CREDIT RATING RATIONALE

INSURER FINANCIAL STRENGTH RATINGS

Credit Guarantee and Investment Facility

- Insurer Financial Strength Ratings

January 2022

CREDIT RATING RATIONALE
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Credit Guarantee and Investment Facility
Rating Review

Entity Ratings

Insurer Financial Strength Ratings:

Global Scale	**$_{g}$AAA/Stable/$_{g}$P1**	[Reaffirmed]
ASEAN Scale	**$_{sea}$AAA/Stable/$_{sea}$P1**	[Reaffirmed]
National Scale	**AAA/Stable/P1**	[Reaffirmed]

Last Rating Action
15 January 2021

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Related Criteria, Methodologies and Publications
i. Methodology for Insurance & Takaful Companies (Update), September 2016
ii. Leverage Guidelines for Financial Guarantee Insurance Companies, January 2014

Rating Action Basis

- The reaffirmation of Credit Guarantee and Investment Facility's (CGIF or the Fund) Insurer Financial Strength (IFS) reflects our view that it will benefit from continued sponsorship and support from its contributors given CGIF's developmental role in the regional bond market. These pertained to governments of China, Japan, Korea and the ten ASEAN countries (collectively, ASEAN+3) and the Asian Development Bank (ADB). The Fund is accorded the same supranational status as ADB,[1] as a trust fund of the latter.

- The ratings have also considered the Fund's still-sound financial metrics despite a THB2.78 bil (or USD83 mil) default by KNM Group Berhad (KNM) in 4Q 2021 – the first in CGIF's portfolio since its inception. Net of reinsurance arrangements, the Fund's exposure to the oil & gas issuer stood at around USD62 mil. The provisions required for the bond default will crimp CGIF's fiscal 2021 pre-tax profit. That said, its leverage will still remain largely intact at 1.3 times as at end-December 2021 – well within the 2.0 time-limit for its ratings. In addition, the Fund continues to maintain a conservative investment appetite while keeping its liquidity profile robust. Highly liquid assets totalled USD1.3 bil as at end-June 2021, providing it a comfortable buffer to meet potential claims.

Rating Drivers

\+ **Government sponsorship and developmental role.** CGIF was established as part of the Asian Bond Markets Initiative (ABMI) with a mandate to develop the local-currency bond markets in the ASEAN+3 region. The Fund provides credit enhancement to creditworthy corporates to enable them to tap regional local-currency bond markets and, in the process, aspires to boost cross-border transactions and facilitate greater intra-regional capital flows. The Fund's capital contributors have demonstrated support for its cause; a USD500 mil capital increase was approved in December 2017 to support business expansion. To date, it has received commitments for USD458 mil subscription of additional capital contributions, of which USD429 mil had been paid. The remaining portion will be received in stages up to 2023.

\+ **Low-risk and highly liquid investments.** CGIF adheres to conservative investment guidelines that prioritise capital and liquidity preservation. Fixed income securities issued by highly rated financial institutions and government-linked entities (at least A+ on the international scale) occupied about 86% of total invested assets as at end-June 2021. Deposits made up the rest. The Fund's investment portfolio is spread across Europe, Asia Pacific and North America. CGIF's sizeable pool of highly liquid assets (USD1.3 bil; 95% of total assets) bolsters its strong liquidity capacity. The liquidity stress tests conducted by the Fund as at mid-October 2021 indicate sufficient liquidity to meet potential claims.

\+ **Conservative leverage.** On the back of seven new guarantee deals, CGIF clocked in a slightly higher leverage of 1.2 times as at end-September 2021 (as at end-September 2020: 1.1 times). The Fund's outstanding insured portfolio amounted to USD2.0 bil.[2] Portfolio expansion was partly negated by additional capital contributions from Korea and Indonesia during the period

[1] This is incorporated in the Articles of Agreement which states that "the privileges, immunities and exemptions accorded to ADB pursuant to the Agreement Establishing the Asian Development Bank shall apply to (i) the trustee, and (ii) the property, assets, archives, income, operations and transactions of CGIF.

[2] Notional principal amount of the insured bonds.

