CREDIT RATING RATIONALE

INSURER FINANCIAL STRENGTH RATINGS

RAM
RATINGS

Credit Guarantee and Investment Facility

- Insurer Financial Strength Ratings

December 2023

CREDIT RATING RATIONALE
INSURER FINANCIAL STRENGTH RATINGS
December 2023

Credit Guarantee and Investment Facility
Rating Review

Entity Ratings
Insurer Financial Strength Ratings:

National Scale	**AAA/Stable/P1**	[Affirmed]

ESG Credit Impact Assessment

Environment Risk	Neutral
Social Risk	Neutral
Governance Risk	Neutral

(See Appendix for definitions and click here for more sustainability insights)

Last Rating Action
13 December 2022

Analysts

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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

The credit rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment on the security's market price or its suitability for a particular investor, nor does it involve any audit by RAM Ratings. The credit rating also does not reflect the legality and enforceability of financial obligations.

Rating Action Basis

- The proposed affirmation 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.

- With the exception of KNM Group Berhad (KNM) which defaulted in 2021, CGIF's guaranteed portfolio has proven resilient with 20 successful redemptions to-date, thanks to its prudent origination strategies and vigilant portfolio management. Although KNM's timeline for resolution has been extended with potential additional provisioning needs, we believe that CGIF's financial profile will remain intact in light of its robust capitalisation and liquidity. CGIF's leverage[1] stayed sound at a low 1.1 times as at end-June 2023. The Fund continues to maintain a conservative investment appetite. Highly liquid assets which totalled USD1.2 bil, can comfortably meet any requirements from 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 infusion to aid business expansion, demonstrating support for its cause. As at end-August 2023, CGIF had received USD458 mil of additional subscribed capital contributions.

\+ **Low-risk investment strategy and robust liquidity.** CGIF's conservative investment guidelines prioritise capital and liquidity preservation. As of end-June 2023, approximately 89% of the total invested assets comprised of fixed-income securities issued by highly-rated financial institutions and government-linked entities, with ratings of at least A+ on the international scale. Deposits made up the rest. The Fund's investment portfolio is geographically diversified, spreading across Europe, Asia Pacific and North America. CGIF's large pool of highly liquid assets amounted to USD1.2 bil as at the same date. These assets are sufficient to meet potential claims equivalent to 90% of its guaranteed portfolio[2], underscoring the Fund's strong liquidity.

\+ **Conservative leverage.** Over the last 18 months, CGIF issued a total of seven new guarantees, a notable decrease from the 12 guarantees issued in 2021. This was against the backdrop of subdued capital market activities, driven by higher funding costs and rate hikes by central banks across the ASEAN region. CGIF's leverage remained low at 1.1 times as at end-June 2023 (end-December 2021: 1.1 times) with an outstanding insured portfolio of USD1.9 bil (as at end-December 2021: USD1.9 bil). Given its prudent underwriting standards, measured portfolio expansion strategy and strong capital base, the Fund's leverage is envisaged to stay relatively

[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.
[2] Net of reinsurance.

low over the next few years.

- **Inherent portfolio concentration although reduced.** Aside from CGIF's monoline focus, concentration risks are accentuated by its modest portfolio size. While the Fund is sufficiently diversified by sector, it had large exposures[3] to companies in Vietnam (23%) and Thailand (21%) as at end-June 2023. 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 exposures moderate concentration risk. Reinsurance arrangements further boost its guarantee capacity and contain credit concentration.

Rating Outlook: Stable

- The stable rating outlook reflects our expectations that CGIF's leverage and liquidity will stay commensurate with its ratings while support from capital contributors will remain forthcoming. The impacts of 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 scale.

- Downward pressure: The ratings would be downgraded should CGIF's leverage rise substantially although this is not our expectation. Other negative rating triggers include heightened portfolio credit risk, sizeable claims, or substantially weaker liquidity position. 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.

Guarantor 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[4], 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%). In December 2017, CGIF's board approved to raise the Fund's capital by USD500 mil to USD1.2 bil, boosting its guarantee capacity. As of September 2023, China and Japan remained CGIF's main capital contributors (each 29.6%), followed by ADB (15.5%).

