

Your Ref:

102/7292

Our Ref:

2 July 2018

The Directors
City Re Ltd
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Dear Sirs,

CITY RE LIMITED (THE 'COMPANY') MANAGEMENT AND GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The purpose of this letter is to provide the directors with constructive observations arising from the audit process. We set out below details of any expected modifications to our audit report, details of any uncorrected misstatements in the financial statements (except any misstatements which are clearly trivial) including the effect of uncorrected misstatements related to prior periods on the current period, any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures, and any other relevant matters. Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to below may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of City Re Limited
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.

Independence

The engagement team and the firm have complied with relevant ethical requirements regarding independence. There are no relationships between the firm, network firms and the Company that may reasonably be thought to affect our independence.

Expected modifications to the audit report

We do not expect to make any modifications to our audit report. However, our responsibilities with regard to the audit report extend up to the date on which it is signed and we will advise you of any changes to this position if necessary.

Unadjusted misstatements

There were no unadjusted misstatements noted during the audit, excluding those that we consider to be trivial.

Lance Spurrier, Clive Dixon and Nicholas Solt.

Non-members of ICAEW: Sam Bird, David Green and Moore Stephens Bermuda L.P.

An independent member firm of Moore Stephens International Limited - members in principal cities throughout the world. Registered to carry on Audit work by the Institute of Chartered Accountants in England and Wales. Licensed to conduct fiduciary business by the Guernsey Financial Services Commission.

Accounting system and internal controls

During the course of our audit of the financial statements for the above year we examined the principal internal controls which the directors have established to enable them to ensure, as far as possible, the accuracy and reliability of the company's accounting records and to safeguard the company's assets.

The examination of the system's internal control which we carried out cannot necessarily be expected to disclose every weakness, since our audit work is designed primarily to enable us to report on the Company's financial statements, and for this reason the matters below may not necessarily be the only shortcomings which exist in the system.

We are pleased to report that there are no significant weaknesses in control which came to our notice during the audit.

Qualitative aspects of accounting practice and financial reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We have discussed with you the following observations:

- The appropriateness of the accounting policies to the particular circumstances of the company;
- The timing of transactions and the period in which they are recorded;
- The appropriateness of accounting estimates and judgements, (for example, in relation to the IBNR), including the consistency of assumptions and degree of prudence reflected in the accounting records;
- The potential effect on the financial statements of any uncertainties including significant risks and disclosures, such as pending litigation that are required to be disclosed in the financial statements.
- The extent to which the financial statements are affected by any unusual transactions during the period and the extent to which such transactions are separately disclosed in the financial statements;
- Significant matters, if any, arising from the audit that we discussed, or subject to correspondence with management; and written representations the auditor is requesting from management.
- Other matters, if any, arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

Matters required by other Auditing Standards to be communicated to you

There are no matters required by other auditing standards to be communicated to you.

Concluding remarks

Finally, we take this opportunity of thanking your staff for the assistance offered to us during the course of our work. Their patient help and assistance was much appreciated.

We shall be pleased to supply you with any further information you may require.

Yours faithfully,

A handwritten signature in blue ink that reads "Moore Stephens". The signature is written in a cursive style with a large initial 'M'.

Moore Stephens