding claims	10	**478,054**	428,860	**478,054**	428,860
– unexpired risks	10	**95,067**	81,534	**95,067**	81,534
Deferred taxation	9	**2,821**	3,935	**2,821**	3,935
Insurance payables	17	**105,022**	90,709	**105,022**	90,709
Other payables	18	**3,036**	3,588	**2,939**	2,246
Current tax payable		**1,197**	1,146	**1,197**	1,136
Total liabilities		**685,197**	609,772	**685,100**	608,420
Total equity and liabilities		**953,523**	883,098	**953,486**	881,331

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Reinsurance operations:					
Gross written premiums		**263,965**	238,144	**263,965**	238,144
Reinsurance premiums		**(194,691)**	(173,476)	**(194,691)**	(173,476)
Net written premiums		**69,274**	64,668	**69,274**	64,668
Gross transfer to provision for unexpired risks	10	**(13,533)**	(7,805)	**(13,533)**	(7,805)
Reinsurance transfer from provision for unexpired risks	10	**12,155**	2,865	**12,155**	2,865
Net earned premiums		**67,896**	59,728	**67,896**	59,728
Gross claims incurred	10	**(175,634)**	(156,954)	**(175,634)**	(156,954)
Reinsurers' share of claims incurred	10	**126,288**	116,163	**126,288**	116,163
Net claims incurred		**(49,346)**	(40,791)	**(49,346)**	(40,791)
Commission expense		**(71,519)**	(48,845)	**(71,519)**	(48,845)
Commission income		**54,943**	34,148	**54,943**	34,148
Net commission expense		**(16,576)**	(14,697)	**(16,576)**	(14,697)
Management expenses	23	**(7,442)**	(7,647)	**(7,442)**	(7,647)
Underwriting results		**(5,468)**	(3,407)	**(5,468)**	(3,407)
Net investment income	21	**5,691**	7,877	**5,691**	7,877
Net income from reinsurance operations (I)		**223**	4,470	**223**	4,470
Non-reinsurance operations:					
Net investment income	21	**5,697**	6,190	**6,146**	6,254
Other operating income	22	**2,147**	5,195	**–**	9
Management expenses	23	**(2,327)**	(5,569)	**(419)**	(398)
Net income from non-reinsurance operations (II)		**5,517**	5,816	**5,727**	5,865
Profit before income tax (I) + (II)	26	**5,740**	10,286	**5,950**	10,335
Income tax expense	27	**(587)**	(475)	**(547)**	(480)
Profit for the year		**5,153**	9,811	**5,403**	9,855
Attributable to:					
Equity holders of the Company		**5,130**	9,817	**5,403**	9,855
Non-controlling interests		**23**	(6)	**–**	–
Profit for the year		**5,153**	9,811	**5,403**	9,855
Basic and diluted earnings per share (cents)	28	**0.86**	1.62		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Profit for the year		**5,153**	9,811	**5,403**	9,855
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment	4	**2,322**	3,318	**2,322**	3,318
Tax on items that will not be reclassified to profit or loss		**–**	–	**–**	–
		2,322	3,318	**2,322**	3,318
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	21	**–**	(1,345)	**–**	(1,345)
– Reclassification of impairment on investments to profit or loss	26	**–**	984	**–**	984
– Change in fair value of investments		**–**	5,621	**–**	5,621
Tax on items that are or may be reclassified subsequently to profit or loss		**–**	(923)	**–**	(923)
Fair Value to Other Comprehensive Income financial assets:					
Net change in fair value – equity investments at FVOCI		**(7,519)**	–	**(7,519)**	–
Net change in fair value – debt investments at FVOCI		**3,584**	–	**3,584**	–
Tax on items that are or may be reclassified subsequently to profit or loss		**984**	–	**984**	–
		(2,951)	4,337	**(2,951)**	4,337
Other comprehensive income for the year, net of income tax		**(629)**	7,655	**(629)**	7,655
Total comprehensive income for the year		**4,524**	17,466	**4,774**	17,510
Attributable to:					
Equity holders of the Company		**4,501**	17,472	**4,774**	17,510
Non-controlling interests		**23**	(6)	**–**	–
Total comprehensive income for the year		**4,524**	17,466	**4,774**	17,510

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group							
At 1 January 2019	123,300	6,607	40,654	92,934	263,495	232	263,727
Total comprehensive income for the year							
Profit for the year	–	–	–	9,817	9,817	(6)	9,811
Other comprehensive income:							
Revaluation of property, plant and equipment	–	–	3,318	–	3,318	–	3,318
Available-for-sale financial assets:							
– Reclassification of gain on sale of investments to profit or loss	–	(1,345)	–	–	(1,345)	–	(1,345)
– Reclassification of impairment on investments to profit or loss	–	984	–	–	984	–	984
– Change in fair value of investments	–	5,621	–	–	5,621	–	5,621
Income tax relating to components of other comprehensive income	–	(923)	–	–	(923)	–	(923)
Total other comprehensive income, net of income tax	–	4,337	3,318	–	7,655	–	7,655
Total comprehensive income for the year	–	4,337	3,318	9,817	17,472	(6)	17,466
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2018	–	–	–	(4,841)	(4,841)	–	(4,841)
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid in respect of year 2019	–	–	–	(3,026)	(3,026)	–	(3,026)
Total contributions by and distributions to owners	–	–	–	(7,867)	(7,867)	–	(7,867)
At 31 December 2019	123,300	10,944	43,972	94,884	273,100	226	273,326

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group							
At 1 January 2020	123,300	10,944	43,972	94,884	273,100	226	273,326
Impact of adoption of SFRS(I) 9	–	(4,041)	–	4,041	–	–	–
At 1 January 2020, as restated	123,300	6,903	43,972	98,925	273,100	226	273,326
Total comprehensive income for the year							
Profit for the year	–	–	–	5,130	5,130	23	5,153
Other comprehensive income:							
Revaluation of property, plant and equipment	–	–	2,322	–	2,322	–	2,322
Fair Value to Other Comprehensive Income financial assets:							
– Net change in fair value – equity investments at FVOCI	–	(7,519)	–	–	(7,519)	–	(7,519)
– Net change in fair value – debt investments at FVOCI	–	3,584	–	–	3,584	–	3,584
Income tax relating to components of other comprehensive income	–	984	–	–	984	–	984
Total other comprehensive income, net of income tax	–	(2,951)	2,322	–	(629)	–	(629)
Total comprehensive income for the year	–	(2,951)	2,322	5,130	4,501	23	4,524
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2019	–	–	–	(4,778)	(4,778)	–	(4,778)
Interim dividend of 0.35 cent per share tax exempt (one-tier) paid in respect of year 2020	–	–	–	(2,091)	(2,091)	–	(2,091)
Payment of Share buyback	–	–	–	(2,430)	(2,430)	–	(2,430)
Dividend paid to non-controlling interests	–	–	–	–	–	(225)	(225)
Total contributions by and distributions to owners	–	–	–	(9,299)	(9,299)	(225)	(9,524)
At 31 December 2020	123,300	3,952	46,294	94,756	268,302	24	268,326

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total $'000
Company					
At 1 January 2019	123,300	6,607	40,654	92,707	263,268
Total comprehensive income for the year					
Profit for the year	–	–	–	9,855	9,855
Other comprehensive income:					
Revaluation of property, plant and equipment	–	–	3,318	–	3,318
Available-for-sale financial assets:					
– Reclassification of gain on sale of investments to profit or loss	–	(1,345)	–	–	(1,345)
– Reclassification of impairment on investments to profit or loss	–	984	–	–	984
– Change in fair value of investments	–	5,621	–	–	5,621
Income tax relating to components of other comprehensive income	–	(923)	–	–	(923)
Total other comprehensive income, net of income tax	–	4,337	3,318	–	7,655
Total comprehensive income for the year	–	4,337	3,318	9,855	17,510
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2018	–	–	–	(4,841)	(4,841)
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid in respect of year 2019	–	–	–	(3,026)	(3,026)
Total contributions by and distributions to owners	–	–	–	(7,867)	(7,867)
At 31 December 2019	123,300	10,944	43,972	94,695	272,911

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital $'000	Fair value reserve $'000	Revaluation reserve $'000	Accumulated profits $'000	Total $'000
Company					
At 1 January 2020	123,300	10,944	43,972	94,695	272,911
Impact of adoption of SFRS(I) 9	–	(4,041)	–	4,041	–
At 1 January 2020, as restated	123,300	6,903	43,972	98,736	272,911
Total comprehensive income for the year					
Profit for the year	–	–	–	5,403	5,403
Other comprehensive income:					
Revaluation of property, plant and equipment	–	–	2,322	–	2,322
Fair Value to Other Comprehensive Income financial assets:					
– Net change in fair value – equity investments at FVOCI	–	(7,519)	–	–	(7,519)
– Net change in fair value – debt investments at FVOCI	–	3,584	–	–	3,584
Income tax relating to components of other comprehensive income	–	984	–	–	984
Total other comprehensive income, net of income tax	–	(2,951)	2,322	–	(629)
Total comprehensive income for the year	–	(2,951)	2,322	5,403	4,774
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2019	–	–	–	(4,778)	(4,778)
Interim dividend of 0.35 cent per share tax exempt (one-tier) paid in respect of year 2020	–	–	–	(2,091)	(2,091)
Payment of Share buyback	–	–	–	(2,430)	(2,430)
Total contributions by and distributions to owners	–	–	–	(9,299)	(9,299)
At 31 December 2020	123,300	3,952	46,294	94,840	268,386

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flow from operating activities			
Profit before income tax		**5,740**	10,286
Adjustments for:			
Insurance contract provisions for net unexpired risks		**1,378**	4,940
Insurance contract provisions for net outstanding claims		**11,877**	7,033
Impairment provision and write (back)/down on investments	21	**(50)**	984
Net gains in fair value of investment properties	21	**(1,887)**	(2,637)
Net gains on sale of investments	21	**–**	(1,345)
Depreciation of property, plant and equipment	4	**340**	332
Interest income	21	**(7,011)**	(8,692)
Dividend income	21	**(1,547)**	(2,579)
Loss on sale of investment properties	21	**–**	272
Gain on sale of investment in subsidiary		**(878)**	–
		7,962	8,594
Changes in working capital:			
Insurance receivables		**(11,699)**	(9,052)
Other receivables and staff loans		**1,493**	(351)
Insurance payables		**14,313**	4,313
Other payables		**(528)**	482
Cash generated from operations		**11,541**	3,986
Income tax paid		**(666)**	(787)
Net cash from operating activities		**10,875**	3,199
Cash flow from investing activities			
Interest received		**7,045**	8,669
Dividends received		**1,547**	2,579
Purchase of investments		**(7,898)**	(15,272)
Proceeds from sale of investments		**46,845**	24,077
Purchase of property, plant and equipment	4	**(333)**	(205)
Proceeds from disposal of property, plant and equipment		**76**	–
Proceeds from disposal of investment in subsidiary		**270**	
Proceeds from disposal of investment properties		**–**	1,361
Net cash from investing activities		**47,552**	21,209
Cash flow from financing activities			
Dividends paid to owners of the Company		**(6,869)**	(7,867)
Dividends paid to non-controlling interests		**(225)**	–
Payment of share buyback		**(2,430)**	–
Payment of lease liabilities		**(24)**	(37)
Net cash used in financing activities		**(9,548)**	(7,904)
Net increase in cash and cash equivalents		**48,879**	16,504
Cash and cash equivalents at beginning of year	13	**103,645**	87,141
Cash and cash equivalents at end of year	13	**152,524**	103,645

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 February 2021.

1 Domicile and activities

Singapore Reinsurance Corporation Limited (the Company) is incorporated in the Republic of Singapore with its registered office at 85 Amoy Street, Singapore 069904.

The Company is licensed as a general reinsurer under the Singapore Insurance Act, Chapter 142 (the Insurance Act). The principal activities of the Company, including its Labuan Branch, are those of a general reinsurer while those of its subsidiaries are set out in Note 7 to the financial statements.

The consolidated financial statements of the Group for the year ended 31 December 2020 relate to the Company and its subsidiaries (together referred to as the "Group").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

This is the first set of the Group and Company's annual financial statement in which SFRS(I) 9 *Financial Instruments* has been applied, having applied the temporary exemption available under SFRS(I) 4 Insurance Contracts previously. The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

The assets and liabilities of the Group which relate to the reinsurance business carried on in Singapore are subject to the requirements of the Insurance Act. Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 and the Group continues to be able to meet the solvency requirements of Section 18 of the Insurance Act and Insurance (Valuation and Capital) Regulations. All other assets and liabilities are accounted for in the books of the "non-reinsurance funds".

All income and expenses relating to the reinsurance business are reported under the "Reinsurance operations" in profit or loss. All other income and expenses are reported as "Non-reinsurance operations" in profit or loss.

The financial statements of the Group represent the combined assets and liabilities, and income and expenses of the reinsurance funds and the non-reinsurance funds.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Group's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 3.3	premium recognition
Note 5	classification of investment properties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are described in the following notes:

Note 4	fair value of leasehold land and buildings
Note 5	fair value of investment properties
Note 16	determination of outstanding claims liabilities and estimation of bilateral cessions business

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 31 – Insurance and financial risk management.

2.5 Changes in accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *SFRS(I) 9 Financial Instruments*
- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8)*
- *Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)*

Except for the adoption of SFRS(I) 9, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Transition summary and quantitative impact on adoption of SFRS(I) 9 *Financial Instruments:*

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial instruments, a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements.

In accordance with the transition exemption allowed under SFRS(I) 9 *Financial Instruments*, comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 *Financial Instruments* are recognised in the opening retained earnings and reserves as at 1 January 2020. The Group has also adopted the consequential amendments to SFRS(I) 7 *Financial Instrument: Disclosures* that are applied to disclosures for 2020 but have not been applied to comparative information.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 *Financial Instruments* will generally be applied by the Group retrospectively, except as described below:

- The following assessments have to be made on the basis of facts and circumstances existed at 1 January 2020.

  – The determination of the business model within which a financial asset is held.

  – The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  – The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).

  – The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

- If an investment in a debt security has low credit risk at 1 January 2020, the Group plans to assume that the credit risk on the asset has not increased significantly since its initial recognition.

The following shows the impact on initial adoption of SFRS(I) 9 *Financial Instruments* on the Group and Company's financial position as at 31 December 2019 and 1 January 2020.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, the Group's financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous SFRS(I) 39 categories of held-to-maturity, loans and receivables and available-for-sale ("AFS"). Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

The following table and the accompanying notes below explain the original measurement categories under SFRS(I) 1-39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2020.

				1 January 2020	
Group	**Note**	**Original classification under SFRS(I) 1-39**	**New classification under SFRS(I) 9**	**Original carrying amount under SFRS(I) 1-39 $'000**	**New carrying amount under SFRS(I) 9 $'000**
Debt securities AFS	a	Available-for-sale	FVOCI – debt instruments	207,163	207,163
Equity securities AFS	b	Available-for-sale	FVOCI – equity instruments	53,055	53,055
Cash and cash equivalents		Loans and receivables	Amortised cost	103,645	103,645
Other receivables	c	Loans and receivables	Amortised cost	3,075	3,075
Staff loan	c	Loans and receivables	Amortised cost	35	35
Total				366,973	366,973
Company					
Debt securities AFS	a	Available-for-sale	FVOCI – debt instruments	207,163	207,163
Equity securities AFS	b	Available-for-sale	FVOCI – equity instruments	53,055	53,055
Cash and cash equivalents		Loans and receivables	Amortised cost	100,252	100,252
Other receivables	c	Loans and receivables	Amortised cost	3,722	3,722
Staff loan	c	Loans and receivables	Amortised cost	35	35
Total				364,227	364,227

a. The debt securities categorised as available-for-sale under SFRS(I) 1-39 are held by the Group in a separate portfolio to provide interest income, but may be sold to meet liquidity requirements arising in the normal course of business. The Group and the Company consider that these investments are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling the securities. The debt securities mature in more than one year and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under SFRS(I) 9. An allowance for impairment of $365,000 is recognised in opening accumulated profits of the Group and Company at 1 January 2020 on transition to SFRS(I) 9.

b. These equity securities represent investments that the Group and the Company intend to hold for the long term for strategic purposes. The Group and the Company have designated these investments at 1 January 2020 as financial assets at FVOCI. Unlike SFRS(I) 1-39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss even upon disposal.

c. Other receivables and staff loan that were classified as loans and receivables under SFRS(I) 1-39 are now classified as financial assets at amortised cost. No allowance for impairment was recognised in the opening accumulated profits of the Group and of the Company at 1 January 2020 respectively on transition to SFRS(I) 9.

ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in SFRS(I) 1-39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost financial assets including debt investments at FVOCI.

Impairment losses on other financial assets are presented under 'net investment income', similar to the presentation under SFRS(I) 1-39, and not presented separately in the statement of profit or loss due to materiality considerations.

The application of SFRS(I) 9 impairment requirements at 1 January 2020 results in additional allowances for impairment as follows:

	Group $'000	Company $'000
Additional impairment recognised at 1 January 2020 on:		
Debt investments at FVOCI	365	365

Loss allowances for debt investments measured at FVOCI is recognised in OCI.

The estimated impact of the adoption of SFRS(I) 9 on the Group's and the Company's equity as at 1 January 2020 disclosed below is based on the assessments undertaken to date and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Group and the Company in the future.

	As reported at 31 December 2019 $'000	Impact of adopting SFRS(I) 9 $'000	Adjusted opening balance at 1 January 2020 $'000
Group			
Statement of changes in equity			
Fair value reserves	10,944	(4,041)	6,903
Accumulated profits	94,884	4,041	98,925

NOTES TO THE FINANCIAL STATEMENTS

The adjusted opening balance of the Group's equity as at 1 January 2020 is $6,903,000. The principal components of the adjustments are as follows:

- A decrease of $4,406,000 in fair value reserves due to the reversal of impairment from accumulated profits to fair value reserves in relation to the reclassification of financial assets from equity securities AFS to FVOCI; and

- An increase of $365,000 in fair value reserves due to additional impairment recognised under the ECL model for debt securities AFS at FVOCI.

	As reported at 31 December 2019 $'000	Impact of adopting SFRS(I) 9 $'000	Adjusted opening balance at 1 January 2020 $'000
Company			
Statement of changes in equity			
Fair value reserves	10,944	(4,041)	6,903
Accumulated profits	94,695	4,041	98,736

The adjusted opening balance of the Company's equity as at 1 January 2020 is $6,903,000. The principal components of the adjustments are as follows:

- A decrease of $4,406,000 in fair value reserves due to the reversal of impairment from accumulated profits to fair value reserves in relation to the reclassification of financial assets from equity securities AFS to FVOCI; and

- An increase of $365,000 in fair value reserves due to additional impairment recognised under the ECL model for debt securities AFS at FVOCI.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment loss.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of equity investments designated as at FVOCI and monetary items that in substance form part of the Group's net investment in a foreign operation are recognised in other comprehensive income (OCI).

NOTES TO THE FINANCIAL STATEMENTS

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in profit or loss as the amounts are not material.

3.3 Reinsurance business

Classification of contracts

Contracts under which the Group accepts significant insurance risk by agreeing to compensate the cedants if a specified uncertain future event (the insured event) adversely affects the cedants are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices of rates, a credit rating or credit index or other variable.

Recognition and measurement of contracts

The recording of revenue and the determination of underwriting results of each financial year reflect delays in the receipt of information from cedants and brokers, and the long tail nature of certain classes of insurance business.

Written premiums

Gross written premiums include premiums for contracts entered during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission payable to insurance companies and intermediaries and include adjustments to premiums written in prior accounting periods.

With the exception of premiums for bilateral cessions business, which are estimated up to the end of the financial year, premium is recognised on the basis of closing advices and returns received from cedants and brokers. Bilateral cessions premiums, to the extent not advised by cedants by the year-end, are estimated using comparative information.

The portion of the premium which relates to future accounting periods is included in the provision for unexpired risks in the statement of financial position.

The provision for unexpired risks in respect of facultative reinsurance business is calculated based on daily pro-rata method on net premium income. The provision for unexpired risks in respect of other types of reinsurance business is calculated at 40% of net premium income (refer to liability adequacy test).

Commission

With the exception of bilateral cessions business, commission expense and income are recognised based on closing advices and returns received from cedants and brokers. For bilateral cessions business, to the extent not advised by cedants and brokers by the financial year-end, estimates are derived using comparative information taking into consideration changes in terms and conditions.

Claims

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Outstanding claims comprise provisions for the full estimated cost of losses which have occurred before the end of the current financial year, whether or not these have been notified to the Group. The provisions represent a projection of all future payments to be made in respect of these notified or unreported losses. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as inflation, judicial trends, legislative changes, past experience and observable market trends. Anticipated reinsurance recoveries are disclosed separately as assets.

Provision is also made, on the basis of management's experience of claims submitted in prior years, for the estimated ultimate liability of the Group in respect of claims incurred on business accepted up to the end of the financial year.

In view of the nature of the business accepted, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the claim provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

Reinsurance

The Group arranges reinsurance outward in the normal course of business for the purpose of limiting its net loss. Outward reinsurance premiums are regarded as deductions from income and are recognised when periodic statements of accounts are rendered to retrocessionaires. Amounts recoverable under reinsurance outward are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the retrocessionaires.

NOTES TO THE FINANCIAL STATEMENTS

Receivables and payables related to insurance contracts

Insurance receivables and insurance payables are recognised when due. These include amounts due to and from insurance and reinsurance contract holders. They are measured on initial recognition at the fair value of the consideration receivable or payable. Subsequent to initial recognition, receivables and payables are measured at amortised cost, using the effective interest rate method.

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable and recognises that impairment loss in profit or loss. Insurance receivables and insurance payables are derecognised based on the same derecognition criteria as financial assets and liabilities respectively, as described in note 3.6.

The Group does not measure insurance receivables in accordance with SFRS(I) 9 *Financial Instruments* as rights and obligations arising under an insurance contract are accounted in accordance with SFRS(I) 4 *Insurance Contracts*.

Liability adequacy test

In performing the liability adequacy test, the carrying value of the insurance liabilities in the reinsurance fund is compared with the current best estimate of future contractual cash flows and claims handling expenses on an undiscounted basis. If the best estimate for the contractual liabilities is discounted using the risk-free interest rate or yield on assets backing the liabilities, the best estimate figures would be lower.

Any deficiency between the statement of financial position liabilities and the adequacy test liabilities is recognised in profit or loss for the year.

3.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment loss, except for owner occupied leasehold land and buildings, which are stated at their revalued amounts.

The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in the revaluation amount is credited to other comprehensive income and accumulated in equity in the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in other comprehensive income and accumulated in equity in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The crying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised net within other income in profit or loss in the period of the retirement or disposal.

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives as follows:

Leasehold land and buildings	50 years
Furniture, fittings and office equipment	3 years to 5 years

Fully depreciated assets are retained in the financial statements until they are disposed of. Properties are depreciated from the year in which they are ready for use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 3.11.

The gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the property and shall be recognised in profit or loss in the period of the retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for at item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2020

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI – Debt investments or FVOCI – equity investments.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding

Debt investments at FVOCI

A debt investment is valued at FVOCI if it meets both the following conditions and is not designated as at FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for training, the Group may irrevocably elect to present subsequent changes in the investments' fair value in OCI. This election is made on an investment-by investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as at FVTPL if doing so eliminates or significantly reduces as accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives of the portfolio and the operation of those policies in practice. These includes whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cashflows or realising cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and of the financial assets held within the business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on fair value of asset managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transaction that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets

Financial assets that are held -for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified asset (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires repayments at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial asset at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2020

The Group classifies non-derivative financial assets into the following categories financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets./loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, other receivables and staff loans.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that were designated as available-for-sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on available-for-sale debt securities, were recognised in OCI, and accumulated in the fair value reserve in equity. When these amounts were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised equity securities and debt securities.

NOTES TO THE FINANCIAL STATEMENTS

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured at amortised cost or FVTPL. A financial liability was classified as at FVTPL if it was classified as held-for-trading or was designated as such on initial recognition. Financial liabilities at FVTPL were measured at fair value and net gains and losses, including any interest expense, were recognised in profit or loss. Directly attributable transaction costs were recognised in profit or loss as incurred

Other financial liabilities were initially measured as fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

The Group's non-derivative financial liabilities comprised other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards or ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group may enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred asset are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also recognised a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalent comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents comprised of cash at bank and in hand and fixed deposits which have an insignificant risk of changes in their fair value.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and shares options are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Repurchase, disposal and reissue of share capital (treasury shares)

Where share capital recognised as equity is repurchased, the amount of the consideration paid, excluding directly attributable costs, is presented as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where such shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.7 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contact conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 5.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract. The Group applied the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease.

The Group leases out its investment property, including owner-occupied property and right-of-use assets. The Company has classified these leases as operating leases. The Group recognises lease payments received from the above under operating leases as income on a straight line basis over the lease terms as part of 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

3.8 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2020

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- debt investments measured at FVOCI;

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

NOTES TO THE FINANCIAL STATEMENTS

- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 January 2020

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity securities) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that Group would not consider otherwise, indicators that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults of the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. The Group considered a decline of 20% to be significant a period of 9 months to be prolonged.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both a individual and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired where then collectively assessed for any impairment that had been incurred but not yet identified. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decrease and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair vale reserves in equity to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss recognised previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reverse through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group and Company's non-financial assets, other than investment property, inventories, contract assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

NOTES TO THE FINANCIAL STATEMENTS

The Group and Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.9 Employee benefits

Contributions to a statutory defined contribution scheme are recognised as an expense in profit or loss when incurred.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Government grants

Cash grants received from the government in relation to the Special Employment Credit, Wage Credit and Temporary Employment Credit Schemes are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the financial statements.

Other government grants related to assets such as cash grants received from the tax authority in relation to the Jobs Support Scheme (JSS), are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.11 Revenue recognition

The accounting policy in relation to revenue from reinsurance business is disclosed in note 3.3.

Investment income

Investment income comprises gains on the disposal of FVOCI – debt instruments and FVOCI – equity instruments, dividend income and interest income.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income in respect of interest bearing investments is accounted on an accrual basis. Interest receivable and payable on reinsurance deposits attributable to the reinsurance business are accounted for in the same period as the relevant statements are received from cedants and brokers or are rendered to reinsurers.

Investment income generated from assets attributable to the reinsurance business is allocated to the reinsurance operations in profit or loss. Investment income arising from assets attributable to the non-reinsurance business is allocated to the non-reinsurance operations in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

Non-reinsurance income

Non-reinsurance income includes revenue from sale of goods and services in the ordinary course of business when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO.

Subscriptions for magazines and other publications and advertising income are recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer.

Revenue from organising conferences and participation in other insurance and other financial related activities are recognised upon completion of the service.

3.12 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I)1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combinations and that affects either accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through the sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries of the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.13 Key management personnel

Key management personnel of the Group and Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and the senior management are considered as key management personnel of the Group and Company.

3.14 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.16 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 32.

4 Property, plant and equipment

	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Group			
Valuation/Cost	**Valuation**	**Cost**	
At 1 January 2019	51,300	3,950	55,250
Additions	–	205	205
Revaluation surplus	3,318	–	3,318
Disposals	–	(204)	(204)
Reversal of depreciation on revaluation	(118)	–	(118)
At 1 January 2020	54,500	3,951	58,451
Additions	–	333	333
Revaluation surplus	2,322	–	2,322
Disposals	–	(392)	(392)
Reversal of depreciation on revaluation	(122)	–	(122)
At 31 December 2020	56,700	3,892	60,592
Accumulated depreciation and impairment losses			
At 1 January 2019	–	3,495	3,495
Depreciation for the year	118	214	332
Disposals	–	(204)	(204)
Reversal of depreciation on revaluation	(118)	–	(118)
At 1 January 2020	–	3,505	3,505
Depreciation for the year	122	218	340
Disposals	–	(316)	(316)
Reversal of depreciation on revaluation	(122)	–	(122)
At 31 December 2020	–	3,407	3,407
Carrying amounts			
At 31 December 2019	54,500	446	54,946
At 31 December 2020	56,700	485	57,185

NOTES TO THE FINANCIAL STATEMENTS

	Leasehold land and buildings $'000	Furniture, fittings and equipment $'000	Total $'000
Company			
Valuation/Cost	**Valuation**	**Cost**	
At 1 January 2019	51,300	3,585	54,885
Additions	–	164	164
Revaluation surplus	3,318	–	3,318
Disposals	–	(174)	(174)
Reversal of depreciation on revaluation	(118)	–	(118)
At 1 January 2020	54,500	3,575	58,075
Additions	–	323	323
Revaluation surplus	2,322	–	2,322
Disposals	–	–	–
Reversal of depreciation on revaluation	(122)	–	(122)
At 31 December 2020	56,700	3,898	60,598
Accumulated depreciation and impairment losses			
At 1 January 2019	–	3,223	3,223
Depreciation charge for the year	118	174	292
Disposals	–	(174)	(174)
Reversal of depreciation on revaluation	(118)	–	(118)
At 1 January 2020	–	3,223	3,223
Depreciation charge for the year	122	190	312
Disposals	–	–	–
Reversal of depreciation on revaluation	(122)	–	(122)
At 31 December 2020	–	3,413	3,413
Carrying amounts			
At 31 December 2019	54,500	352	54,852
At 31 December 2020	56,700	485	57,185

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Depreciation charge					
Leasehold land and buildings		**122**	118	**122**	118
Furniture, fittings and equipment		**218**	214	**190**	174
	26	**340**	332	**312**	292
Allocated as follows:					
Reinsurance operations	23	**176**	172	**176**	172
Non-reinsurance operations	23	**28**	40	**–**	–
Investment expenses	21	**136**	120	**136**	120
		340	332	**312**	292

The fair value of leasehold land and buildings of the Group and Company are revalued as at 31 December 2020 by firms of independent professional valuers, at open market value on an existing use basis. The measurement is based on the market comparison method. The revaluation surplus during the year amounted to $2,322,000 (2019: $3,318,000).

The carrying amount of leasehold land and buildings of the Group and the Company would have been $12,779,000 (2019: $12,779,000) had the leasehold land and buildings been carried at cost less accumulated depreciation and impairment losses.

Property, plant and equipment includes right-of-use assets of Nil (2019: $24,000) related to leased IT equipment (see note 20).

Property, plant and equipment are non-current assets.

Details of the owner-occupied leasehold properties are set out below:

Owner-occupied leasehold land and buildings

Location	Description	Tenure	Land area/ Floor area (sq. m.)	At valuation 2020 $'000	At valuation 2019 $'000
Singapore					
85 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	235	**26,100**	25,500
68/69 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	304	**30,600**	29,000
Total owner occupied leasehold land and buildings				**56,700**	54,500

NOTES TO THE FINANCIAL STATEMENTS

5 Investment properties

Group and Company	Note	$'000
At 1 January 2019		33,767
Disposals		(1,633)
Changes in fair value	21, 26	2,637
At 1 January 2020		34,771
Changes in fair value	21, 26	1,887
At 31 December 2020		36,658

Investment properties are revalued as at 31 December 2020 by firms of independent professional valuers at 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. The measurement is based on the market comparison.