[3] Net of reinsurance.
[4] 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".

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 or 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. The Fund's ESG initiatives are aligned with ADB's policies and it 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. CGIF has supported several thematic bond[5] issuances in the recent years in line with the shifts in market preferences. We assess the ESG risks posed by the Company's exposures to be manageable.

Peer Comparison

Table 1: Peer Comparison

	CGIF		Danajamin Nasional Berhad*	
Ratings	AAA/Stable/P1		N/A	
FY	Dec 2021	Dec 2022	Dec 2020	Dec 2021
Net earned premiums (USD mil)	15.5	16.0	16.7^	10.8^
Pre-tax profit/(loss) (USD mil)	29.8	13.8	25.6^	21.6^
Total assets (USD mil)	1,373	1,305	646.4^	648.9^
Claims ratio (%)	0.0	0.0	0.0	0.0
Management expenses ratio (%)	63.8	67.0	53.9	81.4
Combined ratio (%)	46.0	57.1	53.8	81.4
Investment yield (%)	2.0	2.1	4.0	3.1
Leverage ratio (times)	1.1	1.2	1.9	1.3

Source: CGIF, Danajamin

Note:

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

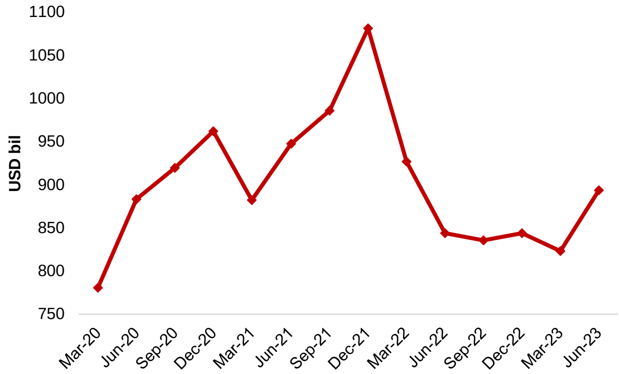
** Following the completion of a merger between Bank Pembangunan Malaysia Berhad (BPMB) and Danajamin Nasional Berhad (Danajamin) on 1 March 2023, Danajamin's assets and liabilities, including the financial guarantee portfolio were transferred to BPMB. Data for FY Dec 2022 is unavailable.*

[5] Also known as GSS+ (Green, Social, Sustainability, and Sustainability-linked); ESG or sustainable bonds, which are fixed-income securities issued to raise financing for projects and activities related to a specific theme, such as climate change, education, housing, ocean and marine conservation, and the Sustainable Development Goals.

Business Risk Profile

- **Mandate to develop regional bond markets.** CGIF has been entrusted with the 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 that lack access to the regional bond market (especially first-time issuers), 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.

