Vision Insurance Co SAOG

Under Transformation

Offer Price: RO 0.162 *Outlook: Neutral* *Fair Value: RO 0.174*

Vision Insurance - *Visioning for sustained growth, limited valuation upside seen…*

Outlook: Neutral ***IPO Rating: Average*** ***Fair Value: RO 0.174***

- Diversified promoter background and able management team with proven track record in Oman Insurance sector
- Excellent rapport with the global reinsurers and the intermediaries in developing novel reinsurance structures
- IPO at premium, Valuation upside seems limited, on relatively optimistic IPO estimates over 2018-2020E.
- H1 2017 results in line with the full year IPO projections, which may support near term dividends.
- Challenges remain on the economic slowdown, risk of large loss events, IBNR and contingency provisioning requirements

Diversified Promoter background and Strong management team: Vision Insurance has diversified Omani and regional promoters background with strong business credentials across various financial services businesses. Added, since inception, the company has a strong management team with established track record in Oman Insurance sector in providing novel Insurance solutions to the clients.

Growing Distribution Network: With the investments in infrastructure, technology and people, Vision has reported consistent growth in Gross Written Premium (GWP) since inception. End 2016, the company has grown its GWP to RO 22 million, market share of 5% in the Oman Insurance Sector. Vision GWP has revealed annualized growth of 13% over 2010-16, Vision has developed strong client base with wide network of 15 branches across Oman (by 2017 end) to provide products and services to both corporate and retail clients.

Positive on declining claims and improving combined ratios: The loss ratio of Vision Insurance is on a declining trend over last five years, maintains a loss ratio of about 69% levels (2016) as compared to 80% levels of National Insurers and the Industry. The Combined ratio stands at mid-80% levels as against the Industry rate of c. 100% levels, this is on back of lower management expenses than peers and the net commission income from reinsurance contracts. The company has adopted strategy in maintaining lower level of retention in most of the insurance segments amid rapport with reinsurers and product structuring, except for the Motor Business.

Investment Book focus shifting to long term deposits: End 2016, the investment in deposits and bonds forms c. 70% of total. While the volatile equities and Mutual funds forms the rest. Historically, the company has reported volatile investment income due to higher allocation in equities. While lately the focus has shifted towards investments in long term deposits, based on this return assumptions seems realistic on an increasing interest rate scenario.

H1 2017 performance remain steady: During H1 2017, Vision reported net profit of RO 1.073 million, an increase of 49% YoY and this is more in line with the IPO guidance for the full year. Management seems to be confident on achieving 2017 projections and thereby comfort seen in 2017 dividends. Typically, we have seen seasonality trend in the earnings of Insurance companies with H1 earnings remaining higher as compared to H2 results, revealing the Insurance business cycle and the risks associated.

Outlook – Limited valuation upside seen: We remain mixed on the fundamentals amid management confidence shown in growth, lower expenses ratio and improved combined ratios. While the historical trend of volatility in earnings, level of contingency reserves and future IBNR provisioning requirements may impact the earnings and dividend policy. We rate the IPO as an average issue. We initiate coverage on Vision Insurance with a **Neutral** rating with limited valuation upside seen as compared to our valuations.

The dividend payout policy is c. 60% levels over the projected period, which seems to achievable and needs to be tested in strict regulatory environment and increasing provisioning requirements**. Based on our dividend discount model (DDM), fair value is at RO 0.148 (IPO estimates),** which is below the offer price and on relative Div. Yield approach the value is at RO 0.180. On the contrary, the justifiable book value method as compared to Return on Equity (RoE), the valuation works to be higher at RO 0.190 (on higher RoE) and the Relative PE methodology warrants value of RO 0.187, remain supportive to the offer price. **On a weighted basis, our fair value for Vision Insurance is at RO 0.174. We do see limited upside on listing for the premium issuance.**

In our view, the management IPO projections seems aggressive in certain growth metrics. The downside risk remains in competitive market environment, large Insurance loss events, tighten regulatory environment and increase in provisioning requirements.

Key Investment Highlights

- Experienced and diversified local and regional promoters with expertise across various financial services businesses.
- Strong management team with proven track record in Oman Insurance sector and in terms of introduction of novel products to cater to the client requirements.
- Since inception, Vision has consistently grown its GWP through providing solutions to diverse client requirements, thereby increasing its overall market share to c. 5%. While, in marine segment the company has c. 24% share, in liability c. 14% share and Engineering c. 11% share of total market.
- The company has expanded its distribution network and launched alternative channels to drive growth. The approach remains multi-channeled with Corporate forming 30% of GWP and retail forming 23% of GWP (2016)
- Investment Book has 70% exposure in Deposits and Bonds, while the riskier equities and funds form the remainder. As per the management, the incremental funds are allocated towards long term deposits and supportive to improvement in investment yield
- End 2016, the combined solvency ratio is at 129% levels, which is above the minimum regulatory requirements. Post recent capital infusion (rights issue during Q2 2017), the solvency ratio has further strengthened, reflecting strong balance sheet.
- Economic slowdown to impact the IPO growth projections. The exposure to the motor business remain high for the company like peer group companies. We see the lower level of contingency reserves and changes in IBNR actuarial provisions may affect the future dividend payout policy

Table 1: Bear and Base Case approach

Scenarios	Key Assumptions
Bear Case	On our bear case, we have lowered the optimistic growth IPO projections, margins and increased loss ratios on intense competition and difficult market conditions. Gross premium to reveal lower annualized growth of 3% over 2016-20E. The underwriting results to grow 6% and PAT to reveal CAGR of 8% over same period. Average RoAE for 2017-2019E to lower to 11%. **In our bear case, the fair value works out to be lower than IPO price.**
Base Case	In our base case, we have used the IPO projections on management confidence. Gross premium to reveal annualized growth of 8% over 2016-19E. While, the underwriting result to reveal 14% annualized and net profit CAGR remain high at 26%, which seems too optimistic. Average RoE for 2017-20E is at 14.4% levels**. In our Base Case, the fair value of Vision Insurance is at RO 0.174**

Table 2: Valuation Scenarios- Base Case

Methodology	Fair Value (In RO)
Dividend Discount Model (DDM)	0.148
Price to Book Value Method	0.190
Relative- Div. Yield Methodology	0.180
Relative- P/E Methodology	0.187
Weighted Average Fair Value	**0.174**

Source: Company Report, GBCM Research Estimates

Table 3: Key Ratios- Base Case

Key Ratios **	2014	2015	2016	2017E	2018E	2019E	2020E
Price to Earnings Ratio (PE)	4.89	6.07	7.96	9.06	6.86	6.02	5.77
Price to Book Value- PBV (on Total Equity)	1.10	1.02	1.00	1.11	1.02	0.94	0.86
Dividend Yield (%)	4.6%	6.2%	4.6%	7.7%	9.3%	9.3%	9.3%
Dividend Payout (%)	22.7%	37.5%	36.9%	69.9%	63.6%	55.8%	53.4%

Source: Company Report, GBCM Research Estimates, ** Based on IPO price of RO 0.162

Table 4: Oman Insurance Sector comparison

	Market Cap (In RO millions)	P/E- TTM	P/B (Latest)	Div. Yield- TTM	ROE- LF	ROA- LF
		(x)	(x)	(%)	(%)	(%)
Oman						
Conventional						
Oman United Insurance Co	33.6	12.2	1.2	9.0	14.6	4.1
Dhofar Insurance	40.0	NA	2.0	NA	NM	NM
Muscat National Holding	8.6	5.7	0.5	5.8	8.6	2.9
Avg- Oman Conventional Ins. Cos		**9.0**	**1.3**	**7.4**	**11.6**	**3.5**
Takaful						
Al Madina Takaful Co	19.8	10.9	0.8	5.3	7.0	3.2
Takaful Oman	17.5	7.9	1.2	NA	22.0	21.2
Average- Oman Takaful Ins. Cos		**9.4**	**1.0**	**5.3**	**14.5**	**12.2**
Average- Oman Insurance Sector		**9.2**	**1.2**	**6.7**	**13.0**	**7.9**
		P/E- 2017E	**PBV- 2017E**	**Div. Yield - 2017 (%)**	**RoE- 2017E**	**RoA- 2017E**
Vision Insurance (on IPO) #		**9.1**	**1.1**	**7.7%**	**12.3%**	**4.7%**

Source: Company Reports, Bloomberg, Based on closing price as on 1-Aug-2017, * On Shareholders' Funds, # On Offer price, GBCM Research

- **Oman Insurance sector trades at PE-TTM of 9.2X and PBV (latest) of 1.2X.** Average RoE of the Insurance Cos (excluding Dhofar Insurance) is at 13% levels.

