CREDIT RATING RATIONALE

INSURER FINANCIAL STRENGTH RATINGS

RAM RATINGS

Credit Guarantee and Investment Facility

- Insurer Financial Strength Ratings

December 2022

CREDIT RATING RATIONALE
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December 2022

Credit Guarantee and Investment Facility
Rating Review

Entity Rating(s)

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]

ESG Credit Impact Assessment

Environment Risk	Neutral
Social Risk	Neutral
Governance Risk	Neutral

(See page 15 for definitions and click here for more sustainability insights)

Last Rating Action
21 January 2022

Analysts

Ho Chian Leng
03 33852527
chianleng@ram.com.my

Chan Yin Huei
03 33852498
yinhuei@ram.com.my

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 is premised on the continued sponsorship and support of its contributors, given the Fund's developmental role in the regional bond market. These are the governments of China, Japan, Korea and the ten ASEAN countries (collectively, ASEAN+3), as well as the Asian Development Bank (ADB). The Fund is accorded the same supranational status as ADB, as a trust fund of the latter.

- CGIF's financial profile remains solid despite a THB2.78 bil (or USD83 mil) default by KNM Group Berhad (KNM) in late 2021 – the first in its portfolio since inception. The Fund had received reinsurance claim amounting to USD21.2 mil and set aside an impairment allowance of USD10 mil for this exposure as at end-December 2021, given earlier expectations of recovery through KNM's asset disposal plan. This proposed divestment was recently called off, which may necessitate additional provisioning in 4Q FY Dec 2022. That said, we are of the view that CGIF's overall financial profile is anticipated to remain intact in light of its robust capitalisation and liquidity. CGIF's leverage[1] stayed sound at a low 1.2 times as at end-June 2022, well within the 2.0-time limit for its ratings. The Fund continues to maintain a conservative investment appetite while keeping its liquidity profile robust. Highly liquid assets totalled USD1.2 bil, providing a large 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 in December 2017 approved a USD500 mil capital increase to aid business expansion, demonstrating support for its cause. As at end-September 2022, CGIF had received commitments for the subscription of USD458 mil of additional capital contributions, of which USD445 mil had been paid. The remainder will be received in stages up to end-2023.

\+ **Low-risk investment strategy and robust liquidity.** CGIF's conservative investment guidelines 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) constituted about 88% of total invested assets as at end-June 2022. Deposits made up the rest. The Fund's investment portfolio is spread across Europe, Asia Pacific and North America. CGIF's large pool of highly liquid assets amounting to USD1.2 bil as at the same date was sufficient to meet potential claims equivalent to 76% of its guarantee portfolio with internal ratings of lower than BBB. This underscores its strong liquidity.

\+ **Conservative leverage.** On the back of 16 new guarantee deals over the last 18 months, CGIF's leverage came in slightly higher at 1.2 times as at end-June 2022 (as at end-December 2020: 1.1 times). The Fund's outstanding insured portfolio amounted to USD2.0 bil as at the same date. Given its measured portfolio expansion strategy and enhanced capital base following an equity

[1] Computed as the notional value of the principal sum insured (net of reinsurance and loss reserves) over Total Available Capital. Total Available Capital is the combination of paid-up capital, retained earnings and reserves.

raising exercise, the Fund's leverage is envisaged to stay relatively low over the next few years.

- **Inherent portfolio concentration although reduced.** CGIF's modest portfolio size and monoline focus expose it to some degree of concentration risk. While the Fund is sufficiently diversified by sector, it had large exposures[2] to companies in Vietnam (25%) and Thailand (22%) as at end-June 2022. These have however progressively reduced in recent years amid portfolio diversification efforts (end-December 2019: 40% and 20%, respectively). The Fund's prudential limits on sector, industry and country exposure moderate concentration risk. Reinsurance arrangements further boost its guarantee capacity and contain credit concentration. In the face of prevailing economic challenges, CGIF has tightened credit evaluation and actively monitors its insured portfolio. Many of the underlying issuers are established players, and in some cases, market leaders in their respective industries.

