

A WALK THROUGH MEMORY LANE

- LESSONS LEARNT AND SOME IDEAS FOR SERBIAN INSURERS

Creating Unique Strategic Opportunities



Creating Markets, Creating Opportunities

AGENDA

- Some details about me Neki detalji o sebi
- More information about where I work Vise informacija o Kompaniji gde radim
- A lifetime of memories and ideas: Rekae uspomenei ideje
 - ✓ **Back to Basics:** *The simplicity of risk management pools INSURANCE*
Vracanje na osnovno: jednostavnost kontrolisanja / izbegavanja rizika.... ОСИГУРАЊЕ
 - ✓ **Catastrophes:** *Those real risks which can destroy us ... or if protected, let us sleep peacefully*
Katastrofe: realni rizici koji nas mogu unistiti....ili ako smo zasticeni, pomoci nam da spavamo mirno
 - ✓ **Sickness & Health:** *NO ONE escapes this ... yet only few are financially prepared*
Zdravalje i bolest: NIKO ne moze da izbegne ali je samo nekoliko finansiski spremno
 - ✓ **Retirement:** *We all now live longer ... but not necessarily healthier or with enough money*
Penzije: danas se zivi duze ali ne uvek zdravije i uz dovoljno novca
 - ✓ **Others:** *Savings, Tax incentives, Wellness*
Drugo: Stednja, Poreske olaksice, Spa
- My impressions of your market ... and challenges Moji utisci o vashem trzistu
- I have a dream ... A unique Serbian Insurance solution Moj san ... jedinstveno resenje za Srpsko Osigranje
- Questions ... and my contact details Pitanja / diskusija ... i kontakt detalji

More Information about where I work

❖ Short resume:

- My name - Heinrich DE KOCK
- My qualification - B Sc. FIA. FASSA. AMP.
- My experience - 40+ years in INSURANCE sector > all disciplines, many countries & various employers, jobs
- My other life - Personal, hobbies ... wine

❖ My interest in Serbia's Insurance world:

- First visit, 1st impressions ... lasting impact
- Emerging Market's passion ... repaying favors received, not earned
- "An old man's dream – to make a difference"

❖ My current employer:

INTERNATIONAL FINANCE CORPORATION – “IFC”



IFC: A MEMBER OF THE WORLD BANK GROUP

OVERVIEW (FY 18)

Shareholders	184 member countries
S&P and Moody's rating	AAA credit rating
Total Assets	US\$90.4 billion
Committed Portfolio	US \$57.2 billion
Long term Commitments in FY18	US\$ 23.3 billion (Own account: \$11.6 billion and mobilized \$11.7 billion)
# of Active Clients in Portfolio	2,027



More than **100** regional offices present in **94** countries worldwide



3,921 staff (55% are based outside Washington, DC)

WORLD BANK GROUP

IRBD	IDA	IFC	MIGA	ICSID
International Bank for Reconstruction and Development	International Development Association	International Finance Corporation	Multilateral Investment and Guarantee Agency	International Center for Settlement of Investment Disputes
Loans to middle-income credit-worthy low-income country governments.	Interest-free loans and grants to governments of poorest countries.	Solutions in private sector development	Guarantees of private sector investment's non-commercial risks.	Guarantees of private sector investment's non-commercial risks

IFC OWN ACCOUNT COMMITMENT BY REGION (FY18 11.6 BILLION)

