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‘Expert-Rating’ rating agency
August, 18th, 2008
Quarterly actualization of rating assessment

The confirmation of uaAA- rating to VAB Re reinsurance company

The Expert-Rating agency has confirmed the national **uaAA-** rating to VAB Re JSIC.

Table

Key indicators of VAB Re JSIC (UAH thousand) over the H1 2007 and H1 2008

Indicators	H1 2008	H1 2007	Growth rate, %	Changes, UAH thousand
Assets	65 197.8	63 480.3	2.7	1 717.50
Equity capital	51 398.1	53 062.1	-3.1	(1 664.00)
Equity ratio, %	78.8	83.6	-5.7	(0.05)
Stature fund	50 000.0	50 000.0	0.0	0.00
Gross premiums	18 014.4	13 813.7	30.4	4 200.70
Reinsurers' share in gross premiums, %	15.20	8.32	82.6	0.07
Invested in reinsurance.	2 738.3	1 149.9	138.1	1 588.40
Insurance indemnity ratio, %,	58.9	56.7	3.9	0.02
Indemnity	10 615.0	7 835.8	35.5	2 779.20
Equity capital efficiency (ROE), %	-16.65	10.06	-265.6	(0.27)
Net income (loss)	(2 139.8)	1 334.2	-260.4	(3 474.00)

Source: company’s data, Expert-Rating calculations

The successful realization of the product strategy development programme, emergence of new partners as well as the growth of points of contact with old partners proved by growth of gross premiums by 30 % as to the past year may be considered to be The VAB Re’s crowning achievement in H1 2008.

The share of property and cargo transportation risks is regularly increasing in the structure of company’s portfolio. Thus, taken for reinsurance cargo transportation and property risks accounted for 9.83% and 16.6% respectively. Agency notes an insignificant growth of the level of gross-losses. At the same time the indemnity level stays within the limits of the acceptable interval both as concerning the portfolio as a whole and kinds of activity separetly the level of gross-losses in H1 2008 accounted for 58.9%.

Over the H1 2008 VAB Re JSIC has got UAH 1.922 m of net operating income thus confirming the correctness of both product and tariff policies. Alongside with the growth of operating income Company has realized a UAH 3.405m loss from financing activities which was caused by losses from operations with securities in H1 2008 which were invested in Company’s equity. Financial income in H2 did not make it possible to compensate losses from financial activity. But taking into account the fact that thanks to their investment in bank deposits and banking metals, losses from operations with securities did not affect both insurance funds and their guarantee; the Company’s solvency is still on high level permitting the operative and in corpore fulfillment of assumed liabilities.