Investment properties comprise a number of commercial properties that are leased to external customers. The leases contain an initial non-cancellable period of one to three years. Subsequent renewals are negotiated with the lessees. See note 20 for further information.

Details of the investment properties are set out below:

Investment properties leasehold land and buildings

Location	Description	Tenure	Land area/ Floor area (sq. m.)	At valuation 2020 $'000	2019 $'000
Singapore					
55-58 Amoy Street	Office building	999 years lease w.e.f. 25/7/1833	178	**15,700**	14,500
103 Amoy Street	Office building	999 years lease w.e.f. 1/10/1827	185	**16,600**	15,900
People Republic of China					
#905 to 907 and #2003, Dalian Asia Pacific Finance Centre,55 Renmin Road, Zhongshan District, Dalian	Office and residential units	50 years lease w.e.f. 28/12/1993	390	**803**	818

Location	Description	Tenure	Land area/ Floor area (sq. m.)	At valuation 2020 $'000	2019 $'000
#710 South Office Block, Beijing New World Centre, Chong Wen Men Wai Da Jie, Chong Wen District, Beijing 100062	Office and residential units	50 years lease w.e.f. 1/4/1994	122	**999**	951
#1918 The Panorama, 53 Huang Pu Road, Shanghai 200080	Office and residential units	50 years lease w.e.f. 16/6/1998	168	**2,556**	2,602
				36,658	34,771

6 Amounts from subsidiaries

The amounts due from subsidiaries are interest-free, unsecured and repayable on demand.

7 Interest in subsidiaries

	Company 2020 $'000	2019 $'000
Unquoted equity shares, at cost	**1,173**	1,123
(Decrease)/Increase in investment in subsidiary	**(850)**	50
Provision for impairment	**(79)**	(50)
	244	1,123

NOTES TO THE FINANCIAL STATEMENTS

The following are subsidiaries as at 31 December 2020:

Name of company	Principal activities	Percentage of equity held by the Group	
		2020	2019
		%	%
Singapore-Re Management Services Private Limited[1]	Management, computer advisory services and consultancy	**100**	100
INS Communications Private Limited[1]	Publisher of magazines, books and other publications and organiser of conferences	**–**	85
SR-China Advisory Services Co Ltd[2]	Property management and consultancy services	**90**	90

1 Audited by KPMG LLP Singapore

2 Audited by Honest China Certified Public Accountants

SR-China Advisory Services Co Ltd is incorporated and carries on business in China.

During the year, the Group disposed of its investment in subsidiary – INS Communication Private Limited.

Disposal of subsidiary

	Subsidiary At Fair values on date of disposal $'000
Identifiable assets and liabilities	
Property, plant and equipment	76
Non-current asset	15
Current asset (including cash)	2,209
Current liabilities	(1,310)
Net asset derecognised	990
Non-controlling interest	(149)
Gain on disposal	878
Total fixed sales consideration	1,719
Less: Cash and cash equivalent in subsidiaries disposed	(1,449)
Net Cash flow	270

Total sales consideration consists of both a fixed portion and a contingent portion. The fixed portion is a cash consideration of $1.719 million. In relation to the contingent consideration, the Group is entitled to 21.25% of the net profits after taxes of INS Communications Private Limited in respect of each of the four financial years commencing after the date of disposal based on its audited financial statements with a cap of $350,000 per annum, inclusive of any fees due to the Group for services rendered or to be rendered by the Group to INS Communications Private Limited during the respective financial year.

In the preceding financial year, the Company subscribed additional shares in Singapore-Re Management Services Private Limited for a cash consideration amounting to $50,000 and an impairment provision of $65,000 (2019: $50,000) was made on the cost of investment. The estimated recoverable amount determined based on the net assets as at 31 December 2020 approximates the fair value less costs to sell. The net assets comprise predominantly current monetary items.

8 Financial assets

Financial assets consist of FVOCI – equity securities, FVOCI – debt securities and staff loans:

	Group		Company	
	2020	2019	**2020**	**2019**
	$'000	$'000	**$'000**	**$'000**
FVOCI – Debt securities	**173,882**	–	**173,882**	–
FVOCI – Equity securities	**43,550**	–	**43,550**	–
Debt securities available-for-sale	**–**	207,163	**–**	207,163
Equity securities available-for-sale	**–**	53,055	**–**	53,055
Staff loans	**23**	35	**23**	35
Total financial assets	**217,455**	260,253	**217,455**	260,253
Allocated as:				
Non-current assets				
Equity securities available-for-sale	**–**	1,860	**–**	1,860
Staff loans	**11**	23	**11**	23
Total non-current assets	**11**	1,883	**11**	1,883
Current assets				
FVOCI – Debt securities	**173,882**	–	**173,882**	–
FVOCI – Equity securities	**43,550**	–	**43,550**	–
Debt securities available-for-sale	**–**	207,163	**–**	207,163
Equity securities available-for-sale	**–**	51,195	**–**	51,195
Staff loans	**12**	12	**12**	12
Total current assets	**217,444**	258,370	**217,444**	258,370
Total financial assets	**217,455**	260,253	**217,455**	260,253

NOTES TO THE FINANCIAL STATEMENTS

The maximum exposure to credit risk for securities at the reporting date is their carrying amount.

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 31.

9 Deferred taxation

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2019 $'000	Recognised in statement of profit or loss (Note 27) $'000	Recognised in other comprehensive income $'000	At 31 December 2019 $'000	Recognised in statement of profit or loss (Note 27) $'000	Recognised in other comprehensive income $'000	At 31 December 2020 $'000
Group							
Deferred tax (liabilities)/assets							
Others	32	(1)	–	31	13	–	**44**
Financial assets	(1,235)	–	(923)	(2,158)	–	1,053	**(1,105)**
Property, plant and equipment	(312)	2	–	(310)	(23)	–	**(333)**
Investment properties	(1,607)	399	–	(1,208)	1	–	**(1,207)**
Other receivables	(285)	(5)	–	(290)	70	–	**(220)**
	(3,407)	395	(923)	(3,935)	61	1,053	**(2,821)**
Company							
Deferred tax (liabilities)/assets							
Others	32	(1)	–	31	13	–	**44**
Financial assets	(1,235)	–	(923)	(2,158)	–	1,053	**(1,105)**
Property, plant and equipment	(312)	2	–	(310)	(23)	–	**(333)**
Investment properties	(1,607)	399	–	(1,208)	1	–	**(1,207)**
Other receivables	(285)	(5)	–	(290)	70	–	**(220)**
	(3,407)	395	(923)	(3,935)	61	1,053	**(2,821)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**44**	31	**44**	31
Deferred tax liabilities	**(2,865)**	(3,966)	**(2,865)**	(3,966)
Net deferred tax liabilities	**(2,821)**	(3,935)	**(2,821)**	(3,935)

Deferred tax liabilities are non-current.

10 Insurance contract provisions

(a) *Analysis of movements in provision for outstanding claims:*

	Group and Company	
	2020	2019
	$'000	$'000
Gross outstanding claims	**478,054**	428,860
Reinsurers' share of outstanding claims	**(305,870)**	(268,553)
Outstanding claims (net)	**172,184**	160,307
Movements in gross outstanding claims:		
Balance at beginning of the year	**428,860**	386,268
Gross paid claims	**(126,440)**	(114,362)
Gross claims incurred	**175,634**	156,954
Balance at end of the year	**478,054**	428,860
Movements in reinsurers' share of outstanding claims:		
Balance at beginning of the year	**(268,553)**	(232,994)
Reinsurers' share of paid claims	**88,971**	80,604
Reinsurers' share of claims incurred	**(126,288)**	(116,163)
Balance at end of the year	**(305,870)**	(268,553)
Movements in net provision:		
Balance at beginning of the year	**160,307**	153,274
Net paid claims	**(37,469)**	(33,758)
Net claims incurred	**49,346**	40,791
Balance at end of the year	**172,184**	160,307

NOTES TO THE FINANCIAL STATEMENTS

(b) *Analysis of movements in provision for unexpired risks:*

	Group and Company	
	2020	2019
	$'000	$'000
Gross unexpired risks	**95,067**	81,534
Reinsurers' share of unexpired risks	**(70,427)**	(58,272)
Unexpired risks (net)	**24,640**	23,262
Movements in gross unexpired risks:		
Balance at beginning of the year	**81,534**	73,729
Transfer from reinsurance operations	**13,533**	7,805
Balance at end of the year	**95,067**	81,534
Movements in reinsurers' share of unexpired risks:		
Balance at beginning of the year	**(58,272)**	(55,407)
Transfer from reinsurance operations	**(12,155)**	(2,865)
Balance at end of the year	**(70,427)**	(58,272)
Movements in net provision:		
Balance at beginning of the year	**23,262**	18,322
Transfer to reinsurance operations	**1,378**	4,940
Balance at end of the year	**24,640**	23,262

(c) *Summary*

Total gross and reinsurers' share of insurance contract provisions are allocated as follows:

	Group and Company	
	2020	2019
	$'000	$'000
Insurance contract provisions		
Non-current liabilities	**325,809**	306,699
Current liabilities	**247,312**	203,695
	573,121	510,394
Reinsurers' share of insurance contract provisions		
Non-current assets	**(195,505)**	(184,602)
Current assets	**(180,792)**	(142,223)
	(376,297)	(326,825)
Net insurance contract provisions	**196,824**	183,569

The current claim liabilities are determined by using the average claim payout ratio for the past three financial years for each individual line of business. The claim payout ratio is calculated using the total paid losses for each financial year, divided by the total claim liabilities as at the beginning of each financial year.

11. Insurance receivables

	Group and Company	
	2020	2019
	$'000	$'000
Inward insurance receivables:		
– Related parties	**4,739**	6,986
– Others	**67,390**	58,705
Allowance for doubtful inward insurance receivables	**(1,341)**	(1,392)
	70,788	64,299
Outward reinsurance receivables:		
– Related parties	**3,977**	2,891
– Others	**28,343**	26,053
Allowance for doubtful outward reinsurance receivables	**(1,107)**	(1,072)
	31,213	27,872
Deposits retained by cedants:		
– Related parties	**520**	204
– Others	**8,403**	6,850
	8,923	7,054
	110,924	99,225

Insurance receivables are all due within the next financial year.

The Group has exposure to credit risk on insurance receivables. However, these cedants and reinsurers are internationally dispersed, engage in a wide range of insurance and reinsurance activities and operate in a variety of end markets. The Group's historical experience in the collection of insurance receivables falls within the recorded allowances. Due to these factors, Management believes that no additional allowances are required for doubtful inward and outward insurance receivables.

The carrying value of the Group's three (2019: three) most significant insurance receivables as at the reporting date amounted to $41,692,000 (2019: $46,021,000) and represented 38% (2019: 46%) of total insurance receivables. The movement in allowance for insurance receivables is disclosed in Note 31 Insurance and financial risk management.

NOTES TO THE FINANCIAL STATEMENTS

12 Other receivables

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade receivables of the subsidiaries		**–**	1,051	**–**	–
Allowance for doubtful receivables		**–**	(103)	**–**	–
		–	948	**–**	–
Interest receivable		**1,900**	1,980	**1,900**	1,979
Sundry deposits		**21**	22	**21**	20
Amounts due from subsidiaries (non-trade)	6	**–**	–	**1,484**	1,654
Grant receivables		**92**	–	**92**	–
Sundry receivables		**118**	125	**114**	69
Deferred expenses		**–**	22	**–**	–
GST receivables		**27**	5	**27**	5
Prepayments		**322**	316	**322**	303
		2,480	3,418	**3,960**	4,030

Other receivables are all due within the next financial year.

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

13 Cash and cash equivalents

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Cash at bank and in hand	**38,304**	17,218	**38,072**	14,825
Fixed deposits	**114,220**	86,427	**112,691**	85,427
	152,524	103,645	**150,763**	100,252

Singapore-Re Management Services Limited, a wholly-owned subsidiary of Singapore Reinsurance Corporation Limited, holds certain bank accounts and fixed deposits in trust in its capacity as an underwriting management agent on behalf of third party insurers:

	2020	2019
	$'000	$'000
Trust accounts		
Cash at bank	552	552
Fixed deposits	528	524
Less: Amounts due to third party insurers	(1,080)	(1,076)
	–	–

14 Share capital

	Group and Company			
	2020	2020	2019	2019
	Number of shares '000	$'000	Number of shares '000	$'000
Issued and fully paid ordinary shares, with no par value				
At 1 January and 31 December	596,316	123,300	605,220	123,300

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future business development. Capital consists of shareholders' equity. The Board of Directors monitors the return on shareholders' equity, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interest. The Board of Directors also recommends to shareholders the level of dividends to be paid.

The Group's return on shareholders' equity was 1.9% (2019: 3.6%).

Pursuant to the Share Buy-Back Mandate, the Group has the flexibility to undertake purchases or acquisitions of its issued shares, at any time and from time to time, subject to market conditions, during the period that the Share Buy-Back Mandate is in force. Buy and sell decisions are made on a specific transaction basis by the Board and the Group does not have a defined share buyback plan.

There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

All insurers and reinsurers that carry on insurance business in Singapore are registered with the Monetary Authority of Singapore and are subject to the prudential standards which set out the basis for calculating the fund solvency requirements (FSR) and capital adequacy requirement (CAR) which is a minimal level of capital that must be held to meet policyholders' obligations. The FSR and CAR apply a risk-based approach to capital adequacy and are determined to be the sum of the aggregate of the total risk requirement of all insurance funds established and maintained by the reinsurer under the Act. It is the Company's policy to hold capital levels in excess of FSR and CAR. The Company has complied with the capital requirements.

15 Reserves

The fair value reserve includes the cumulative net change in fair value of FVOCI debt and equity instruments until the investments are derecognised.

The revaluation reserve includes the surpluses arising from the revaluations of owner occupied leasehold land and buildings.

16 The process involved in (1) determining outstanding claim liabilities and (2) estimating bilateral cessions business

(1) Determining outstanding claim liabilities

The data used for determining the expected ultimate claim liabilities is collated internally based on information received from cedants relating to business underwritten by the Group. This is further supplemented by externally available information on industry statistics and trends.

The Group's reserving methodology is intended to result in the most likely or expected outcome for the ultimate loss settlement for each type and class of business by analysing the historical claim payments to identify possible trends in order to project future claim payments. The Group also considers the nature of the risks underwritten, geographical location, sum insured, and previous experience to estimate expected loss ratios for each class of business and underwriting year. The derived expected loss ratios are internally checked to ensure that they are consistent with observable market trends or other market information, as considered necessary. Where there is insufficient information, the expected ultimate claim liabilities are arrived at based on prudent assumptions.

For random incidences of large insurance losses, the Group sets aside case reserves after taking into consideration the claim circumstances, current available information and historical evidence of similar claims. Case estimates are reviewed regularly and updated as and when new information becomes available. However, the ultimate claim liabilities may vary as a result of subsequent developments.

The Group systematically and periodically reviews the provisions established and adjusts the loss estimation process in an effort to achieve minimum variation between the actual final outcome and the original projection. The provisions for outstanding claim liabilities are not discounted for time value of money.

Given the nature of the reinsurance business, it is very difficult to predict with certainty the ultimate cost of claims, both notified and unreported. The difficulties in loss estimation are further compounded by divergence in the many types and classes of business, differences in the underlying insurance contracts and complexity of claims, lack of consistency in the professional standards of cedants, among other dynamic factors. To ensure objectivity, the Group is required to appoint an independent actuary to assess the adequacy of the Group's insurance liabilities on an annual basis. As set out in note 3.3, any deficit arising from the liability adequacy test is recognised in the reinsurance operations for the year.

The actuary uses statistical projections at a given point in time of the Group's expectations of the ultimate claims settlement for losses which occurred in the current financial year and prior. Such statistical tools analyse and extrapolate the development of paid and incurred claims to ultimate.

