



2016 CORPORATE HIGHLIGHTS

“After a year of unprecedented events we have entered 2017 with our capital base fully intact and an improved credit rating of AA+”

CEO Charles Nortje's TAKE ON 2016

TAKE ON Business Growth with Confidence



CEO'S TAKE ON 2016



The phrase, from the movie, Jaws: **“just when you thought it was safe to go back in the water”** comes to mind...

2016 was a year of unprecedented events. The *INDEPENDENT* reports that a Donald Trump victory, Britain leaving the EU and Leicester City winning the Premier League were all deemed so unlikely that a £10 bet on all three would together have returned a massive £30 million. All three in fact happened.

The complex global picture was exacerbated by events closer to home, on the African continent and in South Africa. African economies with a high degree of vulnerability to falling commodity prices (particularly oil, iron ore and steel) suffered a spectacular blowout with Nigeria, just one example, basically running out of fuel and US dollars with which to pay foreign creditors. A similar story played out in Latin America where the trade credit insurance market has many of the same characteristics of our own in SA. Problems of governance, corruption and political issues have created a perfect storm sapping the resilience and confidence of many companies in that region. This has a familiar ring to it.

Here at home, our own headlines have been dogged with controversy surrounding custodianship of National Treasury, and the affordability of initiatives such as The Nuclear Deal. The ex Public Protector issued a report containing grim allegations of state capture. An SA sovereign downgrade, still looks likely despite the commendable efforts of big business, including senior executives of the Old Mutual Group, to convince investors otherwise. GDP growth continued to bump along the bottom in the sub 1% band.

Many corporates are now witnessing the corrosive effects of several years of an economic misfire in the country, coming up for air after the load-shedding of 2015, only to find a burgeoning set of new challenges to deal with. A story of growth foregone, investment and job creation which did not happen, tax revenues which never materialised off depleted earnings all round, and consequently the inability to properly address social change and inequality. This is probably the real tragedy of the low GDP growth story.

CGIC was, as could be expected, not immune to these developments in 2016.

We paid some large claims in the Africa export market, and a large swathe of smaller, but in aggregate quite substantial, claims in our domestic business. All of this contributed to a poor underwriting result, clawed back through investment income, and we reported a flat result for the year overall. Not quite what we wanted in our Diamond Jubilee year – celebrating 60 years of success! – but we have played the cards as they have fallen.

We have entered 2017 with our capital base fully intact, our A-rated reinsurance panel is oversubscribed, and our improved credit rating of AA+ recognises the strength of Old Mutual Group shareholder support. We are at a high level of preparedness for the introduction of the new SAM capital requirements, as well as Treating Customers Fairly (TCF) and market conduct regulations, all of which are already strongly embedded in our business practices.

In early 2017, we are on track to see the entry of Atradius, one of the largest global players, as a 25% shareholder of CGIC. This cements many years of our co-operation agreement with Atradius, and is a cause for celebration. This adds the top-flight international trade credit and bonding expertise of Atradius to that of CGIC. We will also be “moving house” in 2017 from Randburg to the new Old Mutual headquarters in Sandton, opposite Gautrain, taking our place among the most reputable financial services companies in SA.

In the crystal ball for 2017, there are signals of better times ahead with

commodity prices firming, business-friendly policies emerging in the US, and the drought being broken in large parts of the country. Our management team remains stable, carrying all the wisdom and experience to manage our business through thick and thin. We can navigate through calm waters, or the stormy seas such as we saw in 2016.

Rest assured, that CGIC will stay the course through 2017 and beyond, serving the needs of our valued policyholders and intermediaries, through our energised and empowered employees. A sincere thank you for your business support!

Charles Nortje
CEO

CELEBRATING

60 yrs

OF TAKING ON BUSINESS GROWTH

R1,137bn

GROSS WRITTEN PREMIUM
BEFORE NO / LOW CLAIMS BONUSES

R842m

TOTAL NET CLAIMS PAID

R241m

SALVAGES RECOVERED

R2,2bn

TOTAL ASSETS

R820m

SHAREHOLDERS' FUNDS

19 241

NUMBER OF ADVERSE
EVENTS RESPONDED TO

132 877

NUMBER OF ACTIVE
BUYERS WITH EXPOSURE

AA+

GLOBAL CREDIT RATINGS

LEVEL 2

BBBEE CONTRIBUTOR

ISO 9001 / 2000
RECERTIFIED

TAKE ON OUR PRODUCTS & SERVICES

Benefits of Insuring

- Indemnity against bad debts arising from sales to your customers on credit terms
- Confidence and security in expanding sales into new customers and new markets
- Enhances access to bank finance if your debtors are insured
- CGIC credit information database

Bonds & Surety

- Performance bonds
- Advanced payment bonds
- Retention bonds

Maximum five year term
ZAR or USD denominated
Pure financial guarantees excluded

Domestic Trade Credit Insurance

Cover against non-payment by your customers in South Africa arising from:

- Insolvency
- Liquidation
- Business rescue
- Protracted default

Small & Medium Enterprise Cover tailored for the needs of the entrepreneur

Debtors must arise as a result of the supply of goods or services

Atradius

Through our strategic relationship with Atradius, CGIC has a global footprint in 50 countries through the Atradius 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

International Trade Credit Insurance

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

- Commercial risks
- Political risks including confiscation
- Foreign currency inconvertibility
- War risks
- Insolvency
- Liquidation
- Protracted default
- Repudiation

Telephone:

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CREDIT GUARANTEE
ENABLING GROWTH WITHOUT RISK

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

#info@cgic.co.za | Authorised Financial Services Provider No. 17691

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