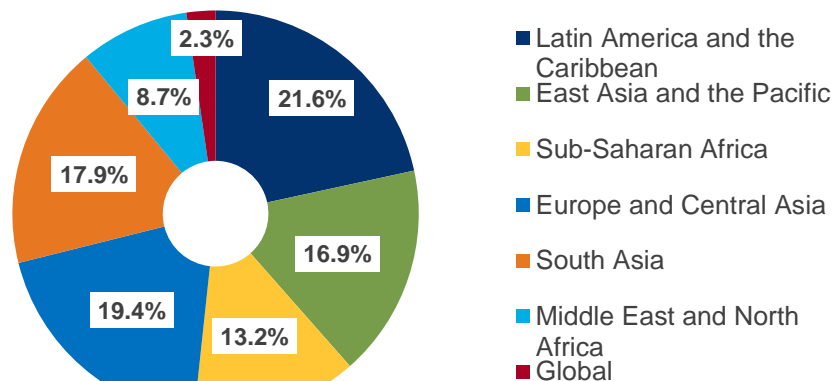


FIG: THREE MUTUALLY REINFORCING SERVICES

Integrated Solutions, Increased Impact

3 Business Areas



INVESTMENT

Loans, Equity, Trade Finance, Syndications, Derivative and Structured Finance, Blended Finance

\$57.2B portfolio (FY18)

ADVISORY

Value-adding knowledge; either integrated into IFC investments or standing alone at a broader level

57% of program in IDA countries, 19% in fragile and conflict-affected areas (FY18)

IFC ASSET MANAGEMENT COMPANY

Mobilizing and Managing Capital for Investment

\$10.1B committed funds (FY18)

4 Focus Industries



Financial Institutions (FIG)

Manufacturing Agribusiness and Services

Infrastructure and Natural Resources

Telecommunications and Information Technology

12 Business Lines in FIG



- Distressed Asset Recovery
- SME Banking and Finance
- Microfinance
- Insurance and Pensions
- Housing Finance
- Trade Finance

- Trade and Commodity Finance
- Digital Financial Services/ Alternative Delivery Channels
- Capital Markets – Bonds, Securitizations (cross-cutting)
- Climate Finance – Sustainable Energy (cross-cutting)
- Banking on Women Program (cross-cutting)
- Women and Insurance Program (cross-cutting)

IFC's VALUE IN DEVELOPING COUNTRIES

Global industry expertise



Long-term flexible financing



Capital mobilization



Regional knowledge



Country risk mitigation



Environmental, social and governance



Key differentiating factors

- Global investment team dedicated to **emerging markets**
- **Industry specialists** able to share relevant insights and knowledge **pre and post-investment**
- Expertise in **climate change, green investments** and **energy efficiency**
- **Longer investment** horizon and **less cyclical** than most investors: up to **10-12 years**
- **One-stop shop** for financing including **equity and debt**
- Funding can be **mobilized**; debt from commercial banks and other DFIs (syndications), equity from investors etc.
- Global and local presence in **100 countries** with increased focus on local presence and expertise
- **Investment professionals** in regional hubs and large country offices
- **Reduced political risk** through environmental regulations and preferred creditor status
- Withholding **tax benefit**
- Advice on **Environmental and Social Best Practices**
- **Equator Principles** modeled after IFC standards
- **Corporate governance** and **sustainability** toolkit
- **Independent investor** with own capital

A lifetime of memories ... ideas

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My impression of your Insurance market ... and challenges

The PAST:

- Political history & reality under Communist era
- Impact of many wars on everything: clients, assets, goodwill, planning ...one's living

The PRESENT

- Insurance landscape: Relative penetration levels, per capita insurance premiums, industry's relative growth
- Products, Choices and Restrictions
- Impact (if any) of neighboring European insurance markets

The FUTURE

{Swiss Re – SIGMA Feb'2019}

- Emerging Markets (EM) will power the Global Economy over the next 10 years
- Prospects for the Insurance industry in EMs remain strong
[... introduction: Best Regulatory practices / Market Access improve / Technology changes / Ongoing Urbanization >>> more insurable needs]

Insurance / Risk-Management-specific drivers of Growth:

- **Regulation** ... Ems moving towards adopting International best practices, incl. Risk-Based Capital supervision / solvency.
- **Market Access** ... EM's limitations on foreigners may obstruct competition, restrict market growth.
- **Technology** ... InsurTech is reforming the entire value chain. EMs reaction to this not identical, but may leapfrog legacies. Digitization will improve operational efficiency and reduce cost > improve affordability. Mobile Generation opportunities
- **Urbanization and infrastructure** ... Transforms EMs and creates insurance opportunities. 63% of global infrastructure budget of \$ 69.4 trillion for 2017 / 2035 is allocated to Developing Markets > new insurance challenges such as different Underwriting risks & undefined Exposures.
- **Financial inclusion** ... Insurance 1st step towards financial inclusion for 3.8 billion low-income EM customers who struggle to manage unforeseen financial shocks.
They require a difference approach: low-premiums, high volumes affordability challenge.

I have a dream ... a unique Serbian insurance solution

TO BE SHOWN AT MEETING ...





Any questions ?

Heinrich K. De Kock
Principal Insurance Specialist

INTERNATIONAL FINANCE CORPORATION
2121 Pennsylvania Ave NW
Washington, DC 20433, U.S.A.
Tel: +1 202 473 8760
E-mail: HdeKock@ifc.org

**International Finance Corporation (‘ IFC’):
a Global Partner for Insurance Companies**



IFC is the largest
global
development
institution focused
exclusively on the
private sector in
developing
countries

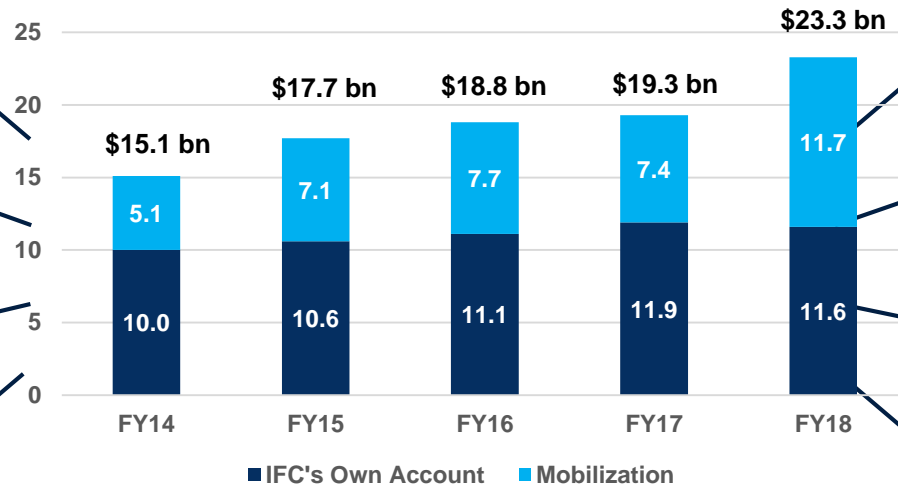
FY18 INVESTMENTS TOTALED \$23.3B AND POSITIVELY INFLUENCED MILLIONS OF LIVES

438.6 billion in MSME loans

186.7 million people received phone connections

Power generated for **79.2 million** customers

Water distribution to **18.2 million** people



2.5 million jobs created

Health serviced to **41.2 million** patients

Education to **5.7 million** students

Improved opportunities for **3.7 million** farmers

INSURANCE AND PENSIONS SUPPORT SUSTAINABLE DEVELOPMENT

Risk insulation

Insurance enables enterprises to take on more risk and provides safety net for individuals.



Risk management

Insurance formalizes risk management practices.



Economic multiplier

Insurers deploy assets into long term investments in the regional economy.



Capital market development

Insurers invest savings and funds which leads to the development of stronger local capital markets.



Increased social stability

Insurance:

- Improves recovery after unplanned disasters.
- Promotes food security across natural cycles.



