

# The rating report

(version for publication)

(on basis of the Agreement no. 51/RA of February 21, 2011)



Stability rating of AMC  
according to the national scale:

**uaAA.amc**

(Very high stability level )

Rating interpretation:

The company with this rating with very high probability will  
fulfill its fiduciary obligations to clients

Obligoriness attribute:

Non obligatory

Rating date :

April, 19<sup>th</sup>, 2011

Rating report publication date:

April, 19<sup>th</sup>, 2011



**УКРСИБ ЕССЕТ МЕНЕДЖМЕНТ**  
**BNP PARIBAS GROUP**

**Private Joint Stock Company 'Asset Management Company – Pension  
Funds Administrator**

**UkrSib Asset Management'**

(full name of the company )

8, Ilyinskaya str., Kiev, Ukraine 04070

(company legal address)

8, Ilyinskaya str., Kiev, Ukraine 04070

(company de facto address)

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License info	Series AB no 456908 Issued the 11.02.2009
Incorporation date	December, 23, 2003
Date of start of operations	December, 25, 2003
USREOU code	32799200
Account bank	JSC 'UkrSibbank'
Auditor	PE Kovalevskya Lyudmila Ghennadiyevna
Appraiser	Gudz Elena Vasilievna
Depositories providing services to AMC	PJSC ING Bank Ukraine
Assets management license expire date	27.03.2012
Company Manager	Kuprin Maksim Yuryevich, Director of Board
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**The company's list of licenses:** License of the State commission for securities and stock market: Professional activities in the stock market – activities on management of assets of institutional investors (assets management activity). Series AB no. 456908 Date of license issue 11.02.2009, Validity up to 27.03.2012.

*The present report is the rating research expressing opinion of Expert Rating RA analysts.  
The report is a substantiation of the rating assigned, also being an opinion of Expert Rating RA analysts.  
See the last page of the report for use limitations*

## Section 1. Overall overview of the company

**Retrospective view of development.** On December, 25<sup>th</sup>, 2003 in Ukraine started its work the asset management company 'JSC UkrSib Asset Management'. On July, 26<sup>th</sup>, 2004 the first market investment fund 'UkrSib Stable Investments' was created, with focus on legal entities. On January, 21<sup>st</sup>, 2005 the Company has created the first in Ukraine market fund of bonds 'UkrSib Stable Income'. By the end of 2005 the investment portfolio of the Company exceeded UAH 100 m. In 2006 the Company 'UkrSib Asset Management' continued creation of public and venture funds: in February, 2006 the fund 'UkrSib Strategic Investments' has been created; in June, 2006 venture fund 'Kazna' has been created; in November, 2006 the Company has begun placement of shares of 'UkrSib Real Estate' fund. By the end of 2007 net wealth of funds under management of AMC 'UkrSib Asset Management' has made UAH 0,5 bn. The company did actively occupied the most attractive niches in the market of public funds, and from 2005 to 2007 net assets under AMC management increased more than in 5 times. In 2008 the funds 'UkrSib Strategic Investments' and 'UkrSib Stable Income' have been repeatedly recognized by popular mass media as funds with most efficient management. On January, 21<sup>st</sup>, 2008 closing of fund of bonds 'UkrSib Stable Income' has taken place. For 3 years of existence the fund has generated profitableness at the rate of 95 %. In 2008 the Company has begun offering of securities of at once several new funds: 'UkrSib Dynamic Income', 'UkrSib Index' and 'UkrSib Stable Income 2'. In July, 2009 the shares of Closed End Corporate Investment Fund 'UkrSib Stable Income 2' have been included in FSTS listing, and in November, 2009, the Company has begun placement of the fund 'Acceleration' shares.

On December, 21<sup>st</sup>, 2010 the JSC AMC UkrSib Asset Management has received new certificate on state registration in connection with the change of the name and expansion of types of activity. The Company has entered the year 2011 with the new name – 'Private Joint Stock Company Asset Management Company – Pension Funds Administrator UkrSib Asset Management, hereinafter – AMC PFA UkrSib Asset Management.

The analysis of key performance indicators of AMC PFA UkrSib Asset Management has yielded the following results:

- Over the last 5 years net assets under management of the Company grew on 102 % and on the beginning of 2011 has reached a historical peak of UAH 665 m.

- During the last 3 years approximately 9 % of net wealth under management of AMC have been identified as assets of market funds, presently AMC PFA 'UkrSib Asset Management' specializes on the management of non-market funds.

- In 2009-2010 the earnings of AMC PFA 'UkrSib Asset Management' grew by 63%, in 2006-2010 the earning grew by 208 %. In 2010 the earning of AMC PFA 'UkrSib Asset Management' has reached a historical peak of UAH 2,9 m.

- AMC PFA 'UkrSib Asset Management' finished the year 2010 with UAH 5 m net profit, it is also a historical peak for the Company for the last 3 years. The Agency estimates as positive the fact that in 2010 the Company has returned to profitable work (*tab. 1*).

Table 1

**Key performance indicators of Private JSC AMC PFA 'UkrSib Asset Management' in 2006–2010.**

Indicators	2010	2009	2008	2007	2006	Growth rate 2009–2010	Growth rate 2006–2010
Total net assets under AMC management, th.UAH	665 820,86	561 190,88	494 647,15	494 097,04	329 198,95	18,64%	102,25%
Annual growth of net assets under AMC management, th.UAH.	104 629,99	66 543,72	550,11	164 898,09	294 407,45	57,23%	-64,46%
Public funds net assets, th.UAH.	60 113,84	51 616,98	46 207,43	94 102,70	166 166,45	16,46%	-63,82%
Share of public funds in the total net assets under AMC management	9,03%	9,20%	9,34%	19,05%	50,48%	-	-
Number of funds under management (pcs)	11	11	9	8	7	-	-
Shareholder equity, th. UAH.	59 452,0	54 365,0	55 536,0	56 454,7	51 051,0	9,36%	16,46%
Equity/net assets under management	8,93%	9,69%	11,23%	11,43%	15,51%	-	-
Authorized capital, th. UAH	50 000	50 000	50 000	50 000,0	50 000,0	-	-
Proceeds, th. UAH	2 936	1 805	2 131	2 461,5	951,1	62,66%	208,70%
Administration costs(070), ths. UAH	4 850	5 508	6 113	3 017,7	1 618,9	-11,95%	199,59%
Net profit (loss), th. UAH	5 087	-1 171	-919	5 403,7	644,6	-	689,17%
ROE, %	8,7%	-2,2%	-1,7%	9,9%	2,2%	-495,45%	295,45%

Source: Company data, calculations by RA Expert Rating

Therefore, AMC PFA 'UkrSib Asset Management' works in the Ukrainian market already for 9 years. The amount of assets in management of AMC PFA 'UkrSib Asset Management' on the beginning of 2011 has made more than UAH 665 m. The AMC finished the year 2010 with UAH 5,1 m. of net profit. Presently the Company manages 11 funds, among which 7 are market and 4 are venture funds. AMC PFA 'UkrSib Asset Management' belongs to the financial holding JSC UkrSibbank which works within the framework of the world first-rate bank group BNP Paribas.

