# CREDIT RATING RATIONALE

FINANCIAL ENHANCEMENT RATINGS

RAM
RATINGS


## Credit Guarantee and Investment Facility

- Financial Enhancement Ratings

December 2015

# CREDIT RATING RATIONALE
## FINANCIAL ENHANCEMENT RATINGS
December 2015

# Credit Guarantee and Investment Facility
Rating Review

**Ratings**

Financial Enhancement Ratings:

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

**Last Rating Action**
14 January 2015

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**Related Criteria, Methodologies and Publications**
i. Approach to Rating a Financial-Guarantee Insurance Company, May 2009
ii. Rating Approach for Government-Linked Entities, August 2011
iii. 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) ratings reflects the Fund's solid capitalisation and leverage, as well as its strong liquidity position that stems from a conservative investment strategy. The ratings further factor in the Fund's government sponsorship and the high likelihood of support from its ASEAN+3 capital contributors and the Asian Development Bank (ADB).

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## Rating Drivers

\+ **Government sponsorship.** CGIF was established as part of the Asian Bond Markets Initiative (ABMI) to develop and promote the integration of local-currency bond markets in ASEAN. CGIF's credit enhancement enables creditworthy issuers to access regional local-currency bond markets, facilitating more effective mobilisation of savings within the region. Given its mandate and as the only government-sponsored financial guarantee insurer (FGI) in the Asian region, we view the likelihood of extraordinary support from the Fund's key capital contributors (the People's Republic of China, Japan and the Republic of Korea) and ADB (that also acts as the Fund's trustee) as "high"[1], in the event that support is required.

\+ **Low leverage.** CGIF's leverage[2] remained conservative at 0.8 times as at end-October 2015, supported by the Fund's careful risk selection and prudential limits in maintaining the credit quality of its portfolio. Should all of its current pipeline deals materialise, CGIF's leverage is projected to reach 1.0 time by end-2015 and 1.4 times by end-2016 – after which the Fund would most likely need to increase its paid-up capital in order to grow its portfolio whilst maintaining its leverage within RAM's benchmark limit of 2.0 times for its $_{g}$AAA ratings. Meanwhile, CGIF boasts solid capital quality as it is funded wholly by equity, with no debt leverage.

\+ **High-quality investments.** The bulk of CGIF's invested assets comprise deposits and a globally diversified pool of fixed-income securities of financial institutions and government-linked entities, with more than 90% rated at least AA (global scale). As at 30 June 2015, CGIF's liquidity stress tests indicate sufficient liquidity to support potential claims, with the average outstanding guarantee at about US$78 million per issuer vis-à-vis the Fund's invested assets of US$719.0 million.

\- **Slow business traction.** CGIF's business has been relatively slow to gain traction against our earlier expectations – with the conclusion of only 1 new transaction in 2015. This is partly due to limited market awareness of the Fund's credit enhancement facility and mechanism, particularly in nascent bond markets. Additionally, the management has maintained careful risk selection in its underwriting process with a view to building a sturdy franchise in the Fund's initial years. However, we have observed some acceleration in the pace of business growth since 2H 2014 and expect CGIF to fully leverage its initial capital of US$700 million within the next 12 to 18 months.

\- **Concentration risk.** Although its portfolio is geographically diversified in the ASEAN region, the Fund is inherently exposed to a relatively high degree of concentration risk, given its small

[1] As defined in RAM's Rating Approach for Government-Linked Entities.
[2] Defined as the notional value of the net total sum insured over total available capital.

portfolio size and monoline focus. CGIF's guarantee portfolio stood at a modest US$587 million equivalent as at end-October 2015, with 7 issuers since the commencement of its operations in 2012. Mitigating the higher risk is the credit profile of the underlying issuers and the Fund's risk management practices, which include at least an annual review of the issuers' operations and performance.

## Rating Outlook: Stable

- The stable rating outlook reflects our view that CGIF will preserve its current performance metrics and keep its leverage below 2.0 times while maintaining prudent underwriting standards and risk management, and strong liquidity.

## Rating Triggers

- Upside potential: CGIF's ratings are already the highest.