- On the IPO price, Vision Insurance trades at PE (2017E) of 9.1X and PBV (2017E) of 1.1X, the RoE (2017E) works out to be c. 12.3%.

- **Based on justifiable Price to Book valuation and comparable Price to Earnings multiple methodology, the issue has been priced reasonably with upside seen.**

- **On the other hand, on 2017E dividend yield basis (7.7% on IPO), the offer is priced like the Oman conv. Insurance sector average of c. 7.4%.** Among the listed companies, Oman United Ins. offer 9% dividend yield based on last year dividends, which is higher as compared to Vision Ins. dividends.

Table 5: GCC Insurance Sector- Peer Group Analysis

	Market Cap (In - millions)	P/E-TTM	P/B (Latest)	Div. Yield-TTM	ROE- LF	ROA- LF
	In Local currencies	(x)	(x)	(%)	(%)	(%)
Oman						
Conventional						
Oman United Insurance Co	33.6	12.2	1.2	9.0	14.6	4.1
Dhofar Insurance	40.0	NA	2.0	NA	NM	NM
Muscat National Holding	8.6	5.7	0.5	5.8	8.6	2.9
Average- Oman Conventional Ins. Cos		**9.0**	**1.3**	**7.4**	**11.6**	**3.5**
Takaful						
Al Madina Takaful Co	19.8	10.9	0.8	5.3	7.0	3.2
Takaful Oman	17.5	7.9	1.2	NA	22.0	21.2
Average- Oman Takaful Ins. Cos		**9.4**	**1.0**	**5.3**	**14.5**	**12.2**
Average- Oman Insurance Sector		**9.2**	**1.2**	**6.7**	**13.0**	**7.9**
Qatar						
Conventional						
Qatar Insurance Co	19,217.5	19.4	2.0	1.9	14.7	4.0
Qatar General Insurance & Re	2,590.2	15.0	0.4	5.1	3.5	2.3
Doha Insurance Co	700.0	9.1	0.7	4.3	6.7	4.6
Average- Qatar Conventional Ins. Cos		**14.5**	**1.0**	**3.8**	**8.3**	**3.6**
Saudi						
Tawuniya	11,602.5	13.5	4.1	4.3	31.0	29.3
Walaa Cooperative Insurance	1,158.4	9.0	2.5	NA	32.3	30.4
AXA Cooperative Insurance	1,023.8	22.5	2.0	NA	8.8	7.6
SAICO	548.0	9.1	1.8	NA	18.6	18.1
Ace Arabia Cooperative Ins- Chubb	467.3	12.2	2.0	NA	14.3	13.1
Gulf Union Cooperative Ins	256.4	10.3	1.7	NA	14.1	13.0
Average- Saudi Cooperative. Ins. Cos		**12.8**	**2.4**	**4.3**	**19.9**	**18.6**
Kuwait						
Gulf Insurance Group	117.8	10.8	1.4	6.3	14.0	3.2
Al-Ahleia Insurance Co	86.0	9.9	0.8	7.8	8.7	3.7
Average- Kuwait Conventional Ins. Cos		**10.3**	**1.1**	**7.0**	**11.4**	**3.4**
UAE						
Abu Dhabi National Insurance	1,143.8	5.7	0.6	4.9	13.6	3.4
Emirates Insurance Co.	900.0	11.3	0.9	8.3	8.5	4.1
Al Buhaira National Ins.	550.0	11.7	0.8	4.5	6.8	2.4
Sharjah Insurance Co	529.4	14.3	2.5	2.0	8.6	5.0
Ras Al-Khaimah National Ins	451.0	13.7	1.9	2.4	10.0	3.4
Average- UAE Conventional Ins. Cos		**11.3**	**1.4**	**4.4**	**9.5**	**3.7**
Average- GCC Insurance Cos		**12.0**	**1.6**	**5.1**	**13.2**	**8.6**

Source: Company Reports, Bloomberg, Based on closing price as on 1-Aug-2017, GBCM Research

GCC Insurance sector trades at average PE-TTM of 12X and PBV (latest) of 1.6X. Average RoE of the regional companies is at 13% levels. The pricing of the regional Insurance companies is more in line with the justifiable book value as compared to their reported RoE, this points out to increasing price convergence on justified PBV method post listing of Vision Insurance.

Table 6: Term Sheet

Offer Details **	
Nominal Value	RO 0.100
Authorized Share Capital	RO 15 million
Paid up capital – Pre-IPO	RO 10 million
Total No. of shares offered	25 million shares or 25% of the share capital
Paid up capital – Post IPO	RO 10 million
Offer Price	RO 0.162
Offer Expenses	RO 0.002
Gross Proceeds from the offer (In RO)	4,050,000
IPO Expenses collected – (In RO)	50,000
Net Proceeds from the offer (In RO)	4,000,000
Total estimated expenses (In RO)	132,000
Difference between estimated expenses (In RO)	82,000 (company has received RO 80,100 from existing shareholders to pay any excess expenses)
Purpose of IPO	To comply with the provisions of Royal Decree 39/2014 which requires insurance companies to change their legal status to public joint stock companies no later than August 2017 and list in MSM
Proposed allocation of Shares	
Category I Investors	16.25 million shares or 65% of the offer shares on a pro-rata basis
Category II Investors	8.75 million shares or 35% of the offer shares on a pro-rata basis
Minimum Limit for the Subscription	
Category I Investors	1,000 shares and in multiples of 100 shares
Category II Investors	100,100 shares and in multiples of 100 shares
Maximum Limit for the Subscription	
Category I Investors	100,000 shares
Category II Investors	2.5 million shares or 10% of the offer
Offer Opening Date	9-Jul-17
Offer Closing Date **	**7-Aug-17**
Issue Manager - Subscription data	15-Aug-17
Approval of CMA - proposed allotment	21-Aug-13
Proposed Listing of shares	**23-Aug-17**
Issue Manager	Ahli Bank SAOG
Subscription Banks	Ahli Bank, Bank Sohar, Oman Arab Bank, NBO
Legal Advisor	Dentons & Co Oman Branch
Reporting Accountant	KPMG

Source: IPO Prospectus, GBCM Research

Table 7: Pre-and Post IPO shareholder structure

Shareholders	No. of shares (Pre-IPO	Shareholding (%), Pre-IPO	No. of Shares (Post-IPO)	Shareholding (%), Post-IPO
Vision Investment Services Co. SAOC	26,000,000	26.0%	19,500,000	19.5%
Al Wathba National Insurance Co.	20,000,000	20.0%	15,000,000	15.0%
Tawoos LLC	10,000,000	10.0%	7,500,000	7.5%
Sheikh Salim Said Ahmed Al Fannah Al Araimi	10,000,000	10.0%	7,500,000	7.5%
Darwish bin Ahmed & Sons	10,000,000	10.0%	7,500,000	7.5%
Mohammed Juma Sultan & Company LLC	5,000,000	5.0%	3,750,000	3.8%
Mr. Mehdi Jawad Salman	5,000,000	5.0%	3,750,000	3.8%
Al Sharqiya Investment Holding Co. SAOG	5,000,000	5.0%	3,750,000	3.8%
Al Salah Commercial Co. LLC	5,000,000	5.0%	3,750,000	3.8%
Mr. Maqbool Ali Salman	1,250,000	1.3%	937,500	0.9%
Mr. Hassan Ali Salman	1,250,000	1.3%	937,500	0.9%
Mr. P R Ramakrishnan	1,500,000	1.5%	1,125,000	1.1%
Public	0	0.0%	25,000,000	25.0%
Total	100,000,000	100.0%	100,000,000	100.0%