## Section 2. Market share and business activity of the company.

Presently it is difficult enough to estimate market share of the companies in the market of asset management because of imperfect system of statistics and a different, often non-comparable, quality of assets of the Ukrainian funds of various type. According to UAIB, on the beginning of 2011 there were UAH 86 bn. of venture funds net assets and UAH 8,6 bn. of non-venture CII net assets under the management of UAIB members. As the Ukrainian legislation does not divide funds on public (market) and nonpublic (non-market) ones, and market players often have disputable concepts on what should be considered a market fund, the Agency since 2007 provides an independent monitoring of CII, defining the concept 'market (public) fund' as the fund which securities are available for sale. By our estimates, for the beginning of 2011 the volume of public CII market assets was about UAH 1 bn., proceeding from this volume the market share of AMC PFA 'UkrSib Asset Management' is equal to 6%. In the area of public funds management the AMC PFA 'UkrSib Asset Management', by Agency estimations still is ahead of such companies as KINTO, 'Dragon Asset Management', ICU, TACK, OTP Capital. In 2009-2010 AMC PFA 'UkrSib Asset Management' stayed among top 10 companies per volumes of public CII under management.

Estimated market share of AMC PFA 'UkrSib Asset Management', based on official indicators published by UAIB, on the beginning of 2010 in the market of all CII was only 0,7 %. According to the Agency, this nominal indicator does not to the full display real influence of AMC PFA 'UkrSib Asset Management' in CII market, therefore at estimation of Company market share the Agency relied on the data on its share in the market of public CII as of the beginning of 2011. In our opinion, namely this segment of the market is the most perspective and profitable one. Besides, it is well arranged for monitoring by third parties and prevents from imitation of assets management business for the purpose of garbage assets creation and other schemes aiming at something different from capital augmentation.

The Agency estimates positively the prospects of AMC PFA 'UkrSib Asset Management' as regards escalation of market share in the market of public CII. It should be reminded that the JSC AMC PFA 'UkrSib Asset Management' has been created within the JSC UkrSibbank BNP Paribas Group and Company sales strategy foresees use of JSC UkrSibBank branch network. In this connection main competitors are: AMC OTP Capital and AMC Raiffeisen Aval which also have been created within a group of large banks and have high potential of sales through use of branch networks. As of the beginning of 2011 the branch network of JSC UkrSibBank of BNP Paribas Group in Ukraine totaled more than 900 branches that in the future will provide best access to retail clientele for the Company. Presently the Company is involved in the development of technology of sales, including at the expense of increasing the transparency of funds management, carrying out training seminars for investors. The Company plans to organize Internet sales of the products in 2011. Considerable level of technological support of AMC PFA 'UkrSib Asset Management' assets management business is provided by the main shareholder of BNP Paribas Group. The analysis of the data given to RA Expert-rating shows that AMC PFA 'UkrSib Asset Management' hardly relies on retail business, and the degree of clients concentration in the Company remains high.

Also on the beginning of 2011 a favorable market situation occurred for AMC PFA 'UkrSib Asset Management', namely:

- having seven-year history of asset management, the Company has successfully closed one of the funds, bringing the investors during 3 years a profitableness of 90 % annually;
- the Company is supported by BNP Paribas Group which has experience in the segment of CII assets management worldwide;
- the Company has possibility of using the branch network of one of the largest banks of Ukraine for sale of AMC products to retail clients. Presently the sales are performed through 10 bank departments in the city of Kiev and 5 offices of personal bank servicing in the regions. Main volume of AMC products sales is performed through the offices of bank personal servicing (Private Banking).

In its activity the AMC PFA 'UkrSib Asset Management' is based on the traditional for Ukrainian AMCs system of sales:

- 1) Direct sales: in the office of AMC PFA 'UkrSib Asset Management'.
- 2) Branch network of JSC UkrSibBank.
- 3) Agency network (legal and natural persons).

The system of sales is not unprofitable and it is seen from low tariffs on transaction with clients. At sale to the client of securities in the amount of UAH 0,5 m. a commission of 1% is charged. At sale for the amount of more than UAH 0,5 m. the commission for the transaction is 0%. Purchasing of securities from the client is tariffed at 1% commission fee.

Estimating marketing plan of AMC PFA 'UkrSib Asset Management', the analytical service of Agency draws attention to three interconnected goals of this plan for 2011:

- Growth of market share by increase of assets under AMC management;
- Increase of client base;
- Increase of funds yield.

**Product range.** In 2011 AMC-PFA UkrSib Asset Management stakes mainly on the growth of CENCIF ‘Acceleration’ and Open end Fund UkrSib ‘A-Vista’ shares sales, and on joint product with JSC ‘UkrSibBank’- ‘Advance deposit’. Actually AMC is concentrating on product range development, i.e. stakes on expansion of opportunities for investors. By Agency estimates, launch of open end fund by AMC PFA ‘UkrSib Asset Management’, which is the Company that is actively supported by first group bank according to NBU classification, is a serious competitive step for the Ukrainian market.

Presently AMC product line is presented by 7 market funds. Following is a brief information by the Agency on these funds.

**1. UkrSib Stable Income 2** is a Closed-end Corporate Investment Fund incorporated as a joint-stock company. The fund implements an active strategy on bonds market, when the manager selects and invests fund assets in the most profitable corporate, municipal and state bonds.

**2. UkrSib Strategic Investments** is a Closed-end Corporate Investment Fund incorporated as a joint-stock company. This is a mixed-type fund enabling to invest not only in securities, but also in shares with potentially high growth.

**3. UkrSib Real Estate Fund** is a Closed-end Corporate Investment Fund incorporated as a joint-stock company. This is a mixed-type fund enabling to invest not only in securities, but also in real estate and corporate rights.

**4. UkrSib Dynamic Income** is a Closed-end Corporate Investment Fund incorporated as a joint-stock company. The Fund implements an active strategy on the stock market, i.e. fund manager’s target is to reach maximum growth of the fund. Main part of Fund’s assets is placed in shares of the leading companies of Ukraine that may bring the highest return.

**5. UkrSib Index** is a Closed-end Corporate Investment Fund incorporated as a joint-stock company. The Fund implements an active investment strategy targeted at maintenance of the investment portfolio which yield would be on the same track shown by the dynamics of UX index.

**6. CENCIF Acceleration** — The Fund’s strategy is focused on the minimization of inflation risks of the investors according to which the fund’s assets will be invested into the least risky financial tools - Eurobonds, Government bonds and money market instruments. Besides that the assets, pertaining to the portfolio of the fund allow the investor to hedge risks of national currency devaluation. Target audience are natural and legal bodies (mainly insurance companies).

**7. Open-end DIF UkrSib A-Vista** – this investment fund is the first open end fund in the line of investment funds of the Company. The liquidity of the shares of fund, and also its investment strategy targeted on reception by the investor of maximum return in the medium-term period, are competitive advantages of the given product. It is expected that the investment portfolio of the fund will consist of bonds, shares and financial market instruments that will allow the investor to use possibilities of profit generation in the fund market, whilst reducing investment risks by means of portfolio diversification. Target audience are natural and legal persons, active investors, sure of their forces and knowledge, who want to augment their means and are not afraid to risk, understanding that the risk counterbalances the profitableness. The beginning of fund investment certificates placement is on April, 15th, 2011.

**See detailed information on the funds at the address: <http://www.ukrsibfunds.com>**

Also attention should be paid to joint product of AMC with JSC UkrSibBank – ‘**Advance deposit**’. The given product will allow clients of Private Banking bank service (personal bank services) of JSC UkrSibBank to use a unique product: deposit + investments into the fund. Placing means on the deposit, clients receive advanced interest payment and direct them for investment into CENCIF ‘Acceleration’. The given product allows to capitalize the income obtained under the deposit by using investment funds. Target audience are only clients of Private Banking bank service of JSC UkrSibBank.

