CREDIT RATING RATIONALE

INSURER FINANCIAL STRENGTH RATINGS

RAM
RATINGS

Credit Guarantee and Investment Facility

- Global Insurer Financial Strength Rating
- ASEAN Insurer Financial Strength Rating
- Insurer Financial Strength Rating

January 2020

CREDIT RATING RATIONALE
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January 2020

Credit Guarantee and Investment Facility
Rating Review

Ratings

Insurer Financial Strength 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
19 January 2019

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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) ratings considers improvements in its business traction, its conservative leverage and strong liquidity. The ratings also reflect CGIF's policy mandate to develop the bond markets in the ASEAN region, the sponsorship and continued support of its contributors – the governments of China, Japan, Korea and the 10 ASEAN countries (collectively, ASEAN + 3) as well as the Asian Development Bank (ADB) – and the Fund's strong operational ties with the development bank.

Rating Drivers

\+ **Government sponsorship and developmental role.** CGIF was established as part of the Asian Bond Markets Initiative (ABMI) with a mandate to develop and promote the integration of 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 increase cross-border transactions and facilitate greater intra-regional capital flows. The Fund's capital contributors[1] have demonstrated support for its cause, as evidenced by a recently planned USD500 mil capital increase. To date, CGIF has received commitments for the subscription of USD449 mil of additional capital contributions, which will be received in stages by 2023.

\+ **Conservative leverage.** In 2019, CGIF has guaranteed an additional six new deals, increasing its guarantee portfolio to USD1.6 bil (end-December 2018: USD1.1 bil). Including deals closed in 2019 and additional capital contributions, our assessment indicates the Fund's leverage (as defined in RAM's Leverage Guidelines for Financial Guarantee Insurance Companies) is estimated at 1.0 time as at end-2019, comfortably below RAM's threshold of 2.0 times for its ratings. Notably, the Fund's capital base remains fully funded by equity, with no debt leverage.

\+ **Low-risk and liquid investments.** CGIF maintains a conservative investment strategy with the objective of preserving capital and liquidity. As at end-September 2019, 93.5% of its invested assets comprised fixed-income securities of financial institutions and government-linked entities, rated A+ or higher on the international scale. Deposits made up the rest. The Fund's investment portfolio is geographically diversified, with investments in Europe, Asia Pacific and North America. CGIF's liquidity position remains strong, supported by USD1.2 bil of highly liquid assets as at end-September 2019 – a comfortable buffer to meet liquidity needs should claims arise.

\- **Despite some traction, guarantee portfolio below capacity.** CGIF issued guarantees for six new deals in 2018, a record number since its establishment. In 2019, the Fund had issued guarantees of USD491 mil in respect of another six new deals. Although outstanding guarantees grew to USD1.6 bil, the progress of new deals is expected to remain measured, particularly in emerging ASEAN economies where bond market infrastructure is limited. Internal exposure limits may also cap growth, alongside adherence to stringent environmental and social safeguards in line with ADB's policies. The Fund's pre-tax earnings are still primarily derived from investment income, which contributed to improved pre-tax earnings of USD16.9 mil in FY Dec 2018 (FY Dec 2017: USD10.8 mil).

[1] All 10 ASEAN countries – the Philippines, Indonesia, Malaysia, Singapore, Thailand, Brunei, Vietnam, Cambodia, Laos and Myanmar. Other contributors outside of ASEAN are Japan, China, Korea. ADB isthe only non-sovereign contributor.

- **Concentration risk.** The small portfolio renders CGIF inherently susceptible to concentration risk. While sufficiently diversified by sector, geographically, the Fund has a large exposure to companies in Vietnam (42%) and Thailand (17%). Guarantees extended to companies in Vietnam were USD680 mil as at end- December 2019, almost reaching the Fund's internal risk appetite. Mitigating the higher concentration, many of the underlying issuers are leading corporates with a sizeable presence in their respective markets. Going forward, the Fund will slowly shift its efforts towards developing local-currency debt markets in Brunei, Cambodia, Laos and Myanmar.