- Downward pressure: The ratings may come under pressure should we believe that the Fund ceases to benefit from a "high" likelihood of extraordinary support from key capital contributors and ADB. Adverse claims, as well as portfolio growth without concurrent capital augmentation that would increase the Fund's leverage beyond our limit of 2.0 times, are also negative rating triggers. CGIF's inability to further expand its portfolio to a meaningful size to support business operations and overheads would be another rating concern.

## Company Profile

Established in November 2010 under the ABMI, CGIF has a mandate to facilitate the development of local-currency bond markets within ASEAN. CGIF provides credit enhancement that enables viable investment-grade companies in ASEAN+3 countries to issue cross-border local-currency bonds, and for regional investors to subscribe to them. The Fund's US$700 million capital base is jointly contributed by Japan Bank for International Cooperation and the People's Republic of China (28.6% each), ADB (18.6%), the Republic of Korea (14.3%) and 10 ASEAN countries (collectively, 9.9%). ADB provides trustee services for the management of CGIF's investments. As a trust fund of the ADB, CGIF is exempt from national jurisdiction and regulations that govern insurance companies in their respective home countries.

## Peer Comparison

**Table 1: Peer Comparison**

| | Credit Guarantee and Investment Facility | | Danajamin Nasional Berhad^ | | National Public Finance Guarantee Corp. | |
|---|---|---|---|---|---|---|
| Ratings | AAA/Stable/P1 | | AAA/Stable/P1 | | Not rated | |
| FY | Dec 2013 | Dec 2014 | Dec 2013 | Dec 2014 | Dec 2013 | Dec 2014 |
| Net earned premiums (USD mil) | 0.4 | 1.3 | 25.1 | 27.3 | 374.8 | 316.4 |
| Pre-tax profit/(loss) (USD mil) | 2.7 | 3.6 | 32.8 | 34.5 | 392.0 | 326.3 |
| Total assets (USD mil) | 718.0 | 740.5 | 518.3 | 555.0 | 5,339.7 | 5,142.4 |
| Claims ratio (%) | 0% | 0% | 0% | 0% | 18.3% | 27.9% |
| Management expenses ratio (%) | n.m. | n.m. | 36.9% | 32.5% | 20.3% | 15.8% |
| Combined ratio (%) | n.m. | n.m. | 36.9% | 32.5% | 38.6% | 43.6% |
| Investment yield (av.) (%) | 1.1% | 1.2% | 3.5% | 3.6% | 3.1% | 2.6% |
| Net insurance contract liabilities / net earned premiums (%) | 421.2% | 1,701.9% | 692.8% | 503.2% | 424.5% | 430.6% |
| Liquid assets / insurance contract liabilities (times) | 195.2 | 20.6 | 2.1 | 2.7 | n.a. | n.a. |
| Leverage ratio (times) | 0.2 | 0.7 | 5.2 | 4.3 | 83.2 | 66.5 |

*Sources: CGIF, Danajamin and National Public Finance Guarantee Corporation.*

*^ Translated from the reporting currency, the ringgit, using average exchange rates for the respective financial periods, to facilitate a comparison.*

*n.a. = not available/not applicable*

*n.m. = not meaningful*

## Business Risk Profile

- **Developmental mandate.** In line with its mandate, CGIF prioritises transactions with a developmental impact on respective local-currency bond markets in the ASEAN region. It aims to enable creditworthy issuers (especially those in less-developed economies) to tap regional bond markets, promote debt securities with longer maturities and match regional Asian investors with these issuers. As a pioneer regional FGI in Asia, CGIF's key focus in the early years of operations is to build a quality portfolio via careful risk selection in order to establish a sturdy franchise for future sustainability. Having guaranteed corporate bonds in the last few years, the Fund expects to broaden its focus to project bonds in the next 5-10 years, while endeavouring to develop local-currency debt markets in Brunei, Cambodia, the Lao People's Democratic Republic (Lao PDR), and Myanmar.

- **Business traction slower than expected.** In operation since May 2012, CGIF has evaluated over 100 fundraising opportunities from ASEAN+3 issuers. To date, the Fund has guaranteed 7 issues denominated in various ASEAN local currencies. Business growth has been slower than initially anticipated, in part due to market incognisance of the Fund's guarantee mechanism as well as being constrained by capital and the prudential limits in place, which caps CGIF at about 2 to 3 issuers per country[3]. Based on current deals in the pipeline, CGIF expects to guarantee some US$550 million of bonds in the next 12 months.