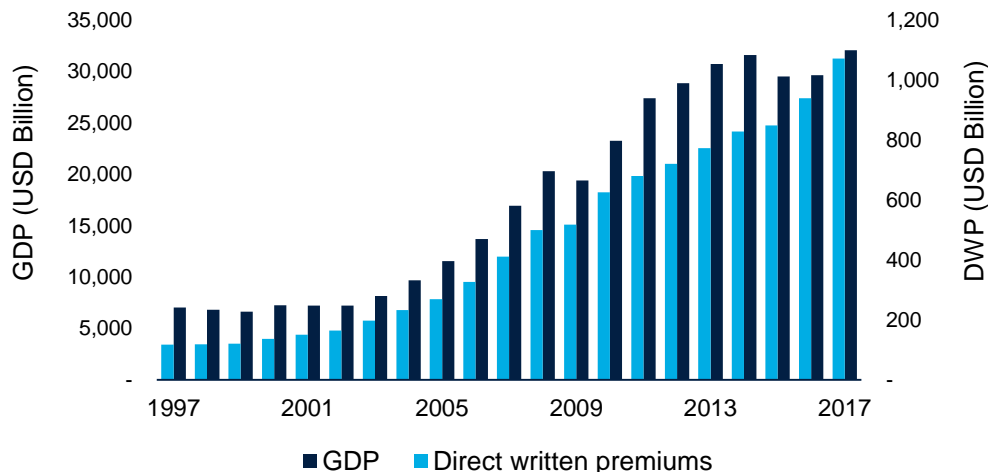
Sustainable returns

The insurance portfolio has achieved strong returns providing capital to further invest in creating insurance markets in developing countries.



YET IN EMERGING MARKETS INSURANCE PENETRATION REMAINS LOW

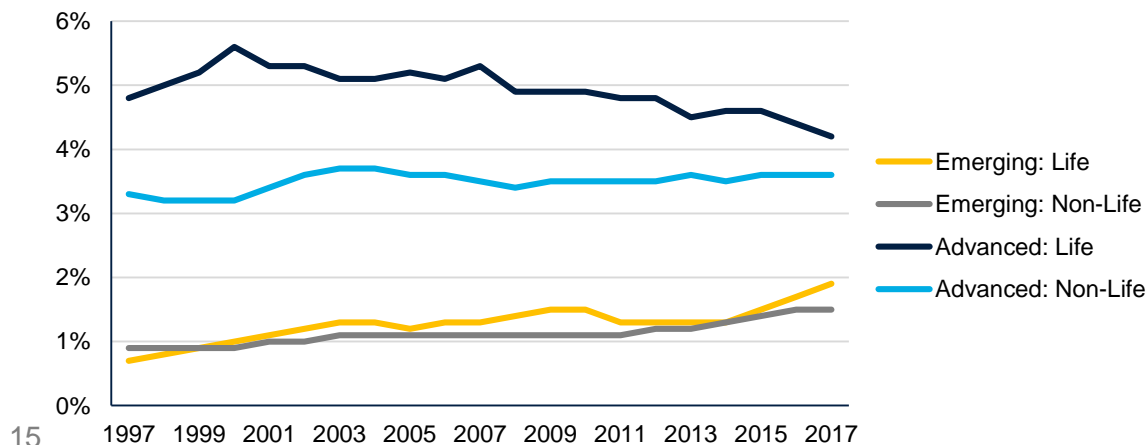
Emerging Market GDP and DWP Growth



While insurance premiums have grown by an average of 12% annual over the past 20 years, strong GDP growth rates have caused penetration to remain relatively stable lagging behind that of advanced economies.

As the GDP in emerging markets continues to grow and these countries become wealthier there will be a growing opportunity for insurance companies in these underserved markets.