(collectively: +USD26.8 mil). While the provisions for KNM's default on its bonds is expected to affect the Fund's bottomline, its leverage will remain at a comfortable 1.3 times as at end-December 2021 (end-September 2021: 1.2 times). With no debt leverage, its capital base is fully funded by equity.

- **Inherent concentration although improved.** CGIF's modest portfolio and monoline focus expose it to some degree of concentration risk. The Fund is sufficiently diversified by sector while geographically, it has a large exposure to companies in Vietnam (29%) and Thailand (19%). These have however progressively reduced in recent years amid portfolio diversification efforts (end-December 2018: 40% and 20%). The Fund also has in place prudential limits to monitor sector, industry and country concentration. Its reinsurance arrangements further boost its guarantee capacity and manage credit concentrations. In the face of prevailing economic challenges caused by the pandemic, CGIF has tightened credit evaluation and is actively monitoring its insured portfolio. Many of its underlying issuers are established players, and in some cases, market leaders in their respective industries.

Rating Outlook: Stable

- The stable rating outlook reflects our expectation that CGIF's leverage and liquidity will stay commensurate with its ratings and that support from capital contributors will remain forthcoming. The impact of the pandemic is envisaged to remain manageable owing to the Fund's active portfolio monitoring process.

Rating Triggers

- Upside potential: None, as CGIF's ratings are already the highest on RAM's rating scales.

- Downward pressure: The global scale ratings would be downgraded should CGIF's leverage exceed the 2.0-time limit. Other negative rating triggers include heightened portfolio credit risk or sizeable claims. The Fund's inability to further expand its portfolio to a meaningful size could also be a concern in view of the importance of its role and mandate.

Insurer Profile

CGIF is a trust fund of the ADB, established in November 2010 under the ABMI. The Fund's mandate is to facilitate the development of local-currency bond markets in the ASEAN+3 region. As a trust fund of the ADB, CGIF is exempted from national jurisdiction rules and regulations that govern insurance companies in their respective home countries. ADB holds in trust and manages all CGIF's funds and other properties in accordance with the Articles of Agreement.

The Fund's initial capital of USD700 mil at inception was contributed by Japan and the People's Republic of China (28.6% each), ADB (18.6%), the Republic of Korea (14.3%) and the ten ASEAN countries (collectively, a 9.9% share). In December 2017, CGIF's board approved a USD500 mil increase in the Fund's capital to USD1.2 bil, to boost its future guarantee capacity. To date, CGIF has received commitments for the subscription of USD458 mil[3] of additional capital contributions, USD429 mil of which has been paid. The remaining contributions will be received in stages up to end-2023[4]. As at end-October 2021, China and Japan remained CGIF's key capital contributors (each 30.4%), followed by ADB (15.9%).

ESG Risk Assessment

- **Strong commitment to sustainability.** CGIF's Environmental, Social and Governance (ESG) initiatives are aligned with ADB's policies. The Fund has formalised the adoption of ADB's safeguard policies in its institutional risk framework. CGIF's investment and guarantee decisions require a careful evaluation of deals involving environmentally sensitive industries and other social considerations. There were no material ESG risk observed during the review.

Peer Comparison

Table 1: Peer Comparison

	CGIF		Danajamin Nasional Berhad	
Ratings	$_{g}$AAA/Stable/$_{g}$P1 $_{sea}$AAA/Stable/$_{sea}$P1 AAA/Stable/P1		AAA/Stable/P1	
FY	Dec 2019	Dec 2020	Dec 2019	Dec 2020
Net earned premiums (USD mil)	10.0	14.1	10.0^	16.7^
Pre-tax profit/(loss) (USD mil)	23.2	24.0	3.1^	25.6^
Total assets (USD mil)	1,255.1	1,351,7	659.7^	646.4^
Claims ratio (%)	0.0	0.0	190.0	0.0
Management expenses ratio (%)	108.5	66.6	102.4	53.9
Combined ratio (%)	87.4	50.0	292.4	53.8
Investment yield (%)	2.4	2.1	4.6	4.0
Leverage ratio (times)	1.1	1.2	2.4	1.9

Source: CGIF, Danajamin

^ Figures translated from reporting currency using exchange rates for the respective financial periods to facilitate a comparison.

