CREDIT RATING RATIONALE

INSURER FINANCIAL STRENGTH RATINGS

RAM RATINGS

Credit Guarantee and Investment Facility

- Insurer Financial Strength Ratings

December 2024

CREDIT RATING RATIONALE
INSURER FINANCIAL STRENGTH RATINGS
December 2024

Credit Guarantee and Investment Facility
Rating Review

Entity Ratings

Insurer Financial Strength Ratings:
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
4 December 2023

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

Rating Action Basis

- The 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, South Korea and the 10 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 leverage[1] stayed sound at a low 1.1 times as at end-June 2024. The Fund continues to maintain a conservative investment appetite with highly liquid assets amounting close to 87% of its guaranteed portfolio as at end-June 2024, allowing it to comfortably meet any potential claims.

- CGIF's guaranteed portfolio has proven resilient with 30 successful redemptions to-date, thanks to its prudent origination strategies and vigilant portfolio management. The only blips observed since the Fund's inception are KNM Group Berhad (KNM) which defaulted in 2021, alongside XJ International Holdings Co. Ltd.'s (XJ) (formerly known as Hope Education Group Co. Ltd.) in March 2024. Despite extension of the resolution timeline for the KNM default, RAM believes that CGIF's financial profile will remain intact considering its robust capitalisation and liquidity. Full recovery of exposure on XJ's THB1.3 bil bond helped conserve the Fund's financial profile while it remains optimistic of recovery prospects on the KNM transaction.

Rating Drivers

+ **Government sponsorships and regional 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[2] region. Guarantees provided to creditworthy corporates enable them to tap regional local-currency bond markets which in turn, 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 continued support for its cause. As at end-September 2024, they have received USD458 mil of additional subscribed capital contributions upping the total contributions from participating administrations to USD1.158 bil.

+ **High-quality investments and robust liquidity.** The bulk of CGIF's invested assets comprise of a globally diversified pool of fixed-income securities of financial institutions and government-linked entities and a small portion of deposits. These are rated at least A+ on the international scale, with 80% rated AA and above and invested across Europe, Asia Pacific and North America. As of end-June 2024, CGIF's invested assets of USD1.3 bil are sufficient to meet potential claims equivalent to 87% of its guaranteed portfolio[3], underscoring the Fund's strong liquidity. Investments have an average maturity of around three years, of which 20% mature within one year. This matches well against their guaranteed portfolio which has an average maturity of 3.2 years as at 30 June 2024.

[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] These are China, Japan, Korea and the 10 ASEAN countries.
[3] Net of reinsurance.

+ **Conservative leverage.** CGIF had 20 new guarantees for the 12 months starting June 2023, a notable increase from the seven guarantees issued in the 18 months preceding the same date. Capital market activities were vibrant as economic conditions were more favourable with interest rates holding steady for most countries in the region. The Fund's leverage remained low at 1.1 times as at end-June 2024 (end-June 2023: 1.1 times) as its insured portfolio dipped to USD1.9 bil (as at end-June 2023: USD2.1 bil) owing to weakening local currency exchange rates to the USD and greater redemptions of its portfolio. Given its prudent underwriting standards, measured portfolio expansion strategy and strong capital base, the Fund's leverage is envisaged to stay relatively low over the next few years.

- **High risk portfolio owing to its developmental role; some portfolio concentration.** Owing to its mandate, the Fund's guarantee books contain lower rated issuers (over 50% are internally rated in the BB bracket) which heightens its credit risks. Although sector diversification is sufficient, the portfolio is inherently exposed to geographic concentration given CGIF's monoline focus and still modest portfolio. The Fund has progressively reduced its large exposure to Vietnam from 40% (end-December 2019) to 20% (end-June 2024), while containing its Thailand exposure steady at 20%. 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.