Rating Outlook: Stable

- The stable rating outlook reflects our expectations that CGIF's leverage and liquidity will stay commensurate with its ratings and support from capital contributors will remain forthcoming. The impacts of the pandemic and global economic slowdown are envisaged to be manageable owing to the Fund's active portfolio monitoring process and cautious origination strategies.

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 or if key contributors recall a substantial amount of capital. 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 to facilitate the development of local-currency bond markets in the ASEAN+3 region. Having the same supranational status as ADB[3], the Fund is exempted from 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 its 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 10 ASEAN countries (collectively 9.9%). The USD500 mil increase approved by CGIF's board In December 2017 raised the Fund's capital to USD1.2 bil, boosting its future guarantee capacity. China and Japan

[2] Net of reinsurance.
[3] Incorporated in ADB's Articles of Agreement which state 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".

remained CGIF's main capital contributors (each 29.9%), followed by ADB (15.8%).

ESG Risk Assessment

Environmental

Neutral	**Material E factors**	Counterparty 'E' compliance

Social

Neutral	**Material S factors**	Counterparty 'S' compliance

Governance

Neutral	**Material G factors**	Risk Management

- **Exposed to counterparties' ESG risk.** CGIF may be indirectly exposed to environmental, social and governance (ESG) risks/vulnerabilities stemming from its exposure to bond issuers operating in various economic sectors. To mitigate such risks, an ESG risk assessment is integral to CGIF's credit underwriting process. CGIF's ESG initiatives are aligned with ADB's policies. The Fund has formalised the adoption of ADB's Safeguard Policy Statement in its institutional risk framework. The framework requires ESG screening, due diligence procedures and an ongoing ESG risk assessment for the life of the guaranteed bonds. We assess the ESG risks posed by the Company's exposures to be manageable.

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 2020	Dec 2021	Dec 2020	Dec 2021
Net earned premiums (USD mil)	14.1	15.5	16.7^	10.8^
Pre-tax profit/(loss) (USD mil)	24.0	29.8	25.6^	21.6^
Total assets (USD mil)	1,352	1,373	646.4^	648.9^
Claims ratio (%)	0.0	0.0	0.0	0.0
Management expenses ratio (%)	66.6	63.8	53.9	81.4
Combined ratio (%)	50.0	46.0	53.8	81.4
Investment yield (%)	2.1	2.0	4.0	3.1
Leverage ratio (times)	1.1	1.1	1.9	1.3

Source: CGIF, Danajamin

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

Business Risk Profile

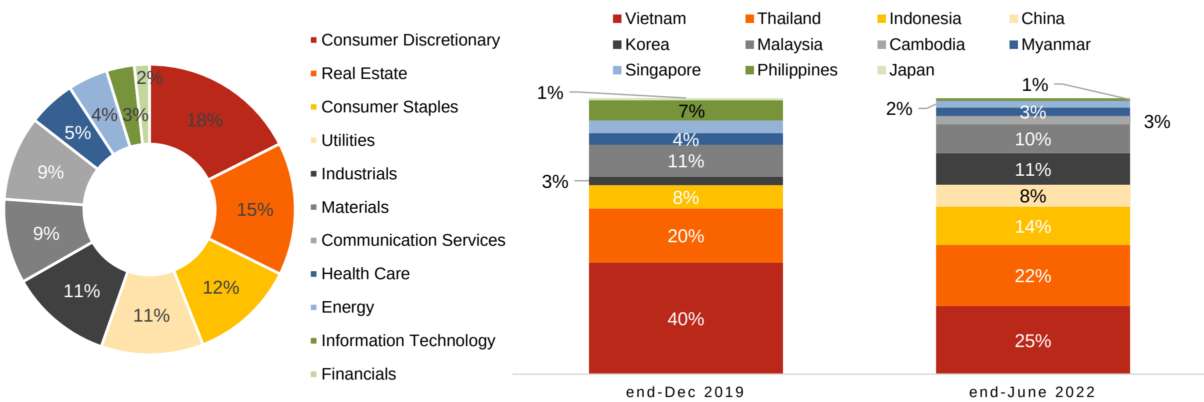
- **Mandate to develop regional bond markets.** CGIF has been entrusted with the pivotal role of developing and strengthening local-currency and regional bond markets in the ASEAN+3 region and facilitating efficient allocation of savings within the region. The Fund provides credit enhancement to creditworthy corporates to enable them access to regional bond markets, promotes debt securities with longer maturities, and matches regional Asian investors with these issuers. As a pioneer regional financial guarantee institution in Asia, CGIF prioritises transactions that have a developmental impact.