Rating Outlook: Stable

- The stable rating outlook reflects our expectation that CGIF's leverage and liquidity will stay supportive of its ratings and that support from capital contributors will remain forthcoming. The Fund's comprehensive underwriting and risk management practices are also anticipated to be upheld as it pursues new business growth in developing debt markets.

Rating Triggers

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

- Downward pressure: The ratings would come under pressure should the Fund's leverage exceed our 2.0-time threshold for its current ratings. Other negative rating triggers include heightened portfolio credit risks or adverse claims development. The Fund's inability to further expand its portfolio to a meaningful size over the medium to long-term could also be a rating concern.

Company Profile

CGIF is a trust fund of the ADB, established in November 2010 under the ABMI. Its mandate is to facilitate the development of local-currency bond markets in the ASEAN+3 region. The Fund's credit enhancement enables viable investment-grade companies, based on local rating standards, to issue local-currency bonds, and regional investors to subscribe to them. As a trust fund of the ADB, CGIF is exempt from national jurisdiction rules and regulations that govern insurance companies in their respective home countries. ADB holds in trust and manages all of CGIF's funds and other properties.

At inception, the Fund's initial capital of USD700 mil 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 10 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 billion, to boost its future guarantee capacity. To date, CGIF has received commitments for the subscription of USD449 mil[2] of additional capital contributions, USD328 mil of which has been received. The remaining contributions will be made in stages by 2023. Based on commitments received to date, China and Japan will stay CGIF's key capital contributors (each 29.8%), followed by ADB (15.7%). As the share subscription offered is not compulsory, a decision

[2] As of end-2019, a total of USD328 mil had been received from Japan and China (USD142.8 mil each), Singapore and the Philippines (USD9.0 mil each), Cambodia and Laos (USD0.1 mil each) and Korea (USD23.8 mil). Indonesia, Thailand, Malaysia and Vietnam have submitted contribution schedules to CGIF including subscribed amounts and the timeline for payment. The contribution schedules for Brunei and Myanmar are still pending.

on the reallocation of any unsubscribed quota[3] will be decided at a contributors meeting in 2020.

In May 2019, the Fund announced that Ms GuiYing Sun would take the helm as CEO. Meanwhile, the appointment of a Deputy CEO / Chief Risk Officer and a clearer segregation of the credit monitoring and institutional risk functions have streamlined the organisation structure. CGIF's environmental, social and governance initiatives are aligned with ADB's policies which aim to ensure the environmental soundness and sustainability of projects and to integrate environmental considerations into decision-making processes. The Fund's investing and guarantee decisions require a careful evaluation of deals involving environmentally sensitive industries and other social factors. The Fund has recently formalised the adoption of ADB's safeguard policies into its institutional risk framework.

Peer Comparison

Table 1: Peer Comparison

	CGIF		Danajamin Nasional Berhad	
Ratings	AAA/Stable/P1 $_{sea}$AAA/Stable/$_{sea}$P1 $_{g}$AAA/Stable/$_{g}$P1		AAA/Stable/P1	
FY	Dec 2018	Sept 2019	Dec 2017	Dec 2018
Net earned premiums (USD mil)	7.3	7.4	19.0^	20.3^
Pre-tax profit/(loss) (USD mil)	16.9	14.8	26.6^	29.16^
Total assets (USD mil)	957.8	1,207.4	673.9^	681.4^
Claims ratio (%)	0.0	0.0	0.0	0.0
Management expenses ratio (%)	112.1	97.8	47.6	52.6
Combined ratio (%)	102.5	85.5	47.6	52.6
Investment yield (%)	2.3	2.3*	3.7	4.2
Net insurance contract liabilities / net earned premiums (%)	608.9	554.1	616.7	501.2
Liquid assets / net insurance contract liabilities (times)	20.6	21.1	3.5	4.2
Leverage ratio (times)	0.9	0.9	3.6	2.8

Source: CGIF, Danajamin,

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

** Annualised*

Business Risk Profile

- **Developmental role.** CGIF was established to develop and strengthen local-currency and regional bond markets in the ASEAN+3 region and to 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's prioritises transactions that have a developmental impact.