With respect to treaty and facultative business, as in prior years, rather than placing reliance on only one statistical method, the Loss Development Factor (LDF) and Bornheutter-Ferguson (BF) methods are used. The results produced by the method considered most appropriate are used for a particular class of business.

The LDF method involves the analysis of historical claims development factors and the selection of estimated development factors based on the historical pattern. The selected factors are then applied to the cumulative paid and incurred claims data for each underwriting year for which the data is not yet fully developed to produce an estimated ultimate claims cost for each underwriting year. This method is more appropriate for classes of business which have a relatively stable loss development pattern.

The BF method uses the LDF method and combines it with an assessment of the ultimate loss ratios for each class of business. The ultimate loss ratio for a particular class may be based on general industry experience or a combination of both the Group's own experience and general industry experience. The BF method is more relevant for classes of business which lack developed claims experience, or for more recent underwriting years of long-tailed business.

For bilateral and voluntary cessions business, information regarding the general insurance market in Singapore, claims payments and derived loss ratios on a class-by-class basis is considered.

NOTES TO THE FINANCIAL STATEMENTS

An additional loading is applied, otherwise known as a provision for adverse deviation ("PAD"), having regard to the Insurance Act and Insurance (Valuation and Capital) Regulations and uncertainty introduced by limitations of available data.

To the extent that the statistical method uses historical claims development information, it is assumed that the historical claims development pattern will recur in the future. There are however reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the mathematical models. Such reasons include:

- changes in processes that affect the development/recording of claims paid and incurred;
- economic, legal, political, social and environmental trends, which could result in different expected levels of inflation, claim frequency and severity;
- changes in business composition; and
- random fluctuations, including the impact of a higher frequency of large losses.

The assumption that has the greatest effect on the determination of the outstanding claim liabilities is the expected Ultimate Loss Ratio, particularly for the more recent underwriting years which are not fully developed.

A sensitivity analysis of the change in the expected Ultimate Loss Ratio is shown in note 31.

(2) Estimating bilateral cessions business

Bilateral cessions premiums, commission expenses and claims, to the extent not advised by cedants by the financial year-end, are estimated on a cedant by cedant basis using comparative information after adjusting for revisions in cession terms and conditions. The estimated premium, commission and claim figures may differ from the actual as advised by the cedants subsequent to the financial year-end. The Group will review and adjust the estimation established once advised by cedants. Past experience has shown that this basis of estimation was reasonably close to the actual outcome and a change in the key assumptions by 10%, as a whole, is not expected to have a significant impact on the underwriting margin, both before and after reinsurance for the year ended 31 December 2020 and equity of the Group as at 31 December 2020.

17 Insurance payables

	Group and Company	
	2020	2019
	$'000	$'000
Inward insurance payables:		
– Related parties	**13,811**	8,512
– Others	**42,664**	41,071
Outward reinsurance payables:		
– Related parties	**6,009**	9,458
– Others	**33,266**	27,321
Deposits retained from reinsurers:		
– Related parties	**807**	1,309
– Others	**8,465**	3,038
	105,022	90,709

Insurance payables are due within the next financial year.

18 Other payables

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Accrued operating expenses	**1,796**	1,500	**1,783**	1,291
Deferred income relating to income from rental, conference, subscription and advertising	**53**	923	**53**	104
Deferred grant income	**149**	–	**149**	–
Employee benefits				
– liability for short term accumulating compensated absences and long service benefit	**343**	372	**259**	181
Sundry creditors	**477**	578	**477**	455
Sundry deposits	**138**	144	**138**	144
Unclaimed dividends	**80**	71	**80**	71
	3,036	3,588	**2,939**	2,246

Other payables are due within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

The Group have been awarded a COVID-19 relief government grant by the Singapore Government under the Jobs Support Scheme (“JSS”). The grant received by the Group in the financial year ended 31 December 2020 amounts to $811,145 and is conditional on the payment of salaries to local employees and that of related CPF contributions on those salaries paid for the period mentioned in the announcements. The grant will be recognised on a systematic basis over the period of economic uncertainty from April 2020.

19 Significant related party transactions

The following significant transactions between the Group and related companies have been included in profit before income tax at terms agreed between the companies:

	Group and Company	
	2020	2019
	$’000	$’000
Transactions with related companies		
Income/(expense):		
Gross written premiums	**64,908**	69,502
Reinsurance premiums	**(33,227)**	(37,485)
Claims paid	**(43,362)**	(36,502)
Claims recoveries	**29,248**	40,329
Commission expense	**(11,022)**	(11,663)
Commission income	**8,915**	7,324

20 Leases

Leases as lessee (SFRS(I) 16)

The Group leases IT equipment with contract terms of one to three years.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Note	Furniture, fittings and equipment 2020 $’000	Total 2020 $’000
Balance at 1 January 2019		**59**	**59**
Depreciation charge for the year		**(35)**	**(35)**
Balance at 31 December 2019	4	**24**	**24**

	Note	Furniture, fittings and equipment 2020 $'000	Total 2020 $'000
Balance at 1 January 2020		**24**	**24**
Depreciation charge for the year		**(24)**	**(24)**
Balance at 31 December 2020	4	**–**	**–**

Amounts recognised in profit or loss

	2020 $'000	2019 $'000
Lease under SFRS(I) 16		
Interest on lease liabilities	**1**	2

Amounts recognised in statement of cash flows

	2020 $'000	2019 $'000
Total cash outflow for leases	**24**	37

Leases as lessor

The Group leases out its owner-occupied lands and buildings (see note 21) and investment properties (see note 5) to receive rental income. All leases are classified as operating leases from a lessor perspective.

Finance lease

During 2020, the Group recognised interest expense on lease payables of $1,000 (2019: $2,000).

The following table sets out a maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date.

	2020 $'000	2019 $'000
Less than one year	–	29
Total undiscounted lease payable	–	29

NOTES TO THE FINANCIAL STATEMENTS

Operating lease

The Group leases out its owner-occupied lands and buildings and investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from owner-occupied lands and buildings and investment property recognised by the Group during the year was $1,406,000 (2019: $1,626,000).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be paid after the reporting date.

	$'000
2020 – Operating leases under SFRS(I) 16	
Less than one year	241
One to two years	2,360
Two to three years	–
Total	2,601
2019 – Operating leases under SFRS(I) 16	
Less than one year	43
One to two years	2,937
Two to three years	994
Total	3,974

21 Investment income and expenses

		Group		**Company**	
	Note	**2020**	2019	**2020**	2019
		$'000	$'000	**$'000**	$'000
Investment income:					
Dividend income (gross):					
– from subsidiaries		**–**	–	**425**	–
– other investments		**1,547**	2,579	**1,547**	2,579
Rental income*		**1,406**	1,626	**1,485**	1,747
Net gains on sale of investments		**–**	1,345	**–**	1,345
Net gains on sale of subsidiary		**869**	–	**869**	–
Net gains in fair value of investment properties	5	**1,887**	2,637	**1,887**	2,637

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Interest income:					
– Corporate bonds		**4,255**	5,069	**4,255**	5,069
– Deposits		**714**	1,521	**714**	1,521
– Government and public authority securities		**1,933**	2,022	**1,933**	2,022
– Others		**79**	50	**66**	35
Interest on premium reserve deposit		**30**	30	**30**	30
Total investment income		**12,720**	16,879	**13,211**	16,985
Allocated as follows:					
Reinsurance operations		**6,237**	9,741	**6,237**	9,741
Non-reinsurance operations		**6,483**	7,138	**6,974**	7,244
		12,720	16,879	**13,211**	16,985

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Investment expenses:					
Interest on reinsurers' deposits		**(28)**	(25)	**(28)**	(25)
Staff costs	24	**(167)**	(169)	**(167)**	(169)
Other investment expense		**(48)**	(66)	**(48)**	(66)
Maintenance of property		**(215)**	(118)	**(228)**	(142)
Directors' fees		**(50)**	(66)	**(50)**	(66)
Consultancy fees		**(528)**	(496)	**(528)**	(496)
Withholding tax		**(14)**	(13)	**(14)**	(13)
Depreciation of property, plant and equipment		**(136)**	(120)	**(136)**	(120)
Rental expense		**(6)**	(6)	**(6)**	(6)
Net foreign exchange (losses)/gains		**(190)**	(477)	**(190)**	(477)
Net loss on disposal of investment properties	5	**–**	(272)	**–**	(272)
Impairment provision and write-down on available-for-sale investments	26	**–**	(984)	**–**	(984)
Impairment provision and write-back on FVOCI investments	26	**50**	–	**50**	–
Impairment provision on investments in subsidiaries	26	**–**	–	**(29)**	(18)
Total investment expenses		**(1,332)**	(2,812)	**(1,374)**	(2,854)

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Allocated as follows:					
Reinsurance operations		**(546)**	(1,864)	**(546)**	(1,864)
Non-reinsurance operations		**(786)**	(948)	**(828)**	(990)
		(1,332)	(2,812)	**(1,374)**	(2,854)
Net investment income:					
Allocated as follows:					
Reinsurance operations		**5,691**	7,877	**5,691**	7,877
Non-reinsurance operations		**5,697**	6,190	**6,146**	6,254
		11,388	14,067	**11,837**	14,131

* Rental income includes $829,000 (2019: $829,000) relating to internal charging of rent to departments occupying the Company's premises.

22 Other operating income

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-reinsurance income:				
– advertisements	**763**	1,569	**–**	–
– publications and organising of conferences and seminars	**1,371**	3,590	**–**	–
– management services	**13**	24	**–**	–
– computer advisory services and consultancy	**–**	3	**–**	–
	2,147	5,186	**–**	–
Other income:				
– unclaimed dividends	**–**	9	**–**	9
	2,147	5,195	**–**	9
Allocated as follows:				
Subsidiaries' business	**2,147**	5,186	**–**	–
Company's business	**–**	9	**–**	9
	2,147	5,195	**–**	9

23 Management expenses

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Reinsurance operations:					
Staff costs	24	**4,202**	4,470	**4,202**	4,470
Depreciation of property, plant and equipment		**176**	172	**176**	172
Other operating expenses	25	**3,064**	3,005	**3,064**	3,005
		7,442	7,647	**7,442**	7,647
Non-reinsurance operations:					
Staff costs	24	**1,164**	2,810	**–**	–
Depreciation of property, plant and equipment		**28**	40	**–**	–
Other operating expenses	25	**1,135**	2,719	**419**	398
		2,327	5,569	**419**	398
Allocated as follows:					
Subsidiaries' business		**1,908**	5,171	**–**	–
Company's business		**7,861**	8,045	**7,861**	8,045
		9,769	13,216	**7,861**	8,045

24 Staff costs

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Reinsurance operations	23	**4,202**	4,470	**4,202**	4,470
Non-reinsurance operations	23	**1,164**	2,810	**–**	–
Investment expenses	21	**167**	169	**167**	169
		5,533	7,449	**4,369**	4,639

Staff costs include compulsory contributions to a statutory defined contribution plan, relating to:

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Attributable to:				
Reinsurance operations	**514**	475	**514**	475
Non-reinsurance operations	**154**	260	**–**	–
Investment expenses	**12**	13	**12**	13
	680	748	**526**	488

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
These comprise:				
– Directors of the subsidiaries	**21**	25	**17**	17
– Employees	**659**	723	**509**	471
	680	748	**526**	488

25 Other operating expenses

	Note	Group		Company	
		2020	2019	**2020**	2019
		$'000	$'000	**$'000**	$'000
Conference, printing and design costs		**208**	1,319	**–**	–
Computer expenses		**1,009**	969	**964**	911
Rental expenses		**823**	823	**823**	823
Professional fees		**897**	577	**869**	557
Directors' fees		**506**	509	**500**	500
Bad debts written off/(back):					
– insurance receivables		**(30)**	(5)	**(30)**	(5)
– trade receivables of the subsidiaries		**5**	9	**–**	–
Allowance provided for doubtful receivables:					
– insurance receivables	26	**(16)**	24	**(16)**	24
Expected credit losses for					
– trade receivables of the subsidiaries	26	**51**	42	**–**	–
Net foreign exchange gains		**(331)**	(73)	**(326)**	(117)
Others		**1,077**	1,530	**699**	710
		4,199	5,724	**3,483**	3,403
Allocated as follows:					
Reinsurance operations	23	**3,064**	3,005	**3,064**	3,005
Non-reinsurance operations*	23	**1,135**	2,719	**419**	398
		4,199	5,724	**3,483**	3,403
* *Non-reinsurance operations allocated as follows:*					
Subsidiaries' business		**716**	2,321	**–**	–
Company's non-reinsurance business		**419**	398	**419**	398
	23	**1,135**	2,719	**419**	398

26 Profit before income tax

Profit before income tax has been arrived at after charging/(crediting):

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Depreciation of property, plant and equipment	4	**340**	332	**312**	292
Net gains in fair value of investment properties	21	**(1,887)**	(2,637)	**(1,887)**	(2,637)
Impairment provision write-back on FVOCI debt instruments and impairment write-down on available-for-sale investments	21	**(50)**	984	**(50)**	984
Impairment provision on investments in subsidiaries		**–**	–	**29**	18
Net foreign exchange (gains)/losses		**(141)**	404	**(136)**	360
Remuneration paid to auditors of the Company:					
– audit fees		**267**	262	**250**	241
– non-audit fees#					
– current year		**33**	83	**25**	73
– prior year		**16**	(3)	**16**	(3)
Bad debts written off:					
– insurance receivables		**(30)**	(5)	**(30)**	(5)
– trade receivables of the subsidiaries		**5**	9	**–**	–
Allowance provided for doubtful receivables:					
– insurance receivables	25	**(16)**	24	**(16)**	24
Expected credit losses for					
– trade receivables of the subsidiaries	25	**51**	42	**–**	–
Consultancy fees		**451**	319	**451**	319
Remuneration paid to directors:					
– short-term benefits					
– directors' fees		**550**	575	**550**	566
– consultancy fees		**–**	116	**–**	116
– post-employment benefits (including contributions to defined contribution plans)		**21**	25	**17**	17
Remuneration paid to senior management		**1,769**	1,779	**1,470**	1,242
– post-employment benefits (including contributions to defined contribution plans)		**107**	107	**97**	89

Non-audit fees for 2020 mainly relates to tax compliance services.

NOTES TO THE FINANCIAL STATEMENTS

27 Income tax expense

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Current tax					
– current year		**769**	885	**729**	884
– over provision in respect of prior years		**(121)**	(15)	**(121)**	(9)
		648	870	**608**	875
Deferred tax					
– origination and reversal of temporary differences	9	**(61)**	(395)	**(61)**	(395)
		587	475	**547**	480
Reconciliation of tax charge					
Profit before income tax		**5,740**	10,286	**5,950**	10,335
Income tax using Singapore tax rates at 17% (2019: 17%)		**976**	1,749	**1,012**	1,757
Non-deductible/taxable differences (net)		**(151)**	(679)	**(144)**	(690)
Income not subject to tax		**(185)**	(343)	**(268)**	(341)
Income taxed at concessionary rate		**(175)**	(348)	**(175)**	(348)
Tax benefit from tax exemption scheme		**–**	(18)	**–**	(18)
Over provision in respect of prior years		**(121)**	(15)	**(121)**	(9)
Effect of different tax rate in other countries		**243**	129	**243**	129
		587	475	**547**	480

28 Basic and diluted earnings per share

	Note	Group 2020 $'000	Group 2019 $'000
Basic and diluted earnings per share is based on:			
Net profit attributable to ordinary shares		5,130	9,817
Number of shares ('000)	14	596,316	605,220

29 Dividends

After the reporting date, the Directors proposed the following dividends. The dividends have not been provided for in the financial statements.