- **Moderate business growth.** The Fund's outstanding portfolio as at end-June 2022 stood at USD2.0 bil, with a total of 43 bond issues (end-December 2021: USD1.9 mil; end-December 2020 USD1.9 bil). In line with the economic recovery in most markets, CGIF's business traction has gradually picked up, seeing CGIF record 12 new deals with an aggregate USD373.6 mil in 2021 (2020: +USD311 mil; 2019: +USD491 mil). Another USD161.1 mil of guarantees were extended to three new issuers in 1H 2022. Over the last 18 months, most of the bonds guaranteed were issued in Singapore (three issuances, which are relatively lumpy in nature) and Indonesia (eight), collectively making up a respective 57% and 17% of bonds guaranteed during this period. With a healthy and diversified pipeline amounting to USD1.6 bil, CGIF expects to book in more deals in 4Q FY Dec 2022.

- **Focus on low-risk sectors in high growth potential markets.** CGIF has kept its conservative growth stance while adopting more rigorous assessments for guarantee applications. The Fund is focusing on sectors that were minimally or positively impacted by the pandemic as well as defensive sectors (such as consumer staples, education and utilities). Issuances in some markets (Laos and Myanmar) remain on the backburner for now, given the challenges in these countries. Meanwhile, applications from high-growth markets like Indonesia, the Philippines, Vietnam and Cambodia are seeing good traction, with several deals being finalised for potential issuance in 4Q FY Dec 2022.

Insured Portfolio

Figures 1 and 2: Fairly diversified by sector; large exposure to Vietnam, albeit lower

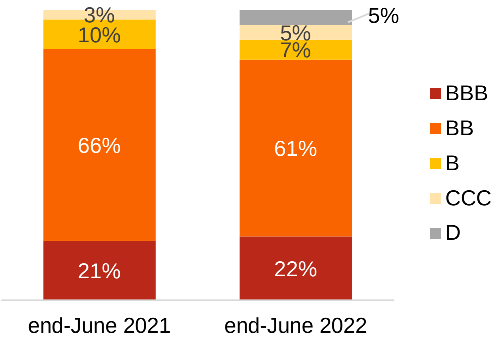


Source: CGIF

- **Concentration risk by country managed through diversification strategy.** CGIF's modest portfolio predisposes it to some concentration risks in terms of the economic and business stress of the issuers. Nevertheless, the Fund's strategy to rebalance its portfolio in recent years has yielded some results. Its largest country exposure[4], Vietnam, reduced to 25% as at end-June 2022 (end-December 2019: 40%). The Fund's guarantee portfolio by sector, on the other hand, is sufficiently diversified. CGIF's comprehensive risk management practices, including country and sector limits, help moderate concentration risk to some extent.

[4] 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: BB ratings dominate portfolio



Source: CGIF

- **Many issuers are established corporates in their home markets.** CGIF uses an internal credit risk model[5], under which the weighted average rating stood at BB+ as at end-June 2022 compared to BB a year ago. The improvement primarily resulted from the onboarding of better credits, which offset the downgrades of five issuers. The weighted average rating is expected to improve further in 2H 2022, underpinned by the early redemption of an account which was internally rated CCC+. Portfolio credit risk has been manageable to date as most issuers have relatively satisfactory financial profiles and are established players. Some are market leaders in their respective industries.