- **Despite some traction, guarantee portfolio still below capacity.** CGIF issued guarantees for six new deals in 2018, a record number since its establishment. In 2019, the Fund had issued guarantees of USD491 mil in respect of another six new deals. With bond guarantees from Vietnamese corporates almost reaching the Fund's internal risk appetite, CGIF will shift its focus to countries such as Indonesia and the Philippines, as well as those with underdeveloped bond

[3] Malaysia and ADB have partially subscribed for their allotted shares, while notices from Brunei and Myanmar have not been received.

markets such as Brunei, Cambodia, Laos and Myanmar. The progress of new deals is expected to remain measured, particularly in emerging ASEAN economies where bond market infrastructure is limited. Internal exposure limits and strict adherence to environmental and social safeguards in line with ADB's policies may also pose challenges to growth.

- **Catalyst for regional bond market development.** In keeping with its developmental mandate, CGIF's portfolio includes guarantees for project bonds, green bonds and securitisation transactions. In 2018, the Fund issued its first guarantee for bonds issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) in the Philippines. It is currently conducting a feasibility study on the establishment of an Infrastructure Investor Partnership (IIP), a structure which will provide credit enhancements for infrastructure projects in the ASEAN region, utilising local-currency domestic savings in developed countries.

- **Shifting focus to untapped markets.** Recent market development initiatives have included supporting the Securities and Exchange Commission of Cambodia's (SEC) development of regulations for corporate bonds. This will set the stage for future issuances of CGIF-guaranteed domestic currency bonds in the country, two of which are in the pipeline.