As the analysis of AMC product range has shown, as of April, 2011 the Company had time horizon on investment funds till May, 27th, 2026, namely this date was closing date for the fund ‘UkrSib Real Estate’. AMC will close one fund in 2011 and one in 2012, two funds in 2013 and one in 2016. As a whole the time horizon of funds closure appears balanced. At the time of the analysis AMC PFA ‘UkrSib Asset Management’ has successfully closed 2 funds for the entire history of activity (*table 2*).

Table 2

**The Analysis of AMC PFA ‘UkrSib Asset Management’ product range**

No	Indicators	CII	Fund type	Find kind	Date of registration in USRCII	Placement start date	Fund closure date	Profitability since opening moment
1	UkrSib Stable Income 2	CIF	Closed end	Non-div-ied	28.12.2007	01.02.2008	28.12.2012	38,58%
2	UkrSib Strategic Investments	CIF	Closed end	Non-div-ied	28.03.2006	15.05.2006	27.03.2011	93,57%
3	UkrSib Real Estate Fund	CIF	Closed end	Non-div-ied	29.08.2006	28.09.2006	27.05.2026	37,36%
4	UkrSib Dynamic Income	CIF	Closed end	Non-div-ied	10.01.2008	21.02.2008	10.01.2013	12,42%
5	UkrSib Index	CIF	Closed end	Non-div-ied	10.01.2008	21.02.2008	09.01.2013	-3,95%
6	Acceleration	CIF	Closed end	Non-div-ied	10.09.2009	10.11.2009	10.09.2016	2,71%
7	UkrSib A-Vista	PIF	Open end	Divers-ied	22.03.2011	15.04.2011	-	-

Source: Company data

**Assessment of the ‘market share’ component for AMC PFA ‘UkrSib Asset Management’**

no	Indicator name	aa	A	Bbb	bb	b
		1 point	3 points	6 points	9 points	12 points
1	Market share	>8%	5-8%	2-5%	1-2%	<1%

### Section 3. Fiduciary risks for the clients

For the entire history of existence of AMC PFA ‘UkrSib Asset Management’ the Agency has not revealed precedents of inadequate performance of obligations to clients. According to Agency, the Company properly performs obligations to all clients. In the management bodies of AMC PFA ‘UkrSib Asset Management’, such as supervisory board, management board, auditing committee, investment committee there are no persons who could benefit from inadequate execution of AMC obligations to clients. Therefore the Agency does not observe conflict of interests between AMC management bodies and interests of clients. Nevertheless, investors when acquiring securities of funds should consider that AMC PFA ‘UkrSib Asset Management’ is an entity related with JSC UkrSibBank which is an active participant of bonds underwriting services market. Between AMC PFA ‘UkrSib Asset Management’ and the Bank exists a hypothetical possibility of the conflict of interests. However in the conditions of a narrow Ukrainian stock market such probable conflict of interests not necessarily should negatively affect interests of investors; at certain concurrence of circumstances it can be positive. According to Agency, hypothetical possibility of the conflict of interests between AMC and Bank lays in the following planes:

1. The bank as underwriter can impose the managers of funds to acquire securities in which placement the Bank is engaged. In this situation investment managers lose independence of their decisions and consequently their decisions can bring to investors of funds greater risk and lower profitableness.

2. The investment manager can get access to the underwriter data that possibly would allow him to see more real picture of the issuer and to have access to a kind of insider information.

Both variants in the world practice are a classical infringement of ethical standards and regulatory acts, and are to different degree punished by the law in various countries. Traditionally, to level the potential conflict of interests, a system of restrictions is built between the units of investment banking and assets management. A part of this system is usually present in the form of documents wherein the companies and banks between which activity conflict of interests is possible, publicly commit themselves not to allow for such conflicts. In the AMC PFA ‘UkrSib Asset Management’ internal documents have been developed, approved and are acting which regulate the activity of AMC employees:

1. Incidents management policy of AMC PFA ‘UkrSib Asset Management’.
2. General policy on ‘the Conflict of interests’ of AMC PFA ‘UkrSib Asset Management’.
3. General policy ‘Professional ethics’ of AMC PFA ‘UkrSib Asset Management’.
4. Procedure of work with requests incoming to AMC PFA ‘UkrSib Asset Management’.

**Assessment of ‘fiduciary risks’ component for AMC PFA ‘UkrSib Asset Management’**

no	Indicator name	aa	a	bbb	bb	b
		1	3	6	9	12
1	Situational definition of fiduciary risk	There are no representatives of conflicting party in the management bodies nor between the founders, the AMC is absolutely independent	In the management bodies or between the founders there are persons previously connected with the conflicting party. The AMC is formally associated with the conflicting party	In the management bodies there are acting employees of the conflicting party, but they just in part control AMC management processes	In the management bodies there are acting employees of the conflicting party, they fully control AMC management processes, but the founders remain independent. A system of counterbalances is present in the AMC ensuring a partial independence	In the management bodies there are acting employees of the conflicting party, they fully control AMC management processes, the founders are also controlled by the conflicting party

## Section 4. Financial soundness of assets management company and external support by shareholders

According to Agency, top management of AMC PFA 'UkrSib Asset Management' shows a correct, weighed and systemic approach to the management of AMC, its financial and human resources, that positively affects Company activity. The company did meaningfully not performed market expansion during the crisis period, concentrating on execution of obligations to already existing investors. The post-crisis period was marked by registration of a newly opened fund that is perceived by the Agency as first sign of strengthening market positions in the Ukrainian market.

The analysis of basic data for the last 5 years has shown that AMC PFA 'UkrSib Asset Management' has a stable financial position (*table 3*)

Table 3

**Key indicators of AMC PFA 'UkrSib Asset Management' financial stability**

Indicators	2010	2009	2008	2007	2006	Difference 2009-2010	Difference 2006-2010
Equity / AMC expenses	12,26	9,87	9,08	18,71	31,53	2,39	-19,27
Assets under management / Equity	11,20	10,32	8,91	8,75	6,45	0,88	4,75
ROE %	8,7%	-2,2%	-1,7%	9,9%	2,2%	10,90%	6,50%

Source: Company data, calculations by RA Expert Rating

Following the results of 2010 AMC equity exceeded expenses in 12,26 times, the assets under management were only 11,2 folds higher than AMC equity though in world practice the accepted threshold value is 50 folds. It is important that in 2010 AMC PFA 'UkrSib Asset Management' was able to return to profitable work. AMC net profit in 2010 exceeded UAH 5 m. According to the forecasts of the Company, 2011 also should be profitable; the Company plans to increase ROE through increasing profit from the funds.

By assessments of RA 'Expert-rating', as of the beginning of 2011 the AMC PFA 'UkrSib Asset Management' is overcapitalized and does not need equity raising at the expense of shareholders resources. A sufficient reserve of financial stability ensures trouble-free work of AMC PFA 'UkrSib Asset Management' within 2-3 years even under renewal of unprofitable work.

Despite no need for external support in the near future, the Agency insistently recommends the investors to pay attention to the availability of such support from the international financial holding BNP Paribas. Such support bears in itself not only a financial component, but also ensures support by foreign parent structure at the level of share of technologies, training of Ukrainian AMC personnel etc.