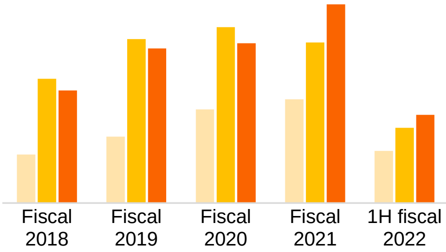
- **Vigilant monitoring of guarantee portfolio.** Amid the global slowdown, heightened inflationary pressures and lingering supply chain disruptions, the operating landscape in the region remains challenging even as countries enter into various phases of economic recovery. The Fund's regular portfolio review identified one issuer that is deemed high-risk (rated CCC+ and classified as Stage 2). We note that CGIF holds the right to accelerate or retain the original interest or principal payment schedule in an event of default for an insured bond, hence cushioning the liability-acceleration risk. Several corporates in its guarantee portfolio also reported covenant breaches, six of which were either financial or collateral covenant breaches.[6] Overall, we are of the view that CGIF is on a strong financial footing to withstand any potential defaults, although no claims are expected in the near term.

- **Recovery prospect for defaulted obligor uncertain**. 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 18 November 2021. Albeit KNM's earlier divestment plan of its key assets[7] has been called off recently, KNM is considering other monetisation strategies either through sale to other parties or a potential listing of the said asset. CGIF had received the reinsurance claim amounting to USD21.2 mil. CGIF set aside an impairment allowance of USD10 mil for KNM as at end-December 2021 and will assess the need for additional provisioning in 4Q FY Dec 2022, given recent developments in the obligor's repayment plan. We do not discount further provision needs given the earlier divestment proposal had fallen through.

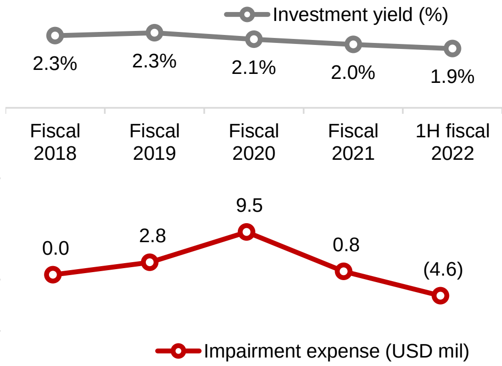
[5] The internal credit risk rating has a rating scale of 1 to 10 (1 being the best). The ratings are mapped to S&P's international-scale ratings.
[6] Financial covenant breaches may include but are not limited to profitability and liquidity ratios or leverage. An example of a collateral breach would be a decline in the market value of shares pledged as collateral.
[7] KNM inked an agreement to divest its key asset, German-based process equipment manufacturer Borsig GmbH, which was called off on 30 November 2022 as some of the condition precedents were not met

Financial Performance

Figures 4 and 5: Improved profits underpinned by lower impairment provisions and portfolio growth



	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	1H fiscal 2022
Net earned premiums (USD mil)	7.3	10.0	14.1	15.5	7.8
Investment income (USD mil)	18.6	24.6	26.4	24.1	11.3
Pre-tax profit (USD mil)	16.9	23.2	24.0	29.8	13.2



Source: CGIF

- **Better pre-tax profit.** CGIF recorded a stronger pre-tax profit of USD29.8 mil in FY Dec 2021, a 24% increase y-o-y. This was chiefly due to lower impairment expenses of USD0.8 mil (FY Dec 2020: USD9.5 mil) despite having to provide for KNM bonds, as the Fund reversed a sizeable amount of provisions for the rest of its portfolio amid the gradual improvement in macroeconomic conditions. Additionally, the Fund's top line saw higher net earned premiums of USD15.5 mil (FY Dec 2020: USD14.1 mil), supported by new deals closed in the past two fiscal years as well as a rise in the average premium rate of over 1.2% (FY Dec 2020: 1.07%).

  Pre-tax profit for 1H FY Dec 2022 clocked in at USD13.2 mil (1H FY Dec 2021: USD21.4 mil), weighed down by foreign exchange losses of USD6.0 mil (1H FY Dec 2021: USD1.1 mil) and a lower quantum of impairment reversals. Foreign exchange losses mainly resulted from translation differences on guarantee receivables and guarantee fee receivables[8] following the depreciation of most regional currencies against the USD.

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.[9] 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 of its insured portfolio.