Figure 1: Corporate bond issuances in ASEAN+3 dipped since 2022



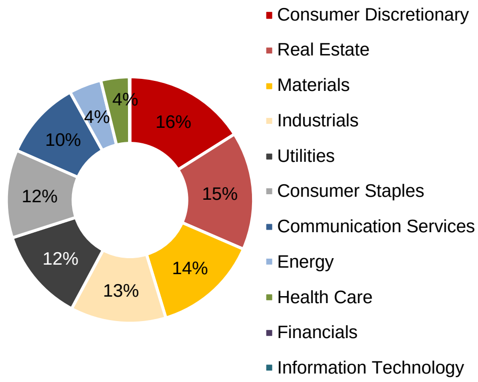
Source: Asian Bond Online

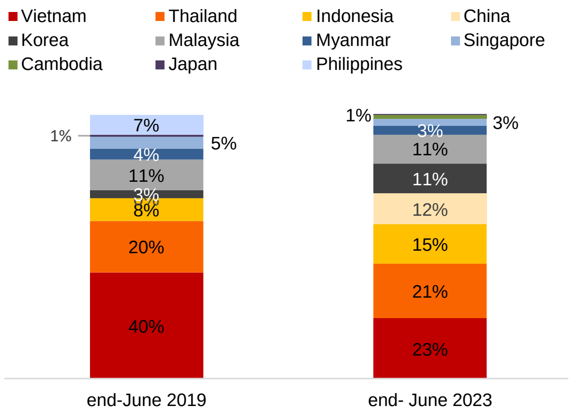
- **Muted business growth last 18 months.** As at end-June 2023, the Fund's outstanding portfolio stood largely unchanged at USD1.9 bil (end-December 2021: USD1.9 bil). Growth over the past 18 months has been challenging owing to the general slowdown in the ASEAN+3 bond markets. Principal amortisation and depreciation of local currencies against the USD, though to a lesser extent, also contributed to the stagnant portfolio value. With a robust and diversified pipeline amounting to USD1.3 bil, however, CGIF expects to book in more deals in 2H FY Dec 2023.

- **Avoiding high-risk nations.** Issuances in some markets (Laos and Myanmar) remain on the backburner for now, given the heightened risks in these countries. Although CGIF does not exclude any specific sectors from its origination considerations, it has kept its conservative growth stance and continues to adopt rigorous assessments for guarantee applications.

Insured Portfolio

Figures 2 and 3: Fairly diversified by sector; large exposure to Vietnam, albeit lower

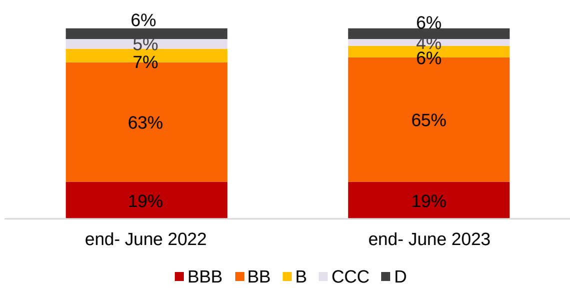




Source: CGIF
Note: Net of reinsurance; ceded country exposures are retained if issuer and reinsurer countries are the same.

- **Concentration risk by country managed through diversification strategy.** CGIF's modest portfolio predisposes it to some concentration risks by country. Nevertheless, the Fund's strategy to rebalance its portfolio in recent years has yielded some results. Its largest country of exposure[6], Vietnam, was reduced to 23% as at end-June 2023 (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. Concentration by issuer is well-managed and no breach of the single group/borrower exposure limit is noted.

Figure 4: BB ratings dominate portfolio



Note: this only includes approved guarantees.
Source: CGIF

- **Stresses in some accounts; overall manageable portfolio credit risk.** CGIF uses an internal credit risk model[7] to evaluate credit. The weighted average rating remained at BB+ as at end-June 2023. While a few issuers have exhibited idiosyncratic weaknesses, overall portfolio credit risk is manageable as most issuers have relatively satisfactory financial profiles and are established players in their home markets.

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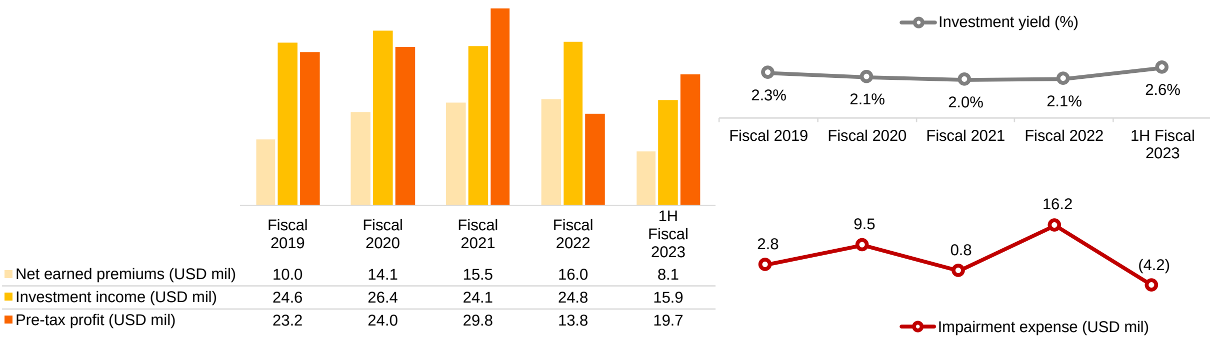
[6] Country limit is set at 20% of maximum guarantee capital (MGC), net of reinsurance. MGC = (total paid-in capital + retained earnings - credit loss reserves - foreign exchange loss reserves - all illiquid investments) x 2.5 times. The maximum leverage ratio of 2.5 times is the threshold agreed in the Articles of Agreement for the Fund's guarantee operations.
[7] 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.