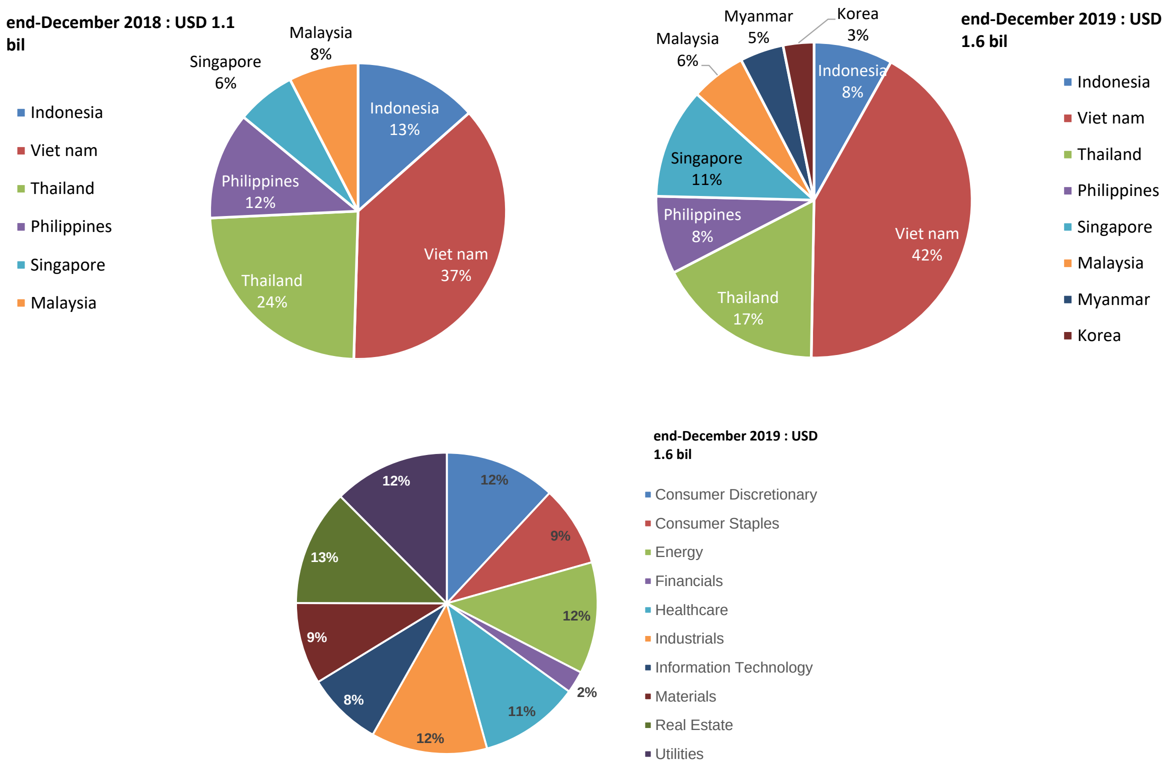
Insured Portfolio

Table 2: CGIF's guarantee portfolio

(US$ mil)	FY Dec 2015	FY Dec 2016	FY Dec 2017	FY Dec 2018	FY Dec 2019
Issued during the period	137.5	394.5	72.3	302.4	491.1
Redemptions during the period	-	103.3	127.9	-	20.6
Outstanding at the end of the period^	580.1	864.7	858.2	1131.0	1,608.8
Number of issuers	**7**	**11**	**10**	**15**	**20**

Figures translated using exchange rates as at end of each financial period.
^ Running balances do not add up due to exchange rate differences.
Sources: RAM Ratings, CGIF

Figure 1: Breakdown of total insured portfolio by country of issuer and sector



Source: CGIF, RAM Ratings

- **Record guarantee issuances in 2018.** After a record year with guarantees issued for six new deals in FY Dec 2018, CGIF's guarantee portfolio grew to USD1.6 bil as at end-December 2019 (end-December 2018: USD1.1 bil). In 2019, the Fund had extended guarantees to another six new issuers which cumulatively issued USD491 mil of bonds. CGIF's portfolio comprised 20 issuers as at end-December 2019, spread across 10 sectors in eight countries, including issuances from corporates in new countries such as Korea and Myanmar. As at end-December 2019, the Fund's largest exposures are almost evenly split between the real estate, industrials, utilities, energy, consumer discretionary and healthcare sectors.

- **Moderate credit risk.** CGIF uses an internal credit risk model which rates an entity on a 1 to 10 scale, with 1 being the best credit[4]. Given a larger proportion of guarantees extended to corporates in lower-rated countries, the Fund's exposure to non-investment-grade obligors has increased over time but on average, CGIF's average portfolio rating is still in line with an international rating of BB. Portfolio credit risks are mitigated by the profile of the obligors, most of which are market leaders in their respective industries and have relatively satisfactory financial profiles. To date, the Fund has not had a claim on any of its guarantees.

- **Concentration risk.** CGIF's small portfolio renders it inherently susceptible to concentration risk as well as the economic and business stress of issuers in its portfolio. While its guarantee portfolio is sufficiently diversified by sector, geographically, the Fund has a large exposure to companies in Vietnam (42%) and Thailand (17%). Guarantees extended to Vietnamese corporates were approximately USD680 mil as at end-December 2019 (end-December 2018: USD419 mil). The Fund's comprehensive risk management practices, which include various

[4] The internal credit risk ratings are mapped to S&P's international-scale ratings. Under CGIF's underwriting guidelines, the maximum acceptable risk rating (MARR) is 7, which is approximately BB- on S&P's international rating scale.

country and sector limits, moderate concentration risk to some extent.

Capital Adequacy and Leverage

- **Leverage ratio remains within rating limit.** Leverage and capital adequacy are key rating considerations in our assessment of CGIF's financial strength, in view of its monoline focus and portfolio risk profile. Including deals closed in 2019 and additional capital contributions, our assessment indicates the Fund's leverage (as defined in RAM's Leverage Guidelines for Financial Guarantee Insurance Companies) is estimated at 1.0 times as at end-2019, comfortably below RAM's threshold of 2.0 times for its ratings Should remaining pipeline deals materialise in 2020, CGIF's leverage is estimated to rise to about 1.4 times, still well within RAM's thresholds of 2.0 times for its ratings. The Fund's capital base remains fully funded by equity, with no debt leverage.