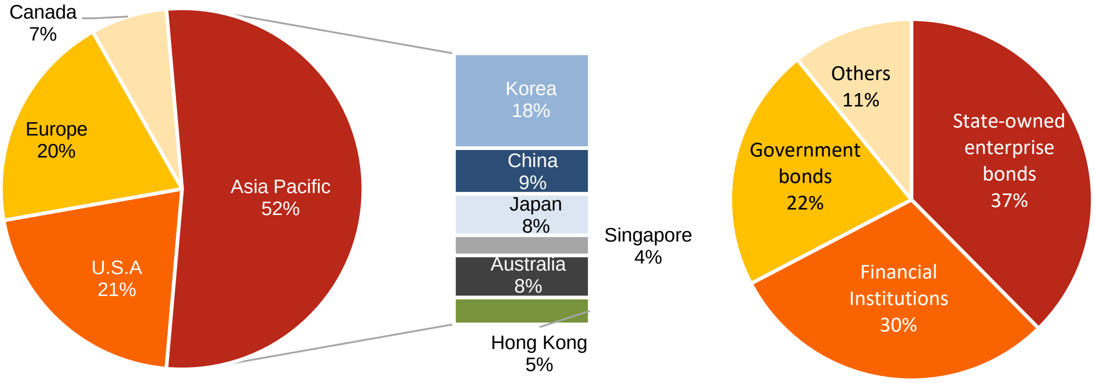
- **Reinsurance with highly rated reinsurers.** CGIF's internal policy permits the use of reinsurance and other forms of unfunded risk participation to manage and/or transfer credit risks, where a reinsurer must be rated at least A- on a global scale or equivalent. Under its existing

[8] Guarantee fees are to be paid in respective bond issuance currencies.
[9] This applies to all deals except 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 and Investment Committee or Chief Risk Officer.

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 to up to 49%. Risks ceded are limited to a respective USD150 mil and USD75 mil per issuer, for principal and interest.

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's investments are managed by its trustee, ADB. Its prudent investment strategy is aimed at preserving capital and liquidity. Fixed-income securities issued by financial institutions and government-linked entities (minimum A+ rating on the international scale) constituted 88% of total invested assets as end-June 2022, with deposits making up the rest. The Fund's securities portfolio is fairly diversified, with investments mainly in Asia Pacific (52%), the US (21%) and Europe (20%). In line with the surge in bond yields, CGIF turned in a softer, albeit still-healthy investment yield of 1.9% in 1H fiscal 2022 (fiscal 2019-fiscal 2021 average: 2.2%).

- **Robust liquidity.** A substantial pool of liquid assets amounting to USD1.2 bil as at end-June 2022 underscores CGIF's solid liquidity position. These provide the Fund a comfortable buffer to meet liquidity needs should potential claims arise (equivalent to about 76% of credits rated below BBB). To monitor and manage liquidity, CGIF performs quarterly stress tests on its portfolio.

Capitalisation

- **Leverage remains within rating limit.** In view of its monoline focus and portfolio risk profile, leverage and capital adequacy are key rating considerations in our assessment of CGIF's financial strength. Considering pipeline deals and scheduled redemptions, the Fund's leverage is projected to stay conservative at 1.3 times as at end-December 2022 (end-June 2022: 1.2 times). This is still below the limit of 2.0 times for our AAA-threshold.

- **Superior capitalisation.** The Fund measures and monitors a risk-based capital adequacy ratio (CAR) that is adjusted for concentration risk. As at end-June 2022, CGIF's CAR was a robust 36.8%, well above its internal floor of 8.8%. Moving forward, the ratio is expected to hover between 35.0% and 38.0%, which are still sturdy levels. The Fund also maintains a capital reserve totalling USD139.3 mil as at end-June 2022, to which 100% of its annual net profits have been allocated since inception. CGIF's solid capital base is entirely funded by tier-1 capital.