	2020 $'000	2019 $'000
Dividend proposed:		
Final dividend		
– 0.35 cent (2019: 0.8 cent) per share tax exempt (one-tier)	2,087	4,841

30 Segment information

The Group has two reportable segments, which comprise the reinsurance and non-reinsurance segments. The Group is principally engaged in the business of underwriting general reinsurance business which comprises the reinsurance segment. The non-reinsurance segment relates to the Company's investment activities of its non-reinsurance funds and the operations of its subsidiaries. For each of the reportable segments, the Board of Directors reviews the internal management reports on at least a quarterly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports.

NOTES TO THE FINANCIAL STATEMENTS

(b) Operating segments

The Group operates mainly in the reinsurance industry.

	2020			2019		
	Reinsurance $'000	**Non-reinsurance $'000**	**Total $'000**	Reinsurance $'000	Non-reinsurance $'000	Total $'000
Group						
Gross written premiums	**263,965**	**–**	**263,965**	238,144	–	238,144
Net earned premiums	**67,896**	**–**	**67,896**	59,728	–	59,728
Net claims incurred	**(49,346)**	**–**	**(49,346)**	(40,791)	–	(40,791)
Net commission expense	**(16,576)**	**–**	**(16,576)**	(14,697)	–	(14,697)
Management expenses	**(7,442)**	**–**	**(7,442)**	(7,647)	–	(7,647)
Underwriting results	**(5,468)**	**–**	**(5,468)**	(3,407)	–	(3,407)
Net investment income*	**5,691**	**–**	**5,691**	7,877	–	7,877
Net income from reinsurance operations (I)	**223**	**–**	**223**	4,470	–	4,470
Net investment income*		**5,697**	**5,697**		6,190	6,190
Other operating income		**2,147**	**2,147**		5,195	5,195
Management expenses		**(2,327)**	**(2,327)**		(5,569)	(5,569)
Net income from non-reinsurance operations (II)		**5,517**	**5,517**		5,816	5,816
Profit before income tax (I) + (II)			**5,740**			10,286
Income tax expense			**(587)**			(475)
Profit for the year			**5,153**			9,811
Segment total assets	**803,322**	**150,201**	**953,523**	722,154	160,944	883,098
Segment total liabilities	**681,609**	**3,588**	**685,197**	604,921	4,851	609,772

* Investment income is shown as net basis as the management primarily relies on net investment income to assess the performance of the segments.

Other material non-cash items:

Group	2020 Reinsurance $'000	2020 Non-reinsurance $'000	2020 Total $'000	2019 Reinsurance $'000	2019 Non-reinsurance $'000	2019 Total $'000
Change in fair value of investment properties	**(13)**	**1,900**	**1,887**	(163)	2,800	2,637
Impairment provision and write-down on investments	**20**	**30**	**50**	(828)	(156)	(984)
Net foreign exchange (losses)/gains	**136**	**5**	**141**	(360)	(44)	(404)
Bad debts written off/(back)	**30**	**(5)**	**25**	5	(8)	(3)
Allowance (provided)/ reversed for doubtful receivables	**16**	**(51)**	**(35)**	(24)	(42)	(66)

(e) Major customers

The Group has two (2019: two) external customers in the reinsurance segment whose contribution to the Group's revenue is in excess of 10%. Gross written premium from these two (2019: two) customers represents approximately $102,489,000 (2019: $102,182,000) of the Group's total gross written premium.

(f) Geographical information

The Group's reinsurance operations are predominantly in Singapore and Malaysia. It also carries on business in Asia and other countries.

Geographical information of the Group's gross written premium derived from external customers based on country of domicile and the non-current assets based on geographical location of the assets are as follows:

	Gross written premium 2020 $'000	Gross written premium 2019 $'000	Non-current assets 2020 $'000	Non-current assets 2019 $'000
Singapore	**80,849**	78,298	**89,485**	85,346
Malaysia	**67,500**	73,543	**–**	–
Greater China	**39,211**	32,453	**4,358**	4,371
Others	**76,405**	53,850	**–**	–
Total	**263,965**	238,144	**93,843**	89,717

The Group's non-current assets presented above consist of property, plant and equipment and investment properties only.

NOTES TO THE FINANCIAL STATEMENTS

31 Insurance and financial risk management

(a) Risk management objectives and policies for mitigating insurance risk

The Group is exposed to a variety of insurance and financial risks in the normal course of its business activities. These include principally underwriting, credit, interest rate and currency risks. Management is guided by risk management policies and guidelines set by the Board as part and parcel of its overall business strategy and philosophy. To facilitate the task of monitoring these exposures, established processes are in place. Regular reviews by Management in conjunction with Internal Audit, and under supervision of the Executive Committee of the Board, as well as the Audit Committee, are conducted to ensure effectiveness and compliance with established policies and guidelines.

Internal audit undertakes both regular and ad hoc reviews of management control procedures, the results of which are reported to the Audit Committee.

Underwriting risk

The Group writes proportional treaties, excess of loss treaties, facultative and bilateral cessions business and the key focus is in Property & Casualty reinsurances emanating from the Asian markets.

Underwriting risk arises from the Group's core reinsurance business, in which a part of an insurer's risk or portfolio of risks is assumed in return for a premium. Owing to the complexity of the business which covers all aspects of human endeavours and is subjected to changes in numerous dynamic factors including political, social, economic and environmental, it is not possible to match accurately premium pricing with the ultimate financial liability in the future on each and every contract. A serious miscalculation in pricing of any one contract can give rise to significant financial loss. To minimise such risks, the Group has to ensure that underwriters possess the requisite expertise and experience to assess the risks involved. In addition, there is a need to ensure effective spreading and balancing of risk exposures across a portfolio of businesses of different classes and from diverse territories. As part and parcel of the risk evaluation and management process, the Group regularly reviews the markets that it writes business from, as well as the competence of the ceding companies' management and the proven track record of their insurance business. For this purpose, a set of underwriting guidelines detailing the underwriting policy, territories, classes, risk types, line sizes, exclusions etc. are in place to facilitate judicious underwriting.

Sensitivity analysis – underwriting risk

A 10-percentage point change in the Ultimate Loss Ratio applied to specific types and classes of business for underwriting years which are considered not fully developed, with other variables or assumptions held constant, is estimated to change as follows:

	Profit or loss	
	2020	2019
	$'000	$'000
Change in Ultimate Loss Ratio (+/–10-percentage point):		
Impact on profit before income tax	**14,736**	12,388

The impact on the profit or loss does not take into account the changes in other variables, as they are considered to be less material.

Reinsurance risk

Spreading of risk also includes reinsuring part of the Group's exposures to other reinsurers, or retrocessionaires. The Group uses a combination of proportional and excess of loss retrocession treaties and/or facultative arrangements to limit the exposure to any one risk or loss event in accordance with pre-determined guidelines.

As the Group remains liable to its insurance clients even if any of the Group's retrocessionaires fail to meet their contractual obligations, a high standard of financial security is expected of the retrocessionaires given their important role in providing the last line of defence. The Audit Committee is regularly updated on the collection status of the Group's retrocessionaires.

Concentration of insurance risks

As part of the Group's strategy to diversify its portfolio, the Company is writing more business in identified overseas markets.

Concentrations of risk may arise from a single risk loss or a series of losses arising from one original cause, and this could involve a single reinsurance contract or through an accumulation of reinsurance contracts.

The business that the Group writes is exposed to natural peril losses. The Group monitors zonal or countrywide aggregate accumulation in natural peril exposed territories. Also, the effectiveness of the reinsurance programmes is reviewed at least annually to ensure that the net exposure to the Group remains within reasonable levels under certain loss scenarios. However, forecasts and risk evaluations can be inaccurate by virtue of the inherent unpredictability of the magnitude and frequency of losses.

The key concentration areas are in:

(1) identified markets such as Singapore, Malaysia, China, Hong Kong, India, South Korea and Thailand which the Group derives a significant portion of the total written premiums therefrom; and

(2) the Property class of business, given the underwriting focus.

As mentioned earlier, the Group utilises a combination of proportional and excess of loss retrocession and/or facultative arrangements to limit its exposure to any one loss event. The outward reinsurance arrangement does not always provide back-to-back coverage for all lines of business written, that is, gaps in coverage and interpretation of coverage issues can exist. A case in point was the loss situation involving the widespread and prolonged flooding in Thailand in 2011 where inward contracts generally treated the flood losses as multiple loss events whilst the retrocession market largely considered the flood losses a single loss event for recovery purposes. Bearing in mind the foregoing, in the event of a property-related loss occurrence affecting multiple business lines, the

NOTES TO THE FINANCIAL STATEMENTS

Group's net loss, after reinsurance outward and assuming the total amount of retrocession protections is adequate and no reinsurance security failure arise, is not expected to exceed $5.25 million (2019: $5.25 million) any single loss occurrence as at 31 December 2020.

Territorial distribution of risks based on gross premium

	2020	2019
	%	%
Singapore	**31**	33
Rest of ASEAN	**29**	34
Others	**40**	33
	100	100

Claims development

Another area of fundamental importance in the Group's core operations is the estimation of its claims liabilities, for which comprehensive procedures and controls are in place to ensure the provisions are adequate to meet the Group's future liabilities. The statistical techniques and broad assumptions used in analysing the outstanding claim liabilities are summarised in note 16. The adequacy of the estimated claim liabilities are required to be verified annually by an independent actuary appointed with the approval of the Monetary Authority of Singapore.

To the extent possible, bearing in mind the limitation summarised below, the claims development tables below compare the paid claims in recent underwriting years with the outstanding loss provisions established for these claims. The top part of the tables provide a review of current estimates for cumulative incurred claims and demonstrates how the estimated claims have changed at subsequent reporting or underwriting year-ends. The estimates are revised upwards or downwards as losses are settled and more information becomes known about the frequency and severity of unpaid claims. The lower portion of the tables provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

In accordance with past years' practice, the bilateral and voluntary cessions quarterly submissions are largely on accounting year basis and ladder statistics are not provided.

In addition, the claims development by underwriting years shown in the table below includes business written on a 'clean cut' basis, where there is no development data beyond the first accounting year. The Group considers that the resulting impact on the claims development does not significantly affect the usefulness of the compiled information and provides an insight into the uncertainty of estimating future claims and information on previous estimates.

The Group believes that the estimates of outstanding claim liabilities as at 31 December 2020 are reasonable. However, due to the inherent uncertainties and complexities in the loss reserving process which involves judgmental input, it cannot be assured that such claim provisions will ultimately prove to be adequate.

2020 analysis of claims development for Treaty and Facultative businesses – gross of reinsurance

	UNDERWRITING YEARS (UY)										
	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	Total $'000
At end of UY	95,363	45,141	42,274	43,139	34,839	45,697	62,331	74,371	74,224	79,012	
1 year later	139,760	76,734	72,797	66,084	69,852	93,583	108,322	158,279	159,125		
2 years later	139,730	76,763	76,424	72,080	77,010	111,034	125,179	157,769			
3 years later	141,142	77,177	77,806	72,086	78,250	115,509	125,349				
4 years later	138,385	74,337	79,727	72,175	73,645	118,110					
5 years later	135,718	67,820	68,188	62,892	71,616						
6 years later	126,650	64,712	67,071	63,118							
7 years later	125,050	63,456	64,982								
8 years later	122,795	62,272									
9 years later	122,969										
10 years later											
Cumulative incurred claims 2011 to 2020	122,969	62,272	64,982	63,118	71,616	118,110	125,349	157,769	159,125	79,012	1,024,322
Cumulative incurred claims 1975 to 2010											914,472
Total cumulative incurred claims											1,938,794
Cumulative paid claims 2011 to 2020	117,530	54,267	55,381	49,594	56,600	77,430	82,854	96,864	41,196	(1,934)	629,782
Cumulative paid claims 1975 to 2010											861,263
Total cumulative paid claims											1,491,045
Cumulative outstanding claims 2011 to 2020	5,439	8,005	9,601	13,524	15,016	40,680	42,495	60,905	117,929	80,946	394,540
Cumulative outstanding claims 1975 to 2010											53,209
Total cumulative outstanding claims											447,749

Cumulative gross incurred claims	
Treaty and Facultative business (from table above)	1,938,794
Voluntary Cessions & Bilateral Cessions	509,154
	2,447,948
Cumulative gross paid claims	
Treaty and Facultative business (from table above)	1,491,045
Voluntary Cessions and Bilateral Cessions	478,849
	1,969,894
Gross outstanding claims (refer note 10a)	478,054

NOTES TO THE FINANCIAL STATEMENTS

2019 analysis of claims development for Treaty and Facultative businesses – gross of reinsurance

	UNDERWRITING YEARS (UY)										
	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	Total $'000
At end of UY	34,117	95,363	45,141	42,274	43,139	34,839	45,697	62,331	74,371	74,224	
1 year later	62,629	139,760	76,734	72,797	66,084	69,852	93,583	108,322	158,279		
2 years later	69,302	139,730	76,763	76,424	72,080	77,010	111,034	125,179			
3 years later	70,220	141,142	77,177	77,806	72,086	78,250	115,509				
4 years later	65,528	138,385	74,337	79,727	72,175	73,645					
5 years later	63,442	135,718	67,820	68,188	62,892						
6 years later	59,043	126,650	64,712	67,071							
7 years later	55,075	125,050	63,456								
8 years later	53,845	122,795									
9 years later	52,745										
10 years later											
Cumulative incurred claims 2010 to 2019	52,745	122,795	63,456	67,071	62,892	73,645	115,509	125,179	158,279	74,224	915,795
Cumulative incurred claims 1975 to 2009											850,469
Total cumulative incurred claims											1,766,264
Cumulative paid claims 2010 to 2019	48,057	117,358	53,960	54,656	48,022	54,901	69,936	64,841	53,084	(2,332)	562,483
Cumulative paid claims 1975 to 2009											811,970
Total cumulative paid claims											1,374,453
Cumulative outstanding claims 2010 to 2019	4,688	5,437	9,496	12,415	14,870	18,744	45,573	60,338	105,195	76,556	353,312
Cumulative outstanding claims 1975 to 2009											38,499
Total cumulative outstanding claims											391,811

Cumulative gross incurred claims	
Treaty and Facultative business (from table above)	1,766,264
Voluntary Cessions & Bilateral Cessions	506,050
	2,272,314
Cumulative gross paid claims	
Treaty and Facultative business (from table above)	1,374,453
Voluntary Cessions and Bilateral Cessions	469,001
	1,843,454
Gross outstanding claims (refer note 10a)	428,860

2020 analysis of claims development for Treaty and Facultative business – net of reinsurance

	UNDERWRITING YEARS (UY)										
	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	Total $'000
At end of UY	24,876	11,514	12,838	12,810	14,732	13,111	14,388	21,575	21,333	24,586	
1 year later	38,630	19,717	20,935	21,845	24,772	23,675	26,989	42,475	49,752		
2 years later	36,445	22,675	22,808	25,062	27,178	28,506	30,513	43,211			
3 years later	35,863	23,130	23,829	25,094	27,684	28,168	29,749				
4 years later	34,632	22,022	22,877	24,552	26,132	25,445					
5 years later	34,358	21,591	21,341	21,974	25,147						
6 years later	31,672	20,066	20,620	20,801							
7 years later	31,345	19,315	19,951								
8 years later	30,726	18,753									
9 years later	30,389										
10 years later											
Cumulative incurred claims 2011 to 2020	30,389	18,753	19,951	20,801	25,147	25,445	29,749	43,211	49,752	24,586	287,784
Cumulative incurred claims 1975 to 2010											327,430
Total cumulative incurred claims											615,214
Cumulative paid claims 2011 to 2020	28,964	15,712	17,303	17,267	20,179	18,530	17,228	22,554	12,179	(1,078)	168,838
Cumulative paid claims 1975 to 2010											300,835
Total cumulative paid claims											469,673
Cumulative outstanding claims 2011 to 2020	1,425	3,041	2,648	3,534	4,968	6,915	12,521	20,657	37,573	25,664	118,946
Cumulative outstanding claims 1975 to 2010											26,595
Total cumulative outstanding claims											145,541