BNP Paribas Group remains one of the largest financial holdings in EU with the total amount of assets of €1,998 bn. and equity of € 85,6 bn. The Group has finished the year 2010 with € 8 bn. of net profit. BNP Paribas Group has been less of all the largest European banks affected by 2008-2009 crisis: during the crisis period the Group showed an unprecedented high level of financial stability and took part in the bailout of troubled financial institutions, such as Belgian-Dutch Fortis.

Over the last 5 years Group incomes have grown on 57 %, total operational earnings - on 60 %. However the capitalization decreased on 25 % that is explained by a general market tendency of financial sector companies market capitalization drop after 2008-2009 crisis (*table 4*)

Table 4

**Key performance indicators of BNP Paribas (€ bn.)**

Indicators	2010	2009	2008	2007	2006	Growth rate 2009-2010	Growth rate 2006-2010
Incomes	43,880	40,191	27,376	31,037	27,943	9,18%	57,03%
Gross operating outcome	17,363	16,851	8,976	12,273	10,878	3,04%	59,62%
Group net operating income	7,843	5,832	3,021	7,822	7,308	34,48%	7,32%
EPS	6,33	5,20	2,99	8,25	7,81	21,73%	-18,95%
Market capitalization	57,1	66,2	27,6	67,2	76,9	-13,75%	-25,75%
ROE	12,3%	10,8%	6,6%	19,6%	21,2%	-	-

Source: Registration Document and Annual financial Report 2010, calculations by RA Expert Rating

RA Expert-rating draws attention to that within the limits of BNP Paribas business asset management is separated segment within the limits of investment business. Totally 4 000 persons in 45 countries of the world have been employed in the segment. Incomes of asset management business of BNP Paribas have made € 3,3 bn. that is only 7,5 % of Group aggregate incomes. For 2010 the earnings before taxation of asset management segment has made near € 1 bn. Totally under management of the Group there were assets for € 546 bn. The group was present in main financial centers, such as London, New York, Hong Kong, Tokyo, and in such local markets, as Ukraine or Turkey. The data on AMC PFA 'UkrSib Asset Management', as well as on JSC 'UkrSibBank' are consolidated in the 2010 annual statement of BNP Paribas.

For RA Expert-rating it is obvious that BNP Paribas possesses sufficient volume of financial resources and human and technological potential to provide AMC PFA UkrSib Asset Management with an unprecedented high level of support of business. Such support will have special significance for investors of open-end and pension funds.

**Assessment of 'financial stability' component for AMC PFA 'UkrSib Asset Management'**

no	Indicator name	aa	a	bbb	bb	b
		1	3	6	9	12
1	Shareholder equity/ AMC expenses	Over 50%	25-50%	25-15%	10-15%	Under 10%
2	Assets under management/ Equity	30-40X	35-40X	40-45X	45-50X	Over 50X
3	ROE	Over 20%	10-20%	5-10%	0-5%	Under 0%

## Section 5. 'System of control'

AMC PFA 'UkrSib Asset Management' adheres to transparent information policy. The information on AMC activity is opened for investors. AMC updates daily funds indicators (NAM and value of 1 share) both on the corporate website, as well on leading Internet resources. Also there are regular reports on the funds which primary goal is to inform the investors on authentic data of the state of affairs in the funds.

For regulation and control of the activity on common investment and management of assets of institutional investors the AMC PFA 'UkrSib Asset Management' created Investment Committee. The Investment Committee as joint body takes any decisions concerning issues of common investment and management of assets of institutional investors.

Members of Investment Committee are approved by the general assembly of AMC shareholder. Representatives of legal department, risk management department, security department, AMC Chair of Board Vice-presidents on asset management and project development belong to members of Investment Committee. The Chairman of Board of the AMC is the Chairman of Investment Committee.

The investment committee of AMC:

- establishes and approves limits on active operations with securities, real estate, corporate rights;
- approves internal standard documents of AMC in investment sphere;
- establishes rules and periodicity of analysis of the investment portfolios of the funds managed by AMC;
- approves decisions under non-standard schemes and situations concerning directions of investment activity;
- solves issues concerning troubled assets.

The decisions taken in the meeting of Investment Committee are enacted from the moment of approval of the minutes of session of Investment Committee by the Chairman of Supervisory Board of AMC PFA 'UkrSib Asset Management'.

In AMC PFA 'UkrSib Asset Management' a procedure is acting of 'Execution of transactions with securities in own purposes with use of insider information by AMC employees occupying 'sensitive' positions' which is an appendix to the Code of Conduct of JSC UkrSibBank BNP Paribas Group.

'Sensitive' positions are occupied by employees who possess insider information or are in a situation which can put them in conflict of interests concerning their duties, and also may have influence on operations with securities, including in own purposes.

The given procedure establishes limitations concerning operations with securities in own purposes based on use of insider information which are obligatory for execution by all employees, especially those occupying sensitive positions, including Members of Investment Committee.

Also Statute of Internal Control has been developed, approved and is acting in AMC PFA 'UkrSib Asset Management'. The purpose of the internal control is organization of complex control of risks and provision of achievement of AMC strategic goals. Risk control consists in risk identification, risk assessment, organization of an effective control aimed on risk minimization, and in its subsequent monitoring.

The effective internal control provides a grounded confidence of AMC in that:

- operations are effective and productive;
- displayed transactions are correct;
- financial reporting is authentic;
- risk management provides minimization of main risks;
- AMC observes regulatory requirements, internal policy and procedures.

Thanks to the realized system of restrictions of conflicts of interests in AMC PFA 'UkrSib Asset Management' investment managers in the Company obtained certain level of independence in presence of due level of control from side of AMC top managers and collegiate management bodies. The investment manager acts on the basis of the decisions of AMC PFA 'UkrSib Asset Management' Investment Committee within the limits of the established limits and restrictions for certain operations or issuers. It should be reminded that Investment Committee is a collegiate body.

An Auditor performs control over financial and economic activity of AMC PFA 'UkrSib Asset Management'. The Auditor is elected and approved by the General Assembly of AMC shareholders. The Auditor cannot be at the same time a trustee, a member of Supervisory Board, a corporate secretary or a member of other AMC body.

The auditor confirms:

- reliability and completeness of financial reporting data for the corresponding period;
- facts of infringements of legislation and of the established accounting and reporting procedure during performance of financial and economic activity.

The cost of AMC external auditor services is not disclosed, however this cost, according to Agency, is insignificant, as well as the cost of appraiser services. Both components did not essentially influenced AMC in-house expenses, nor AMC expenses on the funds in management.

AMC PFA 'UkrSib Asset Management' is subject to primary financial monitoring. In connection with realization of the duties of primary financial monitoring subjects, measures are carried out for prevention from using the subject for legalization of criminal incomes and terrorism financing.

For the purpose of appropriate execution of the regulations of the Law of Ukraine 'On Prevention and Counteraction of Legalization of Proceed from Crime' in AMC PFA 'UkrSib Asset Management' an employee in charge of carrying out financial monitoring has been appointed by AMC PFA 'UkrSib Asset Management' .

The internal system of financial monitoring consists of three levels.

The *first level*: carrying out of financial monitoring by employees within their competence for the purpose of revealing financial operations which can be connected with legalization of the proceed from crime or financing of terrorism.