Insurer/Takaful Operator Information

Incorporation Date	12 November 2010	
Commencement Date	1 May 2012	
Major Shareholders as at 29 September 2022	Japan	29.9%
	People's Republic of China	29.9%
	Asian Development Bank	15.7%
	Republic of Korea	15.0%
	ASEAN countries	9.5%
Directors	Noriyasu Matsuda (Japan) – Chairperson Yuchuan Feng (People's Republic of China) Jiandi Ye (People's Republic of China) Kunihiko Nakanishi (Japan) Taebum Kim (Republic of Korea) Craig Roberts (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

STATEMENT OF FINANCIAL POSITION (USD million)	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	*unaudited* 30-Jun-22
Property, Plant & Equipment	0.16	0.39	0.69	0.48	0.38
Investment Properties	0.00	0.00	0.00	0.00	0.00
Goodwill & Intangibles	0.16	0.03	0.02	0.07	0.06
Investments in Subsidiaries/Associates/Jointly-Controlled Entities	0.00	0.00	0.00	0.00	0.00
Financial Investments	850.27	1,107.20	1,277.91	1,221.67	1,208.29
Loans & Receivables	59.41	76.20	0.00	0.00	0.00
Reinsurance Assets	0.00	0.00	0.00	2.58	0.00
Insurance Receivables	39.94	65.65	67.90	136.65	129.55
Other Assets	0.77	1.86	1.68	2.16	1.48
Cash & Cash Equivalents	7.04	3.74	3.46	9.15	3.89
Total Assets	**957.76**	**1,255.07**	**1,351.66**	**1,372.77**	**1,343.65**
Insurance Contract Liabilities	44.36	73.20	83.38	76.20	71.59
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	2.41	3.43	3.77	4.20	21.78
Total Liabilities	**46.76**	**76.64**	**87.15**	**80.40**	**93.37**
Equity Share Capital	859.20	1,077.60	1,102.20	1,137.00	1,145.13
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	(10.54)	15.34	52.85	16.11	(47.32)
Fair Value Through Other Comprehensive Income Reserve	0.00	0.00	0.00	0.00	0.00
Other Reserves	0.00	0.00	0.00	0.00	0.00
Retained Profits/(Accumulated Losses)	62.33	85.50	109.46	139.25	152.48
Non-Controlling Interests	0.00	0.00	0.00	0.00	0.00
Total Equity	**910.99**	**1,178.43**	**1,264.51**	**1,292.36**	**1,250.29**
Total Liabilities + Total Equity	**957.76**	**1,255.07**	**1,351.66**	**1,372.77**	**1,343.65**

Note: Amounts previously classified under "other reserves" in FY Dec 2018, FY Dec 2019 and FY Dec 2020 have been reclassified to "retained profits".

