

‘Expert-Rating’ rating agency
 August, 27th, 2008
 Annual actualization of rating assessment

The confirmation of uaA stability rating to Dniproinmed JSIC

Expert-Rating agency has confirmed the **uaA** (on national scale) stability rating to Dniproinmed JSIC.

Table

Key indicators of Dniproinmed JSIC activity in H1 2007 and H1 2008 (thousand UAH)

Indicators	H1 2008	H1 2007	Growth rate, %	Changes
Assets	147713.1	119416.0	23.70	28297.1
Equity capital	93740.3	79199.7	18.36	14540.6
Equity ratio, %	63.45	66.32	-	-2.87
Statutory fund	37631.5	37631.50	0.00	-
Gross premiums	193533.5	149580.9	29.38	43952.6
Reinsurers' share in gross premiums, %	95.20	88.21	-	6.99
Indemnity	4847.1	3425.4	41.50	1421.7
Indemnity ratio, %	2.5	2.29	-	0.21
Equity capital efficiency (ROE), %	-2.59	14.21	-	-16.8
Net income (loss)	-5006.0	11251.2	-144.49	-16257.2

Source: Company data, calculations by Expert Rating

Expert-rating Agency confirms the current rating assessment to Dniproinmed JSIC on the basis of following data analysis of Company accounts:

1. The growth rate of Company's activity in H1 2008 was more substantial in comparison with the same period of the past year. Thus assets, equity capital, gross premiums and indemnity have grown by 23.7%, 18.36%, 29.38%, and 41.5% respectively. The substantial amount of gross premiums company has collected from corporative segment and only 2.5% of premiums from individuals. In H1 2008 Company took part in sales of insurance services to large industries. During the H1 contracts were made with such big Ukrainian businesses as South rail road, South-West railroad, Kyivmedavtotrans, Ukrgasviddobuvannja (gasproduction), Naftogas Ukrainy NJSC, Chornomornaftogas(Black Sea petro and gas production), Dniprospetsstal', Zaporyzskiy Titano-magnieviy complex and more than 12 enterprises else.

2. The 29 % growth of gross premiums in H1 2008 denotes the increase of Company's share in Ukrainian market of classic insurance. The growth rate of gross premiums is twofold higher than the average growth rate of gross premiums in Ukraine. The opening of new offices in Kherson, Odessa and Kryviy Rih cities favoured the strengthening of Company's position in Ukrainian market.

3. In spite of the growth of Company's activity Dniproinmed JSIC incurred UAH 5.0 m losses in H1 2008. The necessity to compose the additional volume of reserves was caused by both gross premiums growth and loss from revaluation of financial assets, became one of the reasons for company to incur losses. The Dniproinmed income on insurance in H1 2008 made UAH 9.7 m. On Agency opinion the loss in H1 2008 is of technical character and the volume of loss is not significant. Company continues to support both the high level of solvency and good reserve of liquidity.