- **Sturdy capitalisation.** CGIF measures and monitors a risk-based capital adequacy ratio (CAR) that is adjusted for concentration risk. Its CAR stayed at 29% as at end-September 2019 – above the Fund's internal limit of 8.8%. CGIF also maintains a capital reserve, to which 100% of net profits of each financial year have been allocated since inception. As at end-September 2019, the Fund's capital reserve stood at USD62.3 mil (end-December 2018: USD45.6 mil).

Risk Management

- **Prudent underwriting standards.** 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 including the Risk Management Department, the Guarantee and Investment Committee and an external advisory panel, after which final approval of the Board is required[5]. The Fund also obtains a bilateral risk rating from an independent third party[6] if the potential issuer does not have an existing rating. In 2019, the Fund established a unit to oversee institutional risks and screen, appraise and supervise the environmental and social risks of potential and existing deals. The unit further oversees the Fund's market and operational risks.

- **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 counterparties must be rated at least A on a global scale. CGIF has renewed its annual reinsurance agreement, under which 25% of both principal and interest guaranteed will be ceded to a panel of reinsurers through treaty arrangement. Risk ceded is limited to USD150 mil (principal) and USD75 mil (interest) per issuer. This reinsurance agreement covers all guarantees issued up to end-2019.

- **Limits in place to mitigate risks.** Various limits placed to monitor the Fund's exposure have been adhered to. Guarantee exposures to a single currency or sector are capped at 40% of CGIF's maximum guarantee capacity, while guarantee exposures to a single country or

[5] This applies to all deals except those with transaction amounts of USD50 mil or less, with 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 and Investment Committee or Chief Risk Officer.
[6] S&P Global Market Intelligence

subsector industry cannot exceed 20% and 10%, respectively. As its exposure to Vietnam has almost reached the Fund's internal risk appetite, CGIF will explore opportunities in other ASEAN countries. Single-obligor or group exposure is capped at 20% of CGIF's paid-in capital, or USD201 mil based on a capital contribution of USD1.1 bil.

Financial Performance

Table 5: CGIF's key financial indicators

USD mil	FY Dec 2015	FY Dec 2016	FY Dec 2017	FY Dec 2018	3Q FY Dec 2019
Gross premiums	4.8	8.0	9.1	9.8	10.8
Net earned premiums	4.8	7.5	6.9	7.3	7.4
Pre-tax profit	7.8	10.1	10.8	16.9	14.7
Investment yield (%)	1.3%	1.5%	1.7%	2.3%	2.3%

Source: CGIF

- **Higher guarantee fees from better business traction.** The record number of deals notwithstanding, CGIF's net earned premiums were a steady USD6.2 mil in FY Dec 2018 (FY Dec 2017: USD6.2 mil) as most transactions had only been concluded towards year-end. As its guarantee portfolio remains below capacity, the Fund's pre-tax earnings are still primarily derived from investment income which contributed to improved pre-tax earnings of USD16.9 mil in FY Dec 2018 (FY Dec 2017: USD10.8 mil). That said, improvements in its financial performance are expected with higher guarantee fees from better business traction over the past 12 to 18 months. With no guarantee calls since its inception, the Company has yet to record claims liabilities.

Investment Assets & Liquidity Profile

- **Conservative investment strategy.** CGIF maintains a conservative investment strategy with the objective of preserving capital and liquidity. As at end-September 2019, 93.5% of its invested assets comprised fixed-income securities of financial institutions and government-linked entities rated A+ or higher on the international scale. Deposits made up the remainder. The Fund's investment portfolio is geographically diversified with investments in Europe (30%), Asia Pacific (35%) and North America (35%). To manage concentration risk, CGIF recently incorporated additional requirements into its investment guidelines in the form of issuer and country limits. The Fund's investment yields stayed sound at an annualised 2.3% as at end-September 2019 (end-December 2018: 2.3%).

