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PRESS RELEASE

The rating of ALC Insurance company Proxima confirmed at level uaA

On September, 21st, 2012 RA Expert Rating took decision on confirmation of financial strength rating of ALC Insurance Company Proxima (USREOU code 33592726) at the level **uaA** on national scale. When conforming the rating at this level, the Agency was based on the results of insurer activity analysis in H1 2012.

Table 1

Key performance indicators of ALC Insurance Company Proxima in H 1 2012, (UAH th., p.p.,%)

Indicators	H I 2012 (30.06.2012)	H I 2011 (30.06.2011)	Change	Growth rate, %
Total assets, UAH th.	69685	61172,2	8512,8	13,92%
Shareholders' equity, UAH th.	58300	56102	2198	3,92%
Total liabilities, UAH th.	11385	5070,2	6314,8	124,55%
Shareholders' equity/Insurer liabilities, %	512,08%	1106,50%	-594,43 p.p.	-
Cash and cash equivalent, UAH th.	4793	2434,4	2358,6	96,89%
Cash/Insurer liabilities, %	42,10%	48,01%	-5,91 p.p.	-
Total gross premium, UAH th.	14143,4	2968,6	11174,8	376,43%
Reinsurer's share in gross premium, UAH th.	2801	1977,7	823,3	41,63%
Reinsurance cover ratio, %	19,80%	66,62%	-46,82 p.p.	-
Payouts and indemnities, UAH th.	3096,3	375,4	2720,9	724,80%
Payout ratio for the period, %	21,89%	12,65%	9,25 p.p.	-
Financial results, UAH th.	2859	482,4	2376,6	492,66%
ROS, %	20,21%	16,25%	3,96 p.p.	-
Net profit (loss), UAH th.	2288	147,1	2140,9	1455,40%
ROE, %	3,92%	0,26%	3,66 p.p.	-

Source: Company data, RA Expert Rating calculations

1. During the period from 30.06.2011 to 30.06.2012 the growth of insurer assets was 13,92 % and as of reporting date of Q2 their volume made up UAH 69,685 million. Shareholders' equity of the Company remained almost invariable, having increased just by 3,92 % and having constituted UAH 58,3 million as of 30.06.2012 while the gross liabilities have grown more than twice. So, the volume of gross liabilities of the insurer as of 30.06.2012 has constituted UAH 11,385 million. But shareholders' equity/liabilities ratio remains on unprecedented high level and as of 30.06.2012 was 512,08 % thanks to which IC Proxima still belongs to the category of strongly recapitalized companies.

2. For the last 12 months the insurer increased volume of cash means from UAH 2,434 million to UAH 4,793 million, or on 96,89 %. At the same time, considering essential growth of total liabilities in H1 2012, liquidity level decreased on 5,91 p.p. and at the end of Q2 2012 cash means/liabilities ratio constituted 42,10 %.

3. The company managed to essentially increase the volumes of total premiums (on 376,43 %), having collected UAH 14,143 million of gross premiums in H1 2012. But against such growth of gross premiums volume, the volume of premiums sent to reinsurers increased by 41,63 %. At the same time, insurance payouts increased from UAH 375 thousand to UAH 3,096 million, i.e. in 8,25 times according to H1 2012 data.

4. In H1 2012 the financial result from IC Proxima operational activity was UAH 2,859 million, that is in 5,93 times higher than the same indicator in H1 2011. The volume of net profit following the results of the first 6 months of 2012 has constituted UAH 2,288 million, that is in 15,55 times higher, than following the results of H1 2011. In result, ROS and ROE indicators of the insurer have constituted 20,21 % and 3,92 %, accordingly.

The analysis of key performance indicators of ALC Insurance Company Proxima showed essential growth of gross premiums that in the future will allow the company to raise its role in the Ukrainian market of classical insurance. The agency also highlights the redundant margin of capitalization, growth of IC Proxima return rates and profitability indicators that supports good level of financial strength and demonstrates the reliability of the company.

Analytical service of RA Expert Rating