Premiums as a Percentage of GDP

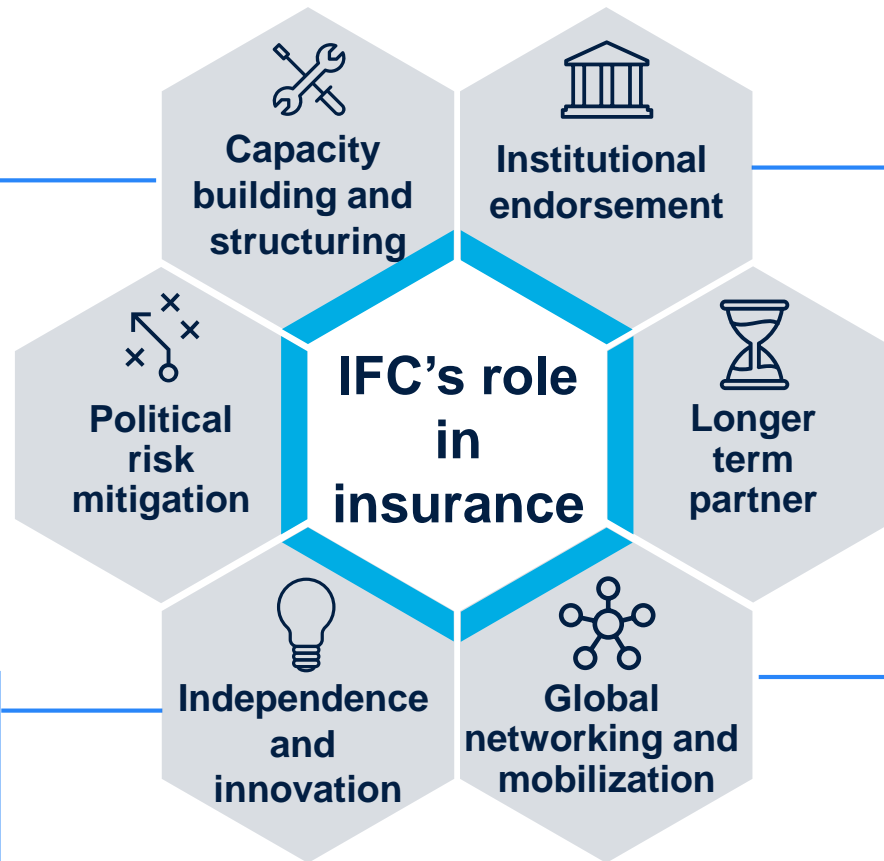


IFC PLAYS A UNIQUE ROLE AS A STRATEGIC PARTNER TO THE INSURANCE SECTOR

- IFC specialists provide **technical advice** and initiate operational improvements
- IFC also provides the **corporate governance framework**
- Can offer equity, debt and risk sharing facilities

- IFC can leverage World Bank's official **status and standing with governments** and regulators in cross-border expansion

- **Doesn't seek path to controlling stake**, Sponsor retains future flexibility
- Partners on **new ideas, markets or services**



- **AAA rating**
- **World Bank** is the **leading advisor to emerging market governments** and regulators

- IFC **deploys own capital** rather than third party funds for a finite duration
- IFC is the **anchor investor** that attracts additional investors.

- **400+** banks, insurers, reinsurers in portfolio
- Collaboration with **Health and Infrastructure** groups
- IFC also **organizes conferences** that bring together its client network

IFC INSURANCE HAS INVESTED >\$1.8B THROUGH A VARIETY OF PRODUCTS

IFC Insurance Portfolio

Portfolio Size (USD Mil)



27%
Europe,
Central Asia,
M.E.

52%
Latin
America &
Caribbean


11%
Sub-Saharan
Africa

10%
Asia Pacific


- Equity investments
- Debt investments
- M&A financing
- Risk management and mitigation
- Joint deals with Health and Infrastructure
- Treasury / asset management products
- Climate products and weather derivatives
- Global Index Insurance Facility for parametric agri-insurance
- Micro insurance
- Surety and credit insurance facilities
- Insurance for women
- Fintech