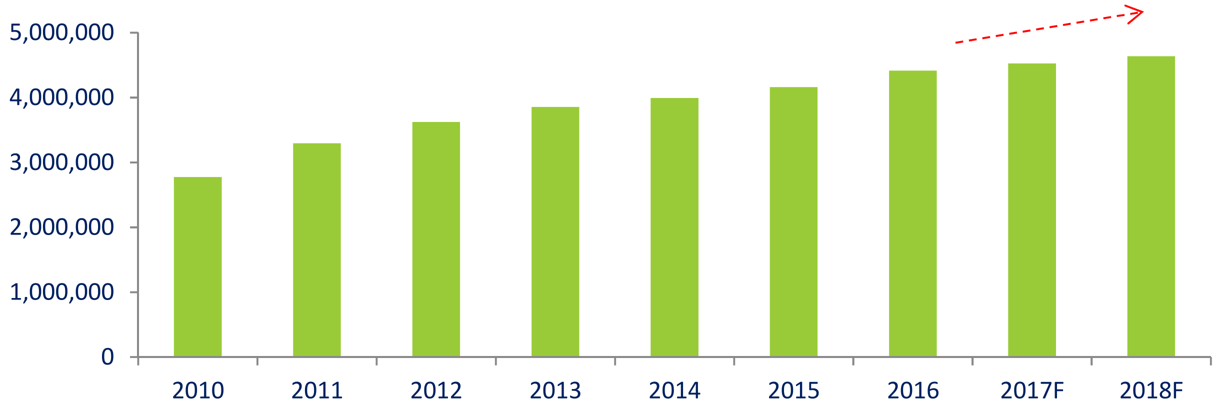
Source: IPO Prospectus, GBCM Research

Oman Insurance Industry

Favorable demography to bolster growth:

The population in Oman has reported a CAGR of 5.8% during the period 2006 to 2016 as per the official data published by National Centre for Statistics and Information (NCSI). As of mid-2017, the population in Oman stands at 4.558 million. The population of Omanis is expected to reach 4 million by 2040, up from the current 2.5 million, going by high-fertility assumptions, as per the NCSI latest estimates. The increase in local population, inflow of expats due to setting up of new industrialization zones across the country and diversification efforts are expected to benefit the insurance sector over the medium to long term. **Oman has favourable demographics with c. 55% of the population is within the age group of 15 to 40 years, this provides opportunities for growth**.

Chart 1: Population growth



Source: NCSI; GBCM Research

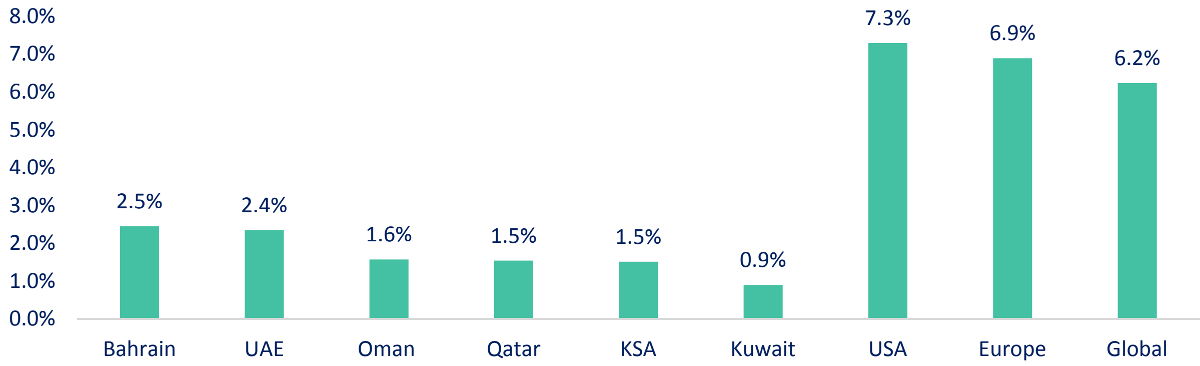
Insurance Sector penetration remain low in the GCC:

As per SwissRe Research, the gross domestic product (GDP) in 2016 in the Middle East grew by an estimated 2.6% in real (adjusted for inflation) terms, as compared to 2015. Growth to an extent constrained by low oil prices and prevailing geo-political tension. The growth in the GCC region slowed to 2.0% in 2016, lower than 3.8% in 2015. The short to medium term outlook for the region remains challenging against the backdrop of low oil prices. While the large markets like UAE and Saudi Arabia are cutting back on public social spending as oil revenues decline.

Non-life insurance constitutes more than 80% of total insurance premiums written in the Middle East. Non-life premiums grew rapidly between 2008 and 2016, by an average 7.2% annually in real terms. However, the penetration rate was 1.4% in 2016, in line with the emerging market but below the global average of 6.2%.

The sector remains underpenetrated in the GCC region and still have scope for growth over the long-term perspective. Within GCC, Kuwait has the lowest insurance penetration of 0.9%, While Bahrain and UAE has the highest penetration levels of c. 2.5% levels. **Oman also has one of the lowest Insurance penetration levels of 1.5%, which reveals an underpenetrated market.**

Chart 2: Insurance penetration GCC Vs Rest of the world

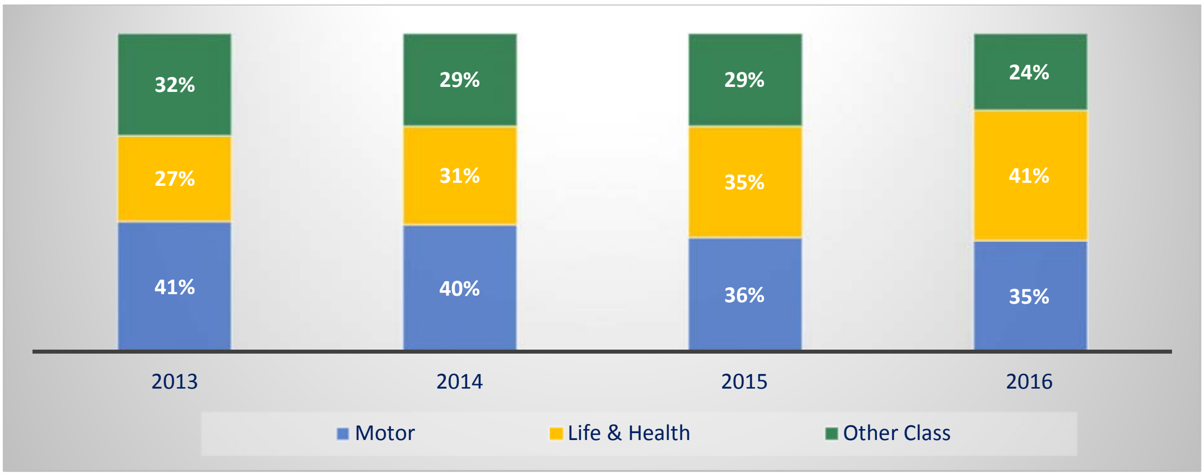


Source: EY; GBCM Research

Motor Insurance- Key contributor in Oman Insurance sector:

The key segments in the Oman Insurance sector are motor, health, life, property, marine and others (including liability and engineering). Motor is the largest and the fastest growing segment in Oman especially due to the mandatory motor coverage. Added, Health is the second largest segment in Oman and has reported strong growth in recent times. **Vision Insurance maintains leadership position with 24% market share in Marine and c. 14% in Liability business (based on 2016 GWP).**

Chart 3: Industry portfolio mix



Source: IPO prospectus, GBCM Research

Oman Insurance sector remain highly competitive with 22 licensed companies operating, including 2 companies which are licensed to run takaful operations. The top five companies dominate the sector and have market share of closer to 60% levels in 2016. With the new players in the market over the last three years, the market is witnessing intense competition amid attractive pricing to gain market share and through innovative products. Overall margins remain under pressure due to increase in competition.

