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Press-Release

(Translation from Russian)

The financial stability rating of the insurer PJSC “IC “MIR” is confirmed at the level uaAA-

November 16, 2011 RA “Expert-Rating” has confirmed the stability rating of PJSC “Insurance Company “MIR” (19209435) at the level **uaAA-** according to the national scale. When confirming the rating of the insurer PJSC “Insurance Company “MIR” at such a high level, the Agency was guided by the analysis results of the company’s activity for the 9 months of 2011.

Table 1

Key performance indicators of PJSC “IC “MIR”

Indicators	9 months of 2011 01.10.2011	9 months of 2010 01.10.2010	Change	Growth rate, %
Total assets, th. UAH	110258,1	71990,6	38267,5	53,16%
Shareholders' equity, th. UAH	76614,5	61670	14944,5	24,23%
Total liabilities, th. UAH	33643,6	10320,6	23323	225,98%
Shareholders' equity/ Total liabilities, %	227,72%	597,54%	-369,82 p.p.	-
Cash and cash equivalents, th. UAH	6835	9282	-2447	-26,36%
Cash and cash equivalents/ Total liabilities, %	20,32%	89,94%	-69,62 p.p.	-
Gross premiums, th. UAH	18937,7	22283,2	-3345,5	-15,01%
Reinsurer's share in gross premiums, th. UAH	1370,8	8935,7	-7564,9	-84,66%
Reinsurer's share in gross premiums/ Gross premiums ratio, %	7,24%	40,10%	-32,86 p.p.	-
Insurance benefits and reimbursements, th. UAH	2100,9	4701,7	-2600,8	-55,32%
Insurance benefits and reimbursements/ Gross premiums ratio for the period, %	11,09%	21,10%	-10,01 p.p.	-
Financial result from operating activities, th. UAH	12146,3	3643,1	8503,2	233,41%
ROS, %	64,14%	16,35%	47,79 p.p.	-
Net profit (loss), th. UAH	11465,5	244,4	11221,1	4591,28%
ROE, %	14,97%	0,40%	14,57 p.p.	-

Source: Data of PJSC “Insurance Company “MIR”, calculations by RA «Expert-Rating»

Key conclusions of the analysis concerning the activity of PJSC “IC “MIR” for the 9 months of 2011:

1. Total assets of the Company have increased by 53,16% and shareholders' equity has increased only by 24,23% for the period from 01.10.2010 to 01.10.2011. Shareholders' equity/ Total liabilities ratio has declined from 597% to 227% due to the growth of assets outstripping the equity. As a result, shareholders' equity remained in 2,27 times more than the company's liabilities that indicates the redundant capitalization of the insurer.

2. Cash and cash equivalents/ Total liabilities ratio of the insurer has decreased from 89,94% to 20,32% for the period from 01.10.201 to 01.10.2011. The company's liquidity has declined because of the decrease in cash on the company's accounts up to UAH 6,835 m or by 26,36% and because of the rise of the insurer's liabilities in 3,25 times. IC “MIR” has considerably increased

gross premiums for 2010, therefore the insurer had to form significant reserves, which has increased its liabilities. Part of reserves has been placed in interest-bearing assets, which are identified by the agency as liquid, though they haven't been included into "cash and cash equivalents".

3. Gross premiums of IC "MIR" have reduced by 15% for the 9 months of 2011 in comparison to the same period of the previous year. According to the Agency, the reduction in gross premiums by 15% for the 9 months can't be considered significant for the company, because 2010 was the year of the peak increase in premiums for the company. In 2010 gross business of IC "MIR" grew by 90% in comparison to 2009. It's quite natural that there is a correction period of business volumes after a significant growth of premiums. The Agency also draws attention of the insurants to the reduction in Reinsurer's share in gross premiums/ Gross premiums ratio from 40 to 7,24%, and insurance benefits have fallen by 55,32%, which corresponds the market tendencies.

4. Net profit has constituted UAH 11,465 m for the 9 months of 2011 and it has increased in 47 times in comparison to the same period of the previous year. ROS has reached 64,14% and ROE has reached 15%. The increase in profitability has occurred as a consequence of the decline in insurance benefits and the recovery of the insurer's market positions in gross premiums as well as in formed reserves in 2010-2011.

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