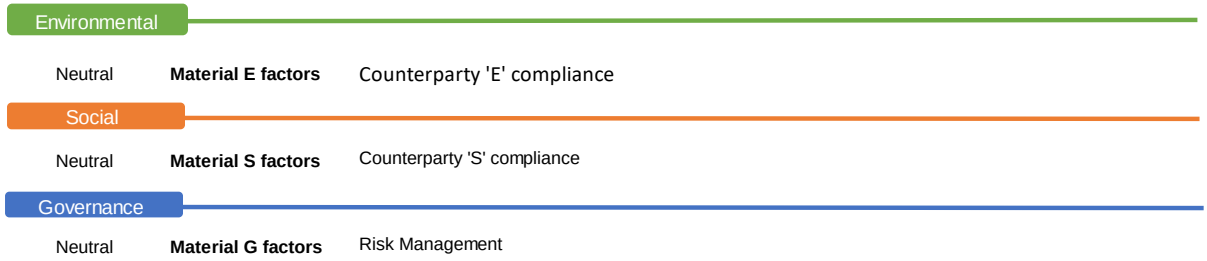
- Downward pressure: The ratings may come under pressure if the Fund's leverage exceeds 5.0-times or there is a weakening of shareholders' support/relationship, although very unlikely. Heightened portfolio credit risk, sizeable claims, or substantially weaker liquidity position may also weigh on the ratings. 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%) and South Korea (14.8%).

ESG Risk Assessment



- **Exposed to counterparties' ESG risk.** CGIF's environmental, social and governance (ESG) risks or vulnerabilities are indirect because of its exposure to bond issuers operating in various economic sectors. ESG risk assessments are integral to CGIF's credit underwriting process, mitigate these risks. 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 ESG risks posed by the Company's exposures to be manageable.

[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".
[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 Sustainable Development Goals.

Peer Comparison

Table 1: Peer Comparison

	CGIF		GuarantCo Ltd[1]	
Ratings	AAA/Stable/P1		Fitch Ratings: AA-/Stable[2]	
FY	Dec 2022	Dec 2023	Dec 2022	Dec 2023
Insurance Service Result (USD mil)	6.9	5.4	(2.5)[3]	15.3[3]
Pre-tax profit/(loss) (USD mil)	13.8	44.0	(26.7)	4.2
Total assets (USD mil)	1,305	1,387	269.1	300.5
Expense ratio (%)	45.2	45.6	(170.4)	(134.9)
Investment yield (%)	1.9	2.6	(2.8)	8.0
Leverage ratio (times)	1.1	1.2	1.1[4]	1.4[4]

Source: CGIF, GuarantCo Ltd, Fitch Ratings

Note:

[1] *GuarantCo Ltd.'s is a financial guarantor serving to provide local currency guarantees (as credit enhancement) to facilitate investments in infrastructure and development of local capital markets in lower income countries of Africa and Asia. It is owned by government agencies involving United Kingdom, Switzerland, Australia, Sweden, Netherlands, Canada, and France.*

[2] *Ratings are based on global scale.*

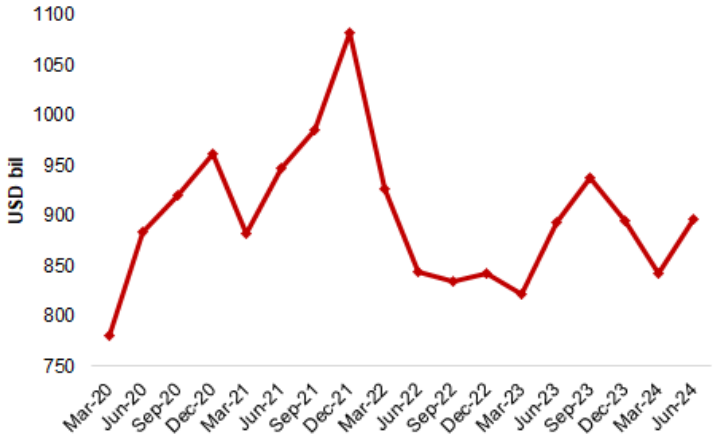
[3] *Represents GuarantCo's Net Portfolio Results.*

[4] *Source: Fitch Ratings*

Business Risk Profile

- **Mandate to develop regional bond markets.** CGIF is a pioneer regional financial guarantee institution in Asia, which prioritises transactions that have a developmental impact. It is mandated to develop and strengthen local-currency and regional bond markets in the ASEAN+3 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.

