



CREDIT GUARANTEE

ENABLING GROWTH WITHOUT RISK

A Member of the  OLD MUTUAL Group

CORPORATE HIGHLIGHTS

REPUTATION
— is —
EVERYTHING



Reputation is trust.

“For 61 years, we’ve built a reputation that you can trust”.

Dear Stakeholder

2017 was a year of positive change for CGIC. While navigating through the turbulent waters of the South African economy, CGIC posted above-inflation premium growth to R1.11 billion and a healthy underwriting profit, significantly outpacing our underwriting loss in the prior year. We would have achieved our targets but for two significant claims which arose in Q4. Nevertheless, CGIC has improved its capital base through our positive trading results and our balance sheet reflects a SAM capital ratio comfortably in excess of 1 times. Our credit rating was confirmed at AA+ by Global Credit Ratings.

The start of the year saw our news headlines dominated by the downgrade of South African foreign debt to so-called “junk status”. This followed negative international perceptions of the political climate in South Africa, grim allegations of state capture and doubts about whether government will follow through on its promises to run the finances of the country in a disciplined manner. CGIC loss ratios, particularly in terms of attritional losses, correlate strongly to South African GDP performance. There is no doubt that the recessionary conditions of 2016-2017 have contributed to buyer distress and we saw the capitulation of a number of struggling companies.

At the time of writing, I am very heartened to observe strongly improved business sentiment in the country for 2018, off the positive momentum of new ANC leadership, and continued recovery in the rest of the world. Clients across many industry sectors have expressed a positive outlook for the year ahead. This sets the stage for a better overall performance by corporate South Africa and our underwriting portfolio. It is sad that South Africa has not come close to reaching its economic potential over recent years, entrenching the inequalities that continue to incapacitate our society.

In April 2017, Atradius entered as a 25% strategic shareholder in CGIC. Atradius is the world's second largest trade credit insurer with a global reach across more than 50 countries through a network of

160 offices. This extends the footprint of CGIC into the rest of the world, and gives Atradius a strategic presence in Africa through CGIC. 75% of our shares will continue to be held by Old Mutual, through our holding company Old Mutual Insure, consolidating our very strong shareholder support.

We have relocated our business from Randburg to the new Old Mutual headquarters at 1 Mutual Place, Sandton. Many of you have met with us over the years at our offices at 31 Dover Street. It was a monumental project to pack up the 33 years of history in our building. We are however delighted to be located in the heart of the Old Mutual Group in the centre of the financial capital of Africa. We hope to welcome you to our new “green” premises when you next visit us. In 2018, Old Mutual Limited will be listing on the JSE as part of the “homecoming” of the group. CGIC is proud to be part of the investment proposition to shareholders.

Continuing innovation is a requirement for business success in financial services. In Q3 we launched our “Auto-claims” platform to automate and streamline our claims process. Processes which once took several weeks now take a few minutes. We have other exciting initiatives in the pipeline to expedite the automated issuing of credit limits.

We continue to foster and grow our key staff talent for sustainability and future-proofing of CGIC. Adherence to our core values – integrity, respect, pushing beyond boundaries, care, and holding ourselves accountable - is a non-negotiable.

On behalf of all the management and staff of CGIC, may I convey my sincere appreciation to all our policyholders, intermediaries and reinsurers for your ongoing business support and I wish you the very best for the time ahead.

Charles Nortje | CEO

Reputation is a by-product of action.

Credit Guarantee has worked hard at remaining the most trusted provider of Trade Credit Insurance in Africa.

GROSS WRITTEN PREMIUM BEFORE
NO/LOW CLAIMS BONUSES

R1,2bn

R91m

NO/LOW CLAIMS BONUSES

NET CLAIMS INCURRED

R770m

R258m

NET SALVAGES RECOVERED

TOTAL ASSETS

R2,56bn

R907m

SHAREHOLDERS' FUNDS

ESTIMATED LIMITS IN ISSUE

R300bn

135 770

NUMBER OF ACTIVE
BUYERS WITH EXPOSURE

GLOBAL CREDIT RATINGS

AA+

LEVEL 2

BBBEE CONTRIBUTOR

ISO
9001/2008
RECERTIFIED

Reputation is everything.

It's expectation. It's experience – proven results.

Trade Credit Insurance

We provide domestic and international trade credit insurance cover to our policyholders who sell goods or provide services to other businesses on credit terms, in order to protect them against non-payment risks.

Benefits of Insuring

- Peace of mind, confidence and security to expand sales to new customers and new markets
- For SME's in particular, the potential of unlocking additional lines of bank credit
- CGIC's extensive database of credit information
- Indemnity against bad debts in the event that a customer fails to pay

Domestic Trade Credit Insurance

Cover against non-payment by your customers in South Africa or Common Monetary Area arising from:

- Insolvency
- Liquidation
- Business rescue
- Protracted default

International Trade Credit Insurance

Cover against non-payment by your export customers situated outside of South Africa, including:

- Commercial Risks
 - Insolvency
 - Liquidation
 - Protracted default
 - Repudiation

- Political Risks
 - Confiscation
 - War risks
 - Foreign currency inconvertibility

Bonds & Surety

We provide solutions for:

- The Construction Sector, including:
 - Bid / Tender Bonds
 - Performance Bonds
 - Retention Bonds
 - Advance Payment Bonds
 - Materials Off-Site Guarantees

Maximum 3-year term

ZAR denominated

Pure financial guarantees excluded

Also:

- Customs Bonds
- Retail Fuel Guarantees

Atradius

Through our strategic relationship with Atradius, CGIC has a global footprint in 50 countries through a network of 160 offices and access to risk information on 200 million companies worldwide.

For more information on Credit Guarantee please scan QR Code or visit: www.creditguarantee.co.za



Telephone:

Gauteng: 011 889 7000

KwaZulu Natal: 031 265 0300

Western Cape: 021 421 7830



CREDIT GUARANTEE
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| Bonds & Surety | Domestic Trade Credit Insurance | International Trade Credit Insurance |

www.creditguarantee.co.za | #info@cgic.co.za | Authorised FSP No. 17691

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SABS
150 9001