Business Risk Profile

- **Mandate to develop regional bond markets.** CGIF was established to develop and strengthen local-currency and regional bond markets in the ASEAN+3 region and facilitate efficient allocation of savings within the region. The Fund is mandated to provide credit enhancement to creditworthy corporates to enable them access to regional bond markets, promote debt securities with longer maturities, and match regional Asian investors with these issuers. As a pioneer regional financial guarantee institution in Asia, CGIF prioritises transactions that have a developmental impact.

[3] As at end-October 2021, USD429 mil had been contributed by Japan and China (USD142.8 mil each), Korea (USD71.4 mil), Singapore and the Philippines (USD9.0 mil each), Indonesia (USD3 mil), Cambodia and Laos (USD0.1 mil each), Vietnam (USD0.8 mil), and ADB (USD50 mil). Brunei and Myanmar will not take up their allotted shares.

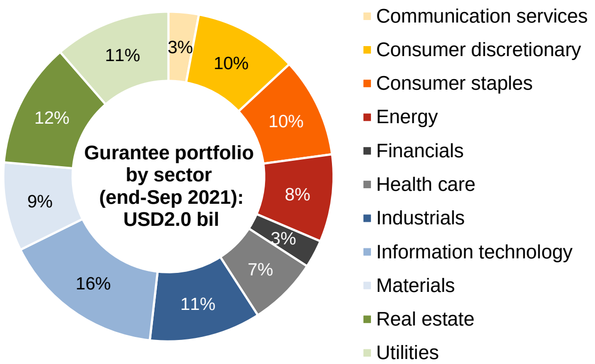
[4] Indonesia (an additional USD15 mil), Thailand (USD9 mil) and Malaysia (USD5 mil) have submitted contribution schedules to CGIF, including amounts subscribed for. All payments are expected to be completed by end-2023.

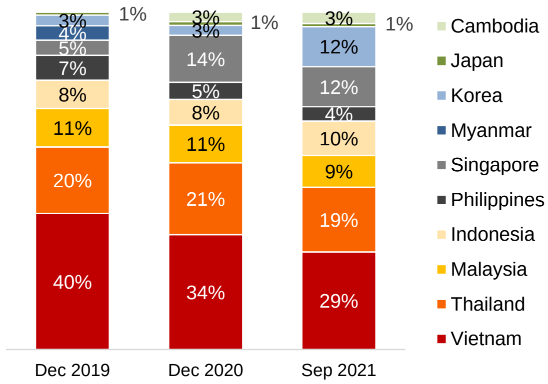
- **Moderate business growth…** Amid the pandemic and its economic aftermath, CGIF's business traction moderated – recording five new deals of an aggregate USD311 mil in 2020 (2019: +USD491 mil). Another USD305 mil guarantees were extended to six new issuers in 9M 2021. This brought the Fund's guarantee portfolio to 36 corporates with outstanding bonds of USD2.0 bil as at end-September 2021, further diversifying its mix in terms of country, currency and sector. Overall growth momentum is expected to be at a measured pace as recovery remains uneven across countries.

- **… amid cautious outlook, with focus on low-risk sectors.** CGIF has kept its conservative growth stance while adopting more rigorous assessments for guarantee applications. The Fund is selectively focusing on sectors that the pandemic has limited or positive impact on (e.g., healthcare, e-commerce, utilities etc.). Earlier plans to pursue issuances in certain targeted markets (Indonesia, the Philippines, Brunei, Cambodia, Laos and Myanmar), will be put on the back burner for now. Widespread Covid-19 outbreaks across the ASEAN+3 countries and resultant containment measures have affected CGIF's deal pipeline. The issuances of approved transactions could be derailed, subject to the respective issuers' operating market conditions.

Insured Portfolio

Figures 1 and 2: Fairly diversified by sector; geographical concentration reduced





Source: CGIF
Note: Outstanding guarantee portfolio refers to the principal portion only.

- **Managing concentration risk through diversification strategy.** CGIF's modest portfolio predisposes it to some concentration risks in terms of economic and business stress of the issuers. Nevertheless, the Fund's strategy to reposition its portfolio in recent years has yielded some results. Its exposures to companies in Vietnam reduced to a share of 29% as at end-September 2021 (end-December 2018: 40%). Bond guarantees from these corporates were almost reaching the Fund's internal country limit.[5] Its guarantee portfolio by sector, on the other hand, is sufficiently diversified. CGIF's comprehensive risk management practices, including various country and sector limits help moderate concentration risk to some extent.

