

General Announcement::News Release by A.M. Best on ECICS Limited's Rating

Issuer & Securities

Issuer/ Manager	IFS CAPITAL LIMITED
Securities	IFS CAPITAL LIMITED - SG1A35000706 - I49
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Announcement Details

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Announcement Reference	SG160227OTHR0TKG
Submitted By (Co./ Ind. Name)	Chionh Yi Chian
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	IFS Capital Limited ("IFS") refers to the news release by A.M. Best on the rating of ECICS Limited (a wholly-owned subsidiary of IFS). A.M. Best has affirmed the financial strength rating of A- (Excellent) and the issuer credit rating of "a-" of ECICS Limited but revised the outlook to negative from stable. Please refer to the attached news release by A.M. Best for details.
Attachments	News Release A.M. Best Rating on ECICS 2016.pdf Total size =97K

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FOR IMMEDIATE RELEASE

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A.M. Best Revises Outlook to Negative for ECICS Limited

SINGAPORE, February 26, 2016—A.M. Best has revised the outlook to negative from stable and affirmed the financial strength rating of A- (Excellent) and the issuer credit rating of “a-” of **ECICS Limited** (ECICS) (Singapore).

The revised outlook reflects the decline in the company’s operating performance due to weakened demand and competition in ECICS’ core business. Since inception, ECICS has focused on construction bond and trade credit insurance, which are small and cyclical segments of the market.

Although ECICS is taking remedial actions by diversifying into general insurance segment, the company is likely to face high implementation risks, which could result in prolonged expense strain and reduced profitability.

Partially offsetting these negative rating factors are the company’s favorable risk-adjusted capitalization, and strategies implemented to reduce volatility to capital from large bond claims. This includes new reinsurance arrangements whereby ECICS’ net retention on new and inforce business will be substantially reduced. Combined with expected premium growth, this should help to reduce claims volatility over time.

The outlook could be revised back to stable if the company restores balanced and profitable results while achieving its planned premium growth.

Negative rating action could occur if ECICS fails to meet its business plan.

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This press release relates to rating(s) that have been published on A.M. Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best’s [Recent Rating Activity](#) web page.

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