Cumulative net incurred claims	
Treaty and Facultative business (from table above)	615,214
Voluntary Cessions & Bilateral Cessions	467,012
	1,082,226
Cumulative net paid claims	
Treaty and Facultative business (from table above)	469,673
Voluntary Cessions and Bilateral Cessions	440,369
	910,042
Gross outstanding claims (refer note 10a)	172,184

NOTES TO THE FINANCIAL STATEMENTS

2019 analysis of claims development for Treaty and Facultative business – net of reinsurance

	UNDERWRITING YEARS (UY)										
	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	Total $'000
At end of UY	9,253	24,876	11,514	12,838	12,810	14,732	13,111	14,388	21,575	21,333	
1 year later	16,304	38,630	19,717	20,935	21,845	24,772	23,675	26,989	42,475		
2 years later	17,733	36,445	22,675	22,808	25,062	27,178	28,506	30,513			
3 years later	18,729	35,863	23,130	23,829	25,094	27,684	28,168				
4 years later	17,744	34,632	22,022	22,877	24,552	26,132					
5 years later	17,928	34,358	21,591	21,341	21,974						
6 years later	16,961	31,672	20,066	20,620							
7 years later	16,035	31,345	19,315								
8 years later	15,583	30,726									
9 years later	15,147										
10 years later											
Cumulative incurred claims 2010 to 2019	15,147	30,726	19,315	20,620	21,974	26,132	28,168	30,513	42,475	21,333	256,403
Cumulative incurred claims 1975 to 2009											312,922
Total cumulative incurred claims											569,325
Cumulative paid claims 2010 to 2019	13,644	28,913	15,653	17,086	17,003	19,548	17,066	13,845	14,223	(2,064)	154,917
Cumulative paid claims 1975 to 2009											286,643
Total cumulative paid claims											441,560
Cumulative outstanding claims 2010 to 2019	1,503	1,813	3,662	3,534	4,971	6,584	11,102	16,668	28,252	23,397	101,486
Cumulative outstanding claims 1975 to 2009											26,279
Total cumulative outstanding claims											127,765

Cumulative net incurred claims	
Treaty and Facultative business (from table above)	569,325
Voluntary Cessions and Bilateral Cessions	463,555
	1,032,880
Cumulative net paid claims	
Treaty and Facultative business (from table above)	441,560
Voluntary Cessions and Bilateral Cessions	431,013
	872,573
Net outstanding claims (refer note 10a)	160,307

Litigation, mediation and arbitration

The Group could be involved in claim litigation, mediation and arbitration in the normal course of business. Based on available information, there are no current mediation, arbitration and pending or threatened litigation that will materially affect the Group's expected loss ratio, financial position and future cash flow.

Financial strength rating

The Group's ability to write certain reinsurance business, particularly proportional and excess of loss treaties, is dependent on the maintenance of its financial strength rating from independent rating agencies, especially with insurance companies placing greater emphasis on such ratings when dealing with reinsurance companies. The rating is based on company-specific factors, as well as the macro-economic conditions beyond the Group's control. An unfavourable rating or withdrawal of a rating may adversely affect the Group's ability to write or retain reinsurance business, thereby affecting the Group's revenue and financial results.

(b) Financial risk management

Transactions in financial instruments may result in the Group assuming financial risks. These include credit risk, liquidity risk, currency risk, interest rate risk and price risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

(i) Credit risk

Credit risk represents the exposure to the risk that any of the Group's business partners should fail to meet their contractual obligations (mainly relating to insurance and investment transactions). In the case of the Group's core reinsurance operations, credit risk might arise if a cedant fails to meet its obligations, or if a reinsurer is unable to pay a claim. The Group views the management of credit risk as a fundamental and critical part of operations and therefore adopts a very selective policy as regards the choice of its business partners. The receivables' ageing, credit-worthiness of the past and present business partners and security rating of its reinsurance partners where available are reviewed regularly. Allowances are set aside in the financial accounts for non-recoverability due to the default by the business partners, in line with established Group policy.

The Group has exposure to credit risk from cedants and reinsurers. As at 31 December 2020, the top three (2019: three) cedants and reinsurers collectively accounted for about 38% (2019: 46%) of total insurance receivables. All three cedants and reinsurers are regulated by the Monetary Authority of Singapore and are financially viable, and therefore the Group does not expect any default in payments as and when payments fall due. The Group has assessed that those receivables that are not past due or impaired at the reporting date to be of acceptable risk.

NOTES TO THE FINANCIAL STATEMENTS

Similarly on investment operations, the Investment Committee adopts very stringent quantitative and qualitative criteria, including financial statement analysis, type of securities, credit rating and quality of management in selecting issuers of financial instruments that the Group invests in.

The maximum exposure to credit risk is normally represented by the carrying amount of each financial asset in the financial statements, although in the case of insurance receivables, it is fairly common practice for accounts to be settled on a net basis. In such cases, the maximum exposure to credit risk is expected to be limited to the extent of the amount of financial assets that has not been fully offset by other financial liabilities with the same counterparty.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Management does not expect any of its counterparties to fail to meet its obligations.

The table below summarises the types of debt securities held by the Group and the credit ratings which are based on Standard and Poor's financial strength rating or its equivalent. The debt securities comprise mainly Singapore government securities, public authorities' securities and corporate bonds, bearing in mind that the majority of the Group's reinsurance business emanates from the domestic market. The Group strives to invest a portion of its funds in investment grade bonds of good credit quality, whenever possible.

Debt securities are assessed using stringent investment criterion which include, but are not limited to, a thorough analysis of each debt security's terms and conditions, the availability and quality of the guarantor, as well as financial strength of the issuer.

		Financial strength rating				
	Note	AAA $'000	A to AA $'000	B to BBB $'000	Below B/ Not rated $'000	Total $'000
Group						
31 December 2020						
FVOCI – Debt securities:						
Government bonds	8	**8,904**	–	–	–	**8,904**
Public authorities and corporate bonds	8	**22,270**	**20,528**	**7,737**	**114,443**	**164,978**
Staff loans	8	–	–	–	**23**	**23**
		31,174	**20,528**	**7,737**	**114,466**	**173,905**
Cash and cash equivalents	13	**2,485**	**125,027**	**25,012**	–	**152,524**
		33,659	**145,555**	**32,749**	**114,466**	**326,429**

	Note	AAA $'000	A to AA $'000	B to BBB $'000	Below B/ Not rated $'000	Total $'000
		Financial strength rating				
Group						
31 December 2019						
FVOCI – Debt securities						
Government bonds	8	13,762	–	–	–	13,762
Public authorities and corporate bonds	8	22,911	26,493	15,287	128,710	193,401
Staff loans	8	–	–	–	35	35
		36,673	26,493	15,287	128,745	207,198
Cash and cash equivalents	13	3,255	76,025	24,365	–	103,645
		39,928	102,518	39,652	128,745	310,843
Company						
31 December 2020						
FVOCI – Debt securities						
Government bonds	8	**8,904**	**–**	**–**	**–**	**8,904**
Public authorities and corporate bonds	8	**22,270**	**20,528**	**7,737**	**114,443**	**164,978**
Staff loans	8	**–**	**–**	**–**	**23**	**23**
		31,174	**20,528**	**7,737**	**114,466**	**173,905**
Cash and cash equivalents	13	**2,485**	**123,266**	**25,012**	**–**	**150,763**
		33,659	**143,794**	**32,749**	**114,466**	**324,668**
31 December 2019						
FVOCI – Debt securities						
Government bonds	8	13,762	–	–	–	13,762
Public authorities and corporate bonds	8	22,911	26,493	15,287	128,710	193,401
Staff loans	8	–	–	–	35	35
		36,673	26,493	15,287	128,745	207,198
Cash and cash equivalents	13	3,255	72,632	24,365	–	100,252
		39,928	99,125	39,652	128,745	307,450

NOTES TO THE FINANCIAL STATEMENTS

Impairment

Insurance receivables

The Group considers financial strength of the cedants and reinsurers, notified disputes and collection experience in determining which reinsurance assets should be impaired.

The table below shows the ageing of insurance receivables that were due but not impaired at the end of the year:

	Note	2020 $'000	2019 $'000
Group			
Not past due		–	–
Current to 6 months		63,610	68,567
7 to 12 months		20,755	6,206
More than 12 months		26,559	24,452
Insurance receivables	11	110,924	99,225
Company			
Not past due		–	–
Current to 6 months		63,610	68,567
7 to 12 months		20,755	6,206
More than 12 months		26,559	24,452
Insurance receivables	11	110,924	99,225

The following table shows the movements in the allowance for impairment of insurance the year:

	2020 $'000	2019 $'000
Group		
At 1 January	2,464	2,440
Impairment losses recognised	41	86
Impairment write back	(57)	(62)
At 31 December	2,448	2,464
Company		
At 1 January	2,464	2,440
Impairment losses recognised	41	86
Impairment write back	(57)	(62)
At 31 December	2,448	2,464

Other receivables

Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there been no significant increase in the risk of default on the receivables since initial recognition. The amount of allowance on other receivables is insignificant.

Debt securities

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this with relevant press and regulatory information about issuers.

12-month and lifetime probabilities of default are based on historical data supplied by Standard and Poor Rating Agency based on the average cumulative default rates for each credit rating and are recalibrated based on current bond yields. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 40% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The following table indicates whether debt securities measured at FVOCI were subjected to a 12-month ECL or life-time ECL allowance and, in latter case, whether they were credit impaired.

Group

	2020 FVOCI $'000	2019 Available-for-sale $'000
Gross carrying amount (2019: available-for-sale before impairment)	**173,882**	207,163
Loss allowance	**(315)**	–
Carrying amount	**173,567**	207,163

Company

	2020 FVOCI $'000	2019 Available-for-sale $'000
Gross carrying amount (2019: available-for-sale before impairment)	**173,882**	207,163
Loss allowance	**(315)**	–
Carrying amount	**173,567**	207,163

NOTES TO THE FINANCIAL STATEMENTS

An impairment loss of $315,000 (2019: Nil) in respect of FVOCI debt investments (2019: AFS held-to-maturity) was recognised as a general provision for estimated credit loss. The Group and Company does not have any issuers with any significant financial difficulties.

The Group and the Company did not have any debt investments that were past due but not impaired at 31 December 2020.

The movement in the allowance for impairment in respect of debt investments at FVOCI during the year was as follows.

	2020			2019
	12-month ECL $'000	Lifetime ECL – credit impaired $'000	Total $'000	Impaired $'000
Balance as at 1 January per FRS 39	–	2,205	2,205	–
Adjustment on initial application of SFRS(I) 9	365	–	365	–
Balance as at 1 January per SFRS (I) 9	365	2,205	2,570	–
Transfer to lifetime ECL – credit-impaired				
Impairment loss recognised	(50)	–	(50)	–
Balance as at 31 December	315	2,205	2,520	–

The investments held at 31 December 2020 were previously classified as available-for-sale and no impairment loss had been recognised at that date or during 2019.

Non-trade amount due from subsidiaries

The Company held non-trade receivables from its subsidiaries of $12,073,000 (2019: $5,730,000). These balances are amounts lent to subsidiaries to satisfy short-term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

Cash and cash equivalents

The Company held cash and cash equivalent of $152,524,000 at 31 December 2020 (2019: $103,645,000). The cash and cash equivalent are held with bank and financial institutions counterparties which are rated BBB+ to AAA, based on rating agency Standard and Poor's ratings.

Impairment on cash and cash equivalent has been measured on the 12 month-expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of allowance on cash and cash equivalents is insignificant.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial instruments.

The Group has to meet its liabilities as and when they fall due, notably from claims arising from its general reinsurance contracts. There is therefore a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due. The Group manages this risk by setting minimum limits on the maturing assets that will be available to settle these short-term liabilities.

Given the credit quality in the Group's financial assets and duration of less than 5 years for the substantial part of the investment portfolio, the Group is able to quickly liquidate its investments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. In addition, the Group has cash and cash equivalents of $152,524,000 (2019: $103,645,000) to meet its liquidity requirements.

The nature of reinsurance is that the requirements of funding cannot be predicted with absolute certainty as the theory of probability is applied on reinsurance contracts to ascertain the likely provision and the time period when such liabilities will be settled. The amounts and maturities in respect of reinsurance liabilities are thus based on the Management's best estimate and past experience.

The following are the contractual maturities of the liabilities of the Group and the Company except for net insurance contract provisions which are presented with their expected cashflows, including estimated interest payments.

NOTES TO THE FINANCIAL STATEMENTS

Group	Note	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2020					
Net insurance contract provisions	10	**66,520**	**72,987**	**57,317**	**196,824**
Insurance payables	17	**105,022**	**–**	**–**	**105,022**
Other payables*	18	**2,834**	**–**	**–**	**2,834**
		174,376	**72,987**	**57,317**	**304,680**
2019					
Net insurance contract provisions	10	61,472	66,827	55,270	183,569
Insurance payables	17	90,709	–	–	90,709
Other payables*	18	2,665	–	–	2,665
		154,846	66,827	55,270	276,943

Company	Note	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
2020					
Net insurance contract provisions	10	**66,520**	**72,987**	**57,317**	**196,824**
Insurance payables	17	**105,022**	**–**	**–**	**105,022**
Other payables*	18	**2,737**	**–**	**–**	**2,737**
		174,279	**72,987**	**57,317**	**304,583**
2019					
Net insurance contract provisions	10	61,472	66,827	55,270	183,569
Insurance payables	17	90,709	–	–	90,709
Other payables*	18	2,142	–	–	2,142
		154,323	66,827	55,270	276,420

* *Exclude deferred income*

(iii) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to the effects of foreign currency exchange rate fluctuations in currencies such as US Dollar and Malaysia Ringgit, primarily because of its foreign currency denominated underwriting revenues (i.e. premiums) and expenses (i.e. claims). In order to minimise the foreign exchange risks, Management under the direction of the Investment Committee closely monitors the Group's foreign currency liabilities to ensure that they are closely matched against the appropriate financial assets to the extent that it is prudent to do so. The Group does not use derivative financial instruments to hedge its foreign currency risks.