Financials

STATEMENT OF COMPREHENSIVE INCOME (USD million)	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	*unaudited* 30-Jun-22
Gross Premiums	9.82	14.54	19.87	22.68	11.68
Premiums Ceded to Reinsurers	(2.54)	(4.57)	(5.81)	(7.14)	(3.86)
Net Premiums	**7.29**	**9.97**	**14.06**	**15.54**	**7.82**
Change in Premium Liabilities	0.00	0.00	0.00	0.00	0.00
Net Earned Premiums	**7.29**	**9.97**	**14.06**	**15.54**	**7.82**
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)	0.70	2.10	2.33	2.76	0.97
Management Expenses	(8.17)	(10.82)	(9.36)	(9.91)	(5.46)
Underwriting Profit/(Loss)	**(0.18)**	**1.26**	**7.03**	**8.39**	**3.32**
Investment Income	18.62	24.56	26.37	24.05	11.29
Realised Gains/(Losses) on Financial Investments	0.00	0.01	0.04	0.81	0.00
Fair Value Gains/(Losses) on Financial Investments	0.00	0.00	0.00	0.00	0.00
Finance Costs	(0.07)	(0.09)	(0.09)	(0.11)	(0.05)
Other Revenue/(Expenses)	(1.51)	(2.58)	(9.38)	(3.35)	(1.33)
Operating Profit/(Loss) before Tax	**16.86**	**23.16**	**23.96**	**29.79**	**13.23**
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)	**16.86**	**23.16**	**23.96**	**29.79**	**13.23**
Taxation	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	**16.86**	**23.16**	**23.96**	**29.79**	**13.23**
Other Comprehensive Income	(1.16)	25.88	37.52	(36.74)	(63.43)
Total Comprehensive Income/(Loss)	**15.70**	**49.04**	**61.48**	**(6.95)**	**(50.21)**
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-18	31-Dec-19	31-Dec-20	31-Dec-21	30-Jun-22 *unaudited*	
PROFITABILITY (%):						
Gross Underwriting Margin	100.00%	100.00%	100.00%	100.00%	100.00%	
Net Underwriting Margin	(2.53%)	12.58%	49.98%	54.01%	42.48%	
Claims Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Commissions Ratio	(9.58%)	(21.10%)	(16.55%)	(17.76%)	(12.38%)	
Management Expenses Ratio	112.11%	108.51%	66.57%	63.75%	69.90%	
Combined Ratio	102.53%	87.42%	50.02%	45.99%	57.52%	
Operating Ratio	(153.11%)	(158.98%)	(137.85%)	(114.01%)	(86.89%)	
Pre-Tax Profit Margin	231.39%	232.25%	170.47%	191.75%	169.22%	
CAPITALISATION AND LEVERAGE (TIMES):						
Net Premiums Written / Equity	0.01	0.01	0.01	0.01	0.01	*
Net Leverage	0.06	0.07	0.08	0.07	0.08	
Financial Leverage Ratio (%)	0.00%	0.00%	0.00%	0.00%	0.00%	
INVESTMENT RISK PROFILE (%):						
Investment Yield	2.26%	2.35%	2.15%	1.99%	1.86%	*
Deposits / Total Invested Assets	6.53%	10.24%	6.49%	4.50%	7.43%	
Debt Securities / Total Invested Assets	92.92%	89.17%	92.91%	94.93%	92.01%	
Equity Securities / Total Invested Assets	0.00%	0.00%	0.00%	0.00%	0.00%	
LIQUIDITY (TIMES):						
Cash & Cash Equivalents / Net Insurance Contract Liabilities	0.16	0.05	0.04	0.12	0.05	
Liquid Assets / Net Insurance Contract Liabilities	20.55	15.72	14.90	16.21	16.43	
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	608.89%	734.02%	593.16%	473.86%	457.91%	*
OTHERS (%):						
Retention Ratio	74.16%	68.59%	70.75%	68.52%	66.93%	

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

Definition of ESG Credit Impact Descriptors

RAM's ESG Credit Impact descriptors summarise our views on the possible impact that the identified ESG considerations have or may potentially have on the credit risk profile of the entity, issuer or transaction over a reasonable timeframe.

Supportive	The entity is in a business that positively and meaningfully contributes to environmental and/or social objectives or ESG factors that have positive credit implications and are likely a positive rating driver.
Neutral	ESG risks have little bearing on the credit profile of the entity due to their limited impact on its business and financial profiles. Any risks are sufficiently and appropriately mitigated and are not likely to impact the current ratings.
Moderate	ESG risks have some bearing on the credit profile of the entity. Mitigation/adaptation efforts only partially diffuse these risks and/or prevailing conditions continue to support the entity's business and financial profiles. An adverse impact may be felt in the medium to longer term.
Sensitive	ESG risks have a considerable bearing on the credit profile of the entity. Mitigation/adaptation efforts are insufficient to diffuse these risks. The risks are expected to alter the entity's business and financial profiles in the short to medium term and may impact the rating in the negative direction.
Vulnerable	ESG risks have a very strong influence over the credit profile of the entity and are already a key negative rating driver or have triggered a rating action.

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RAM Rating Services Berhad
Level 8, Mercu 2
KL Eco City
No.3, Jalan Bangsar
59200, Kuala Lumpur
Malaysia

T: (603) 3385 2488
F: (603) 3385 2582
E: ramratings@ram.com.my
W: www.ram.com.my

RAM
RATINGS

RAM Rating Services Berhad
Level 8, Mercu 2
KL Eco City
No.3, Jalan Bangsar
59200, Kuala Lumpur
Malaysia

T: +603 3385 2488
F: +603 3385 2582
E: ramratings@ram.com.my
W: www.ram.com.my