- **Operational review concluded with minor operational changes.** As required by its policies, the Fund undertook an operational review in 2014 to evaluate the effectiveness of its operations in the first 2 years since inception. The review covered the identification of future opportunities in ASEAN markets and various measures to streamline CGIF's guarantee operations, such as the fine-tuning of internal policies including the refinement of prudential

[3] Based on a single-borrower limit of US$140 million and CGIF's country limit of US$350 million, approximately.

limits[4] in line with the adoption of the Global Industry Classification Standard[5] (GICS) to monitor sector and industry concentration, and a clear definition of the roles of the Fund's key departments, among others.

## Insured Portfolio

**Table 2: CGIF's guarantee portfolio**

| No. | Entity (Country) | Sector | Insured amount in US$ equivalent (local currency)[1] | Status |
|---|---|---|---|---|
| 1 | Noble Group Limited (China) | Industrial | 80.0 million (THB2.9 billion) | Issued |
| 2 | PT BCA Finance (Indonesia) | Financial | 30.6 million (IDR420 billion[2]) | Issued |
| 3 | Kolao Holdings (Lao PDR) | Consumer Discretionary | 42.8 million (SGD60 million) | Issued |
| 4 | Protelindo Finance BV (Indonesia) | Telecommunication Services | 128.5 million (SGD180 million) | Issued |
| 5 | MasanConsumerHoldings Company Limited (Vietnam) | Consumer Staples | 94.1 million (VND2.1 trillion) | Issued |
| 6 | PT Astra Sedaya Finance (Indonesia) | Financial | 71.4 million (SGD100 million) | Issued |
| 7 | IVL Singapore Pte Ltd (Thailand) | Materials | 139.2 million (SGD195 million) | Issued |
| | | ***Total of current portfolio*** | ***586.6 million*** | |

*Source: CGIF*

[1]*Translated as at 31 October 2015.*

[2]*Comprises 2 tranches – Tranche 1: IDR300 billion; Tranche 2: IDR120 billion.*

- **Marginal portfolio expansion.** In 2015, CGIF's portfolio comprised 7 large corporate issuers from China, Indonesia, Lao PDR, Vietnam and Thailand, whose principal activities span various sectors. Since our last review in 2014, only 1 new transaction had been concluded in 2015 due to slower economic growth in the region and circumspect issuers. Constrained by its guarantee capacity and prudential limits, CGIF continues to prioritise landmark deals which include facilitating cross-border transactions and first-time issuers, among others. As at end-October 2015, the Fund's total insured portfolio stood at US$587 million and is anticipated to grow to US$856 million by early-2016 on the completion of legal documentation for 3 deals in the pipeline. Coupled with scheduled redemptions in 2016, the materialisation of other deals currently under due diligence could grow the portfolio to US$1.0 billion by end-2016.

- **Careful due diligence to manage credit risk.** Based on CGIF's internal grading system, the Fund's portfolio carries an average internal risk rating (IRR) of 6.0, which is approximately equivalent to an international rating of BB+. CGIF's risk framework stipulates that the principal eligibility criterion for an issuer is an IRR of 7.0 or lower, with 1.0 being the highest on a scale of 1 to 10. As the Fund's portfolio comprises issuers from various ASEAN countries, some of their IRR ratings are necessarily constrained by non-investment grade or low sovereign ratings. However, we note that most of the issuers have relatively satisfactory financial profiles and in some cases, are market leaders in their respective industries and/or countries. To date, the Fund's portfolio credit risk has remained benign, with no guarantee calls since its inception. We are comforted by CGIF's stringent due diligence process, through which the Fund's portfolio is

[4] Industry and sector limits have been revised to US$350 million and US$700 million, respectively.

[5] An industry classification system jointly developed by S&P Dow Jones Indices LLC and MSCI Inc.. This system is also used by ADB.

expected to be maintained moving forward.

- **Concentration risk.** Given CGIF's small portfolio size and lumpy exposure to private-sector corporate issuers, the Fund is inherently exposed to concentration risk and to the economic and business stress of countries within its portfolio. The Fund's underlying portfolio credit quality and risk management practices which include various prudential country and sector limits moderate this risk to some extent.