The Group's and Company's exposures to foreign currencies in Singapore Dollar equivalents are as follows:

	31 December 2020					31 December 2019				
	Singapore Dollar	**US Dollar**	**Malaysia Ringgit**	**Other currencies**	**Total**	Singapore dollar	US dollar	Malaysia Ringgit	Other currencies	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000
Group										
Insurance receivables	**39,072**	**11,891**	**22,889**	**37,072**	**110,924**	46,599	8,456	18,244	25,926	99,225
Other receivables*	**2,116**	**5**	**–**	**10**	**2,131**	3,001	54	2	18	3,075
Financial assets	**211,447**	**331**	**289**	**5,388**	**217,455**	250,384	314	292	9,263	260,253
Cash and cash equivalents	**114,495**	**31,536**	**3,501**	**2,992**	**152,524**	73,165	24,129	3,601	2,750	103,645
Insurance payables	**(71,569)**	**(3,033)**	**(20,110)**	**(10,310)**	**(105,022)**	(56,034)	(2,433)	(17,225)	(15,017)	(90,709)
Other payables*	**(2,770)**	**–**	**(64)**	**–**	**(2,834)**	(2,619)	–	(46)	–	(2,665)
	292,791	**40,730**	**6,505**	**35,152**	**375,178**	314,496	30,520	4,868	22,940	372,824
Company										
Insurance receivables	**39,072**	**11,891**	**22,889**	**37,072**	**110,924**	46,599	8,456	18,244	25,926	99,225
Other receivables*	**3,596**	**5**	**–**	**10**	**3,611**	3,648	54	2	18	3,722
Financial assets	**211,447**	**331**	**289**	**5,388**	**217,455**	250,384	314	292	9,263	260,253
Cash and cash equivalents	**115,132**	**30,850**	**3,501**	**1,280**	**150,763**	71,520	23,970	3,601	1,161	100,252
Insurance payables	**(71,569)**	**(3,033)**	**(20,110)**	**(10,310)**	**(105,022)**	(56,034)	(2,433)	(17,225)	(15,017)	(90,709)
Other payables*	**(2,673)**	**–**	**(64)**	**–**	**(2,737)**	(2,096)	–	(46)	–	(2,142)
	295,005	**40,044**	**6,505**	**33,440**	**374,994**	314,021	30,361	4,868	21,351	370,601

* *exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income from other payables*

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis

A 10% strengthening or weakening of the Singapore Dollar against the following currencies at the reporting date would decrease or increase equity and profit or loss by the amounts shown below respectively. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000
2020				
US Dollar	**33**	**4,040**	**33**	**3,971**
Ringgit Malaysia	**29**	**622**	**29**	**622**
Other currencies	**539**	**2,976**	**539**	**2,805**
2019				
US Dollar	31	3,021	31	3,005
Ringgit Malaysia	29	458	29	458
Other currencies	926	1,368	926	1,209

(iv) *Interest rate risk*

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to the impact of changes in market interest rates on interest income from cash and cash equivalents and other fixed income investments.

The Group's earnings can be potentially affected by changes in market interest rates in view of the impact such fluctuations have on interest income from cash and cash equivalents and other fixed income investments. In accordance with established investment guidelines, Management, under the close direction of the Investment Committee, regularly monitors the interest rate environment in order to assess and minimise risks to the Group's investment portfolio.

The Group does not use derivative financial instruments to hedge its interest rate risks.

The tables below summarise the effective interest rates at the reporting date for interest-bearing assets:

		Fixed interest rate maturing				
Group	**Effective interest rate %**	**less than 1 year $'000**	**1 to 5 years $'000**	**over 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
2020						
FVOCI – debt securities	**2.8-3.5**	**32,900**	**97,314**	**43,668**	**–**	**173,882**
Cash and cash equivalents	**0.29**	**118,382**	**–**	**–**	**34,142**	**152,524**
Staff loans	**3.0**	**12**	**11**	**–**	**–**	**23**
		151,294	**97,325**	**43,668**	**34,142**	**326,429**
2019						
Debt securities available-for-sale	2.8-3.5	39,784	114,115	53,264	–	207,163
Cash and cash equivalents	1.6	96,095	–	–	7,550	103,645
Staff loans	3.0	12	23	–	–	35
		135,891	114,138	53,264	7,550	310,843

Company						
2020						
FVOCI – debt securities	**2.8-3.5**	**32,900**	**97,314**	**43,668**	**–**	**173,882**
Cash and cash equivalents	**0.25**	**116,621**	**–**	**–**	**34,142**	**150,763**
Staff loans	**3.0**	**12**	**11**	**–**	**–**	**23**
		149,533	**97,325**	**43,668**	**34,142**	**324,668**
2019						
Debt securities available-for-sale	2.8-3.5	39,784	114,115	53,264	–	207,163
Cash and cash equivalents	1.6	93,447	–	–	6,805	100,252
Staff loans	3.0	12	23	–	–	35
		133,243	114,138	53,264	6,805	307,450

The deposits with financial institutions generally mature or will re-price within the next 12 months and earn interest at prevailing market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis

A change of 50-basis points for all interest-bearing debt securities, with all other variables and assumptions held constant, would increase equity by $2,951,000 (2019: $3,636,000) or decrease by $2,936,000 (2019: $3,526,000) respectively.

(v) *Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

The Group's equity securities are mandatorily classified as FVOCI. A 10% increase or decrease in the underlying equity prices at the reporting date with all other variables held constant would increase or decrease equity by $4,355,000 (2019: $5,306,000) respectively.

Fair values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in statement of financial position, are as follows:

	Financial assets at amortised cost $'000	FVOCI – Debt securities $'000	FVOCI – Equity securities $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group						
2020						
Financial asset measured at fair value						
Debt securities – at FVOCI	–	173,882	–	–	173,882	173,882
Equity securities – at FVOCI	–	–	43,550	–	43,550	43,550
	–	173,882	43,550	–	217,432	217,432
Financial asset not measured at fair value						
Cash and cash equivalents	152,524	–	–	–	152,524	152,524
Other receivables*	2,131	–	–	–	2,131	2,131
Staff loans	23	–	–	–	23	23
	154,678	–	–	–	154,678	154,678
Financial liabilities not measured at fair value						
Other payables*	–	–	–	(2,491)	(2,491)	(2,491)

* *exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income and employee benefits from other payables.*

	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group					
2019					
Financial asset measured at fair value					
Available-for-sale securities:					
– Debt securities	–	207,163	–	207,163	207,163
– Equity securities	–	53,055	–	53,055	53,055
	–	260,218	–	260,218	260,218
Financial asset not measured at fair value					
Cash and cash equivalents	103,645	–	–	103,645	103,645
Other receivables*	3,075	–	–	3,075	3,075
Staff loans	35	–	–	35	35
	106,755	–	–	106,755	106,755
Financial liabilities not measured at fair value					
Other payables*	–	–	(2,293)	(2.293)	(2,293)

* *exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income and employee benefits from other payables.*

NOTES TO THE FINANCIAL STATEMENTS

	Financial assets at amortised cost $'000	FVOCI – Debt securities $'000	FVOCI – Equity securities $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Company						
2020						
Financial asset measured at fair value						
Debt securities – FVOCI	–	173,882	–	–	173,882	173,882
Equity securities – FVOCI	–	–	43,550	–	43,550	43,550
	–	173,882	43,550	–	217,432	217,432
Financial asset not measured at fair value						
Cash and cash equivalents	150,763	–	–	–	150,763	150,763
Other receivables*	3,611	–	–	–	3,611	3,611
Staff loans	23	–	–	–	23	23
	154,397	–	–	–	154,397	154,397
Financial liabilities not measured at fair value						
Other payables*	–	–	–	(2,478)	(2,478)	(2,478)

* *exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income and employee benefits from other payables.*

	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Company					
2019					
Financial asset measured at fair value					
Available-for-sale securities:					
– Debt securities	–	207,163	–	207,163	207,163
– Equity securities	–	53,055	–	53,055	53,055
	–	260,218	–	260,218	260,218
Financial asset not measured at fair value					
Cash and cash equivalents	100,252	–	–	100,252	100,252
Other receivables*	3,722	–	–	3,722	3,722
Staff loans	35	–	–	35	35
	104,009	–	–	104,009	104,009
Financial liabilities not measured at fair value					
Other payables*	–	–	(1,961)	(1,961)	(1,961)

* *exclude prepayments, deferred expenses and GST receivables from other receivables and deferred income and employee benefits from other payables.*

(c) Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company:

Investments in equity and debt securities

The fair values of investments are based on current bid prices or last traded prices at the reporting date, obtained from the Group's custodian's external sources. For investments where prices are not readily available, quotes are obtained from brokers or the issuing agents.

NOTES TO THE FINANCIAL STATEMENTS

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents, and other payables) are assumed to approximate their fair values because of the short period to maturity.

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, the Group will assess and document the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

Fair value hierarchy

The table below analyses financial instruments carried at fair value and financial instruments not carried at fair value but the fair value is disclosed, by valuation method.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2020				
FVOCI – Debt securities	**158,851**	**15,031**	**–**	**173,882**
FVOCI – Equity securities	**43,550**	**–**	**–**	**43,550**
Staff loans	**–**	**–**	**23**	**23**
2019				
Available-for-sale financial assets	238,532	19,826	1,860	260,218
Staff loans	–	–	35	35
Company				
2020				
FVOCI – Debt securities	**158,851**	**15,031**	**–**	**173,882**
FVOCI – Equity securities	**43,550**	**–**	**–**	**43,550**
Staff loans	**–**	**–**	**23**	**23**
2019				
Available-for-sale financial assets	238,532	19,826	1,860	260,218
Staff loans	–	–	35	35

Transfers between Levels 1 and 2

There is no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group and Company Equity investments – at FVOCI $'000
At 1 January 2020	**1,860**
Total loss recognised in other comprehensive income	
– sale of investment	**(1,860)**
At 31 December 2020	**–**

	Group and Company Available-for-sale financial assets $'000
At 1 January 2019	1,160
Total gain recognised in other comprehensive income	
– net change in fair value of investment	700
At 31 December 2019	1,860

The Level 3 financial asset relates to an unquoted investment where observable market data is not available. Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used would have immaterial effects on equity.

NOTES TO THE FINANCIAL STATEMENTS

The following table shows the valuation technique and the key unobservable inputs used in the determination of fair value of equity securities – at FVOCI:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Not applicable.	Not applicable.	Not applicable.
(2019: The fair value is based on the price accepted by the Company which is offered from an independent third party.)	(2019: Not applicable.)	(2019: Not applicable.)

Non-financial assets

The table below analyses recurring non-financial assets carried at fair value.

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group and Company					
2020					
Owner-occupied leasehold land and buildings	4	**–**	**56,700**	**–**	**56,700**
Investment properties	5	**–**	**36,658**	**–**	**36,658**
		–	**93,358**	**–**	**93,358**
2019					
Owner-occupied leasehold land and buildings	4	–	54,500	–	54,500
Investment properties	5	–	34,711	–	34,711
		–	89,211	–	89,211

The fair value of the above non-financial assets is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The property valuers provide the fair value of the Group's non-financial assets annually.

32 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s, other than SFRS(I) 17 *Insurance Contracts,* are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

SFRS(I) 17 *Insurance Contracts*

SFRS(I) 17 *Insurance Contracts* was issued in May 2017 and is effective for years beginning on 1 January 2021, and to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace SFRS(l) 4 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's Financial Statements.

In November 2020, the Accounting Standards Council ("ASC") deferred the effective date of the SFRS(I) 17 Insurance Contracts to 1 January 2023.

PROFILE OF SHAREHOLDERS

As at 1 March 2021

Share Capital	Number of Issued Shares	Class of Shares	Voting Rights
$123,300,490	596,316,185	Ordinary	One vote per share

Shareholdings held by the Public

Based on the information available to the Company on 1 March 2021, approximately 46.95% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 to 99	75	2.32	2,713	0.00
100 to 1,000	303	9.36	157,011	0.03
1,001 to 10,000	823	25.42	4,709,235	0.79
10,001 to 1,000,000	1,990	61.48	136,983,099	22.97
1,000,001 and above	46	1.42	454,464,127	76.21
Total	**3,237**	**100.00**	**596,316,185**	**100.00**

	Twenty Largest Shareholders	No. of Shares	%
1	DBS Nominees Pte Ltd	200,146,035	33.56
2	United Overseas Insurance Limited	36,382,885	6.10
3	India International Insurance Pte Ltd	30,371,062	5.09
4	Great Eastern Life Assurance Co Ltd	28,467,478	4.77
5	Great Eastern General Insurance Ltd	21,739,465	3.65
6	Morgan Stanley Asia (Singapore) Securities Pte Ltd	16,963,800	2.85
7	Maybank Kim Eng Securities Pte. Ltd.	10,824,466	1.82
8	Citibank Nominees Singapore Pte Ltd	10,771,055	1.81
9	Singapore Warehouse Co Pte Ltd	9,949,974	1.67
10	Chong Chew Lim @ Chong Ah Kau	8,394,500	1.41
11	United Overseas Bank Nominees Pte Ltd	6,333,724	1.06
12	UOB Kay Hian Pte Ltd	5,216,305	0.87
13	Tan Kay Yam	4,354,380	0.73
14	OCBC Nominees Singapore Pte Ltd	4,178,019	0.70
15	Tan Kay Khai	3,692,480	0.62
16	Ng Siew Cheng	3,502,613	0.59
17	Tang Woon Ee	3,241,600	0.54
18	Tan Hwee Suan	3,222,480	0.54
19	Ng Poh Cheng	3,099,500	0.52
20	Lai Weng Kay	2,784,400	0.47
Total		**413,636,221**	**69.37**

Substantial Shareholders (as recorded in the Register of Substantial Shareholders as at 1 March 2021)

		Direct Interest		Deemed Interest	
		No. of Shares	**%**	**No. of Shares**	**%**
1.	Fairfax Financial Holdings Limited[1]	–	–	168,035,957	28.18
2.	Fairfax Asia Limited	115,370,835	19.35	–	–
3.	Newline Corporate Name Limited	52,665,122	8.83	–	–
4.	Newline Holdings UK Limited[2]	–	–	52,665,122	8.83
5.	Oversea-Chinese Banking Corporation Limited[3]	–	–	50,948,847	8.54
6.	Great Eastern Holdings Limited[3]	–	–	50,948,847	8.54
7.	United Overseas Bank Limited[4]	–	–	36,382,885	6.10
8.	United Overseas Insurance Limited	36,382,885	6.10	–	–
9.	India International Insurance Pte Ltd	30,371,062	5.09	–	–
10.	Dalton Investments LLC[5]	–	–	30,339,700	5.09
11.	James B. Rosenwald III[6]	–	–	30,339,700	5.09
12.	Steven Persky[6]	–	–	30,339,700	5.09
13.	Gifford Combs[6]	–	–	30,339,700	5.09
14.	Belita Ong[6]	–	–	30,339,700	5.09
15.	Arthur Hebert[6]	–	–	30,339,700	5.09
16.	Michelle Lynd[6]	–	–	30,339,700	5.09

1 Fairfax Financial Holdings Limited is deemed to have an interest in shares held by Fairfax Asia Limited, Newline Corporate Name Limited and Newline Holdings UK Limited.

2 Newline Holdings UK Limited is deemed to have an interest in shares held by Newline Corporate Name Limited.

3 Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited are deemed to have an interest in shares held by Great Eastern General Insurance Limited and The Great Eastern Life Assurance Company Limited.

4 United Overseas Bank Limited is deemed to have an interest in shares held by United Overseas Insurance Limited.

5 Dalton Investments LLC and its affiliated entities (together, **Dalton**) is an investment manager based in California, United States of America. Dalton manages various client portfolios and as investment manager, Dalton has discretion and authority over the sale and purchase of the abovementioned shares. Therefore, Dalton has deemed interest in such shares.

6 James B. Rosenwald III, Steven Persky, Gifford Combs, Belita Ong, Arthur Hebert and Michelle Lynd are members of the management committee of Dalton, and Dalton acts in accordance with the directions and instructions of the abovementioned persons. Accordingly, each of them will be deemed to be interested in the shares which Dalton is deemed interested in.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting of the Company will be held by way of electronic means, on Tuesday, 27 April 2021 at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. **Resolution 1** To receive and adopt the directors' statement and audited accounts for the year ended 31 December 2020.

2. **Resolution 2** To declare a final dividend of 0.35 cent per share tax exempt (one-tier) for the year ended 31 December 2020 (2019: final dividend of 0.8 cent per share tax exempt (one-tier)).

3. **Resolution 3** To approve the payment of $550,000 as directors' fees for the year ended 31 December 2020 (2019: $565,973).

4. To re-elect each of the following directors retiring by rotation pursuant to Regulations 96 and 97 of the Company's Constitution:

   Resolution 4 Mr Ramaswamy Athappan; and

   Resolution 5 Mr Peter Sim Swee Yam.