- **Strong liquidity.** CGIF's liquidity position remained strong, supported by highly liquid invested assets amounting to USD1.2 bil as at end-September 2019 (end-December 2018: USD909.7 million) – a comfortable buffer to meet liquidity needs should claims arise. To monitor and manage liquidity, CGIF performs quarterly stress tests on its portfolio. As at end-September 2019, these tests indicated sufficient liquidity in the event of concurrent defaults by four of the Fund's largest issuers.

Corporate Information

Date of Incorporation	12 November 2010	
Commencement of Business	1 May 2012	
Capital Contributors (as at end-December 2019)	Japan Bank for International Cooperation People's Republic of China Asian Development Bank Republic of Korea ASEAN countries	31.8% 31.8% 16.7% 11.5% 8.2%
Directors	Mr Yuchuan Feng (People's Republic of China) (Chairperson) Ms Zhang Zhengwei (People's Republic of China) Mr Kenichi Aso (Japan) Mr Mitsutoshi Kajikawa (Japan) Ms Jessica Ja Young Gu (Republic of Korea) Mdm Azah Hanim Ahmad (ASEAN) Mr Stefan Hruschka (ADB) Ms Guiying Sun (CGIF)	
Auditor	Deloitte & Touche LLP	
Listing	n.a.	
Key Management	Ms Guiying Sun Mr Mitsuhiro Yamawaki Mr Aarne Dimanlig Mr Jin Yong Park Mr Dong Woo Rhee Mr Gene Soon Park Mr Hou Hock Lim Ms Jackie Bang	Chief Executive Officer Deputy Chief Executive Officer (Chief Risk Officer) Chief Credit Risk Officer Vice President, Operations (Acting) Chief Financial Officer General Counsel & Board Secretary Corporate Planner & Head of Budget, Personnel & Management Systems Internal Auditor
Major Subsidiaries	n.a.	

Financials

STATEMENT OF FINANCIAL POSITION (USD million)	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	30-Sep-19 *unaudited*
Property, Plant & Equipment	0.21	0.20	0.20	0.16	0.44
Investment Properties	0.00	0.00	0.00	0.00	0.00
Goodwill & Intangibles	0.34	0.50	0.30	0.16	0.06
Investments in Subsidiaries/Associates/Jointly-Controlled Entities	0.00	0.00	0.00	0.00	0.00
Financial Investments	714.90	721.34	702.28	850.39	1,086.59
Loans & Receivables	6.80	7.71	34.58	59.29	69.65
Reinsurance Assets	0.00	0.00	0.00	0.00	0.00
Insurance Receivables	25.53	38.57	34.53	39.94	47.25
Other Assets	0.60	1.48	0.62	0.77	1.02
Cash & Cash Equivalents	3.18	2.21	6.60	7.04	2.38
Total Assets	**751.57**	**772.00**	**779.11**	**957.76**	**1,207.39**
Insurance Contract Liabilities	27.84	41.80	37.28	44.36	54.59
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	1.17	2.68	2.61	2.41	2.39
Total Liabilities	**29.01**	**44.48**	**39.89**	**46.76**	**56.98**
Equity Share Capital	700.00	700.00	703.00	859.20	1,053.80
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	(2.13)	(7.25)	(9.39)	(10.54)	19.51
Fair Value Through Other Comprehensive Income Reserve	0.00	0.00	0.00	0.00	0.00
Other Reserves	16.91	24.69	34.77	45.62	62.33
Retained Profits/(Accumulated Losses)	7.78	10.08	10.84	16.72	14.76
Non-Controlling Interests	0.00	0.00	0.00	0.00	0.00
Total Equity	**722.56**	**727.52**	**739.22**	**910.99**	**1,150.41**
Total Liabilities + Total Equity	**751.57**	**772.00**	**779.11**	**957.76**	**1,207.39**