Optimistic growth projections, Non-life segment to be key growth area

Insurance market in Oman has growth steadily over the years amid favourable demographics and growing working group population. In terms of Gross written premium, the Oman Insurance sector has revealed CAGR of 9.5% over 2011-2016. **As per BMI Research, the Non-life segment in Oman to reveal annualized growth of 7.9% over 2015-2020 on Gross Written Premium (GWP) basis** amid stable economic growth on a longer forecasted period coupled with low insurance penetration and compulsory health insurance for expats. We see opportunities in increasing both general and life insurance penetration in Oman over the medium to long term perspective. While, we do see these as optimistic projections on current economic slowdown and lower level of Government Spending.

Chart 4: Sector growth estimates in Non-life premiums

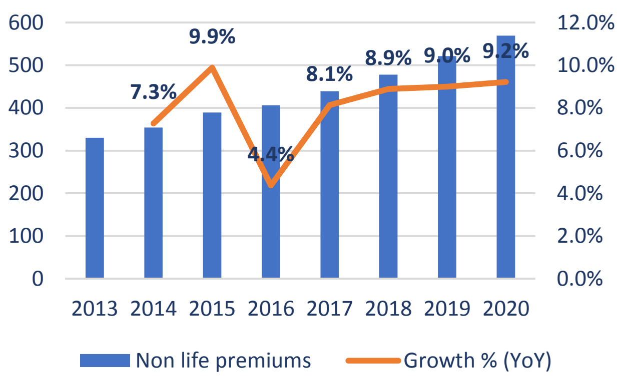
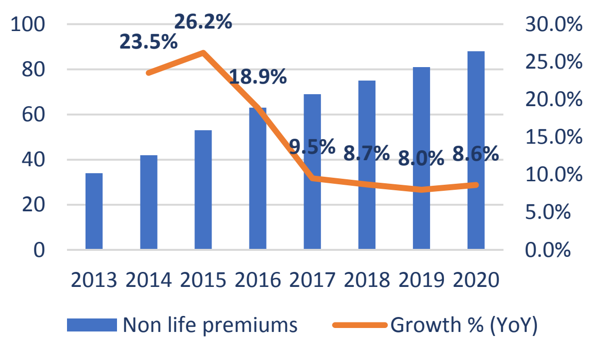


Chart 5: Sector growth estimates in Life premiums



Source: CMA, IPO prospectus, GBCM Research, * Non-Life and Life Premium numbers in RO millions.

Similarly, as per BMI Research, the Life segment in Oman to reveal annualized growth of 8.9% over 2015-2020 on Gross Written Premium (GWP) basis driven factors such as increase in nuclear families coupled with greater awareness among the local population, growth in disposable income and demand from expats community.

Concern remain on fall in New vehicle sales:

The downturn in the economic activity in Oman since 2015 due to prolonged low oil prices has led to decrease in spending in both commercial and retail categories which has resulted in lower sales of new cars. This trend has been witnessed till May 2017 (YoY decline of 24.1%) and is far away from bottoming out over the short term. The decline in car sales would impact the growth in new business opportunities in the Motor segment for the Insurance companies. Despite the fall in new car sales, the Oman motor insurance market in terms of number of policies has reported annualized growth of 4.5% over 2014-16.

Decline in accidents to remain positive:

Speeding has been the major cause for accidents and with Royal Oman Police taking significant steps to curb the same, has yielded fruit for the sector. Since 2013 the accidents are on a declining trend thereby benefitting the Insurance companies with less claims. As of June 2017, the accidents have declined by 18.1% YoY. This would in turn led to lower claims and improvement in underwriting results for the Insurance companies.

Chart 6: New Vehicle registration trend since 2011

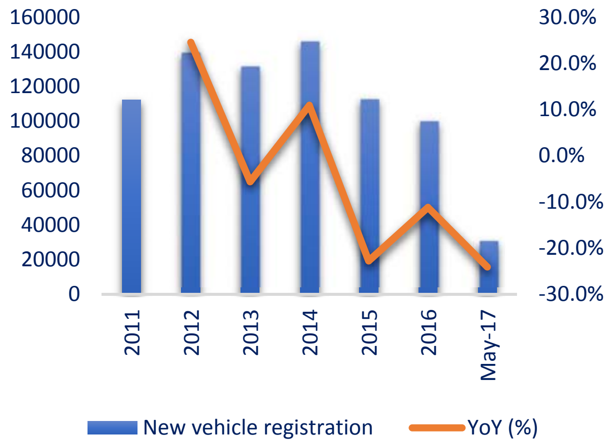
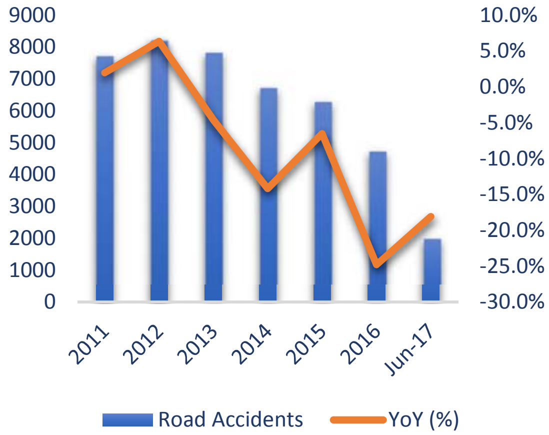


Chart 7: Accident trend since 2011



Source: NCSI; IPO Prospectus, GBCM Research

Lower level retention ratios seen in National insurers:

Retention ratios are one of the key measures of the risk carried by an insurer in their balance sheet rather than being passed to reinsurers. The retention ratios for the national insurers have increased from 43% in 2011 to 52% in 2016, while the retention ratio of foreign insurers has decreased from 75% in 2011 to 70% in 2016. This has resulted in the industry-wide ratios increasing from 53% in 2011 to 57% in 2016. The fall in accidents and claims coupled with increasing retention ratio in Motor segment is likely to improve the underwriting margins of the insurance companies going ahead.

Table 8: Oman Insurance Sector- Segment-wise retention ratios

Segment	2011	2012	2013	2014	2015	2016
Motor	78%	85%	87%	87%	87%	84%
Health	41%	40%	37%	50%	58%	58%
Property	8%	7%	8%	9%	10%	11%
Marine	27%	22%	21%	21%	17%	19%
Engineering	27%	23%	28%	24%	21%	31%
Liability	33%	35%	44%	40%	40%	36%
Other	30%	33%	38%	47%	31%	29%

Source: CMA, IPO prospectus

Overall retention ratio for the Oman Insurance sector is c. 57% levels (2016) primarily due to lower level of retention from the national insurers (at 52% levels). **Vision Insurance has lower level of retention ratios mainly due its reinsurance strategy in non-motor business.**

Overview of Vision Insurance

Vision Insurance Co was incorporated in 2007, promoted by Vision Investment services, Oman and Al Wathba National Insurance Abu Dhabi along with other prominent business groups from Oman and UAE. Vision Insurance offers both non-life and life insurance products. The company currently has 13 branches across Oman and a strong client base across various domains in Government and Private Sector Corporate and the retail customers. Few of the prestigious establishments including Royal Office, ministries and Government bodies, mega industries, energy sector companies, construction companies, leading corporates and business establishments, telecommunication companies, banks and financial institutions.

Find below the table with the segmental market share details of Vision Insurance for your reference.

Table 9: Vision Market Share (2016)

SEGMENT	% OF TOTAL GWP*	MARKET SHARE*
MARINE	11.6%	23.7%
PROPERTY	4.5%	2.7%
MOTOR - C	12.6%	3.7%
MOTOR - TP	8.1%	3.5%
MOTOR - TOTAL	20.6%	3.6%
LIABILITY	6.9%	14.3%
ENGINEERING	6.9%	10.8%
HEALTH	2.1%	0.5%
LIFE	24.2%	10.0%
OTHERS	2.6%	3.9%

*Source: CMA, * Based on 2016 GWP, GBCM Research*

The table below would give the details of the historical trend of Retention Ratios of Vision Insurance.