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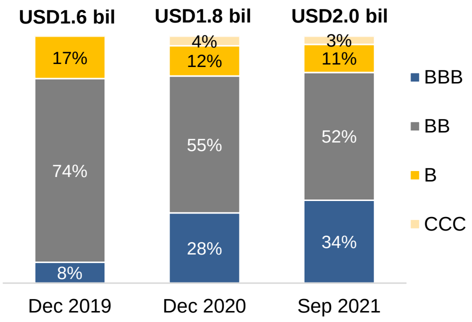
[5] Country limit is set at 20% of maximum guarantee capital (MGC), net of reinsurance. MGC = (total paid-in capital + retained earnings - credit loss reserves - foreign exchange loss reserves - all illiquid investments) x 2.5 times. The maximum leverage ratio of 2.5 times is the threshold agreed in the Articles of Agreement for the Fund's guarantee operations.

Figure 3: Higher proportion of BB ratings following case-specific rating upgrades

Insured portfolio by ratings



Source: CGIF

- **Many issuers are established corporates in their home markets.** CGIF uses an internal credit risk model[6] with a rating scale of 1 to 10 (1 being the best credit). Following internal assessments on the weakened macroeconomic setting, the Fund downgraded eight issuers' internal risk ratings (IRRs). However, there were also rating upgrades for three corporates due to case-specific reasons which improved the overall portfolio's rating distribution. The Fund's average IRR was around 6.6 as at end-September 2021 – equivalent to an international rating of BB. We highlight that many of the issuers have relatively satisfactory financial profiles and are established players; some are market leaders in their respective industries.

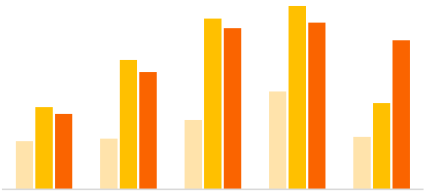
- **Keeping close tabs on high-risk accounts.** Several corporates in CGIF's guarantee portfolio reported covenant breaches, seven of which had either financial or collateral covenant breaches.[7] The Fund's regular portfolio screening identified five issuers (~USD246 mil or 12% of total portfolio) that are deemed high-risk or more highly impacted by the pandemic. The IRRs of these accounts have been downgraded while minimal provision charges were made. CGIF is vigilantly monitoring for potential non-repayment risk. We note that the Fund holds the right to accelerate or retain the original interest or principal payment schedule in an event of default (EOD) for an insured bond, hence cushioning the liability-acceleration risk.

  CGIF saw the first default under its guarantee portfolio when KNM – an oil and gas-related entity – missed principal (USD83 mil) and coupon (USD1.5 mil) payments for its Thai bonds on 19 November 2021. Its net exposure stood at USD62 mil after taking into account reinsurance. The Fund has demanded for additional collateral to increase coverage to 150% of exposure (end-June 2021: 124%). The issuer's refinancing plans have also not been firmed up[8] at the point of writing. Discussions with auditors are currently ongoing to determine the amount of additional provisions required. [9]

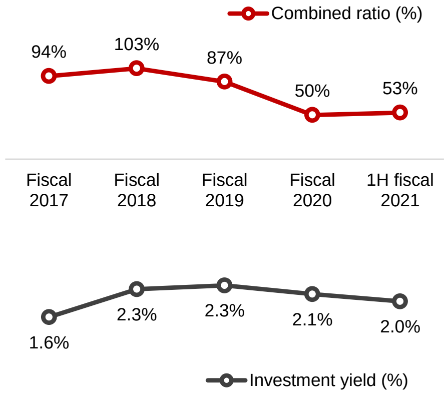
[6] The internal credit risk ratings are mapped to S&P's international-scale ratings. Under CGIF's underwriting guidelines, the maximum acceptable risk rating is 7, which is approximately BB – on S&P's international rating scale.
[7] Financial covenant breaches may include but not limited to profitability and liquidity ratios as well as leverage. Examples of collateral breaches include a decline in the market value of the shares pledged as collateral.
[8] KNM is in discussions with some banks to secure financing to redeem the bonds.
[9] Provisions required will be assessed based on the loss given default rate that CGIF will employ for the exposure, after considering the value and recovery prospects of assets pledged as collaterals.