5. **Resolution 6** To re-appoint Messrs KPMG LLP as auditors of the Company for the ensuing year and to authorise the directors to fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following ordinary resolutions:

   Resolution 7 To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50 (the **Act**):

   "**THAT** pursuant to Section 161 of the Act and the listing rules of the Singapore Exchange Securities Trading Limited (**SGX-ST**), authority be and is hereby given to the directors of the Company to (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); (b) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, **Instruments**) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; (c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and (d) (notwithstanding that the

NOTICE OF ANNUAL GENERAL MEETING

authority conferred by this resolution may have ceased to be in force) to issue shares in pursuance of any Instruments made or granted by the directors while this resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 20% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings);

(ii) for the purpose of determining the aggregate number of shares that may be issued (subject to such manner of calculation as may be prescribed by SGX-ST) under (i) above, the percentage of issued share capital shall be based on the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this resolution is passed; and (2) any subsequent bonus-issue, consolidation or sub-division of shares;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance is waived by the SGX-ST) and the Company's Constitution; and

(iv) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

Resolution 8 To approve the renewal of the Share Buy-Back Mandate:

"**THAT**:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the **Act**), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (**Shares**) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

NOTICE OF ANNUAL GENERAL MEETING

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (**SGX-ST**) through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **Share Buy-Back Mandate**);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied by the Company in general meeting; and

(iii) the date on which the share purchases pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

(c) in this resolution:

Average Closing Price means the average of the closing market prices of the Shares over the last five Market Days on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the market purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with any rules that may be prescribed by the SGX-ST, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

date of the making of the offer means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

NOTICE OF ANNUAL GENERAL MEETING

Market Day means a day on which the SGX-ST is open for trading in securities;

Maximum Percentage means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding treasury shares and subsidiary holdings as at that date);

Maximum Price in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) which shall not be more than, in the case of a market purchase of the Share and an off-market purchase of the Share, 5% above the Average Closing Price of the Shares; and

(d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution."

To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2021 for the preparation of the dividend warrants. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on 7 May 2021 will be registered before entitlements to the proposed dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the capital of the Company as at 5.00 p.m. on 7 May 2021 will be entitled to the dividend. The proposed final dividend will be paid on 2 June 2021, if approved by the shareholders at the forthcoming Annual General Meeting of the Company.

BY ORDER OF THE BOARD

ONG BENG HONG/TAN SWEE GEK
Joint Company Secretaries

Singapore
26 March 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) **Live Webcast, Attendance at the Annual General Meeting (AGM) and Appointment of Proxy**

In view of the ongoing developments on the COVID-19 outbreak and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020:

1. **Members may only attend the AGM by observing and listening to the proceedings of the meeting by live webcast via their mobile phones, tablets or computers**. Access to the live webcast (both audio and audio-visual versions) will be made available to members and other persons entitled to attend the AGM who register with the Company **by 22 April 2021 at 2.30 p.m.** to verify their status. The weblink (the "**AGM Webcast Registration and Q&A Link**") and the procedures for registration will be announced by the Company on SGXNET and the Company's corporate website once available.

2. The Company will publish the minutes of the AGM on SGXNET and the Company's corporate website within 1 month after the date of the AGM.

3. A member may only be heard at the AGM by sending the matters or questions which the member wishes to raise at the AGM (a) by post to the Chairman of the AGM at 85 Amoy Street, Singapore 069904; (b) by email to the Chairman of the AGM at enquiry@singre.com.sg; or (c) through the AGM Webcast Registration and Q&A Link at the time of registration, and each such matter or question, if determined at the sole discretion of the Company as substantial and relevant and received by 22 April 2021 at 2.30 p.m. will be responded to via the Company's corporate website, through the live webcast at the AGM and on SGXNET.

4. A quorum at the AGM may be formed by 2 members of the Company personally or electronically present. A member is electronically present at the AGM if the member (a) attends the AGM in the manner provided in item 1 above; (b) is verified by the Company's Registrar as attending the AGM in the manner provided in item 1 above; and (c) is acknowledged by electronic means by the Chairman of the AGM as present at the AGM.

5. **A member who intends to vote at the AGM must appoint the Chairman of the AGM as the member's proxy to vote at the AGM and should specifically direct such member's votes in the instrument. A member may not vote at the meeting otherwise than by way of appointing the Chairman of the AGM as the member's proxy.** The instrument appointing the Chairman of the AGM as a member's proxy shall in the case of an individual, be signed by the appointor or his attorney, and in the case of a corporation shall be either under the Common Seal or signed by its attorney or a duly authorised officer on behalf of the corporation. The instrument appointing the Chairman of the AGM as a member's proxy must be (a) deposited at the office of the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902; or (b) submitted by email to gpa@mncsingapore.com not less than 72 hours before the time appointed for holding the AGM.

6. Any persons who would have been able to be appointed as proxies by a relevant intermediary (as defined under the Act) under Section 181(1C) of the Act (**Relevant Intermediary Participants**) may participate in the AGM by attending the live webcast in the manner provided in item 1 above and sending matters or questions which such Relevant Intermediary Participants wish to raise at the AGM in the manner provided in item 3 above. If any Relevant Intermediary Participant wishes to participate in the AGM, for verification purposes, the relevant intermediary must submit a list setting out the name, address and NRIC/passport number of any such Relevant Intermediary Participants. The list must be (a) deposited at the office of the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902; or (b) submitted by email to gpa@mncsingapore.com **by 24 April 2021 at 11.00 a.m.**.

As the COVID-19 situation is still evolving, the Company will closely monitor the situation and reserves the right to take further measures or implement other arrangements for the AGM as appropriate in an effort to minimise any risk to members and others attending the AGM or pursuant to any applicable laws and regulations, including any relevant order published, amended, modified or supplemented after the date of this Notice in relation to the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020). In the event that such measures or arrangements are adopted, the Company will make announcements on SGXNET and the Company's corporate website as appropriate.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:
By attending the AGM and/or any adjournment thereof, registering at the AGM Webcast Registration and Q&A Link, submitting an instrument appointing a proxy and/or submitting a list of Relevant Intermediary Participants, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies appointed for the AGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rule, regulation and/or guidelines (collectively, the Purposes), (ii) warrants that where the member discloses the personal data of the member's Relevant Intermediary Participants to the Company (or its agents), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents) of the personal data of such Relevant Intermediary Participants for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes:

(1) The directors' statement and audited accounts of the Company for the year ended 31 December 2020 referred to in ordinary resolution 1 in item 1 above would be published on SGXNET and the Company's corporate website in the Company's annual report.

(2) The additional information on the directors seeking re-election at the AGM, being Mr Ramaswamy Athappan pursuant to ordinary resolution 4 in item 4 above and Mr Peter Sim Swee Yam pursuant to ordinary resolution 5 in item 4 above, is set out on pages 178 to 181.

(3) The ordinary resolution 7 in item 6 above, if passed, is to enable the directors to issue further shares in the Company and to make or grant securities convertible into ordinary shares, and to issue ordinary shares pursuant to instruments, up to an amount not exceeding 50% of the issued shares in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders, does not exceed 20% of the Company's issued shares. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company shall be based on the issued shares in the capital of the Company at the time this resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this resolution is passed; and (2) any subsequent consolidation or sub-division of shares. This authority will, unless revoked or varied at a General Meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

(4) The ordinary resolution 8 proposed in item 6 above, if passed will renew, effective until the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier, the Share Buy-Back Mandate for the Company to make purchases or acquisition of its shares up to a maximum of 10% of the total number of issued ordinary shares as at the date of the passing of the resolution at the Maximum Price computed in the manner prescribed by the resolution.

    The Company will use internal sources to fund purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact of the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend, inter alia, on the number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the price at which such Shares are purchased or acquired.

    Based on the existing issued and paid-up Shares of the Company as at 1 March 2021, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 59,631,618 Shares. Assuming that the Company purchases or acquires the 59,631,618 Shares at the Maximum Price of $0.307 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five Market Days on which the Shares were traded on the SGX-ST immediately preceding 1 March 2021, the maximum amount of funds required for the purchase or acquisition of the 59,631,618 Shares is $18,306,906.

    The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buy-Back Mandate based on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020 and certain other assumptions are set out in paragraph 6 of the Letter to Shareholders dated 26 March 2021, which was despatched to shareholders and published on SGXNET and the Company's corporate website on 26 March 2021.

    On 19 March 2021, SAC Capital Private Limited, for and on behalf of Fairfax Asia Limited (the "Offer") had made an announcement stating, inter alia, that the Offeror intends to make a voluntary conditional cash offer (the "Offer") for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees, in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers. Please note that during the course of the Offer, no buy-back by the Company of its own shares may be made.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Mr Ramaswamy Athappan and Mr Peter Sim Swee Yam are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 27 April 2021 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Director as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST is set out below:

<table>
<tr><td colspan="2">MR RAMASWAMY ATHAPPAN, 75
Non-Executive and Non-Independent Director/Chairman
B Eng, AFII</td><td colspan="2">MR PETER SIM SWEE YAM, 63
Non-Executive and Non-Independent Director
LLB</td></tr>
<tr><td>Date of appointment:
Date of last re-appointment:
Country of principal residence:</td><td>1 August 1988
17 April 2019
Singapore</td><td>Date of appointment:
Date of last re-appointment:
Country of principal residence:</td><td>24 August 2015
19 April 2018
Singapore</td></tr>
<tr><td colspan="4">The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</td></tr>
<tr><td colspan="2">The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Ramaswamy Athappan for re-appointment as a Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Ramaswamy Athappan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</td><td colspan="2">The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Peter Sim Swee Yam for re-appointment as a Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Peter Sim Swee Yam possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</td></tr>
<tr><td colspan="4">Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.)</td></tr>
<tr><td colspan="2">Non-Executive and Non-Independent Director/Chairman of the Company/Chairman of the Executive Committee and member of the Audit, Nominating, Remuneration and Investment Committees.</td><td colspan="2">Non-Executive and Non-Independent Director of the Company/Chairman of the Remuneration Committee and member of the Audit, Nominating, Executive and Investment Committees.</td></tr>
<tr><td colspan="4">Working experience and occupation(s) during the past 10 years</td></tr>
<tr><td colspan="2"><u>1990 – 2016</u>
India International Insurance Limited,
Chief Executive Officer

<u>2002 – Present</u>
MS First Capital Insurance Limited,
Chief Executive Officer</td><td colspan="2"><u>2009 – Present</u>
Sim Law Practice LLC,
Shareholder/Director</td></tr>
<tr><td colspan="4">Shareholding interest in the listed issuer and its subsidiaries</td></tr>
<tr><td colspan="2">Direct interest: 178,732 shares</td><td colspan="2">None</td></tr>
</table>

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	
No	No
Conflict of Interest (including any competing business)	
None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	
Yes	Yes
Other Principal Commitments* ***("Principal Commitments" has the same meaning as defined in the Code)*** **Including Directorships#** ***(These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9))***	
Past (for the last 5 years) None Present • MS First Capital Insurance Limited, Director/Chief Executive Officer • Prime Underwriting Managers (Pte) Ltd, Director/Chief Executive Officer • Singapore Realty Private Limited, Director • Singapore-Re Management Services Private Limited, Director/Chairman • Falcon Insurance Company (Hong Kong) Ltd, Director/Chairman • Fairfax Asia Limited, Chairman • Lee Kim Tah Holdings Ltd, Advisor • BIDV Insurance Corporation (BIC), Director/Vice Chairman • Lee Kim Tah Enterprises Pte Ltd, Director • Fairfirst Insurance Limited, Director/Chairman • PT Asuransi Multi Artha Guna Tbk, President Commissioner • Ashwin Builders Pte Ltd, Director	Past (for the last 5 years) Marco Polo Marine Pte Ltd, Director Mun Siong Engineering Ltd, Director Present • Lum Chang Holdings Ltd, Director/Lead Independent Director • Haw Par Corporation Ltd, Director
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	
No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	
No	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

(c) Whether there is any unsatisfied judgment against him?	
No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	
No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	
No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	
No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	
No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	
No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	
No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– **(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or** **(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or** **(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or**	

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, **in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	
No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	
No	No
Disclosure applicable to the appointment of Director only **Any prior experience as a director of a listed company?** **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)**	
N.A.	N.A.

NOTES TO THE PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members.

In view of the ongoing developments on the COVID-19 outbreak and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020:

2. **A member who intends to vote at the Annual General Meeting (AGM) must appoint the Chairman of the AGM as the member's proxy to vote at the AGM and should specifically direct such member's votes in the instrument appointing the Chairman of the AGM as a member's proxy. A member may not vote at the meeting otherwise than by way of appointing the Chairman of the AGM as the member's proxy.**
3. The instrument appointing the Chairman of the AGM as a member's proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument is signed on behalf of the appointor by an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument, failing which the instrument may be treated as invalid.
4. The instrument appointing the Chairman of the AGM as a member's proxy must be (a) deposited at the office of the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902; or (b) submitted by email to gpa@mncsingapore.com not less than 72 hours before the time appointed for holding the AGM.
5. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as a member's proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument.
6. In the case of members whose Shares are entered against their names in the Depository Register, the Company shall reject any instrument appointing the Chairman of the AGM as a member's proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for the AGM as certified by The Central Depository (Pte) Limited to the Company.
7. The Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks/SRS Operators to submit their votes at least seven working days before the AGM.

As the COVID-19 situation is still evolving, the Company will closely monitor the situation and reserves the right to take further measures or implement other arrangements for the AGM as appropriate in an effort to minimise any risk to members and others attending the AGM or pursuant to any applicable laws and regulations, including any relevant order published, amended, modified or supplemented after the date of this Notice in relation to the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020). In the event that such measures or arrangements are adopted, the Company will make announcements on SGXNET and the Company's corporate website as appropriate.

Personal Data Privacy:
By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Singapore Reinsurance Corporation Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 197300016C

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks/SRS Operators to submit their votes at least 7 working days before the Annual General Meeting (**AGM**).
2. A member who intends to vote at the AGM must appoint the Chairman of the AGM as the member's proxy to vote at the AGM. A member may not vote at the meeting otherwise than by way of appointing the Chairman of the AGM as the member's proxy (please see note 2 of the Notes to the Proxy Form).

I/We .... ID/Registration No. ....

of ....

being a member/members of the above-mentioned Company, hereby appoint the Chairman of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held via live webcast on Tuesday, 27 April 2021 at 11.00 a.m. or at any adjournment thereof.

With reference to the agenda set out in the Notice of Annual General Meeting, please indicate with an "X" in the space provided below how you wish your votes to be cast.

No.	Ordinary Resolutions	For	Against	Abstain
	Ordinary Business			
1	To receive and adopt the directors' statement and audited accounts			
2	To declare a final dividend			
3	To approve directors' fees			
4	To re-elect Mr Ramaswamy Athappan, a director retiring by rotation			
5	To re-elect Mr Peter Sim Swee Yam, a director retiring by rotation			
6	To re-appoint auditors and authorise the directors to fix their remuneration			
	Special Business			
7	To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50			
8	To approve the renewal of the Share Buy-Back Mandate			

In the absence of specific directions, the proxy will abstain.

Dated this .... day of .... 2021.

Total Number of Shares held in:	**Number of Shares**
(a) CDP Register	
(b) Register of Members	

....
Signature(s) of member(s) or Common Seal

IMPORTANT, PLEASE READ NOTES TO THE PROXY FORM.

(1st fold)

(2nd fold)

Affix
stamp
here

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

(3rd fold to glue and seal)

CORPORATE CALENDAR

Event	Date
Annual General Meeting	27 April 2021
Closure of Registers (for final dividend entitlement)	10 May 2021
Payment of Final Dividend for Year Ended 31 December 2020	2 June 2021
Announcement of 1st Half 2021 Financial Results (after close of trading)	August 2021
Financial Year-End	31 December 2021
Announcement of Full Year 2021 Financial Results (after close of trading)	February 2022

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

新再保