

'Expert-rating' rating agency  
 07 June 2010  
 Quarterly rating actualization

### The Ukrainian insurance market is recovering its' activity in the sector of small companies

On 07 June 2010 following the results of Q1 2010 'Expert-rating' rating agency has come to the decision on confirmation of credit rating of JS IC 'MIR' at the level **uaAA-** on national scale. The rating **uaAA-** means very high probability of that the company will withstand under the influence of adverse factors in the future.

Table

**Key performance indicators of JS IC 'MIR'**

Indicators	Q1			Growth rate, 2009-2010	Growth rate, 2008-2010
	2010	2009	2008		
Assets, th. UAH	67643.8	62163.0	73530.4	8.82%	-8.01%
Shareholders equity, th. UAH	61490.6	58898.0	60206.3	4.40%	2.13%
Shareholders equity /Assets ratio (Total Debt to Equity), %	90.90%	94.74%	81.87%	-4.05%	11.03%
Authorized capital, th. UAH	50050.0	50050.0	50050.0	0.00%	0.00%
Gross premium, th. UAH	4081.7	3184.2	3827.7	28.19%	6.64%
Reinsurer's share in gross premium, %	23.10%	37.91%	28.06%	-	-
Total amount of indemnities paid-out, th. UAH	2482.1	751.7	532.9	230.20%	365.77%
Loss ratio, %	60.81%	23.60%	13.92%	-	-
ROE, %	0.11%	0.45%	2.65%	-	-
Net income (loss), th. UAH	68.3	266.0	1596.3	-74.32%	-95.72%

Source: Company data, calculations by 'Expert Rating'

Taking decision on confirmation of the credit rating of JS IC 'MIR' at level **uaAA-** on national scale, 'Expert-rating' RA was guided by following conclusions:

1. As of 01.04.2010 the assets of the Company have grown by 8.82%, and shareholders equity by 4,4 % compared to 01.04.2009. Shareholders equity /Assets ratio decreased from 94.74 to 90.9%, however the Company still remains overcapitalized. Shareholders equity of the Company more than 10 times covered its liabilities. In the eye of the Agency analytical service, the top management of JS IC 'MIR' followed an over conservative strategy of financial management.

2. Following the results of Q1 2010 gross premiums of JSC IC 'MIR' have grown by 28.19% to UAH 4.0817 million in comparison with the similar period of 2009, also they were by 6.64% exceeding similar Q1 2008 indicator. The Agency states the fact of that in Q1 2010 JSC IC 'MIR' restored it's positions at pre-crisis level. During the crisis period the top management has shown flexibility in the management, has adequately reacted to the business volumes fall by costs reduction, that was one of the reasons for quick recovery of market positions.

3. During Q1 2010 JSC IC 'MIR' obtained UAH 68.3 th. of net profit that is by 74% less than in the similar period of last year. Q1 profit reduction was due to increased indemnities. The indemnities paid our for the first three months of 2010 grew by 230% in comparison with the similar period of last year, and indemnities/gross premiums ratio increased from 23 to 61%. The Agency draws attention to that activity of JSC IC 'MIR' remains profitable and net profit decrease at redundant capitalization will not affect solvency of the Company in any way. Growth of volumes of indemnities paid-out is a good signal for retail segment insurers.

*Analytical service of 'Expert-rating' RA*