Financial Performance

Figures 4 and 5: Improved profits aided by steady investment income and net earned premiums growth



	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	1H fiscal 2021
Net earned premiums (USD mil)	6.9	7.3	10.0	14.1	7.5
Investment income (USD mil)	11.8	18.6	24.6	26.4	12.4
Pre-tax profit (USD mil)	10.8	16.9	23.2	24.0	21.4



Source: CGIF

- **Heftier credit charges weighed on 2020's earnings.** CGIF chalked only a 3% growth in pre-tax profit of USD24.0 mil in fiscal 2020, as heavier provisions (USD9.5 mil; fiscal 2019: USD2.8 mil) nullified the impact of better underwriting profit and steady investment income. The Fund had tweaked the macroeconomic variables used in its expected credit loss model, applying a higher probability of default to reflect the deteriorated conditions last year. While portfolio growth was fairly moderate, gross premiums increased 37% (or USD5.3 mil) to USD19.9 mil thanks to higher guarantee fees; average premium rate was roughly 1.27% of guarantee value in 9M 2021 (9M 2020: 1.09%). 1H fiscal 2021's pre-tax earnings rebounded 34%, following a reversal in impairment costs amid the improved economic outlook. However, the sizeable provision required for KNM's claim event will materially affect the Fund's earnings for fiscal 2021.

Insurance Risk Management

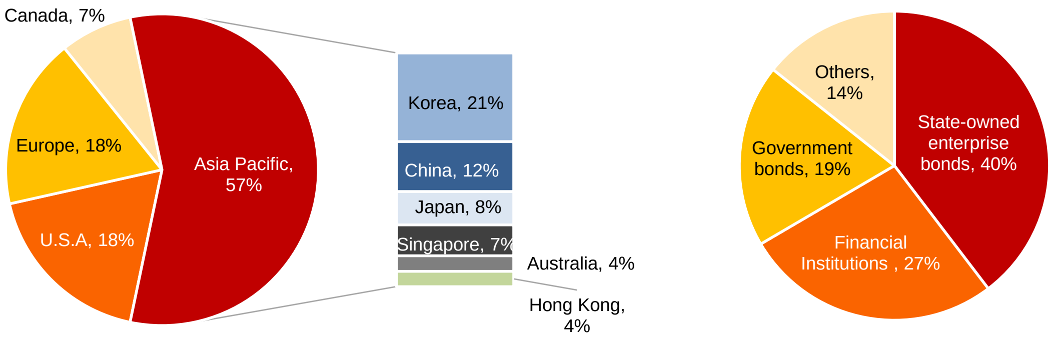
- **Prudent underwriting and risk management practices.** CGIF's risk management framework entails a well-defined risk governance structure. The Fund's underwriting process is prudent, involving internal credit assessments by the Deal Operations Department that are independently validated at several levels. These include the Risk Management Department, Guarantee and Investment Committee and an external advisory panel, after which final approval of the Board is required.[10] The Fund also obtains a bilateral risk rating from an independent third party (e.g., S&P Global Market Intelligence) if the potential issuer does not have an existing rating. Since the onset of the pandemic, CGIF has enhanced its risk assessments while continuing frequent credit surveillance on its insured portfolio.

- **Reinsurance with highly rated reinsurers.** CGIF's internal policy permits the use of reinsurance and other forms of unfunded risk participation to manage and/or transfer its credit risks, where a reinsurer must be rated at least A- on a global scale or equivalent. Under its existing reinsurance agreement, 25% of both principal and interest guaranteed will be ceded to a panel of reinsurers through treaty arrangement. On a case-by-case basis, CGIF may opt to increase the cession of the reinsurance up to 49%. Risks ceded are limited to a respective USD150 mil and USD75 mil per issuer, for principal and interest.

[10] This applies for all deals except for those with transaction amounts of USD50 million or less, a tenure of up to five years and an internal risk rating of 6.5 (equivalent to a BB rating) or better. Deals which meet these conditions can be approved by CGIF's in-house Guarantee ad Investment Committee or chief risk officer.