Figure 1: Increased corporate bond issuances in ASEAN+3 in 2023, albeit not at 2021 levels



Source: Asian Bond Online

- **Moderate business growth.** CGIF extended 20 new guarantees amounting to USD584 mil for the 12-month period ending June 2024 – an improvement from the same period in the prior year (7 guarantees, totaling USD288 mil). Despite that, the Fund's outstanding portfolio remained largely static at USD1.9 bil as at end-June 2024 given a larger number of redemptions during the period. The uptick in new guarantees comes as the ASEAN+3 bond market gained traction amid

improving economic conditions after experiencing a slowdown for the majority of 2022 through to early 2023. With a robust and diversified pipeline amounting to USD1.0 bil, CGIF expects to book in more deals in 2H FY Dec 2024.

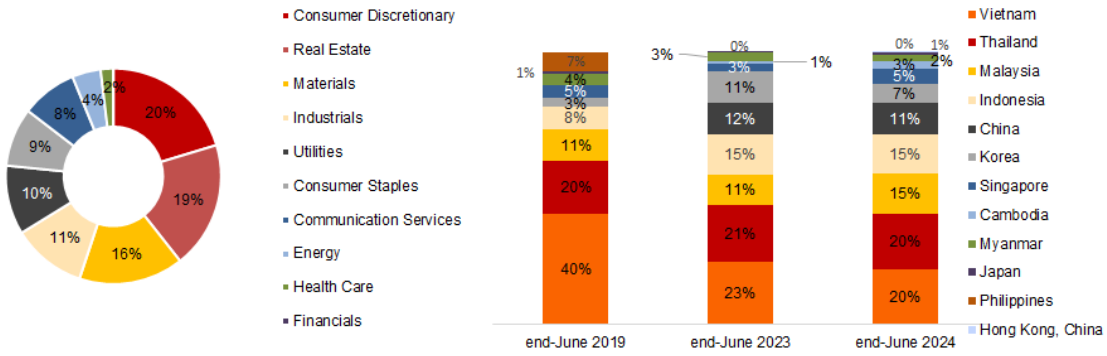
- **Avoiding high-risk nations.** Issuances in some markets (Laos and Myanmar) remain on the backburner for now, given the heightened risks in these countries. Although CGIF does not exclude any specific sectors from its origination considerations, it has kept its conservative growth stance and continues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

- **Prudent underwriting and risk management practices.** CGIF's risk management framework has a well-defined risk governance structure. The Fund's underwriting process is prudent, involving internal credit assessments by the Deal Operations Department. Independent validation of deals take place at several levels including the Risk Management Department, Guarantee and Investment Committee, and ultimately seeking Board approval.[6] The Fund also obtains a bilateral risk rating from an independent third party (e.g. S&P Global Market Intelligence) if deemed necessary. Since the onset of the pandemic, CGIF has enhanced its risk assessments while continuing frequent credit surveillance of its insured portfolio.

- **Reinsurance backed by highly rated reinsurers.** Reinsurance and other forms of unfunded risk participation is permitted under CGIF's internal policy to manage and/or transfer credit risks. Counterparties engaged 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 choose to increase the cession of reinsurance to as much as 49%. Risks ceded are limited to a respective USD150 mil and USD75 mil per issuer, for principal and interest.

Insured Portfolio

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



Source: CGIF

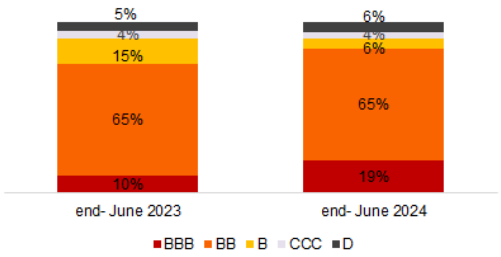
Note: Net of reinsurance; ceded country exposures are retained if issuer and reinsurer countries are the same.

