

Credit rating conclusion
(rating report)
№BUSIN-КРП-004-ОН

under the contract №16/09/15-КРП-01 dated September 15, 2016

Object of rating: “BUSIN” Ins. Co.

Type of rating	NSR long-term credit rating
Date of assignment	February 24, 2017
Date of update	September 17, 2018
Rating action	confirmation
Category of rating	investment
Grade of rating	uaAA+
Rating outlook	stable

Information on object of rating:

Full name	Private Joint-Stock Insurance Company “BUSIN”
Address	23, Preobrazhenska St., Kyiv, Ukraine, 03110
Date of state registration	February 17, 1993
State registration certificate	A01 №374237
State registration code	19492371
Main activities	65.12 non-life insurance
Head (position)	Denis Oleksiyovych Ovchinnikov (Chairman of the Board)
tel. / fax	+38 (044) 245 62 17
website	busin.com.ua
e-mail	busin@busin.com.ua

№	date	rating
1	24.02.17	uaAA+
2	08.08.17	uaAA+
3	16.03.18	uaAA+
4	17.09.18	uaAA+

According to the National Scale of Rating approved by the resolution of the Cabinet of Ministers of Ukraine №665 dated 26 April, 2007, a borrower or a separate debt instrument with a **uaAA** rating is characterized with a very strong ability to meet financial commitments compared to other Ukrainian borrowers and debt instruments.

The symbol “+” indicates an intermediate rating grade on main grades.

Outlook “**stable**” indicates that the rating is unlikely to be changed in the near future.

On September 17, 2018, “Rurik” National Rating Agency confirmed a **uaAA+** NSR long-term credit rating of Private Joint-Stock Insurance Company “BUSIN”, outlook “**stable**”.

The symbol “ua” indicates that the credit rating is assigned and updated under the National Scale of Rating. The National Scale of Rating allows to measure credit risk distribution in the economy of Ukraine excluding sovereign risk and is used on the domestic financial market of Ukraine.

The credit rating can be changed, suspended or withdrawn in case new significant information appears, in case of lack of necessary information to update the rating or for other reasons, which the agency will consider sufficient for taking such actions.

The credit rating is not an absolute measure of credit risk, but an opinion of the rating agency concerning the ability of the object of rating to meet financial commitments compared to other objects.

The credit rating is assigned and updated based on the specially developed methods considering requirements of the legislation of Ukraine and international standards. By no means is the assigned credit rating a recommendation concerning any forms of crediting the object of rating, either selling or buying its securities.

“Rurik” NRA is not a guarantor and shall not be liable for any debts of the object of rating.

“Rurik” NRA does not conduct audit or other inspections of information and can, if necessary, rely on unaudited financial information provided by the customer.

The rating grade depends on the quality, homogeneity and fullness of information at the disposal of the agency.

In order to assign the credit rating, “Rurik” NRA used the internal information and financial statements for 2015 – 6m 2018 inclusive provided by the Company as well as public information and its own databases.

While assigning the credit rating the most considerable factors affecting the grade of the credit rating were generalized.

Positive factors:

- High solvency margin of the Insurer. As of July 1, 2018, the size of the actual solvency margin was 4.3 times the normative value.
- Strong liquidity indices of the Company. As of July 1, 2018, liquid assets covered 42.8 per cent of the Insurer's total assets and the quick ratio equaled 168.5 per cent.
- Sufficient level of the Company's financial stability. As of July 1, 2018, the equity covered the total assets and total insurance reserves by 38.9 per cent and 76.7 per cent respectively.
- Considerable experience on the insurance market of Ukraine and strong market positions. By the results of 6m 2018, the Company was one of the leaders by premiums written within compulsory civil aviation insurance.
- High level of financial transparency and information openness of the Company expressed with detailed and complex disclosure of information, necessary to assign the credit rating. This allowed decreasing the level of uncertainty in assessing the ability to meet financial commitments and analysis of the Company's activity.

Negative factors:

- Low diversification of the insurance portfolio of the Company by lines of business connected with the peculiarities of the Company's activity on the market. By the results of 6m 2017, premiums written by the three main lines equaled nearly 96 per cent of total premiums, which indicates that the Company's activity highly depends on the main lines of business.
- Like the other Ukrainian insurance companies, the Company's activity is sensitive to the influence of political, legislative, regional and macroeconomic sources of risk immanent to Ukraine.

Therefore, having performed complex rating analysis of "BUSIN" Ins. Co.,

considering all sufficient factors affecting the rating grade,

guided by the principles of objectivity, independence and open-mindedness,

adhering to the rating norms established by the legislation of Ukraine,

the authorized National rating agency "Rurik" confirmed a uaAA+ NSR long-term credit rating of Private Joint-Stock Insurance Company "BUSIN", outlook «stable».

Annex 1. Main financial and economic indices of "BUSIN" Ins. Co.

№	Index	01.04.18	01.07.18	Rate of increase		
I. Balance indices						
		thsd. hrn.	%	thsd. hrn.	%	%
1	Total assets	266 501	100,00%	220 927	100,00%	-17,10%
2	Non-current assets	1 792	0,67%	1 626	0,74%	-9,26%
2.1	Fixed assets	1 593	0,60%	1 473	0,67%	-7,55%
2.2	Long-term financial investments	120	0,04%	105	0,05%	-11,80%
2.3	Long-term receivables	29	0,01%	4	0,00%	-86,90%
3	Current assets	264 709	99,33%	219 301	99,26%	-17,15%
3.1	Current receivables	96 464	36,20%	63 158	28,59%	-34,53%
3.2	Current financial investments	0	0,00%	0	0,00%	-
3,5	Cash and cash equivalents	90 961	34,13%	94 560	42,80%	3,96%
4	Equity	74 845	28,08%	85 862	38,86%	14,72%
4.1	Authorized capital	73 200	27,47%	73 200	33,13%	0,00%
4.2	Unappropriated balance	-16 162	-6,06%	-5 434	-2,46%	-66,38%
5	Total insurance reserves	114 105	42,82%	111 958	50,68%	-1,88%
6	Shares of reinsurers in insurance reserves	76 245	28,61%	60 529	27,40%	-20,61%
7	Long-term liabilities	4 698	1,76%	4 698	2,13%	0,00%
8	Current liabilities	72 852	27,34%	18 410	8,33%	-74,73%
II. Financial results						
		9m 2016	9m 2017			
9	Written premiums	32 187	39 974	24,19%		
10	Reinsurance ceded	9 862	9 483	-3,83%		
11	Insurance payments and compensations	151	29 688	19534,72%		
12	Net profit (loss)	9 682	-5 434	-156,12%		
III. Relative indices						
		01.04.18	01.07.18			
13	Quick ratio	215,20%	168,48%	-46,72%		
14	Liabilities coverage ratio	117,29%	409,22%	291,93%		
15	Retention ratio	13,46%	76,28%	62,82%		
16	Reinsurers' shares in technical reserves	64,33%	51,89%	-12,45%		
17	Costs ratio	47,28%	32,61%	-14,67%		
18	Loss ratio	269,05%	135,54%	-133,51%		
19	Combined ratio	316,34%	168,15%	-148,19%		
20	Return on equity	-19,35%	-5,64%	13,71%		
21	Return on assets	-7,02%	-2,75%	4,27%		