Financials

					unaudited
STATEMENT OF COMPREHENSIVE INCOME (USD million)	**31-Dec-15**	**31-Dec-16**	**31-Dec-17**	**31-Dec-18**	**30-Sep-19**
Gross Premiums	4.78	8.04	9.12	9.82	10.76
Premiums Ceded to Reinsurers	0.00	(0.54)	(2.20)	(2.54)	(3.37)
Net Premiums	**4.78**	**7.50**	**6.92**	**7.29**	**7.39**
Change in Premium Liabilities	0.00	0.00	0.00	0.00	0.00
Net Earned Premiums	**4.78**	**7.50**	**6.92**	**7.29**	**7.39**
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	0.15	0.60	0.70	0.91
Management Expenses	(5.28)	(6.38)	(7.10)	(8.17)	(7.23)
Underwriting Profit/(Loss)	**(0.50)**	**1.26**	**0.42**	**(0.18)**	**1.08**
Investment Income	9.15	10.09	11.81	18.62	17.89
Realised Gains/(Losses) on Financial Investments	0.22	0.51	0.03	0.00	0.01
Fair Value Gains/(Losses) on Financial Investments	0.00	0.00	0.00	0.00	0.00
Finance Costs	(0.05)	(0.05)	(0.06)	(0.07)	(0.07)
Other Revenue/(Expenses)	(1.03)	(1.72)	(1.35)	(1.51)	(4.15)
Operating Profit/(Loss) before Tax	**7.78**	**10.08**	**10.84**	**16.86**	**14.76**
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)	**7.78**	**10.08**	**10.84**	**16.86**	**14.76**
Taxation	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	**7.78**	**10.08**	**10.84**	**16.86**	**14.76**
Other Comprehensive Income	(1.72)	(5.12)	(2.14)	(1.16)	30.06
Total Comprehensive Income/(Loss)	**6.06**	**4.96**	**8.70**	**15.70**	**44.82**
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

Note: Some changes have been made to the Statement of Comprehensive Income for FY Dec 2015, FY Dec 2016, and FY Dec 2017 to reflect reclassifications relating to commission from reinsurer and reimbursements of legal and out of pocket expenses.

Financials

KEY RATIOS	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	30-Sep-19 (unaudited)	
PROFITABILITY (%):						
Gross Underwriting Margin	100.00%	100.00%	100.00%	100.00%	100.00%	
Net Underwriting Margin	(10.50%)	16.80%	6.11%	(2.53%)	14.55%	
Claims Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Commissions Ratio	0.00%	(1.97%)	(8.73%)	(9.58%)	(12.36%)	
Management Expenses Ratio	110.50%	85.18%	102.62%	112.11%	97.81%	
Combined Ratio	110.50%	83.20%	93.89%	102.53%	85.45%	
Operating Ratio	(85.34%)	(58.16%)	(77.15%)	(153.11%)	(156.79%)	
Pre-Tax Profit Margin	162.71%	134.52%	156.73%	231.39%	199.78%	
CAPITALISATION AND LEVERAGE (TIMES):						
Net Premiums Written / Equity	0.01	0.01	0.01	0.01	0.01	*
Net Leverage	0.05	0.07	0.06	0.06	0.06	
Financial Leverage Ratio (%)	0.00%	0.00%	0.00%	0.00%	0.00%	
INVESTMENT RISK PROFILE (%):						
Investment Yield	1.30%	1.46%	1.61%	2.26%	2.31%	*
Deposits / Total Invested Assets	0.94%	1.06%	4.69%	6.52%	6.02%	
Debt Securities / Total Invested Assets	98.58%	98.49%	94.84%	92.92%	93.47%	
Equity Securities / Total Invested Assets	0.00%	0.00%	0.00%	0.00%	0.00%	
LIQUIDITY (TIMES):						
Cash & Cash Equivalents / Net Insurance Contract Liabilities	0.11	0.05	0.18	0.16	0.04	
Liquid Assets / Net Insurance Contract Liabilities	16.87	16.22	19.85	20.55	21.11	
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	582.20%	557.76%	538.76%	608.89%	554.14%	*
OTHERS (%):						
Retention Ratio	100.00%	93.28%	75.89%	74.16%	68.70%	

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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