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Expert-Rating rating agency
November 20th, 2008
Quarterly actualization of rating assessment

The confirmation of uaAA- stability rating to VAB Re reinsurance company

The Expert-Rating agency has confirmed the national **uaAA-(aa-** on Agency scale) stability rating to VAB Re JSIC, which means high level of stability with positive forecast.

Table

Key indicators of VAB Re JSIC performance (UAH thousand) in 9 months of 2007 and 2008

Indicators Показатели	9 months		Growth rates. %	Cghanges
	2008	2007		
Assets	65 434.0	64 215.2	1.9	1 218.80
Equity capital	50 984.8	53 124.7	-4.0	(2 139.90)
Equity ratio. %	77.9	82.7	-	(0.05)
Statutory fund	50 000.0	50 000.0	0.0	0.00
Gross premiums	28 607.6	21 347.7	34.0	7 259.90
Percentage of reinsurers in gross premiums. %	12.85	8.15	-	0.05
Share of gross premiums paid to reinsurers	3 674.8	1 739.0	111.3	1 935.80
Indemnity ratio. %	55.6	62.7	-	(0.07)
indemnity	15 916.2	13 381.6	18.9	2 534.60
Equity capital efficiency (ROE). %	-3.76	1.97	-	(0.06)
Net income (loss)	(2 553.1)	1 396.7	-282.8	(3 949.80)

Source: company's data, Expert-Rating calculations

Over the past 9 months VAB Re Company had underwritten UAH 28.607m of reinsurance premiums thus having improved the last year's result on UAH 7.26m. The premium's growth rate made 34%.

Company continued to realize the regular policy of providing of qualitative reinsurance protection to the market participants by concentrating on development of both perspective and asked for building and construction and cargo transportation risks. The growth of the share of these types of reinsurance in Company's portfolio confirms the effectiveness of above mentioned efforts. So, taken into reinsurance cargo transportation risks made up 9.1% and property risks exceeded 21.5%.

The development of needed by market such reinsurance products as reinsurance of agricultural portfolios of insurance companies, personal insurance risks and other types of liability is a critical direction of Company's strategic development.

The indemnity level remained within the limits of acceptable interval both as in portfolio as a whole and in types of activity separately. The level of gross unprofitability made up 55.6%

The volume of realized operational income made up UAH4.42 m thus exceeding the last year volume almost 11 times. The given fact confirms the correctness of Company's product and rates policy.

At the same time company realized a UAH5943.8 thousands loss from financial activity which was caused by operations with securities in Q1 and Q3 when Company invested own funds. The financial income relized in Q3 did not make it possible to compensate the losses caused by financial activity. However, taking into consideration that such write-off of securities did not affect insurance funds and their provision because of their placement in bank deposits and bank metals. The company's solvency remains to be on high level thus permitting to fulfill its liabilities both efficiently and in full volume.