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## Rating conclusion (Translation from Russian)

**May 3, 2012** at the meeting of the rating committee of RA «Expert-Rating» it was decided to assign the financial stability rating of the insurer to Private JSC «Ukrainian Transport Insurance Company» at the level **uaA**. The insurer with rating **uaA** is characterized by a high financial stability in comparison with other Ukrainian insurance companies. When assigning the high rating, RA «Expert-Rating» was based on the conclusions of the Agency's analytical service, made according to the results analysis of the financial statements for the 12 months of 2011.

Table

### Key performance indicators of Private JSC «UTIC» in 2010-2011

Indicators	2011 (31.12.2011)	2010 (31.12.2010)	Change	Growth rate, %
Total assets, th. UAH.	203765,1	196177,9	7587,2	3,87%
Shareholders' equity, th. UAH	161875	156775,3	5099,7	3,25%
Total liabilities, th. UAH	41890,1	39402,6	2487,5	6,31%
Shareholders' equity/Liabilities ratio, %	386,43%	397,88%	-11,45 p.p.	-
Cash and cash equivalents, th. UAH	45113,1	42186,3	2926,8	6,94%
Cash and cash equivalents/ Liabilities ratio, %	107,69%	107,06%	0,63 p.p.	-
Total gross premiums, th. UAH	43579	36925,6	6653,4	18,02%
Insurance premiums belonged to the reinsurers, th. UAH	6396,9	4273,4	2123,5	49,69%
Insurance premiums belonged to the reinsurers/Gross premiums ratio, %	14,68%	11,57%	3,11 p.p.	-
Insurance indemnities and reimbursements, th. UAH	9397,6	11770,2	-2372,6	-20,16%
Loss ratio for the period, %	21,56%	31,88%	-10,31 p.p.	-
Financial result from operating activities, th. UAH	4107,5	6729,9	-2622,4	-38,97%
ROS, %	9,43%	18,23%	-8,80 p.p.	-
Net profit (loss), th. UAH	2445,9	2962,1	-516,2	-17,43%
ROE, %	1,51%	1,89%	-0,38 p.p.	-

Source: the Company's data, calculations by RA «Expert-Rating»

1. Assets of Private JSC «Ukrainian Transport Insurance Company» have increased by 3,87% in the 12 months of 2011, shareholders' equity – by 3,25%, while liabilities have increased by 6,31%. As a result, the shareholders' equity/liabilities ratio has decreased from 397,88% down to 386,43%, or by 11,45 p.p. This decline does not carry any negative nature for the insurer, because it remains a greatly overcapitalized Company.

2. According to the results of the activity in 2011 the liquidity of Private JSC «UTIC» is at a very high level. Thus, on 31.12.2011 cash at the Company's accounts has amounted to UAH 45,113 mln that is by 6,94% more than the same indicator as of 31.12.2010. Therefore, the insurer has increased its already high liquidity from 107,06% to 107,69%. This cash/liabilities ratio significantly exceeds the average market indicator that indicates a high level of the Company's solvency.

3. Gross premiums of the insurer have grown by 18,02% in 2011, and therefore, have reached UAH 43,579 mln that demonstrates a good dynamics of the business development. Private JSC «UTIC» relates to the category of small insurance companies. In the period from 31.12.2010 to

31.12.2011 insurance payments have decreased by 20,16%. Over the long period of its existence in the Ukrainian insurance market (18 years) «Ukrainian Transport Insurance Company» has managed to develop its work technology, successfully to survive the crisis of 2008-2009, and at a present day it continues to conduct a profitable activity and to increase its gross business.

4. The insurer has a good diversification level of the reinsurance portfolio. When selecting the reinsurers, Private JSC «UTIC» is guided by the indicators of the partners' financial stability, its work experience in the reinsurance market, as well as by the competitiveness of the proposed conditions for reinsurance protection. Among the reinsurers of Private JSC «UTIC» there were and are the following foreign companies with high financial stability ratings: IC «Providna», Chartis UK Limited, Catlin IC Limited, General IC of India, VIG Re, Hannover Re, Partner Re, Odyssey Re, Aspen Re, Caisse Re and others.

5. The Agency estimates the diversification of insurance activity of Private JSC «UTIC» at a satisfactory level. The civil liability insurance of vehicle owners has accounted for 44,11% of gross business according to the activity results in 2011. It should be noted that this level of diversification doesn't represent a financial threat for the Company. Besides, RA «Expert-Rating» emphasizes a good client diversification of the insurer. The Company has no clients, which would have accounted for more than 1/3 of its gross business.

*Analytical service of RA «Expert-Rating»*