- **Strategic diversification helps mitigate concentration risk.** CGIF's modest portfolio predisposes it to some concentration risks by country. In recent years, the Fund has actively

[6] This applies to all deals except those with transaction amounts of USD50 million or less, 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.

worked to rebalance its holdings, resulting in a reduction of its largest country exposure[7], Vietnam, to 20% as at end-June 2024. The Fund's guarantee portfolio by sector, on the other hand, is sufficiently diversified. CGIF's comprehensive quality and risk management practices, which includes various prudential country and sector limits moderate this 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[8] to evaluate credit. The weighted average rating remained at BB+ (global scale) as at end-June 2024. While a few issuers 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.

- **Vigilant monitoring of guaranteed portfolio.** The Fund identified six issuers of heightened risk (internally rated between CCC+ and BB-) through its annual portfolio review. While remaining attentive to these accounts, CGIF is not overly concerned as they are largely collateralised. The need for additional provisioning will be assessed by the end of this year. When an insured bond defaults, CGIF is entitled to accelerate or retain the original interest or principal payment schedule which reduces liability-acceleration risk. Overall, 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**. KNM, an oil and gas-related entity, had missed principal (USD83 mil) and coupon (USD1.5 mil) payments for its Thai bonds on 18 November 2021, making it the first default under CGIF's guaranteed portfolio. KNM has encountered difficulties in divesting its key assets, compounded by a turbulent internal political environment that raised concerns about its recovery prospects. With the hostile takeover attempts appearing to subside, KNM is focusing on its revitalisation strategy which includes potential listing of key assets and the sale of others. The Fund is optimistic to recoup this exposure. CGIF had received the related reinsurance claim amounting to USD21.2 mil. The requirement for further provisioning will be reassessed in the next year as the Fund monitors the obligor's resolution plan. We view provisioning risk to be manageable.

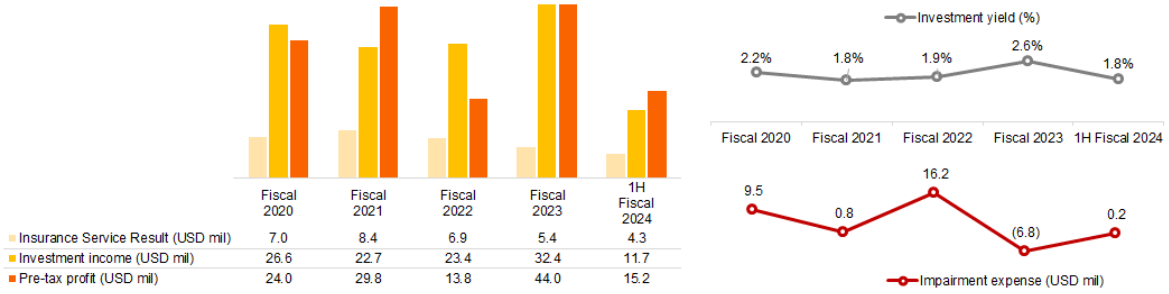
[7] Country limit is set at 20% of maximum guarantee capital (MGC), net of reinsurance. MGC = (total paid-in capital + retained earnings - credit loss reserves - foreign exchange loss reserves - all illiquid investments) x 2.5 times. The maximum leverage ratio of 2.5 times is the threshold agreed in the Articles of Agreement for the Fund's guarantee operations.
[8] 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.

- **Limited impact from second default XJ as exposure fully recovered.** A separate incident[9] to XJ triggered a cross-default on its THB1.3 bil debentures guaranteed by the Fund. CGIF accelerated the transaction, declaring the debentures immediately due and payable. The principal amount of THB1.3 bil and additional accrued interest of THB4.8 mil have been paid to the debenture holders' representative on 30 April 2024. CGIF's exposure in the incident has been recouped, mitigating any adverse impact to its overall portfolio resilience.