\$600M Active Portfolio

Example of IFC Insurance investments







Client	Project highlights	
 <p>Industry & geography</p> <p>Assupol, a former mutual, provides life and non-life insurance products and services to disadvantaged individuals in South Africa</p> <p>Size of investment</p> <p>US\$21 million</p> <p>Type of investment</p> <p>Common shares</p>	Context	IFC invested after the demutualization, provided an important validation for the process, which may eventually lead to a public listing
	IFC solution	The equity investment facilitated a restructuring of the capital and shareholder base, enabling Assupol to gain increased recognition and traction among investors to continue its strategy to serve the low-income population
	IFC benefits	
	Long term capital	IFC provided longer term funding to Assupol at a time when raising substantial capital from other sources would have been difficult, while still finalizing the demutualization process
	Corporate governance	IFC's board seat and corporate governance support calmed the waters through the demutualization and capital raise process
	IFC stamp of approval	IFC's presence as a shareholder supported Assupol attracting reputable strategic investors prior to its listing on the JSE
	Transferring knowledge & fostering partnership	IFC will assist the company in developing new insurance products, including parametric agro- insurance. IFC and Assupol are building a long-term partnership, assisting expansion beyond traditional markets

Example of IFC Insurance investments

Client	Project highlights	
 LEADWAY ASSURANCE COMPANY LIMITED	Context	IFC invested at a time when Nigerian insurers were working to reach globally competitive levels; IFC's endorsement of a key player acted as a catalyst for trust and growth
Industry & geography Leadway is the largest composite (transacting in both life and non-life business) insurer in Nigeria	IFC solution	In keeping with IFC's mission of being a pioneer and proactively engaging in the development of financial markets, the investment sent a strong message of support for operational best practice and was strategic to Leadway's future as a world-class insurer. IFC exited this investment via a put option; after the exit Swiss Re acquired 25% stake in Leadway
	IFC benefits	IFC's investment enabled the transformation of a local and predominantly family business into a thriving professional entity with broader based stakeholders, and prepared to attract new foreign players into the Nigerian insurance market
	Institutionalization	The increase in capital of Leadway helped strengthen the local insurance industry in Nigeria, and reducing the need for costly reinsurance with related drain of hard currencies
	Stronger local industry	IFC's best-in-class Corporate Governance practice provided the platform on which Leadway became a leader in the industry, and set a strong example for operational best practice and corporate governance initiatives in the Nigerian financial sector
	Corporate governance	
Size of investment US\$13.3 million		
Type of investment Common shares		

Insurance investments (1/7)

 Exited investments

Asia Pacific	Geography	Year	Investment size (million) ¹	Investment type	Key areas of impact
New China Life 	China	2000	US\$39.2	Common shares	<ul style="list-style-type: none"> Capacity building
China Re Life 	China	2003	US\$15.3	Common shares	<ul style="list-style-type: none"> Privatization
Paramount 	Philippines	2005	US\$1.5	Common and preferred shares	<ul style="list-style-type: none"> Capacity building
Max 	India	2009	US\$127	Common shares	<ul style="list-style-type: none"> Regional expansion Joint investment with Health
Magma HDI 	India	2011	US\$45	Common shares	<ul style="list-style-type: none"> Capacity building Joint investment with Commercial Banking
Religare 	India	2012	US\$75	Compulsory convertible debentures	<ul style="list-style-type: none"> Capacity building Joint investment with Finance Companies

Insurance investments (2/7)








■ Exited investments

Asia Pacific	Geography	Year	Investment size (million) ¹	Investment type	Key areas of impact
Ancheng 	China	2012	US\$54	Common shares	• Institutional endorsement
Peak Re 	China	2012	US\$96.9	Common shares	• Capacity building
Green Delta 	Bangladesh	2013	US\$5.4	Common shares	• Capacity building
Coverfox 	India	2017	US\$7	Common shares	• Insurance technology
Roojai 	Thailand	2018	US\$7	Common shares	• Insurance technology

Insurance investments (3/7)