The *second level*: carrying out of financial monitoring, registration of financial operations subject to financial monitoring, and ensuring provision to Gosfinmonitoring of Ukraine and law enforcement bodies of the information on the revealed operations.

The *third level*: fulfillment by the Chairman of Board of AMC of the control on appropriate execution by the employees of requirements of the legislation of Ukraine and taking, in case of need, of the decisions concerning this issues.

In case of revealing a financial transaction which participant or beneficiary is the person included in the list of persons, connected with execution of terrorist activity, AMC PFA 'UkrSib Asset Management' has the right to stop such financial operation for the term up to 2 days, about what Gosfinmonitoring will obligatorily be notified. In AMC PFA 'UkrSib Asset Management' Rules of carrying out internal financial monitoring and the Program of financial monitoring execution have been developed, approved and are acting.

#### Assessment of 'control system' component for AMC PFA 'UkrSib Asset Management'

no	Indicator name	aa	a	bbb	bb	b
		1	3	6	9	12
1	Internal control level	Managerial decisions on the funds are taken collegially based on the information prepared by the executive manager. The Auditing body of the company is absolutely independent from the team of managing and executive directors; the external auditor also is absolutely independent from AMC. The AMC fully discloses the level of payment to the external auditor and members of auditing body inside the AMC	Managerial decisions on the funds are taken collegially based on the information prepared by the executive manager. The Auditing body of the company is formally independent from the team of managing and executive directors; the external auditor also is formally independent from AMC. The AMC discloses not in full the level of payment to the external auditor and members of auditing body inside the AMC	Managerial decisions on the funds are formally taken collegially. The Auditing body of the company represents interests of the team of managing or executive directors; the principles based on which the external auditor is elected, are not clear	Managerial decisions on the funds are taken individually by one of the top managers. The Auditing body of the company represents interests of the conflicting party; the principles based on which the external auditor is elected, are not clear	There is no internal control system in the company. The top management believes that internal control are risk management procedures obligatory for execution by the managing directors



## Section 6. Diversification of client base

Clients of AMC PFA 'UkrSib Asset Management' are institutional investors, such as insurance companies, common investment institutes, non-public pension funds, and also legal and physical persons who are shareholders or investors of investment funds under the management of UkrSib Asset Management.

The clients-natural persons (residents, non-residents) use the possibility of utilizing common investment institutes in their economic activities. A priority role of venture funds consists in realization of cash flows management schemes within the limits of one enterprise (or group of enterprises), together with use of tax privileges of the investment fund for the period of its activity.

The insurance companies do use the services of AMC PFA 'UkrSib Asset Management' for placement of technical reserves. Qualitative management of the assets of insurers increases the real amount of insurance reserves, i.e. provides to the clients larger guarantees of execution by the Insurance Company of its obligations.

In AMC PFA 'UkrSib Asset Management' monitoring is carried out of corporate (shareholder) relations between the enterprises-clients. The given monitoring allows performing any operations within the limits of the current legislation as regards need for obtaining corresponding permits (for example, permission for concentration before transaction, when necessary), and also ensures adequacy of price forming of each transaction conducted between related persons.

After increase of BNP Paribas share in JSC 'UkrSibBank' and exit from among Bank shareholders of the Ukrainian shareholders, no persons related with AMC have been left among the investors. However the AMC itself is in part investor of its funds. According to Agency, participation in the funds by own resources of AMC highlights the interest of the Company in the overall performance of its funds.

The Agency positively estimates prospects of AMC PFA 'UkrSib Asset Management' client base diversification due to binding of sales system to one of the largest banks of the country and the plans of the company on the development of Internet sales channels.

### Assessment of 'client base diversification' component for AMC PFA 'UkrSib Asset Management'

no	Indicator name	aa	a	bbb	bb	b
		1	3	6	9	12
1	The share of 5 top customers	Up to 20%	Up to 30%	Up to 40%	Up to 50%	Over 50%

## Section 7. Sales channels diversification

It should be reminded that in the second section of the given report, when studying AMC business activity we already mentioned the issue of sales channels diversification for AMC PFA 'UkrSib Asset Management'. In its activity AMC PFA 'UkrSib Asset Management' relies on a system of sales that is traditional for Ukrainian AMCs:

1. Direct sales: in the office of AMC PFA 'UkrSib Asset Management'.
2. Branch network of JSC UkrSibBank
3. Agency network (legal and physical persons).

AMC PFA 'UkrSib Asset Management' plans in 2011 to use more actively the network of JSC UkrSibBank, the Company expects to conduct 60 % of open-end fund sales namely through bank branch of the Group. The AMC will continue to use the network of Bank departments for VIP-clients to sale securities of mainly closed-end funds. Also the plans of AMC PFA 'UkrSib Asset Management' for 2011 include the increase of own agency network, however even after realization of plans in this direction the share of agency sales will make less than 5 % from total amount of sales of funds.

RA Expert-rating characterizes the level of various sales channels use in 2010 as effective. It should be reminded that AMC PFA 'UkrSib Asset Management' works in the narrow market bound to one of the largest banks of Ukraine which possesses a wide branch network. Such state of affairs improves the situation with potential sales diversification through the Bank. At the moment the potential is not implemented in due scale. Presently departments of Bank for VIP-clients are the most effective channels of sale. Listing on one of the largest stock exchanges – FSTS raises the level of access of investors to securities of funds under management of AMC PFA 'UkrSib Asset Management'. At the moment of rating report preparation CENCIF 'Strategic Investments', CENCIF 'Stable Income 2', CENCIF 'UkrSib Real Estate Fund' have been traded on FSTS. Such a step raises the liquidity of funds securities and makes them attractive for execution of regulative requirements, for example, by the insurers.

**Assessment of 'sales channel diversification' component for AMC PFA 'UkrSib Asset Management'**

no	Indicator name	aa	a	bbb	bb	b
		1	3	6	9	12
1	Share of proceeds for the last 3 months	3(max) 10%	2 (max) 15%	1 (max) 20%	1 (max) 25%	AMC only

## Section 8. Control factors considered at rating

In 2011 the State tax inspection following the results of an audit has fined AMC PFA 'UkrSib Asset Management' for insignificant infringements. The amount of penalties was insignificant and made less than 0,5 % of 2010 net profit. In 2010 AMC has successfully passed an inspection by SCSSM, no claims by other regulating and power authorities have been revealed by Agency.

Research of data on executive management of AMC PFA 'UkrSib Asset Management' has shown that the management has sufficient skill level and experience in stock market. The authority of top persons of the Company has been repeatedly recognized by both specialized and business mass media within various nominations and ratings assessing management of different AMCs .

The analysis of personnel of the Company has shown that on the beginning of 2011 in AMC PFA 'UkrSib Asset Management' there were enough personnel for performance of its activity. As disadvantages should be regarded lack in the staff of the Company of certified financial analysts, persons with scientific degree. As positive should be regarded the fact that more than half of the staff had working experience in stock market of more than 5 years, and 9 from 19 persons were certificated specialists (*table 5*).