- **Restrictions imposed on INTI Universal Holdings Sdn Bhd's (INTI), an XJ subisidary.** CGIF also guarantees INTI's 5-year MTN of up to RM300 mil (2023/2028). Dissimilar to XJ's Thai bond, INTI's MTN is not subject to a cross-default clause. The Fund immediately placed restrictions on any flow of funds from INTI to XJ upon news of XJ's default. This includes restricting payments to shareholder, related parties, asset disposals, and additional borrowings by INTI without CGIF's consent. Given the limitations inhibiting XJ from tapping funds from INTI without recourse, we believe that XJ's default will not have a pervasive effect on the INTI transaction within CGIF's books.

Financial Performance

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



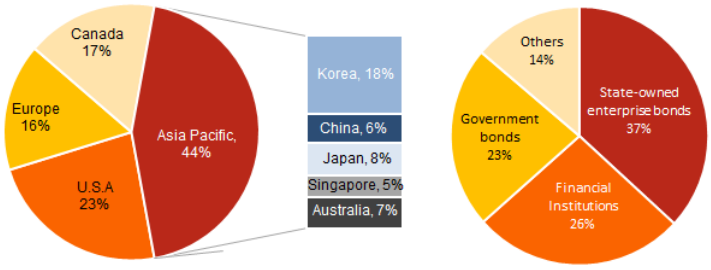
Source: CGIF

- **Provision reversal lifts pre-tax profits.** After a steep decline in FY Dec 2022, CGIF's pre-tax profit recovered in FY Dec 2023 from RM6.8 mil in write-backs. This is largely due to reversals of the KNM bond impairments (booked in FY Dec 2022) where the Fund assumes shorter discounting periods amid continued recovery efforts at the troubled company. Favourable performance in their investments also contributed towards the improvement. In the absence of exceptional events thus far (e.g. defaults with no recovery prospects), pre-tax profits for 1H FY Dec 2024 have normalised. Full year profit performance hinges largely on provisioning requirements of its guaranteed portfolio.

[9] On 2 March 2024, XJ's convertible bondholders opted to redeem US$315 mil of its US$350 mil zero-coupon convertible bonds issued by its subsidiary, Tequ Mayflower Limited, rather than converting them. This was because the share price of XJ was significantly below the strike price for conversion. XJ's share price on the day bondholders issued their redemption option notices was HK$0.30/share, substantially below the convertible bond's conversion price of HK$3.85/share

Investment Assets & Liquidity Profile

Figures 7 and 8: Investments primarily exposed to Asia Pacific countries and government-linked entities



**Data as at end-June 2024*
Source: CGIF

- **Conservative investment strategy.** CGIF's investments are managed by its trustee, ADB, with prudent investment strategy 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 86% of total invested assets as end-June 2024, with deposits making up the rest. The Fund's securities portfolio is fairly diversified geographically. CGIF's investment yield tailed off slightly to 1.84% in 1H FY Dec 2024 due to larger foreign exchange losses, having recorded a healthier yield of 2.63% in FY Dec 2023 as interest rates surged (fiscal 2019-fiscal 2021 average: 1.97%).

- **Robust liquidity.** CGIF's liquidity position continues to exhibit strength, supported by highly liquid invested assets amounting to USD1.3 bil as at end-June 2024. This equates to roughly 87% of its guaranteed portfolio, affording it a solid liquidity buffer against potential claims. The Fund's investment strategy entails a mix of assets which mature between two to four years (end-June 2024 average: around 3 years). With the guarantee portfolio's average tenure to maturity being 3.2 years as at end-June 2024, the investment strategy prepares the Fund well ahead for scheduled redemptions. CGIF performs quarterly stress tests on its portfolio to monitor liquidity. As at end-June 2024, the tests indicated sufficient liquidity buffer to withstand concurrent defaults by its 2 largest issuers.

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 to 1.3 times as at end-December 2024 (end-June 2024: 1.1 times). This is well below RAM's limit of 5.0 times threshold for an AAA rating.