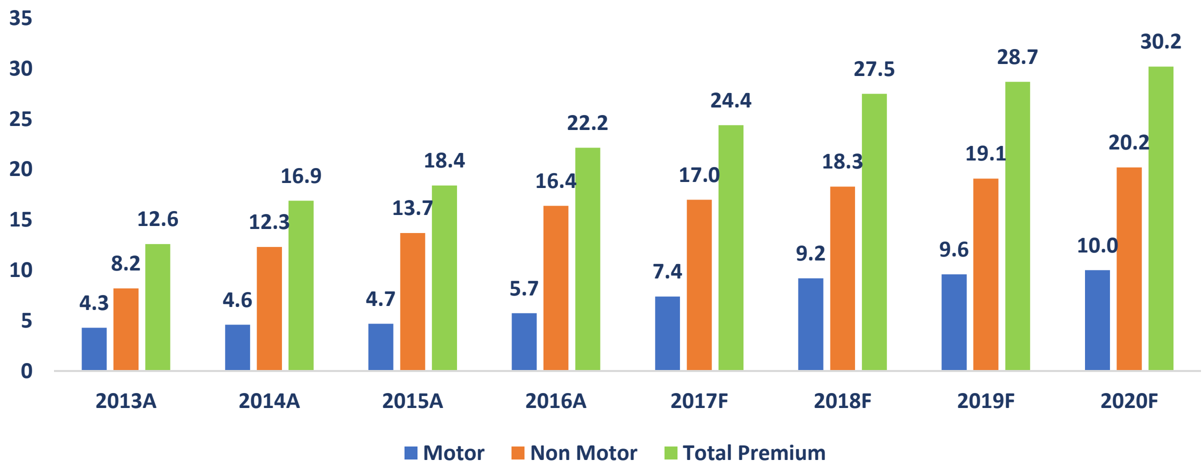
Table 10: Vision Insurance Retention Ratio

Segment	2013	2014	2015	2016
Motor	91.0%	93.0%	92.0%	93.0%
Health	30.0%	28.0%	29.9%	54.4%
Property	0.0%	2.0%	1.9%	1.2%
Marine	4.0%	1.0%	1.4%	0.5%
Engineering	1.0%	3.0%	1.8%	2.9%
Liability	16.0%	11.0%	16.9%	14.6%
Other	13.0%	12.0%	3.3%	3.8%

Source: CMA, IPO prospectus, GBCM Research

Vision have lower level of retention ratios in most of its product segments, except for Motor where the retention is c. 93% levels and Health the retention increased to c. 54% levels in 2016.

Chart 8: Vision – Insurance Gross Premium projections 2017-2020



Source: CMA, IPO prospectus, BMI, GBCM Research

Vision has reported Gross Written Premium (GWP) annualized growth of 13.2% over 2010-2016. **As per the company estimates, the GWP to reveal annualized growth of 8.1% over 2017-2020E and the management seems confident on achieving this.** The growth in motor insurance business to remain strong and reveal 15% annualized growth over 2017-2020 and the non-motor growth to be c. 5.4% levels over the same period. Management believe there is room for growth in motor business due to the current portfolio mix and the expansion of branches and other alternative distribution channels.

Offer Summary

Purpose of the Offer

As per the Royal Decree 39/2014, Omani Insurance companies need to increase the share capital to RO 10 million and change the legal status to public joint stock companies (SAOGs) no later than Aug 2017.

The Selling Shareholders are undertaking the IPO to comply with the requirements of Royal Decree and other CMA requirements.

The company has Issued and Paid-Up Share Capital of RO 10 million. Vision Insurance has raised is paid up capital to RO 10 million by May 2017 through Bonus and Right shares. Key selling shareholders of the company includes, Vision Investment Services, which owns 26.0%; Al Wathba National Insurance which owns 20.0%; Tawoos which owns 10%.

Use of the Proceeds of the Offer

The offer shares do not represent an issuance of new shares of the company. The offer shares represent the sale of a part of the shares currently held by the Selling Shareholders.

The proceeds of the Offer (including the premium) shall therefore accrue to the selling shareholders in the ratio of Shares offered.

The proceeds of the Offer (including the premium) is estimated at RO 4 million, net of issue expenses, shall accrue to the Selling Shareholders in the ratio of Shares offered.

Expenses related to the Offer

The Bzs 2 per Share collected towards the Issue Expenses will cover a portion of the expenses incurred in relation to the IPO. Offer expenses collected in total would be RO 50,000.

The difference between the estimated expenses and the offer expenses collected from IPO would be RO 82,000. Any excess expenses is to be borne by the Company. **The Company has received an amount of RO 80,100 from the existing shareholders which is available to pay any excess expenses** related to the IPO that may have to be borne by the Company.

Investment Rationale

Diversified Promoter background and Strong management team: Vision Insurance has a diversified Omani and regional promoters background with strong business credentials across various financial services businesses. Added, since inception, the company has a strong management team with established track record in Oman Insurance sector in providing novel Insurance solutions to the clients.

Vision being one of the late entrants among the local insurance players has gained an overall market share of 5% over last 10 years and is also a market leader in certain high-end niche lines such as industrial insurances, project insurance, casualty, marine and aviation. The company has outpaced the market growth since 2012**. In terms of Gross Written Premium, the Oman Insurance sector has grown at a CAGR of 7% between 2012-16, while during the same period, Vision Insurance has grown at a CAGR of 12.5%**. In addition, the company has delivered consistent underwriting and net profits since 2011. We believe with the presence of a progressive and able management team the company has achieved a consistent growth over the years.

Balanced portfolio mix: The company’s underwriting assets has relatively balanced and diversified portfolio of business mix between Motor (26% of GWP in 2016) and non-motor (74% of GWP in 2016). As a strategy, the company has minimized exposure in its balance sheet by opting for substantial reinsurance especially in non-motor lines of business.

Growing network to support: A strong distribution network is a must for an insurance company as Insurance by itself is a push product and insurers need multiple channels to sell their products and reach out to customers. Vision Insurance has a well-connected distribution with 13 branches allowing direct distribution of personal lines insurance. As part of expansion, the company has proposed to add 2 new branches in 2017.

In addition, the company offers a range of insurance solutions across personal, commercial and specialty lines through more than 29 brokers. We believe the presence of wide distribution network supports the business growth opportunities of the company. The company also has an online portal for select business segments.

Declining loss ratios and improving combined ratios: The loss ratio and combined ratio are the key measures of an insurance company’s financial health. The lower the figures of these ratios, then better the operating performance of the company. In the insurance sector, the loss ratio measures the incurred losses in relation to the total collected insurance premiums, while the combined ratio measures the incurred losses and expenses in relation to the total collected premiums.

The loss ratio of Vision Insurance is on a declining trend over last five years, maintains a loss ratio of about 65% levels (2016) as compared to 80% levels of National Insurers and the Industry. **The combined ratio stands at mid-80% levels as against the Industry rate of c. 100% levels, this is on back of lower expenses ratio**s and the commission income from reinsurance contract structures. The company has adopted strategy in maintaining lower level of retention in most of the insurance segments amid strong rapport with reinsurers and product structuring, except for the Motor Business.

Overall retention ratio of the company remains significantly lower at 28% levels and the same is estimated to average around 34% over 2017-2020E. Vision has better operating performance among its local peers mainly on the lower retention ratios, tight cost management and efficient risk management efforts.