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## Capital Adequacy and Leverage

- **Leverage ratio within rating limit.** CGIF's capital adequacy and leverage are key considerations in our assessment of the Fund's financial strength, given its monoline business and concentration risk. While the Fund's leverage remained low at 0.8 times as at end-October 2015, it may reach 1.4 times by end-2016, should all transactions in the pipeline amounting to some US$550 million materialise. For CGIF to maintain its current ratings, significant business expansion beyond this would necessitate additional capital which requires an affirmative vote of at least two-thirds of the contributors. In this regard, management has proposed to the Fund's capital contributors to have its capital as well as guarantee capacity doubled, though the said proposal is currently in the initial stages of discussion.

- **Sound capital quality.** CGIF boasts solid capital quality, currently having no debt leverage. The Fund's operational policies permit borrowing, but strictly for cash management purposes only. Furthermore, CGIF has consistently maintained a capital reserve, which stood at US$16.9 million as at end-June 2015, having allocated 100% of net profits to the reserve every financial year since inception. A concurrent default of its lowest-rated issuers could potentially deplete about 31% of CGIF's capital, a situation that the Fund would be able to withstand given its strong and highly liquid investments.

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## Risk Management

- **Prudent risk framework in place.** CGIF's risk management framework entails a well-defined risk-governance structure with a prudent underwriting process. The Fund's underwriting process involves internal credit assessments by the Deal Operations Department, which are independently validated by various parties such as the Risk Management Department, the Guarantee and Investment Committee and an external advisory panel, after which the final approval of the Board is required. The Fund also obtains a bilateral risk rating from an independent third party if the potential issuer does not have an existing rating from a rating agency. Operational measures to monitor credit risks as well as market risks are in place, where reviews are conducted for underlying issuers annually, or as and when there is a material change in the issuer's financial condition.

- **Prudential limits observed.** CGIF has in place various prudential limits – its country limit is capped at US$350 million and its currency limit at US$700 million. Other limits include sector, industry, group and single-obligor exposure. In the review period, the Fund adopted the Global Industry Classification Standard to monitor industry and sector concentration and alongside this, introduced an industry limit of US$350 million and revised the sector limit to US$700 million. Our review indicates the Fund is in compliance with these limits. Moving forward, CGIF expects to revise its prudential limits when paid-up capital is scaled up to US$1.4 billion, in order to further diversify its insured portfolio and broaden its developmental focus.

## Financial Performance

- **Earnings still driven by investment income.** CGIF's revenue rose 49.9% y-o-y to US$7.3 million in 1H FY Dec 2015, on the back of the growth of its insured portfolio. Guarantee income expanded by US$1.8 million to US$2.2 million – making up 30.1% of revenue (1H FY Dec 2014: 7.9%) – while investment income grew 9.9% to US$4.4 million. Based on the Fund's average premium rate of about 0.9%, full-year premiums from an insured portfolio of about US$1.3 billion would be necessary if operating expenses are to be covered solely by premiums. Going forward, if existing deals in the pipeline materialise, we expect guarantee fees to contribute up to 50% of CGIF's revenue post-FY Dec 2016.

## Investment Assets & Liquidity Profile

- **Highly liquid low-risk investments.** The Fund maintains a conservative investment strategy, with the primary objectives of capital and liquidity preservation. CGIF's invested assets are currently managed by its trustee, ADB. As at end-June 2015, almost all of the Fund's US$719.0 million of invested assets comprised deposits and a globally diversified pool of fixed-income securities of highly rated financial institutions and government-linked entities, with 94.5% rated at least AA on a global scale. To monitor liquidity, the Fund conducts quarterly liquidity stress tests on its portfolio. As at 30 June 2015, these tests indicated sufficient liquidity in the event of claims, given that the average outstanding guarantee is about US$78 million per issuer vis-à-vis the Fund's invested assets of US$719.0 million.