Investment Assets & Liquidity Profile

Figures 6 and 7: Investments primarily exposed to Asia Pacific countries and government-linked entities



Source: CGIF

- **Conservative investment appetite.** CGIF maintains a prudent investment strategy with the objective of preserving capital and liquidity. Fixed-income securities issued by financial institutions and government-linked entities (minimum A+ rating on the international scale) constituted 86% of total invested assets as end-June 2021; deposits occupied the rest. The Fund's securities portfolio is fairly diversified, with investments mainly in Asia Pacific (57%), US and North America (18% each). Ensuing the surge in bond yields early last year, CGIF turned in a softer, albeit still-healthy 2.0% (annualised) in 1H fiscal 2021 (three-year average: 2.3%).

- **Strong liquidity.** CGIF's substantial pile of liquid assets amounting to USD1.3 bil as at end-June 2021 underscores its strong liquidity position. These provide the Fund a comfortable buffer to meet liquidity needs should potential claims arise. To monitor and manage liquidity, CGIF performs quarterly stress tests on its portfolio. As at mid-October 2021, the tests results indicated that there will be sufficient liquidity to absorb concurrent defaults of the Fund's six largest issuers.

Capitalisation

- **Leverage remains within rating limit.** In view of CGIF's monoline focus and portfolio risk profile, leverage and capital adequacy are key rating considerations in our assessment of its financial strength. Even with the claims payout for KNM as well as considering pipeline deals, the Fund's leverage is projected to remain conservative at 1.3 times by end-2021 (end-September 2021: 1.2 times). This is still below our limit of 2.0 times for CGIF's ratings. The Fund's capital base remains fully funded by equity, with no debt leverage.

- **Superior capitalisation.** The Fund measures and monitors a risk-based capital adequacy ratio (CAR) that is adjusted for concentration risk. As at end-September 2021, CGIF's CAR was at a robust 33% (end-September 2020: 29%) – well above its internal floor of 8.8%. The Fund also maintains a capital reserve totalling USD109.5 mil as at end-June 2021, to which 100% of its annual net profits have been allocated since inception.

Insurer Information

Incorporation Date	12 November 2010	
Commencement Date	1 May 2012	
Major Shareholders as at 31 October 2021	Japan Bank for International Cooperation	30.4%
	People's Republic of China	30.4%
	Asian Development Bank	15.9%
	Republic of Korea	15.2%
	ASEAN countries	8.1%
Directors	Noriyasu Matsuda (Japan) – Chairperson Yuchuan Feng (People's Republic of China) Jiandi Ye (People's Republic of China) Mina Kajiyama (Japan) Taebum Kim (Republic of Korea) Stefan Hruschka (ADB) Mark Dennis Y.C. Joven (Philippines/ASEAN) Guiying Sun (CGIF)	
Auditor	Deloitte & Touche LLP	
Listing Date	Not listed	
Key Management	Guiying Sun (Chief Executive Officer) Mitsuhiro Yamawaki (Deputy Chief Executive Officer/Chief Risk Officer) Dong Woo Rhee (Chief Financial Officer) Aarne Dimanlig (Chief Credit Risk Officer) Anuj Awasthi (Vice President Operations) Gene Soon Park (General Counsel & Board Secretary) Hou Hock Lim (Corporate Planner & Head of Budget, Personnel & Management Systems) Jackie Jeong-Ae Bang (Internal Auditor)	
Major Subsidiaries	n.a.	