Chart 9: Loss Ratio Trend

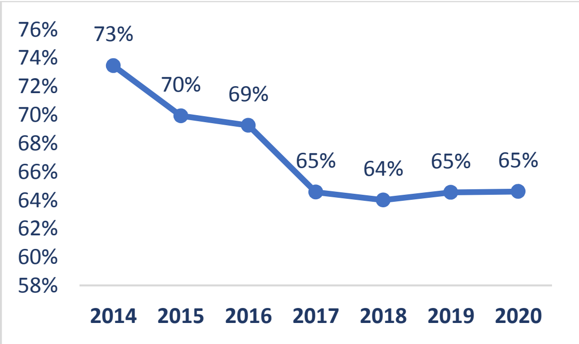
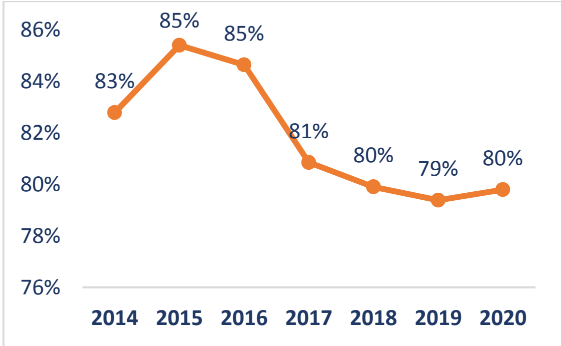


Chart 10: Combined Ratio Trend

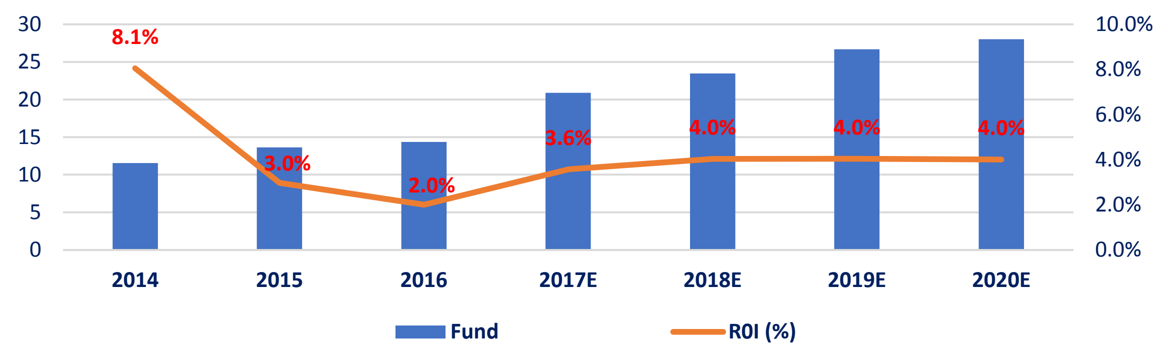


Source: IPO prospectus, GBCM Research

Vision maintains a loss ratio of circa 69% levels (end 2016) as compared to sub 80% levels of National Insurers and the Industry. Amid declining trend, the company has projected average loss ratio of c. 65% over the next four years, which seems to be relatively aggressive. While the company continued to tighten its underwriting policy in its motor business to reduce the overall loss ratios. Similarly, **the combined ratio stands at 85% Levels as against the Industry rate of above 100% levels, which is driven by lower management expenses ratio** as compared to the peer group companies.

Investment Book focus shifting to long term deposits: End 2016, the investment in deposits and bonds forms c. 70% of total. While the volatile equities and Mutual funds form the rest. Historically, the company has reported volatile investment income due to higher allocation in equities. While lately the focus remains on long term deposits and the investment return assumptions seems realistic on an increasing interest rate scenario. End Q2 2017, the total investments (both AFS and Deposits) stood at RO 12.9 million. The investment yield is estimated to increase amid shift towards long term deposits.

Chart 11: Bank Deposits and Return on Investment (RoI) Trend



Source: IPO prospectus, GBCM Research

Table 11: Our Views on the Key IPO Assumptions

Parameter	Assumptions	Comments
Gross Written Premium (GWP)	2017-2020E -CAGR 8.1%	Aggressive growth estimates amid economic challenges. While, Vision has consistently reported growth above the market trend.
Retention Ratio	2017E-2020E – Average 34% levels	Retention ratio increasing from 28% levels. Lower level of retention ratios mainly due its reinsurance strategy in non-motor business.
Outstanding Claims and IBNR	2017E-2019E- URR has been computed using 1/24th basis	As per the company, the IBNR claims are actuarially determined by appointed actuary With the tight regulatory environment, the IBNR provisioning would impact dividend policy
Investment Income	Annual Return on Investment at 4% levels	Realistic returns projected with focus shifting towards long term deposits. The volatility in equities to impact the comprehensive income.
Claim Ratio	2017-2020E Average Claims ratio at 64%	Moderate, Based on the historical trend on lowering claims ratio. Any large claims could distort this ratio.
Profit After Tax	2017E- RO 1.8 million 2018E- RO 2.4 million 2019E- RO 2.7 million 2020e- RO 2.8 million	H1 2017 performance remains in line with the IPO projections. 2017 dividends can be maintained Relatively aggressive growth projections over 2018-20E amid increase in GWP and lower estimated claims
Dividend	Average Dividend payout at 60% levels over 2017-20E	The company must fulfill the contingency reserve requirements on an annual basis prior to dividend estimates. **Insurance sector have risks associated in underwriting, IBNR provisioning and larger loss claims**. This would mean the earnings to remain volatile and the dividends would get impacted.

Source: IPO Prospectus, GBCM Research

Table 12: ***Risks and Concerns…***

Risks Involved	**Impact**	**Mitigates**
Intense Competition	Material effect on business, financial conditions and operating results (pricing and loss of market share) Margins under pressure amid competition and under-cutting	Vision Insurance mitigates this risk by offering innovative and differentiated products in the market and has a well-defined strategy to increase its market share as projected. **Oman Insurance sector warrants consolidation over the medium to survive.**
Key Management Risk	Dependent on its experienced Board, management team and personnel for its performance since inception. We see key management risk and succession planning as one of the critical risk factors for the company. Inability to recruit qualified personnel could impact the operations and financial conditions	Vision is working on succession planning for its Senior Management team The company places importance on developing beneficial human resource (HR) policies aimed at achieving employee satisfaction and increasing loyalty
Market risk	Investments/ market risk remain as critical component for the overall returns. The exposure to volatile equities to impact the earnings.	Efficient asset allocation strategy, diversified portfolio and active monitoring of investments to mitigate the risk
Risks related to reinsurance	Disputes with reinsurer remain a key risk. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policy holder.	The company is supported by reinsurance capacity sourced from a panel of reputed and good rated reinsurers. Strong rapport with the reinsurers in structuring novel products
Dividend policy may not be fulfilled	Dividend distribution is not guaranteed, the policy may vary due to several reasons. IPO projections takes into consideration of an optimistic scenario.	Dividend payout policy to be c. 60% levels due to constraints seen in contingency reserves and estimated IBNR provisions

Source: IPO Prospectus, GBCM Research

Valuations and Recommendation…

Table 13: Valuation method 1. Dividend Discount Model (DDM)

1. Dividend Discount Model (DDM)	Aug-17	Mar-18	Mar-19	Mar-20	Mar-21
Period		0.66	1.66	2.66	3.66
Dividend Per Share	(In RO)	0.0125	0.015	0.015	0.015
Total Dividends	(RO 000s)	1,250	1,500	1,500	1,500
Present Value of Div.	(RO 000s)	1,165	1,255	1,127	1,012
Terminal Value		15,228			
Present value of TV		10,277			
Fair Value		14,837			
No. of Shares		100,000			
Fair Value per share		**0.148**			

Source: IPO Prospectus; GBCM Research

Valuation Assumptions

- Cost of Equity (CoE) of the company is assumed at 11.35% levels which is marginally higher as compared to our estimates given in Al Ahlia Insurance; The reason for the increase in CoE is mainly due to higher BETA assumptions, based on our in-house risk rating model. As per our view, the growth company warrants higher BETA.

- Risk free rate assumed at 5.5% and Market return at 10%. BETA assumed at 1.30 based on our in-house risk rating model. The Market Risk Premium is at 5.9%; We have assumed 1.5% terminal growth for Vision Insurance beyond the projected period, which is higher as compared to a matured company like Al Ahlia Insurance.