# Corporate Information

| | | |
|---|---|---|
| **Date of Incorporation** | 12 November 2010 | |
| **Commencement of Business** | 1 May 2012 | |
| **Capital Contributors** | People's Republic of China | 28.6% |
| | Japan Bank for International Cooperation | 28.6% |
| | Republic of Korea | 14.3% |
| | ASEAN Countries | 9.9% |
| | Asian Development Bank | 18.6% |
| **Directors** | Mr Jian Li (People's Republic of China) (Chairperson) | |
| | Ms JunHong Chang (People's Republic of China) | |
| | Mr Fumihiko Yamada (Japan) | |
| | Mr Tsutomu Sato (Japan) | |
| | Mr Chang-ho Jung (Republic of Korea) | |
| | Mr Robert Pakpahan (ASEAN) | |
| | Ms Christine Engstrom (ADB) | |
| | Mr Kiyoshi Nishimura (CGIF) | |
| **Auditor** | Deloitte & Touche LLP | |
| **Listing** | n.a. | |
| **Key Management** | Mr Kiyoshi Nishimura | Chief Executive Officer |
| | Mr Aarne Dimanlig | Chief Risk Officer |
| | Mr Boo Hock Khoo | Vice President, Operations |
| | Mr TongSop Song | Chief Financial Officer |
| | Mr Gene Soon Park | General Counsel |
| | Mr Hou Hock Lim | Corporate Planner & Head of Budget, Planning, Personnel & Management Systems |
| | Ms Jackie Bang | Internal Audit |
| **Major Subsidiaries** | n.a. | |

# Financials

| STATEMENT OF FINANCIAL POSITION (USD million) | 31-Dec-11 | 31-Dec-12 | 31-Dec-13 | 31-Dec-14 | 30-Jun-15 *unaudited* |
|---|---|---|---|---|---|
| Property, Plant & Equipment | 0.22 | 0.45 | 0.56 | 0.20 | 0.21 |
| Investment Properties | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Goodwill & Intangibles | 0.00 | 0.00 | 0.21 | 0.30 | 0.23 |
| Investments in Subsidiaries/Associates/Jointly-Controlled Entities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financial Investments at Fair Value Through Profit or Loss | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financial Investments Available-For-Sale[1] | 421.21 | 623.98 | 704.60 | 681.34 | 657.24 |
| Financial Investments Held-To-Maturity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Loans & Receivables[2] | 264.72 | 88.01 | 8.00 | 35.66 | 64.11 |
| Reinsurance Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Insurance Receivables | 0.00 | 0.00 | 1.18 | 20.73 | 18.34 |
| Other Assets | 0.09 | 0.54 | 0.37 | 0.34 | 0.39 |
| Cash & Cash Equivalents | 1.33 | 1.71 | 3.05 | 1.91 | 1.89 |
| **Total Assets** | **687.57** | **714.70** | **717.97** | **740.49** | **742.40** |
| | | | | | |
| Insurance Contract Liabilities | 0.00 | 0.00 | 1.77 | 22.50 | 20.30 |
| 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 | 0.99 | 0.84 | 0.98 | 1.49 | 0.57 |
| **Total Liabilities** | **0.99** | **0.84** | **2.74** | **23.99** | **20.87** |
| | | | | | |
| Equity Share Capital | 681.10 | 700.00 | 700.00 | 700.00 | 700.00 |
| 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[3] | (1.05) | 3.22 | 1.87 | (0.41) | 0.44 |
| Other Reserves | 0.00 | 6.53 | 10.64 | 13.36 | 16.91 |
| Retained Profits/(Accumulated Losses) | 6.53 | 4.11 | 2.72 | 3.55 | 4.19 |
| Non-Controlling Interests | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total Equity** | **686.58** | **713.86** | **715.23** | **716.50** | **721.53** |
| **Total Liabilities + Total Equity** | **687.57** | **714.70** | **717.97** | **740.49** | **742.40** |

[1] *Include accrued interest income of US$1.59 million, US$2.89 million, US$3.23 million, US$4.09 million and US$2.38 million as at 31-Dec-11, 31-Dec-12, 31-Dec-13, 31-Dec-14, and 30-Jun-15 respectively.*