- **Vigilant monitoring of guaranteed portfolio.** The Fund's regular portfolio review identified two issuers that are deemed high-risk (internally rated CCC+ and B). Given that CGIF is in the advanced stage of negotiation for refinancing plans for both bonds, it does not expect these obligors to default on their maturity dates. Despite that, CGIF will assess the need for additional provisioning by end of this year. 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. 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 guaranteed 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. KNM's challenges in divesting its key assets and the hostile takeover attempt by some shareholders, continue to cast uncertainties on the recovery prospect. KNM is currently exploring other monetisation strategies, including a potential listing of its key assets and sale of other assets. CGIF had received the related reinsurance claim amounting to USD21.2 mil. The Fund will evaluate the requirement for further provisioning in 4Q FY Dec 2023, given recent developments in the obligor's resolution plan. We view provisioning risk to be manageable.

Financial Performance

Figures 5 and 6: Pre-tax profits in FY Dec 2022 weighed down by impairment expenses



Source: CGIF

- **Bottom line dragged by higher impairment expenses.** In FY Dec 2022, CGIF's pre-tax profit slumped 54% to USD13.8 mil (FY Dec 2021: USD29.8mil) due to heftier impairment expenses of USD16.2 mil (FY Dec 2021: USD0.8 mil), primarily set aside for KNM bonds. The Fund's top line was slightly better with investment income of USD24.8 mil (fiscal 2021: USD24.1 mil) and net earned premiums of USD16.0 mil (fiscal 2021: USD15.5 mil). The Fund maintained a healthy premium rate of over 1.2% over the last two years.

In 1H FY Dec 2022, CGIF recorded a stronger pre-tax profit of USD19.7 mil (1H FY Dec 2022: USD13.2 mil), lifted by higher investment income of USD15.9 mil (1H FY Dec 2022: USD11.3 mil) and smaller foreign exchange losses[8] of USD3.3 mil (1H fiscal 2022: losses of USD6.0 mil). Full year profit performance hinges largely on provisioning requirements of its guaranteed portfolio.

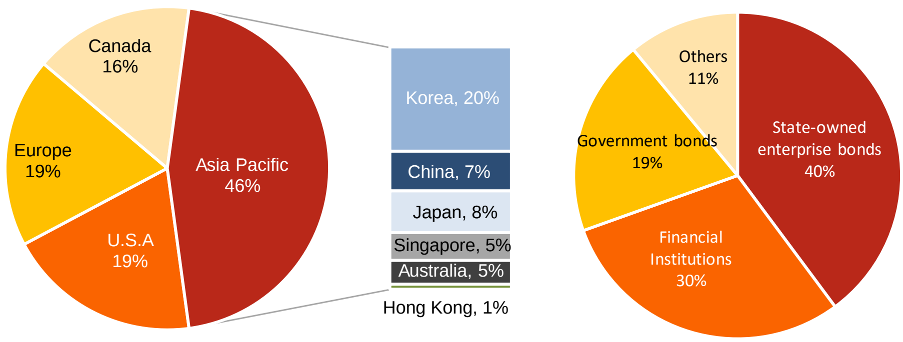
Insurance Risk Management

- **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 and Guarantee and Investment Committee, 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 it is deemed necessary. 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 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 7 and 8: Investments primarily exposed to Asia Pacific countries and government-linked entities



**Data as at end-June 2023*
Source: CGIF

[8] translation differences on guarantee receivables and guarantee fee receivables following the depreciation of most regional currencies against the US

[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 and Chief Risk Officer.

