

'Expert-Rating' rating agency
 November 19 2007
 quarterly actualization of rating assessment

The confirmation of rating assessment of Dniproinmed JSIC

On November 19 2007 Expert Rating RA has confirmed the **a** grade stability rating to Dniproinmed JSIC (**uaA** grade on national scale), based on overall results of its operating performance during the 9 months of 2007. **a** grade stability rating means high level of stability with positive forecast.

Table

Key indicators of Dniproinmad JSIC (thousand UAH)

| Indicators | 9 months | | | |
|---|-----------------|------------------|------------------|---------------|
| | 2007 | 2006 | Changes | Growth rate |
| Assets | 117534,7 | 84405,60 | 33129,10 | 39,25 |
| equity capital | 86106,5 | 67751,70 | 18354,80 | 27,09 |
| Equity capital and assets ratio, % | 73,26 | 80,27 | -7,01 | - |
| Stature fund | 37631,50 | 37631,50 | 0,00 | - |
| Gross premiums | 281371,8 | 103611,40 | 177760,40 | 171,56 |
| Re-insurers' share in gross premiums, % | 5,88 | 6,70 | -0,82 | - |
| Invested in re-insurance, % | 86,27 | 90,50 | -4,23 | - |
| Insurance indemnity ratio, % | 1,85 | 4,70 | -2,85 | - |
| Equity capital efficiency (ROE), % | 21,09 | 6,70 | 14,39 | - |
| Net income (loss) | 18157,9 | 4547,90 | 13610,00 | 299,26 |

Source: company's data, Expert-Rating calculations

Expert-Rating points out following positive tendencies of company's development during the nine months of 2007:

1. The growth of gross premiums made 171.56% in comparison with the same period of 2006. Company successfully continues the increasing of its business. Thus for the last 3 months it has won:

- tender on obligatory insurance of dangerous freight traffic activity liability on Donetsk railroad;
- a competition on insurance of financial risks on 'Southern ore mining and processing enterprise'.

In Expert-Rating's view, continues to increase the market share strengthening its positions in the segment of corporate clients. On the whole, by results of its performance in 2007 Dniproinmed JSIC made the Top 10 of the biggest insurance companies in Ukraine according to amount of collected gross premiums.

2. The decrease of indemnity in 9 months of 2007 to 1.85 % (4.7% in 2006) shows that company continues to work in the large risks segment, but profitable performance and the growth of equity capital did increase its capacity and opportunities for own retention.

3. The decrease of both indemnity ratio and share of gross premiums invested in re-insurance positively affected the amount of net income and company's ROE. Thus the growth of net income exceeded 300% in comparison with 9 months of 2006.

4. In 2007 Dniproinmed JSIC has got a license of obligatory insurance of Motor transport owners' civil liability. Because of the ending of the period of validity of license of Motor transport (except railway) insurance the State Commission for regulation of financial Services Markets of Ukraine granted company a termless license.

In the second half of the 2007 Dniproinmed JSIC has published its plan for development in 2008. In 2008 company will increase its regional system including opening the representatives in Dniprodzerzhisk and Odessa cities. Expert-Rating positively appreciates company's plans for enlargement of its network and is sure that realization of this plan will allow company to keep the high growth rates of business and of calculated capitalization in future.