- **Sound capitalisation.** The Fund measures and monitors the capital-to-capital charge ratio[10] that is adjusted for foreign exchange loss reserves, illiquid assets as well as concentration. CGIF's capital-to-capital charge remained healthy at 4.6 times as at end-June 2024, well above its internal threshold of 1.1 times. Moving forward, the ratio is expected to stay above 4.6 times. The Fund has been reinvesting 100% of its annual net profits since inception. CGIF's solid capital

[10] Computed as total capital (adjusted for FX loss reserve and illiquid assets) over total capital charge. Total capital charge includes credit risk capital charge, market risk capital charge, and operational risk capital charge.

base is entirely funded by tier-1 capital.

- **Capital position unchanged despite subdued unrealised revaluation losses.** CGIF recorded substantial unrealised valuation losses on its investments amounting to USD95.0 mil in FY Dec 2022, a consequence of rising bond yields. This amount is equivalent to CGIF's cumulative net profit from 2019 to 2022. Although the Fund's investment revaluation reserve improved to negative USD57.6 mil as at end-June 2024 (FY Dec 2022: negative USD78.8 mil) as bond yields stabilised and trended down, it had minimal impact on its equity base of over USD1.3 bil as at the same date. 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 2024	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	Shuo Zhang (People's Republic of China) Minwen Zhang (People's Republic of China) Kazuko Sakuma (Japan) Shunichi Takenaka (Japan) Sang Hun Kim (Republic of Korea) Jin-Chyi (Kevin) Shun (ASEAN) Craig Roberts (ADB) Hongwei Wang (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) Ian Hay (Head Institutional Risk) Anuj Awasthi (Vice President Operations) Gene Soon Park (General Counsel & Board Secretary) Hou Hock Lim (Corporate Planner & Head of Budget, Personnel & Management Systems) Jackie Jeong-Ae Bang (Internal Auditor)	
Major Subsidiaries	n.a.	

Financials

					Unaudited
STATEMENT OF FINANCIAL POSITION (USD Million)	**31-Dec-20**	**31-Dec-21**	**31-Dec-22**	**31-Dec-23**	**30-Jun-24**
Property, Plant & Equipment	0.18	0.14	0.14	0.14	1.41
Right-of-Use Assets	0.51	0.34	0.18	0.45	0.38
Investment Properties	0.00	0.00	0.00	0.00	0.00
Goodwill & Intangibles	0.02	0.07	0.08	0.06	0.05
Investments in Subsidiaries/Associates/Jointly Controlled Entities	0.00	0.00	0.00	0.00	0.00
Financial Investments	1,277.91	1,221.67	1,190.54	1,270.81	1,281.73
Loans & Receivables	0.00	0.00	0.00	0.00	0.00
Insurance Contract Assets	67.90	136.65	102.58	108.81	106.25
Reinsurance Contract Assets	0.00	2.58	0.00	0.00	0.00
Other Assets	1.68	2.16	2.15	1.33	1.02
Cash & Cash Equivalents	3.46	9.15	9.34	5.81	7.22
Total Assets	**1,351.66**	**1,372.77**	**1,305.00**	**1,387.42**	**1,398.06**
Insurance Contract Liabilities	83.38	76.20	66.44	65.08	68.53
Reinsurance Contract Liabilities	0.00	0.00	0.00	0.00	0.00
Subordinated Bonds	0.00	0.00	0.00	0.00	0.00
Other Borrowings	0.50	0.33	0.15	0.44	0.35
Other Liabilities	3.27	3.88	15.18	19.43	16.54
Total Liabilities	**87.15**	**80.40**	**81.77**	**84.95**	**85.41**
Share Capital	1,102.20	1,137.00	1,148.90	1,158.00	1,158.00
Share Premium	0.00	0.00	0.00	0.00	0.00
Fair Value through Other Comprehensive Income Reserve	0.00	0.00	0.00	0.00	0.00
Insurance & Reinsurance Finance Reserve	0.00	0.00	0.00	0.00	0.00
Other Reserves	52.85	16.11	(78.75)	(52.61)	(57.64)
Retained Profits/(Accumulated Losses)	109.46	139.25	153.08	197.08	212.28
Non-Controlling Interests	0.00	0.00	0.00	0.00	0.00
Total Equity	**1,264.51**	**1,292.36**	**1,223.23**	**1,302.47**	**1,312.64**
Total Liabilities + Total Equity	**1,351.66**	**1,372.77**	**1,305.00**	**1,387.42**	**1,398.06**
Additional Disclosure:					
Contractual Service Margin	0.00	0.00	0.00	0.00	0.00