*Table 5*

**Data on the number of AMC PFA 'UkrSib Asset Management' employees for 2006-2010**

Indicator	2010	2009	2008	2007	2006	Difference in 2009-2010	Difference in 2006-2010
Personnel at period end, persons	19	22	23	17	10	-3	9
Dismissed for the period	5	5	6	6	5	0	0
Hired for the period	4	-	10	17	10	-	-6
Number of out-of staff personnel	8	8	10	11	7	0	1
Number of personnel with higher economical background	13	16	17	14	9	-3	4
Number of personnel with candidate or doctor degree	-	-	-	-	-	-	-
Number of personnel with SCSSM certificates	9	9	8	n/a	n/a	0	-
Number of personnel with CFA certificates	-	-	-	-	-	-	-
Number of personnel with CEFA certificates	-	-	-	-	-	-	-
Number of personnel with CIAA certificates	-	-	-	-	-	-	-
Number of personnel with stock market experience of more than 5 years	10	4	3	n/a	n/a	6	-

*Source:* Company data, RA Expert Rating calculations

By Agency estimates, AMC PFA 'UkrSib Asset Management' staff is not sufficient for provision of complex analytical work. But at the model business used by AMC in its work, the given factor belongs to minor category, the Company can at choice use the analytical possibilities of the Bank.

As a whole, following the analysis of other factors the Agency has not found any risks which could negatively influence the infrastructural rating of AMC PFA 'UkrSib Asset Management'.

## Section 9. Assessment of the quality of assets management

Determining the efficiency of funds management remains one of the most difficult theoretical problems on global scale. This problem has a number of solutions in the international practice, but almost all of them are limited by the Ukrainian practice. For example, major part of AMC PFA 'UkrSib Asset Management' public funds in full or in part rely upon investments into bonds or financial market instruments. In Ukraine there are no indexes neither indicators which could become benchmarks managing directors could be guided by for measuring efficiency of their work. Therefore to assess efficiency of AMC PFA 'UkrSib Asset Management' funds management, as well as of any other AMC in Ukraine, the analytical service compares profitableness of funds with the average rate under deposits, and also with the basic stock indexes, which are popular in Ukraine (FSTS and UX). As an indicative rate under deposits RA Expert-rating accepted the average rate under deposits of population in UAH which is monthly published by NBU in the statistical Bulletin. The given rate on the beginning of 2011 was 12,72% per annum. We selected namely this rate as a benchmark. From 6 funds which we have analyzed, only two have shown profitableness above benchmark in the year 2010. Such situation could be regarded as normal, because it is difficult to select an adequate benchmark for AMC PFA 'UkrSib Asset Management' funds. For example, for the fund 'UkrSib Real Estate' we used an average rate under deposits though it is inadequate indicator for real estate fund. Nevertheless, in absence of other ones, we compared annual yield of the given fund with an available benchmark (*tab. 6*).

Table 6

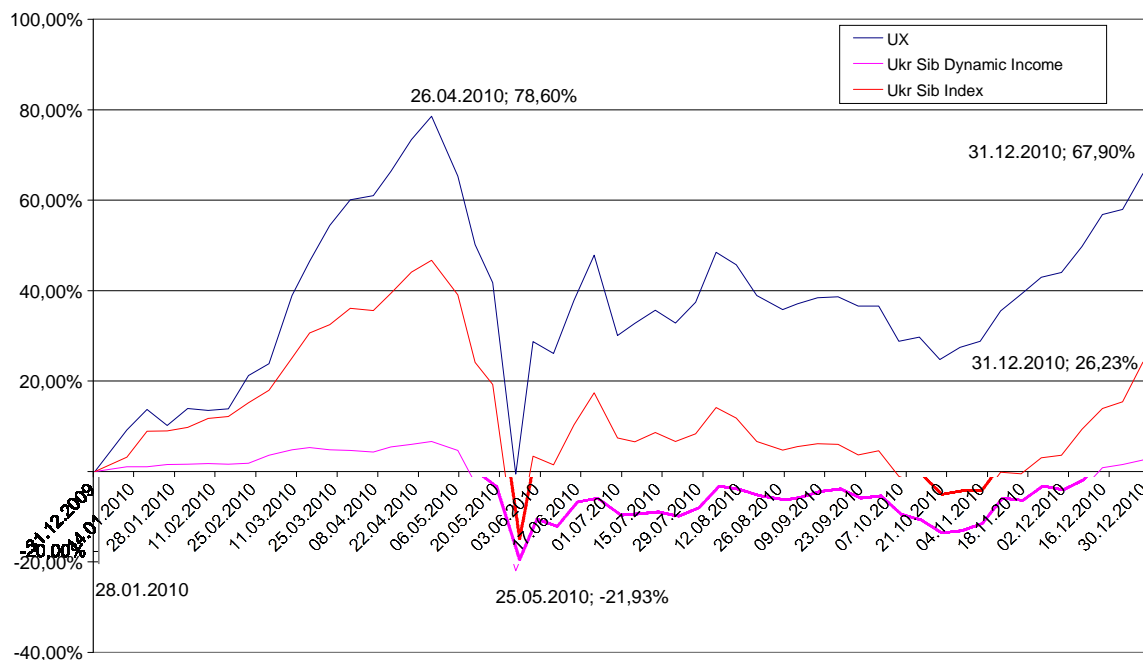
**Data on the profitability of major public closed-end funds of AMC PFA ‘UkrSib Asset Management’**

no	Indicators	Placement date	Fund closure date	Profitability since opening moment	Average annual yield since opening moment	Yield in 2010	Benchmark
1	UkrSib Stable Income 2	01.02.2008	28.12.2012	38,58%	12,13%	15,25%	12,72%
2	UkrSib Strategic Investments	15.05.2006	27.03.2011	93,57%	19,10%	15,77%	12,72%
3	UkrSib Real Estate Fund	28.09.2006	27.05.2026	37,36%	8,25%	7,97%	12,72%
4	UkrSib Dynamic Income	21.02.2008	10.01.2013	12,42%	3,97%	4,24%	67,90%
5	UkrSib Index	21.02.2008	09.01.2013	-3,95%	-1,26%	26,23%	67,90%
6	Acceleration	10.11.2009	10.09.2016	2,71%	1,93%	6,81%	12,72%

Source: Company data, calculations by Expert rating RA

There have been two funds under management of AMC PFA ‘UkrSib Asset Management’ focused on stock market: ‘UkrSib Dynamical Income’ and ‘UkrSib Index’. The analytical service has compared dynamics of these funds for the year 2010 with the index of Ukrainian stock exchange. Both funds have been very closely correlating with the index, but the amplitude of index fluctuations was much higher, than at the funds (fig. 1).