- **Based on DDM methodology (on IPO projections), the fair value works is at RO 0.148**

Table 14: ***DDM- Sensitivity Analysis***

		Discount Rate (%)				
		10.5%	**11.0%**	**11.4%**	**11.5%**	**12.0%**
Terminal Growth Rate (%)	**0.5%**	0.150	0.143	0.139	0.137	0.131
	1.0%	0.156	0.148	0.143	0.141	0.135
	1.5%	0.162	0.154	0.148	0.146	0.139
	2.0%	0.169	0.160	0.154	0.152	0.144
	2.5%	0.176	0.166	0.160	0.157	0.149

Source: GBCM Research

Table 15: Valuation method 2. Justified Price to Book Value (PBV) Method – On Total Equity

2. Price to Book Value Method	2016	2017	2018	2019	2020
Book Value	0.162	0.145	0.159	0.173	0.188
RoE	12.5%	12.3%	14.9%	15.6%	14.9%
Average RoE - FY17-18E	13.6%				
Cost of Equity	11.4%				
Terminal Growth	1.5%				
PBV- Justified	**1.2**				
Book Value (2018E)	0.159				
Fair Value per Share	**0.190**				

Source: IPO Prospectus; GBCM Research

Our Justified Price to Book Value (PBV) takes into consideration of average RoE of 13.6% for 2017-18E and Cost of Equity of 11.35% and Terminal growth rate of 1.5%

Based on the estimated RoAE (total equity), the justified book value of Vision Insurance works out to be 1.2X. **On 2018E Book Value multiples, the fair value of the company is at RO 0.190**

Table 16: Valuation method 3. Relative- Div. Yield Methodology

3. Relative- Div. Yield Methodology	2016	2017E	2018E	2019E	2020E
Dividend Per Share	0.008	0.013	0.015	0.015	0.015
Dividend Yield (%)	4.6%	7.7%	9.3%	9.3%	9.3%
Relative Div. Yield- Avg. 2017-18E (@7.5%)	**0.180**				

Source: IPO Prospectus; GBCM Research

Based on our relative and comparable dividend yield approach, we have taken the Oman Insurance Sector average dividend yield of 7.5% and discounted the same with the average dividends for 2017-18E.

Adjusting for 7.5% dividend yield, t**he fair value in this method works out to be RO 0.180**

Table 17: Valuation method 4. Relative- Price to Earnings (P/E) Methodology

4.Relative- P/E Methodology	2016	2017E	2018E	2019E	2020E
EPS	0.020	0.018	0.024	0.027	0.028
PE	8.0	9.1	6.9	6.0	5.8
Relative- P/E - Avg. 2017-18E (9X)	**0.187**				

Source: IPO Prospectus; GBCM Research

Based on our comparable P/E methodology, we have assumed average PE of 9X relatively lower as compared to Al Ahlia on the company's optimistic projections for 2018E. On average 2017-18E Earnings per Share (EPS), **the fair value on P/E method works out to be RO 0.187**

Table 18: Weighted Fair value at RO 0.174, Limited upside seen

Find below the table with the synopsis of various valuation methodologies used.

Valuation Methodologies	Fair Value (In RO)	Weight (%)	Comment
1. Dividend Discount Model (DDM)	0.148	30%	Assumed IPO Dividends, Cost of Equity at 11.35% and Terminal Growth at 1.5%
2. Price to Book Value Method	0.190	25%	Justified PBV as compared to 2018E RoE
3. Relative- Div. Yield Methodology	0.180	25%	Being an Insurance co, we have assumed 7.5% Div. Yield Adjustment, post listing
4.Relative- P/E Methodology	0.187	20%	PE assumed at 9X; We believe the 2018E IPO projections remain optimistic
Weighted Fair Value	**0.174**		**Upside of 7.6% from the offer price**

Source: GBCM Research Estimates

Outlook – Visioning for sustained growth, limited valuation upside seen

We remain mixed on the fundamentals amid management confidence shown in growth, lower expenses ratio and improved combined ratios. While the historical trend of volatility in earnings, level of contingency reserves and future IBNR provisioning requirements may impact the earnings and dividend policy. We rate the IPO as an average issue. We initiate coverage on Vision Insurance with a **Neutral** rating with limited valuation upside seen as compared to our valuations.

The dividend payout policy is c. 60% levels over the projected period, which seems to achievable and needs to be tested in strict regulatory environment and increasing provisioning requirements**. Based on our dividend discount model (DDM), fair value is at RO 0.148 (IPO estimates),** which is below the offer price and on relative Div. Yield approach the value is at RO 0.180. On the contrary, the justifiable book value method as compared to Return on Equity (RoE), the valuation works to be higher at RO 0.190 (on higher RoE) and the Relative PE methodology warrants value of RO 0.187, remain supportive to the offer price. **On a weighted basis, our fair value for Vision Insurance is at RO 0.174. We do see limited upside on listing for the premium issuance.**

In our view, the management IPO projections seems aggressive in certain growth metrics. The downside risk remains in competitive market environment, large Insurance loss events, tighten regulatory environment and increase in provisioning requirements.

Table 19: *Income Statement Highlights*

Income Statement Highlights (In RO 000s)	2014	2015	2016	2017	2018	2019	2020
Income:							
Gross insurance premiums written	**16,811**	**18,393**	**22,150**	**24,398**	**27,231**	**28,696**	**30,226**
YoY (%)		*9.4%*	*20.4%*	*10.1%*	*11.6%*	*5.4%*	*5.3%*
Reinsurer's share - gross insurance premiums	-12,068	-13,441	-15,936	-16,584	-17,644	-18,640	-19,694
YoY (%)		*11.4%*	*18.6%*	*4.1%*	*6.4%*	*5.6%*	*5.7%*
Net insurance premium written	**4,743**	**4,952**	**6,214**	**7,814**	**9,587**	**10,056**	**10,532**
YoY (%)		*4.4%*	*25.5%*	*25.7%*	*22.7%*	*4.9%*	*4.7%*
Change in unearned premium reserve (UPR):							
Gross change in UPR	-2,067	-1,165	-2,831				
Reinsurer's share of UPR	1,784	1,181	1,925				
Net change in UPR	**-283**	**16**	**-906**	**-743**	**-813**	**-212**	**-216**
YoY (%)		*NM*	*NM*	*-18.0%*	*9.4%*	*-73.9%*	*1.9%*
Net insurance premium revenue earned	**4,460**	**4,967**	**5,308**	**7,071**	**8,774**	**9,844**	**10,316**
YoY (%)		*11.4%*	*6.9%*	*33.2%*	*24.1%*	*12.2%*	*4.8%*
Expenses:							
Gross claims and loss adjustment expenses paid	-5,777	-6,691	-8,826	-10,093	-11,533	-12,608	-13,280
Gross change in insurance liabilities	1,281	-1,409	-1,341				
Gross claims incurred	**-4,495**	**-8,100**	**-10,166**	**-10,093**	**-11,533**	**-12,608**	**-13,280**
YoY (%)		*80.2%*	*25.5%*	*-0.7%*	*14.3%*	*9.3%*	*5.3%*
Reinsurer's share - gross claims and loss adjustment	2,440	3,572	5,178	5,527	5,916	6,253	6,614
Reinsurer's share- gross change in ins. liabilities	-1,221	1,054	1,312				
Reinsurer's share of the claims incurred	**1,219**	**4,626**	**6,490**	**5,527**	**5,916**	**6,253**	**6,614**
YoY (%)		*279.5%*	*40.3%*	*-14.8%*	*7.0%*	*5.7%*	*5.8%*
Expenses on acquisition of insurance contracts (net)	1,220	1,137	1,386	1,199	1,256	1,390	1,464
Net underwriting result	**2,403**	**2,631**	**3,017**	**3,704**	**4,413**	**4,879**	**5,114**
YoY (%)		*9.4%*	*14.7%*	*22.8%*	*19.1%*	*10.6%*	*4.8%*
General and administration expenses	-1,636	-1,905	-2,201	-2,350	-2,650	-2,850	-3,030
YoY (%)		*16.5%*	*15.6%*	*6.7%*	*12.8%*	*7.5%*	*6.3%*
Investment income	904	374	285	631	895	1,014	1,093
YoY (%)		*-58.6%*	*-23.8%*	*121.1%*	*41.8%*	*13.3%*	*7.8%*
Other operating income	133	398	154	100	110	120	120
YoY (%)		*198.8%*	*-61.3%*	*-35.1%*	*10.0%*	*9.1%*	*0.0%*
Profit for the year before taxation	**1,805**	**1,498**	**1,255**	**2,085**	**2,768**	**3,163**	**3,297**
YoY (%)		*-17.0%*	*-16.2%*	*66.2%*	*32.8%*	*14.3%*	*4.2%*
Income tax	-149	-164	-136	-297	-408	-473	-490
YoY (%)		*9.6%*	*-17.2%*	*119.1%*	*37.4%*	*15.9%*	*3.6%*
Net profit for the year	**1,656**	**1,334**	**1,119**	**1,788**	**2,360**	**2,690**	**2,807**
YoY (%)		*-19.4%*	*-16.1%*	*59.8%*	*32.0%*	*14.0%*	*4.3%*