Financials

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (USD Million)	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	Unaudited 30-Jun-24
Insurance Revenue	19.87	22.65	23.74	24.66	13.01
Insurance Service Expenses	(9.36)	(9.91)	(10.72)	(11.24)	(5.97)
Insurance Service Result before Reinsurance	**10.51**	**12.74**	**13.02**	**13.41**	**7.04**
Net Expenses from Reinsurance Contracts	(3.49)	(4.38)	(6.15)	(7.99)	(2.80)
Insurance Service Result	**7.03**	**8.36**	**6.87**	**5.42**	**4.25**
Net Investment Income/(Loss)	26.63	22.65	23.41	32.42	11.72
Finance Expenses from Insurance Contracts	0.00	0.00	0.00	0.00	0.00
Finance Income from Reinsurance Contracts Held	0.00	0.00	0.00	0.00	0.00
Net Insurance & Investment Result	**33.66**	**31.01**	**30.28**	**37.84**	**15.97**
Other Income	(0.10)	(0.27)	(0.09)	(0.52)	(0.46)
Other Operating Expenses	(9.51)	(0.83)	(16.24)	6.78	(0.23)
Finance Cost	(0.09)	(0.11)	(0.10)	(0.10)	(0.06)
Non-Recurring Items	0.00	0.00	0.00	0.00	0.00
Share of Profit/(Loss) of Associates/Jointly Controlled Entities	0.00	0.00	0.00	0.00	0.00
Pre-Tax Profit/(Loss)	**23.96**	**29.79**	**13.83**	**43.99**	**15.21**
Taxation	0.00	0.00	0.00	0.00	0.00
Net Profit/(Loss)	**23.96**	**29.79**	**13.83**	**43.99**	**15.21**
Other Comprehensive Income/(Loss)	37.52	(36.74)	(94.86)	26.14	(5.03)
Total Comprehensive Income/(Loss)	**61.48**	**(6.95)**	**(81.03)**	**70.13**	**10.18**
Additional Disclosure:					
Profit/(Loss) 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-20	31-Dec-21	31-Dec-22	31-Dec-23	Unaudited 30-Jun-24	
PROFITABILITY (%):						
Claims Ratio	n.m.	n.m.	n.m.	n.m.	n.m.	
Expense Ratio	47.10%	43.74%	45.15%	45.60%	45.89%	
Net Losses on Onerous Contracts Ratio	n.m.	n.m.	n.m.	n.m.	n.m.	
Combined Ratio	n.m.	n.m.	n.m.	n.m.	n.m.	
Underwriting Margin	35.36%	36.92%	28.93%	21.99%	32.63%	
Pre-Tax Profit Margin	120.60%	131.56%	58.29%	178.42%	116.87%	
Return on Equity	1.96%	2.33%	1.10%	3.48%	2.33%	*
Return on Adjusted Equity	1.96%	2.33%	1.10%	3.48%	2.33%	*
CAPITALISATION AND LEVERAGE (%):						
Financial Leverage Ratio	n.m.	n.m.	n.m.	n.m.	n.m.	
Capital Adequacy Ratio[1]	388.00%	428.00%	435.00%	458.00%	460.00%	
Interest Coverage (times)	n.m.	n.m.	n.m.	n.m.	n.m.	
INVESTMENT RISK PROFILE (%):						
Investment Yield	2.16%	1.81%	1.94%	2.63%	1.84%	*
Investment Yield (with Changes in FVOCI Reserve)	5.21%	(1.13%)	(5.92%)	4.76%	1.05%	*
Deposits to Total Invested Assets	6.51%	4.52%	3.72%	0.39%	1.17%	
Debt Securities to Total Invested Assets	92.91%	94.93%	95.59%	98.89%	98.09%	
Equity Securities to Total Invested Assets	0.00%	0.00%	0.00%	0.00%	0.00%	
LIQUIDITY (TIMES):						
Cash & Cash Equivalents to Net Insurance Contract Liabilities	n.m.	n.m.	n.m.	n.m.	n.m.	
Liquid Assets to Net Insurance Contract Liabilities	n.m.	n.m.	n.m.	n.m.	n.m.	
RESERVES ADEQUACY (%):						
Net Claims Reserves to Net Claims Incurred	n.m.	n.m.	n.m.	n.m.	n.m.	
Net Insurance Contract Liabilities to Insurance Revenue	n.m.	n.m.	n.m.	n.m.	n.m.	
OTHERS (%):						
Retention Ratio	70.75%	68.48%	67.43%	68.13%	71.05%	