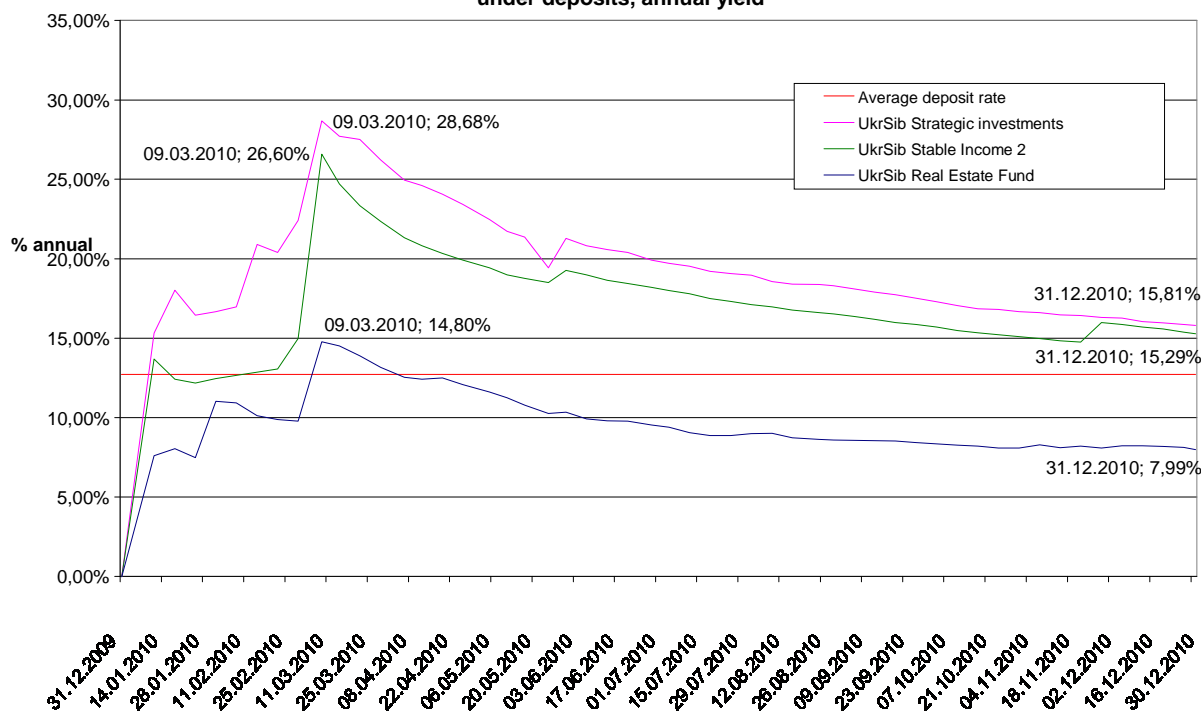
**Fig. 1 Dynamics of UX index compared with yield of the funds ‘UkrSib Dynamic Income’ and ‘UkrSib Index’ for 2010**



Index fund AMC PFA ‘UkrSib Asset Management’ following the results of 2010 has shown several times lower yield, than UX index. It is a normal practice for the Ukrainian market as AMC bears expenses for servicing of transactions following the index basket change. ‘UkrSib Index’ following the results of 2010 has shown annual yield of only 26,23 % while UX index has grown on 67,90 %. At the same time, yield of ‘UkrSib Index’ more than twice exceeded the average rate under the deposits, published by NBU. When choosing between deposit products and ‘UkrSib Index’ fund the later appeared more attractive, though certainly beard higher risks than the classical bank deposit.

AMC PFA ‘UkrSib Asset Management’ funds, focused on the fixed yield instruments, looked more attractive, especially in the first half of 2010. From the three monitored funds only the real estate fund has dropped down to the range of values below benchmark. The funds ‘UkrSib Strategic investments’ and ‘UkrSib Stable income 2’ in March have shown peak annual yields, 28,6 % and 26,6 % accordingly. Towards the end of 2010 both funds could not ensure keeping the yield reached for the investors in January-March, 2010. Nevertheless, as mentioned above, their profitability was above the average deposit rates, published by NBU. Also it should not be forgotten that the fund is not a complete analogue of the deposit and at maintenance of AMC liquidity on the closed funds the investors can exit from the funds at any period convenient for them. The Funds ‘UkrSib Strategic investments’ and ‘UkrSib Stable income 2’ provided such a possibility to investors in 2010, therefore they can be considered attractive.

**Fig. 2 Dynamics of yield of AMC PFA UkrSib Asset Management Funds compared to the average rate under deposits, annual yield**



As a whole, the analytical service of RA Expert-Rating recognizes management of funds in AMC PFA 'UkrSib Asset Management' as effective. Following the results of 2010 the Company wasn't able to ensure situation when all public funds under its management could be named efficient. Partially such situation has developed because it was not possible to select adequate benchmarks.

## CONCLUSIONS

Based on the results of the rating research performed by analytical service of RA 'Expert-rating', at the meeting of Rating Committee a decision has been taken to assign AMC PFA 'UkrSib Asset Management' an infrastructural stability rating of assets management company at the level **uaAA.amc**. The company with the given rating with very high probability will perform its fiduciary obligations to clients, it has a relevant material base, personnel and resource potential for this purpose. When making decision on the assignment of the infrastructural rating to AMC PFA 'UkrSib Asset Management' (USREOU code 32799200) at so high level, the Rating Committee of RA 'Expert-rating' was guided by the following conclusions:

1. AMC PFA 'UkrSib Asset Management' operates in the Ukrainian market for 9 years already. The volume of assets under management of AMC PFA 'UkrSib Asset Management' on the beginning of 2011 has made more than UAH 665 m., the AMC finished the 2010 with UAH 5,1 m. of net profit. At present the Company manages 11 funds, among which there are 7 market and 4 venture ones. AMC PFA 'UkrSib Asset Management' belongs to the financial holding of JSC 'UkrSibBank' operating within the largest bank group in the world BNP Paribas.

2. RA Expert-rating estimates the share of AMC PFA 'UkrSib Asset Management' in the Ukrainian market of public funds as 6 %. Within the last 3 years AMC PFA 'UkrSib Asset Management' surely belongs to the top 10 Ukrainian AMCs per volume of public funds under management. The Agency positively estimates prospects of AMC PFA 'UkrSib Asset Management' on escalating market share in the segment of public funds. Interaction of AMC with JSC 'UkrSibBank' should become the catalyst of sales possibilities of the Company in the period of economic growth.

3. According to analytical service of RA 'Expert-rating' the activity of AMC PFA 'UkrSib Asset Management' bears in itself potential risks of failure to perform fiduciary obligations because of significant place of the related bank in the market of services in bonds underwriting. However these risks are completely equalized because of system of restrictions, barriers and high degree of collegiality of investment decisions taken by the managers of funds. Also AMC PFA 'UkrSib Asset Management' possesses a perfect system of monitoring on taking administrative decisions and on their execution.

4. AMC PFA 'UkrSib Asset Management' finished 2010 with over UAH 5 m of net profit. The AMC has returned to profitable work in 2010 and had a considerable reserve on the beginning of 2011. Following the results of 2010 the equity of AMC PFA 'UkrSib Asset Management' was equal to twelfold expenses of the Company during the year.