Financials

unaudited

STATEMENT OF FINANCIAL POSITION (USD million)	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	30-Jun-21
Property, Plant & Equipment	0.20	0.16	0.39	0.69	0.60
Investment Properties	0.00	0.00	0.00	0.00	0.00
Goodwill & Intangibles	0.30	0.16	0.03	0.02	0.05
Investments in Subsidiaries/Associates/Jointly-Controlled Entities	0.00	0.00	0.00	0.00	0.00
Financial Investments	702.23	850.27	1,107.20	1,277.91	1,305.53
Loans & Receivables	34.63	59.41	76.20	0.00	0.00
Reinsurance Assets	0.00	0.00	0.00	0.00	0.00
Insurance Receivables	34.53	39.94	65.65	67.90	64.83
Other Assets	0.62	0.77	1.86	1.68	1.24
Cash & Cash Equivalents	6.60	7.04	3.74	3.46	2.30
Total Assets	**779.11**	**957.76**	**1,255.07**	**1,351.66**	**1,374.53**
Insurance Contract Liabilities	37.28	44.36	73.20	83.38	77.49
Insurance Payables	0.00	0.00	0.00	0.00	0.00
Senior Debt	0.00	0.00	0.00	0.00	0.00
Subordinated Debt	0.00	0.00	0.00	0.00	0.00
Other Borrowings	0.00	0.00	0.00	0.00	0.00
Other Liabilities	2.61	2.41	3.43	3.77	3.43
Total Liabilities	**39.89**	**46.76**	**76.64**	**87.15**	**80.92**
Equity Share Capital	703.00	859.20	1,077.60	1,102.20	1,129.00
Share Premium Reserve	0.00	0.00	0.00	0.00	0.00
Capital Reserve	0.00	0.00	0.00	0.00	0.00
Revaluation Reserve	0.00	0.00	0.00	0.00	0.00
Available-for-Sale Reserve	(9.39)	(10.54)	15.34	52.85	33.72
Fair Value Through Other Comprehensive Income Reserve	0.00	0.00	0.00	0.00	0.00
Other Reserves	34.77	45.62	62.33	85.50	109.46
Retained Profits/(Accumulated Losses)	10.84	16.72	23.16	23.96	21.44
Non-Controlling Interests	0.00	0.00	0.00	0.00	0.00
Total Equity	**739.22**	**910.99**	**1,178.43**	**1,264.51**	**1,293.62**
Total Liabilities + Total Equity	**779.11**	**957.76**	**1,255.07**	**1,351.66**	**1,374.53**

Financials

STATEMENT OF COMPREHENSIVE INCOME (USD million)	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	30-Jun-21 *unaudited*
Gross Premiums	9.12	9.82	14.54	19.87	10.87
Premiums Ceded to Reinsurers	(2.20)	(2.54)	(4.57)	(5.81)	(3.32)
Net Premiums	**6.92**	**7.29**	**9.97**	**14.06**	**7.55**
Change in Premium Liabilities	0.00	0.00	0.00	0.00	0.00
Net Earned Premiums	**6.92**	**7.29**	**9.97**	**14.06**	**7.55**
Net Benefits and Claims Paid	0.00	0.00	0.00	0.00	0.00
Net Change in Contract Liabilities	0.00	0.00	0.00	0.00	0.00
Net Fees and Commission Income/(Expenses)	0.60	0.70	2.10	2.33	0.90
Management Expenses	(7.10)	(8.17)	(10.82)	(9.36)	(4.88)
Underwriting Profit/(Loss)	**0.42**	**(0.18)**	**1.26**	**7.03**	**3.57**
Investment Income	11.81	18.62	24.56	26.37	12.42
Realised Gains/(Losses) on Financial Investments	0.03	0.00	0.01	0.04	0.35
Fair Value Gains/(Losses) on Financial Investments	0.00	0.00	0.00	0.00	0.00
Finance Costs	(0.06)	(0.07)	(0.09)	(0.09)	(0.06)
Other Revenue/(Expenses)	(1.35)	(1.51)	(2.58)	(9.38)	5.17
Operating Profit/(Loss) before Tax	**10.84**	**16.86**	**23.16**	**23.96**	**21.44**
Non-Recurring Items	0.00	0.00	0.00	0.00	0.00
Share of Associates/Jointly-Controlled Entities Profits/(Losses)	0.00	0.00	0.00	0.00	0.00
Pre-Tax Profit/(Loss)	**10.84**	**16.86**	**23.16**	**23.96**	**21.44**
Taxation	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	**10.84**	**16.86**	**23.16**	**23.96**	**21.44**
Other Comprehensive Income	(2.14)	(1.16)	25.88	37.52	(19.13)
Total Comprehensive Income/(Loss)	**8.70**	**15.70**	**49.04**	**61.48**	**2.31**
Additional Disclosure:					
Net Profit Attributable to Non-Controlling Interests	0.00	0.00	0.00	0.00	0.00
Dividends - Ordinary Shares & Preference Shares	0.00	0.00	0.00	0.00	0.00