Notes:

* annualised

n.m. = not meaningful

FVOCI = Fair Value through Other Comprehensive Income

(1) Capital Adequacy Ratio is reported in CGIF's annual reports, calculated as capital to total capital charge.

Financials

KEY RATIOS	FORMULAE
PROFITABILITY (%)	
Claims Ratio	(Incurred Claims + Changes in Liabilities for Incurred Claims + Net Expenses from Reinsurance Contracts) / Insurance Revenue
Expense Ratio	(Insurance Acquisition Expense + Other Directly Attributable Expense) / Insurance Revenue
Net Losses on Onerous Contracts Ratio	Net Losses on Onerous Contracts / Insurance Revenue
Combined Ratio	Claims Ratio + Expense Ratio + Net Losses on Onerous Contracts Ratio
Underwriting Margin	1 - Combined Ratio
Pre-Tax Profit Margin	Pre-Tax Profit/(Loss) / Insurance Revenue
Return on Equity	Pre-Tax Profit/(Loss) / Average of Total Equity
Return on Adjusted Equity	Pre-Tax Profit/(Loss) / Average of Total Equity + Contractual Service Margin
CAPITALISATION AND LEVERAGE (%):	
Financial Leverage Ratio	Total Debts / (Total Debts + Total Equity + Contractual Service Margin)
Capital Adequacy Ratio	Total Capital Available / Total Capital Required
Interest Coverage (times)	Net Insurance & Investment Result / Finance Cost
INVESTMENT RISK PROFILE (%):	
Total Invested Assets	Financial Investments + Investment Properties
Investment Yield	Net Investment Income/(Loss) / Average Total Invested Assets
Investment Yield (with Changes in FVOCI Reserve)	(Net Investment Income/(Loss) + Changes in FVOCI Reserve) / Average Total Invested Assets
Deposits to Total Invested Assets	Deposits / Total Invested Assets
Debt Securities to Total Invested Assets	Debt Securities / Total Invested Assets
Equity Securities to Total Invested Assets	Equity Securities / Total Invested Assets
LIQUIDITY (TIMES):	
Cash & Cash Equivalents to Net Insurance Contract Liabilities	Cash & Cash Equivalents / Net Insurance Contract Liabilities
Liquid Assets to Net Insurance Contract Liabilities	(Cash & Cash Equivalents + Deposits + Investment Account Placements + Negotiable Instruments of Deposits + Government Securities + Quasi-Government Securities + Government-Guaranteed Securities + Quoted Equity Securities) / Net Insurance Contract Liabilities
RESERVES ADEQUACY (%):	
Net Claims Reserves to Net Claims Incurred	Net Liabilities for Incurred Claims / (Incurred Claims + Changes in Liabilities for Incurred Claims + Net Expenses from Reinsurance Contracts)
Net Insurance Contract Liabilities to Insurance Revenue	Net Insurance Contract Liabilities / Insurance Revenue
OTHERS (%):	
Retention Ratio	1 - (Allocation of Reinsurance Premiums / Insurance Revenue)

Note:
FVOCI = Fair Value through Other Comprehensive Income

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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