

RATINGS RELEASE

AGUSTO & CO. upgrades the rating of GUARANTY TRUST ASSURANCE PLC to “Aa-”

The credit rating of Guaranty Trust Assurance Plc (“GTA” or “the Company”) reflects adequate capitalization, good cash flow, good liquidity, prudent underwriting & reinsurance strategy, qualified and stable management team. The rating is also enhanced by the support of its parent company- Guaranty Trust Bank (GTBank) Plc.

GTA’s capitalization is adequate to support its current underwriting exposure. Its solvency margin of 498% is well above the statutory requirement of 15%. The Company’s liquidity profile is good, underpinned by substantial cash position (time deposits represent 40% of total assets) and increasingly positive operating cash flows.

GTA’s underwriting performance demonstrated improvement in 2008, as a result of prudent underwriting practice. Its underwriting profits grew by 234% to stand at ₦716.5 million, the highest recorded by the Company. In addition, GTA recorded solid investment income of ₦2 billion and an investment yield of 23%. However, we believe the Company’s ability to sustain this level of profitability in 2009 is uncertain given the prevailing weak market conditions.

The Insurer maintains adequate reinsurance arrangements to support its underwriting exposure. Its management team is qualified and stable, while staff productivity is good. GTA has the strong support of its parent company through regular capital infusion for meeting growth plans and in the area of management.

Overall, we consider the financial condition of Guaranty Trust Assurance (GTA) Plc good and its ability to pay claims in a timely manner to be strong.

NOTE:

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