[2] *Comprise of time deposits.*

[3] *Mark-to-market gains of investments classified as available-for-sale.*

# Financials

| | | | | | *unaudited* |
|---|---|---|---|---|---|
| **STATEMENT OF COMPREHENSIVE INCOME (USD million)** | **31-Dec-11** | **31-Dec-12** | **31-Dec-13** | **31-Dec-14** | **30-Jun-15** |
| Gross Premiums | 0.00 | 0.00 | 0.42 | 1.32 | 2.20 |
| Premiums Ceded to Reinsurers | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Net Premiums** | **0.00** | **0.00** | **0.42** | **1.32** | **2.20** |
| Change in Premium Liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Net Earned Premiums** | **0.00** | **0.00** | **0.42** | **1.32** | **2.20** |
| 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) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Management Expenses | (0.62) | (3.21) | (4.70) | (5.84) | (2.60) |
| **Underwriting Profit/(Loss)** | **(0.62)** | **(3.21)** | **(4.28)** | **(4.52)** | **(0.40)** |
| Investment Income | 3.41 | 8.01 | 7.65 | 8.31 | 4.40 |
| Realised Gains/(Losses) on Financial Investments | 3.64 | 0.00 | 0.00 | 0.49 | 0.22 |
| Fair Value Gains/(Losses) on Financial Investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Finance Costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Revenue/(Expenses) | (0.58) | (0.69) | (0.65) | (0.73) | (0.03) |
| **Operating Profit/(Loss) before Tax** | **5.85** | **4.11** | **2.72** | **3.55** | **4.19** |
| 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)** | **5.85** | **4.11** | **2.72** | **3.55** | **4.19** |
| Taxation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Net Profit/(Loss)** | **5.85** | **4.11** | **2.72** | **3.55** | **4.19** |
| Other Comprehensive Income | (1.04) | 4.27 | (1.35) | (2.28) | 0.85 |
| **Total Comprehensive Income/(Loss)** | **4.81** | **8.38** | **1.37** | **1.27** | **5.04** |
| 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-11 | 31-Dec-12 | 31-Dec-13 | 31-Dec-14 | 30-Jun-15 *unaudited* |
|---|---|---|---|---|---|
| **PROFITABILITY (%):** | | | | | |
| Gross Underwriting Margin | n.a. | n.a. | 100.00% | 100.00% | 100.00% |
| Net Underwriting Margin | n.a. | n.a. | (1,021.72%) | (341.98%) | (17.97%) |
| Claims Ratio | n.a. | n.a. | 0.00% | 0.00% | 0.00% |
| Commissions Ratio | n.a. | n.a. | 0.00% | 0.00% | 0.00% |
| Management Expenses Ratio | n.a. | n.a. | 1,121.72% | 441.98% | 117.97% |
| Combined Ratio | n.a. | n.a. | 1,121.72% | 441.98% | 117.97% |
| Operating Ratio | n.a. | n.a. | (703.58%) | (223.45%) | (91.61%) |
| Pre-Tax Profit Margin | n.a. | n.a. | 648.69% | 268.38% | 190.06% |
| **CAPITALISATION AND LEVERAGE (TIMES):** | | | | | |
| Net Premiums Written / Equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 * |
| Net Leverage | 0.00 | 0.00 | 0.00 | 0.04 | 0.03 |
| Financial Leverage Ratio (%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Capital Adequacy Ratio (%) | n.a. | n.a. | n.a. | n.a. | n.a. |
| Fixed Charge/Interest Coverage | n.a. | n.a. | n.a. | n.a. | n.a. |
| **INVESTMENT RISK PROFILE (%):** | | | | | |
| Investment Yield | 1.03% | 1.15% | 1.07% | 1.23% | 1.28% * |
| Deposits / Total Invested Assets | 38.59% | 12.36% | 1.12% | 4.97% | 8.89% |
| Debt Securities / Total Invested Assets | 61.18% | 87.23% | 98.42% | 94.46% | 90.78% |
| Equity Securities / Total Invested Assets | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **LIQUIDITY (TIMES):** | | | | | |
| Cash & Cash Equivalents / Net Insurance Contract Liabilities | n.a. | n.a. | 1.73 | 0.08 | 0.09 |
| Liquid Assets / Net Insurance Contract Liabilities | n.a. | n.a. | 195.23 | 20.58 | 23.09 |
| **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 | n.a. | n.a. | 421.24% | 1,701.89% | 460.41% * |
| **OTHERS (%):** | | | | | |
| Retention Ratio | n.a. | n.a. | 100.00% | 100.00% | 100.00% |

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) |
| Capital Adequacy Ratio (%) | Total Capital Available / Total Capital Required |
| Fixed Charge/Interest Coverage | Operating Profit/(Loss) before Depreciation, Interest & Tax / Finance Costs |
| **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) + Government Securities) / Net Insurance Contract Liabilities |
| **OTHERS (%):** | |
| Retention Ratio | Net Premiums / Gross Premiums |

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