- **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 89% of total invested assets as end-June 2023, with deposits making up the rest. The Fund's securities portfolio is fairly diversified, with investments mainly in Asia Pacific (46%), the US (19%) and Europe (19%). In line with the surge in interest rates, CGIF recorded a healthier investment yield of 2.65% in 1H fiscal 2023 (fiscal 2019-fiscal 2021 average: 2.06%).

- **Robust liquidity.** A substantial pool of liquid assets amounting to USD1.2 bil as at end-June 2023 underscores CGIF's solid liquidity position. These afford solid liquidity buffer against potential claims (equivalent to about 90% of its guaranteed portfolio). To monitor and manage liquidity, CGIF performs quarterly stress tests on its portfolio.

Capitalisation

- **Low leverage.** 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 inch up but remain low in the near-to-medium term.

- **Superior capitalisation.** The Fund measures and monitors the capital-to-capital charge ratio that is adjusted for foreign exchange loss reserves, illiquid assets as well as concentration. As at end-June 2023, CGIF's capital-to-capital charge was a robust 4.6 times, well above its internal threshold of 1.1 times. Moving forward, the ratio is expected to stay above 4.5 times. The Fund has been reinvesting 100% of its annual net profits since inception. CGIF's solid capital base is entirely funded by tier-1 capital.

- **Unrealised revaluation loss from investment portfolio, small impact on capital position.** No thanks to ongoing rising bond yields, CGIF suffered substantial unrealised valuation losses on its investments (reported in the other comprehensive income) amounting to USD95.0 mil in FY Dec 2022 (FY Dec 2021: USD36.7 mil loss). This amount is equivalent to CGIF's cumulative net profit from 2019 to 2022. While this resulted in a negative investment revaluation reserve of USD78.8 mil (end-December 2021: positive USD16.1 mil), the impact on its equity base (of over USD1.2 bil) is deemed small. We remain comforted by its robust capital position and low leverage.

Guarantor Information

Incorporation Date	12 November 2010
Commencement Date	1 May 2012
Major Shareholders as of September 2023	Japan 29.6% People's Republic of China 29.6% Asian Development Bank 15.5% Republic of Korea 14.8% ASEAN countries 10.5%
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	Hongwei Wang (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-19	31-Dec-20	31-Dec-21	31-Dec-22	*unaudited* 30-Jun-23
Property, Plant & Equipment	0.39	0.69	0.48	0.31	0.22
Investment Properties	0.00	0.00	0.00	0.00	0.00
Goodwill & Intangibles	0.03	0.02	0.07	0.08	0.07
Investments in Subsidiaries/Associates/Jointly-Controlled Entities	0.00	0.00	0.00	0.00	0.00
Financial Investments	1,107.20	1,277.91	1,221.67	1,190.54	1,215.46
Loans & Receivables	76.20	0.00	0.00	0.00	0.00
Reinsurance Assets	0.00	0.00	2.58	0.00	0.00
Insurance Receivables	65.65	67.90	136.65	102.58	97.73
Other Assets	1.86	1.68	2.16	2.15	1.33
Cash & Cash Equivalents	3.74	3.46	9.15	9.34	6.40
Total Assets	**1,255.07**	**1,351.66**	**1,372.77**	**1,305.00**	**1,321.21**
Insurance Contract Liabilities	73.20	83.38	76.20	66.44	61.05
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	3.43	3.77	4.20	15.33	15.09
Total Liabilities	**76.64**	**87.15**	**80.40**	**81.77**	**76.14**
Equity Share Capital	1,077.60	1,102.20	1,137.00	1,148.90	1,149.00
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	15.34	52.85	16.11	-78.75	-76.75
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)	85.50	109.46	139.25	153.08	172.82
Non-Controlling Interests	0.00	0.00	0.00	0.00	0.00
Total Equity	**1,178.43**	**1,264.51**	**1,292.36**	**1,223.23**	**1,245.07**
Total Liabilities + Total Equity	**1,255.07**	**1,351.66**	**1,372.77**	**1,305.00**	**1,321.21**

Note: Figures above may not add up due to rounding.