Financials

KEY RATIOS	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	30-Jun-21 (*unaudited*)	
PROFITABILITY (%):						
Gross Underwriting Margin	100.00%	100.00%	100.00%	100.00%	100.00%	
Net Underwriting Margin	6.11%	(2.53%)	12.58%	49.98%	47.25%	
Claims Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Commissions Ratio	(8.73%)	(9.58%)	(21.10%)	(16.55%)	(11.89%)	
Management Expenses Ratio	102.62%	112.11%	108.51%	66.57%	64.63%	
Combined Ratio	93.89%	102.53%	87.42%	50.02%	52.75%	
Operating Ratio	(77.15%)	(153.11%)	(158.98%)	(137.85%)	(116.40%)	
Pre-Tax Profit Margin	156.73%	231.39%	232.25%	170.47%	284.06%	
CAPITALISATION AND LEVERAGE (TIMES):						
Net Premiums Written / Equity	0.01	0.01	0.01	0.01	0.01	*
Net Leverage	0.06	0.06	0.07	0.08	0.07	
Financial Leverage Ratio (%)	0.00%	0.00%	0.00%	0.00%	0.00%	
INVESTMENT RISK PROFILE (%):						
Investment Yield	1.61%	2.26%	2.35%	2.15%	1.98%	*
Deposits / Total Invested Assets	4.70%	6.53%	10.24%	6.49%	14.17%	
Debt Securities / Total Invested Assets	94.84%	92.92%	89.17%	92.91%	85.27%	
Equity Securities / Total Invested Assets	0.00%	0.00%	0.00%	0.00%	0.00%	
LIQUIDITY (TIMES):						
Cash & Cash Equivalents / Net Insurance Contract Liabilities	0.18	0.16	0.05	0.04	0.03	
Liquid Assets / Net Insurance Contract Liabilities	19.85	20.55	15.72	14.90	16.38	
RESERVES ADEQUACY (%):						
Net Claims Reserves / Net Claims Incurred	n.a.	n.a.	n.a.	n.a.	n.a.	
Net Insurance Contract Liabilities / Net Earned Premiums	538.76%	608.89%	734.02%	593.16%	513.36%	*
OTHERS (%):						
Retention Ratio	75.89%	74.16%	68.59%	70.75%	69.46%	

Notes:
* annualised
n.a. = not available / not applicable

Financials

KEY FINANCIAL RATIOS	FORMULAE
PROFITABILITY (%):	
Gross Underwriting Margin	(Net Earned Premiums - Net Claims Incurred) / Net Earned Premiums
Net Underwriting Margin	[Net Earned Premiums - Net Claims Incurred - Net Fees and Commission Income/(Expenses) - Management Expenses] / Net Earned Premiums
Claims Ratio	Net Claims Incurred / Net Earned Premiums
Commissions Ratio	Net Fees and Commission Income/(Expenses) / Net Earned Premiums
Management Expenses Ratio	Management Expenses / Net Earned Premiums
Combined Ratio	Claims Ratio + Commissions Ratio + Management Expenses Ratio
Operating Ratio	Combined Ratio - [(Investment Income + Realised Gains/(Losses) on Financial Investments + Fair Value Gains/(Losses) on Financial Investments) / Net Earned Premiums]
Pre-Tax Profit Margin	Pre-Tax Profit/(Loss) / Net Earned Premiums
CAPITALISATION AND LEVERAGE (TIMES):	
Net Leverage	(Net Premiums Written + Total Liabilities - Reinsurance Asset) / Total Equity
Financial Leverage Ratio (%)	Total Debts / (Total Equity + Total Debts)
INVESTMENT RISK PROFILE (%):	
Total Invested Assets	Financial Investments + Loans & Receivables + Investment Properties
Investment Yield	(Investment Income + Realised Gains/(Losses) on Financial Investments + Fair Value Gains/(Losses) on Financial Investments) / Average Total Invested Assets
LIQUIDITY (TIMES):	
Liquid Assets / Net Insurance Contract Liabilities	(Cash & Cash Equivalents + Deposits + Quoted Financial Investments (excluding Financial Investments Held-to-Maturity or Financial Investments at Amortised Cost) + Government Securities) / Net Insurance Contract Liabilities
OTHERS (%):	
Retention Ratio	Net Premiums / Gross Premiums

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