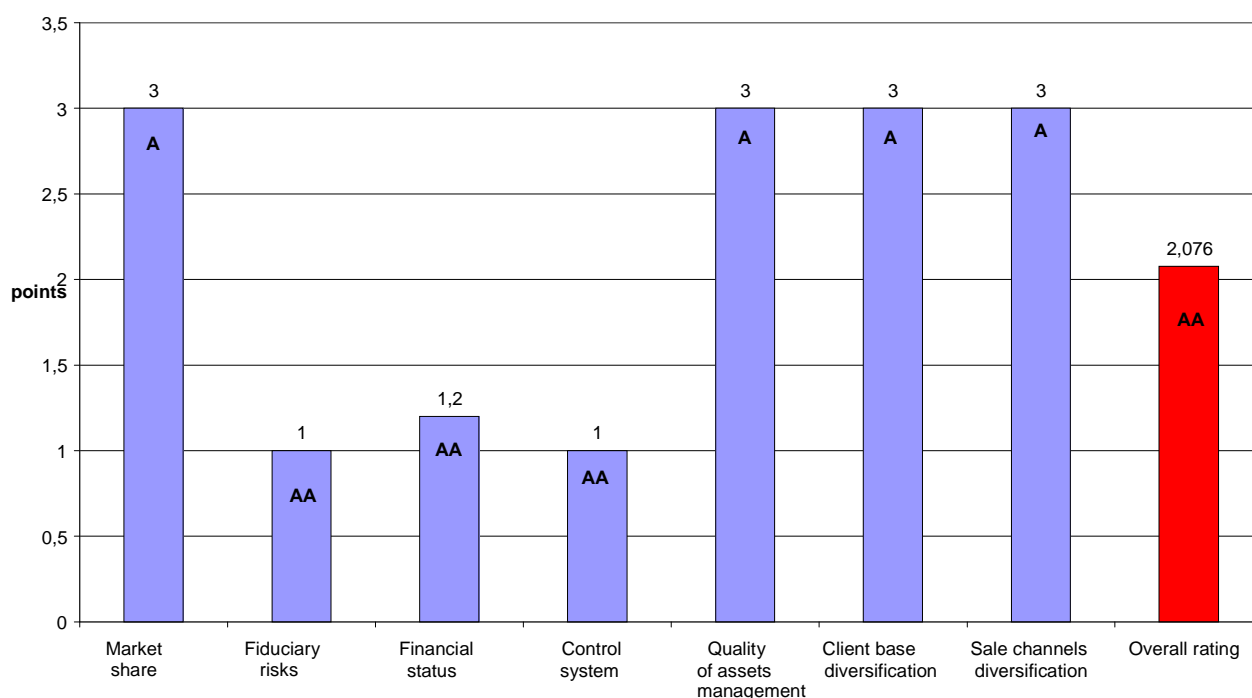
5. The Agency considers as unprecedented high the level of external support provided to AMC PFA 'UkrSib Asset Management' by the largest international financial holding BNP Paribas Group. On the beginning of 2011 BNP Paribas possessed overall assets at the rate of € 1,998 bn. and the equity of € 85,6 bn. The Group finished the year 2010 with net profit of € 8 bn. RA 'Expert-rating' draws attention to that within the limits of BNP Paribas the business on management of assets is a separated segment within the limits of investment business. 4 000 persons in 45 countries of the world have been employed in the segment totally. Incomes of asset management business of BNP Paribas have made € 3,3 bn. that is only 7,5 % of Group aggregate incomes. For 2010 the EBIT of asset management segment has made nearly € 1 bn. Totally under management of the Group there were assets for € 546 bn. The group was present in main financial centers, such as London, New York, Hong Kong, Tokyo, and in such local markets, as Ukraine or Turkey. The data on AMC PFA 'UkrSib Asset Management', as well as on JSC 'UkrSibBank' are consolidated in the 2010 annual statement of BNP Paribas.

6. The Agency estimates as moderated the level of sales channels and clients diversification at AMC PFA 'UkrSib Asset Management'. The company did not yet entered wide retail, however it has all mechanisms for the organization of such entrance. The Agency positively estimates Company prospects in retail segment, especially after appearance of an open-end fund under management of the Company. The fact that AMC belongs to the same financial group as largest Ukrainian bank, promotes growth of sale channels diversification level.

7. The Agency estimates as high the efficiency of funds management in AMC PFA 'UkrSib Asset Management'. The funds of AMC PFA 'UkrSib Asset Management' focused on fixed yield instruments appeared more attractive, they have brought profitableness above the risk-free rates. The funds under management of AMC PFA 'UkrSib Asset Management' have been repeatedly awarded by various specialized and business editions.

As a whole, RA Expert-rating positively estimates prospects of raising the rating of AMC PFA 'UkrSib Asset Management' in long-term prospect to the highest possible level in case of growth of AMC share in the market of public funds, enhancement of client diversification and improvement of funds management efficiency. The Agency regards external support from the international group BNP Paribas under which management on the beginning of 2011 there have been assets for € 0,546 trillion in 45 countries of the world as one of essential factors at choice of funds for investment.

**Fig. 3 Graphical presentation of infrastructural rating components for AMC PFA 'UkrSibAsset management'**



## Appendix A

### Use limitations of the rating report

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Depositors, insurers, investors, when using the given rating report, do automatically agree that the contents of the given rating report are the opinion of analysts of Rating Agency Expert Rating.

For AMC the Rating is made according to the scale of RA Expert Rating Ltd (table A) which has been adapted to national standards.

Specially for Ukraine the RA Expert Rating analytical service adapted the national rating scale to infrastructural ratings (**table A**).

*Table A*

**Adaption of national rating scale to infrastructure ratings**

Rating	Probability of issuer compliance with undertaken liabilities	Scale for AMC	Scale for collectors	Scale for custodians	Probability of infrastructure company compliance with fiduciary obligations
uaAAA	Highest	uaAAA.amc	uaAAA.col	uaAAA.cus	Highest
uaAA	Very high	uaAA.amc	uaAA.col	uaAA.cus	Very high
uaA	High	uaA.amc	uaA.col	uaA.cus	High
uaBBB	Good	uaBBB.amc	uaBBB.col	uaBBB.cus	Good
uaBB	Acceptable	uaBB.amc	uaBB.col	uaBB.cus	Acceptable
uaB	Satisfactory	uaB.amc	uaB.col	uaB.cus	Satisfactory
uaCCC	Alerting	uaCCC.amc	uaCCC.col	uaCCC.cus	Alerting
uaCC	Low	uaCC.amc	uaCC.col	uaCC.cus	Low

Within the two last years the Expert Rating RA was developing the methodology of rating infrastructural participants. In this development participated members of UAIB Council, workers of State Financial Services Committee, NBU, SCSSM and state entities.

#### How should be infrastructural ratings read?

We draw the attention of market participants to that the infrastructural ratings by Expert Rating RA do not show probability of a default of the company, and the alphabetic rating consists of three values.

For example, the rating **uaAAA.amc** should be perceived so:

- **ua** - national scale attribute;
- **AAA** - There is highest probability of that the asset management company with the given rating will discharge its fiduciary duties to the clients;
- **amc** - the letters designating that the rating made is for the asset management company

For example, the rating **uaAAA.col** should be perceived in the following way:

- **ua** - national scale attribute;
- **AAA** - There is highest probability of that the collection company with the given rating will discharge its fiduciary duties to the clients;
- **col** - the letters designating that the rating made is for the collection company.

#### Specifics of methodology of infrastructural ratings.

When the investor chooses a fund, he should necessarily study not only conditions of investment into the fund, but also to understand, how AMC does operate this fund. At the first stage the investor should make sure that AMC has everything necessary to make effective the processes of fund management. At the second stage the investor should realize the degree of AMC motivation in funds management efficiency. Namely after the synthesis of the two above listed aspects the AMC rating appears which indicates Probability of AMC compliance with fiduciary obligations.

When the bank having a portfolio of bad debts, chooses a collector, it should be assured that the collector has sufficient resources to execute the contract with bank. That is, that the collector has enough qualified personnel, developed regional network, worked out methodology of work with bad debtors etc. Besides, the collector should not have a conflict of interests which would prevent him from executing the obligations under contracts with clients. The methodology of Expert Rating RA on individual infrastructural ratings of collection companies accounts for both above mentioned aspects.

Expert Rating RA does disclose traditionally the technique of calculations at the publication of rating reports, the publication of reports on individual infrastructural ratings remains obligatory as it ensures compliance with basic IOSCO requests to rating agencies.