Financials

STATEMENT OF COMPREHENSIVE INCOME (USD million)	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	*unaudited* 30-Jun-23
Gross Premiums	14.54	19.87	22.68	23.74	12.06
Premiums Ceded to Reinsurers	-4.57	-5.81	-7.14	-7.73	-3.91
Net Premiums	**9.97**	**14.06**	**15.54**	**16.01**	**8.15**
Change in Premium Liabilities	0.00	0.00	0.00	0.00	0.00
Net Earned Premiums	**9.97**	**14.06**	**15.54**	**16.01**	**8.15**
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)	2.10	2.33	2.76	1.58	0.98
Management Expenses	-10.82	-9.36	-9.91	-10.72	-5.76
Underwriting Profit/(Loss)	**1.26**	**7.03**	**8.39**	**6.87**	**3.37**
Investment Income	24.56	26.37	24.05	24.76	15.92
Realised Gains/(Losses) on Financial Investments	0.01	0.04	0.81	-0.02	0.01
Fair Value Gains/(Losses) on Financial Investments	0.00	0.00	0.00	0.00	0.00
Finance Costs	-0.09	-0.09	-0.11	-0.10	-0.05
Other Revenue/(Expenses)	-2.58	-9.38	-3.35	-17.67	0.50
Operating Profit/(Loss) before Tax	**23.16**	**23.96**	**29.79**	**13.83**	**19.74**
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)	**23.16**	**23.96**	**29.79**	**13.83**	**19.74**
Taxation	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	**23.16**	**23.96**	**29.79**	**13.83**	**19.74**
Other Comprehensive Income	25.88	37.52	-36.74	-94.86	2.00
Total Comprehensive Income/(Loss)	**49.04**	**61.48**	**-6.95**	**-81.03**	**21.74**
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: Figures above may not add up due to rounding.

Financials

KEY RATIOS	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	*unaudited* 30-Jun-23
PROFITABILITY (%):					
Gross Underwriting Margin	100.00%	100.00%	100.00%	100.00%	100.00%
Net Underwriting Margin	12.58%	49.98%	54.01%	42.90%	41.32%
Claims Ratio	0.00%	0.00%	0.00%	0.00%	0.00%
Commissions Ratio	(21.10%)	(16.55%)	(17.76%)	(9.85%)	(12.04%)
Management Expenses Ratio	108.51%	66.57%	63.75%	66.95%	70.73%
Combined Ratio	87.42%	50.02%	45.99%	57.10%	58.68%
Operating Ratio	(158.98%)	(137.85%)	(114.01%)	(97.46%)	(136.86%)
Pre-Tax Profit Margin	232.25%	170.47%	191.75%	86.44%	242.27%
CAPITALISATION AND LEVERAGE (TIMES):					
Net Premiums Written / Equity	0.01	0.01	0.01	0.01	0.01
Net Leverage	0.07	0.08	0.07	0.08	0.07
Financial Leverage Ratio (%)	0.00%	0.00%	0.00%	0.00%	0.00%
INVESTMENT RISK PROFILE (%):					
Investment Yield	2.35%	2.15%	1.99%	2.05%	2.65%
Deposits / Total Invested Assets	10.24%	6.49%	4.50%	3.72%	1.21%
Debt Securities / Total Invested Assets	89.17%	92.91%	94.93%	95.59%	98.11%
Equity Securities / Total Invested Assets	0.00%	0.00%	0.00%	0.00%	0.00%
LIQUIDITY (TIMES):					
Cash & Cash Equivalents / Net Insurance Contract Liabilities	0.05	0.04	0.12	0.14	0.10
Liquid Assets / Net Insurance Contract Liabilities	15.72	14.90	16.21	17.51	19.10
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	734.02%	593.16%	473.86%	415.09%	374.68%
OTHERS (%):					
Retention Ratio	68.59%	70.75%	68.52%	67.43%	67.57%

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

Appendix - 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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