Source: IPO Prospectus; GBCM Research

Table 20: *Balance Sheet Highlights*

Balance Sheet (In RO 000s)	2014	2015	2016	2017	2018	2019	2020
Assets							
Non-current assets							
Property, furniture and equipment	183	278	260	538	545	449	388
Available-for-sale investments	5,021	5,041	5,077	5,057	5,278	5,509	5,750
Deposits	4,962	5,205	6,563	13,517	15,589	17,645	19,672
Total Non-Current assets	**10,165**	**10,523**	**11,900**	**19,112**	**21,412**	**23,603**	**25,810**
Current assets							
Reinsurance assets	7,046	9,281	12,527	10,666	11,997	13,297	14,734
Insurance and other receivables	4,534	4,389	5,838	5,934	6,382	6,612	6,716
Deposits	500	1,250	0		0	0	0
Cash and bank balances	1,051	2,134	2,709	2,330	2,599	2,529	2,598
Total Current Assets	**13,131**	**17,054**	**21,073**	**18,930**	**20,978**	**22,438**	**24,048**
Total Assets	**23,296**	**27,577**	**32,973**	**38,042**	**42,390**	**46,041**	**49,858**
Equity and Liabilities							
Equity							
Share capital	5,000	5,000	5,500	10,000	10,000	10,000	10,000
Capital reserve	85	85	85	85	85	85	85
Fair value reserve	225	-135	196	426	647	878	1,119
Legal reserve	389	522	634	813	1,049	1,318	1,598
Contingency reserve	1,091	1,306	1,543	1,719	1,924	2,151	2,390
Retained earnings	586	1,196	966	1,492	2,160	2,854	3,640
Total equity	**7,376**	**7,974**	**8,924**	**14,535**	**15,865**	**17,286**	**18,832**
Non-current liabilities							
Employees' end of service benefits	127	153	189	225	258	288	320
Current liabilities							
Insurance contract liabilities	10,382	12,956	17,128	15,440	17,848	19,545	21,279
Trade and other liabilities	5,412	6,494	6,732	7,843	8,419	8,922	9,427
Total Current Liabilities	**15,794**	**19,451**	**23,860**	**23,283**	**26,267**	**28,467**	**30,706**
Total liabilities	**15,921**	**19,604**	**24,049**	**23,508**	**26,525**	**28,755**	**31,026**
Total Equity and Liabilities	**23,296**	**27,577**	**32,973**	**38,042**	**42,390**	**46,041**	**49,858**

Source: IPO Prospectus; GBCM Research

Table 21: ***Cash Flow Highlights***

Cash Flow Statement (In RO 000s)	2014	2015	2016	2017	2018	2019	2020
Operating activities							
Net cash generated from operating activities	**186**	**2,625**	**790**	**2,561**	**2,947**	**2,646**	**2,693**
Investing activities							
Purchase of property, furniture and equipment	-85	-178	-92	-458	-251	-174	-190
Proceeds from sale of furniture and equipment	3	10	0	250			
Purchase of available-for-sale investments	-8,397	-2,946	-3,233				
Proceeds from sale of available-for-sale investments	8,031	2,507	3,355				
Placement of deposits	-500	-243	-1,358	-6,954	-2,072	-2,056	-2,027
Interest received	245	222	235	501	765	874	943
Dividends received	223	211	128	130	130	140	150
Net cash used in investing activities	**-480**	**-417**	**-966**	**-6,531**	**-1,428**	**-1,216**	**-1,124**
Financing Activities							
Dividend paid		-375	-500	-413	-1,250	-1,500	-1,500
Share Capital- Rights				4,005			
Net cash used in financing activities	**0**	**-375**	**-500**	**3,592**	**-1,250**	**-1,500**	**-1,500**
Net change in cash and cash equivalents	**-294**	**1,834**	**-676**	**-378**	**269**	**-70**	**69**
Cash and cash equivalents at 1 January	1,845	1,551	3,384	2,708	2,330	2,599	2,529
Cash and cash equivalents at 31 December	**1,551**	**3,384**	**2,709**	**2,330**	**2,599**	**2,529**	**2,598**

Source: IPO Prospectus; GBCM Research

Table 22: ***Ratio Analysis***

Key Ratios	2014	2015	2016	2017	2018	2019	2020
Growth (YoY % Chg)							
Gross Insurance premium revenue		9.4%	20.4%	10.1%	11.6%	5.4%	5.3%
Net insurance premium revenue (NPR)		11.4%	6.9%	33.2%	24.1%	12.2%	4.8%
Net underwriting result		9.4%	14.7%	22.8%	19.1%	10.6%	4.8%
Investment income (net)		-58.6%	-23.8%	121.1%	41.8%	13.3%	7.8%
Earnings Growth		-19.4%	-16.1%	59.8%	32.0%	14.0%	4.3%
Total Assets Growth		18.4%	19.6%	15.4%	11.4%	8.6%	8.3%
Total Equity Growth		8.1%	11.9%	62.9%	9.2%	9.0%	8.9%
Per Share Ratio (In RO)							
EPS	0.033	0.027	0.020	0.018	0.024	0.027	0.028
Book Value	0.148	0.159	0.162	0.145	0.159	0.173	0.188
Cash Dividend Per Share	0.008	0.010	0.008	0.013	0.015	0.015	0.015
Multiples (x)							
PE	4.89	6.07	7.96	9.06	6.86	6.02	5.77
PBV	1.10	1.02	1.00	1.11	1.02	0.94	0.86
Dividend Yield (%)	4.6%	6.2%	4.6%	7.7%	9.3%	9.3%	9.3%
Cash Dividend Payout (%)	22.7%	37.5%	36.9%	69.9%	63.6%	55.8%	53.4%
Profitability Ratio (%)							
Return on Equity (RoE)	22.4%	16.7%	12.5%	12.3%	14.9%	15.6%	14.9%
Return on Average Equity (RoAE)	22.4%	17.4%	13.2%	15.2%	15.5%	16.2%	15.5%
Return on Assets (RoA)	7.1%	4.8%	3.4%	4.7%	5.6%	5.8%	5.6%
Return on Average Assets (RoAA)	7.1%	5.2%	3.7%	5.0%	5.9%	6.1%	5.9%
Key Ratios (%)							
Loss Ratio (A)	73.5%	69.9%	69.3%	64.6%	64.0%	64.6%	64.6%
Expense Ratio (B)	36.7%	38.4%	41.5%	33.2%	30.2%	29.0%	29.4%
Net Commission Ratio (C)	27.4%	22.9%	26.1%	17.0%	14.3%	14.1%	14.2%
Combined Ratio (D = A+B-C)	82.8%	85.4%	84.6%	80.9%	79.9%	79.4%	79.8%
Overall Solvency Margin	129.0%	121.0%	129.0%	NA	NA	NA	NA

Source: IPO Prospectus; GBCM Research

Stock Rating Methodology:

Buy *- Upside more than 20%*
Accumulate *- Upside between 10% and 20%*
Neutral *- Upside or downside less than 10%*
Reduce *- Downside between 10% and 20%*
Sell*- Downside more than 20%*
Not Rated *- Stocks not in regular research coverage*

Time Horizon

LT – *Long Term rating with a 12 to 18-month horizon*
ST – *Short Term rating with a 3 to 6-month horizon*