 Exited investments

Middle East and North Africa

	Geography	Year	Investment size (million) ¹	Investment type	Key areas of impact
CIL 	Egypt	1999	US\$2.1	Common shares	• Greenfield life insurer
Milli Re 	Turkey	2005	US\$100	Contingent loan	• Earthquake facility
Africa Re 	Africa	2005	US\$24	Common shares	• Regional expansion
ATC 	Saudi Arabia	2005	US\$4.7	Common shares	• Capacity building
Medgulf 	Middle East	2012	US\$124	Common shares	• Regional expansion
Saham 	Morocco	2012	US\$118	Common shares	• Regional expansion
AXA Egypt 	Egypt	2017	US\$15.5	Common shares	• Capacity building

Insurance investments (4/7)

 Exited investments

Sub-Saharan Africa	Geography	Year	Investment size (million) ¹	Investment type	Key areas of impact
Leadway 	Nigeria	2007	US\$13.3	Common shares	<ul style="list-style-type: none"> Institutional endorsement
Assupol 	South Africa	2012	US\$21	Common shares	<ul style="list-style-type: none"> Transformation & growth
Custodian 	Africa	2013	US\$12.5	Convertible loan	<ul style="list-style-type: none"> Regional expansion
Trustco 	Namibia	2013	US\$30.4	Bond issuance and common shares	<ul style="list-style-type: none"> Regional expansion Joint investment with Education
Activa 	Cameroon	2014	US\$5.7	Common shares	<ul style="list-style-type: none"> Regional expansion
AIICO 	Nigeria	2014	US\$20	Convertible loan	<ul style="list-style-type: none"> Capacity building
Britam 	Kenya	2017	US\$35	Common shares	<ul style="list-style-type: none"> Capacity building and expansion

Insurance investments (5/7)

 Exited investments

Latin America & the Caribbean

Geography	Year	Investment size (million) ¹	Investment type	Key areas of impact
Mexico	2007	US\$3.0	Common shares	• Greenfield micro insurer
Colombia	2008	US\$75	Common shares	• Regional expansion
Peru	2009	US\$6.8	Common shares	• Micro-insurer
Caribbean	2010	US\$125	Common shares Subordinated loan	• Restructuring
Caribbean	2011	US\$100	Common and preferred shares	• Regional expansion
Brazil	2011	US\$10.5	Common shares	• Surety and agri
Peru	2012	US\$10	Common shares	• Regional expansion
Peru	2012	US\$10	Common shares	• Capacity building

Paralife
 paraLife

Seguros Bolívar


Protecta


Guardian Holdings


Sagicor


UBF


La Positiva Vida


Magallanes


Insurance investments (6/7)

 Exited investments

Latin America & the Caribbean

Geography	Year	Investment size (million) ¹	Investment type	Key areas of impact
Latin America	2012	US\$9.5	Common shares	• Greenfield reinsurer
Brazil	2013	US\$198	Common shares	• Institutional endorsement
Latin America	2013	US\$100	Risk sharing facility	• Infrastructure support
Latin America	2013	US\$200	Common shares	• Regional expansion
Guatemala	2013	US\$5.3	Common shares	• Bancassurance and growth
Brazil	2014	US\$37.1	Common shares	• Capacity building
Peru	2014	US\$18.0	Convertible subordinated loan	• Capacity building

Terra Brasis



Sul America



Munich Re



Sura



Seguros G&T




Austral



La Positiva



Insurance investments (7/7)

 Exited investments


Latin America & the Caribbean

Geography	Year	Investment size (million) ¹	Investment type	Key areas of impact
Chile	2016	US\$140	Common shares	<ul style="list-style-type: none">• Capacity building• Regional expansion

Europe & Central Asia

	Greece	2018	US\$4.2	Common shares	<ul style="list-style-type: none"> • Insurance technology
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Global

	World	2013	US\$2.8	Preferred shares	<ul style="list-style-type: none"> • Micro insurance
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