

Credit rating conclusion
(rating report)
№BUSIN-КРП-009-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 30, 2020
Rating action	confirmation
Category of rating	investment
Grade of rating	uaAAA
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+
5	20.03.19	uaAA+
6	20.09.19	uaAA+
7	13.03.20	uaAAA
8	30.09.20	uaAAA

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 **uaAAA** rating is characterized with the highest ability to meet financial commitments compared to other Ukrainian borrowers and debt instruments.

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

On March 13, 2020, "Rurik" National Rating Agency confirmed the **uaAAA** 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The credit rating can be changed, suspended or withdrawn in case new significant information appears, in case of lack of necessary information to update the rating or for other reasons, which the agency will consider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 2020 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 January 1, 2020, the size of the actual solvency margin was 8.7 times the normative value.
- Strong liquidity indices of the Company. As of July 1, 2020, the quick ratio equaled 251.4 per cent.
- Sufficient efficiency ratios. By the results of 6m 2020, the company gained UAH 30M of net profit and the Company's ROA and ROE equaled 2 per cent and 24 per cent respectively.
- Considerable experience on the insurance market of Ukraine and strong market positions. By the results of 6m 2020, 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 2020, premiums written by the three main lines equaled nearly 95 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 the uaAAA NSR long-term credit rating of Private Joint-Stock Insurance Company "BUSIN", outlook "stable".

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

No	Index	01.04.20		01.07.20		Rate of increase
I. Balance indices						
		thsd. hrn.	%	thsd. hrn.	%	%
1	Total assets	2 693 624	100,00%	2 645 550	100,00%	-1,78%
2	Non-current assets	13 263	0,49%	13 351	0,50%	0,66%
2.1	Fixed assets	11 956	0,44%	13 103	0,50%	9,60%
2.2	Long-term financial investments	6	0,00%	6	0,00%	0,00%
2.3	Long-term receivables	225	0,01%	225	0,01%	0,00%
3	Current assets	2 680 361	99,51%	2 632 199	99,50%	-1,80%
3.1	Current receivables	108 750	4,04%	78 968	2,98%	-27,39%
3.2	Current financial investments	0	0,00%	0	0,00%	-
3,5	Cash and cash equivalents	115 980	4,31%	115 652	4,37%	-0,28%
4	Equity	130 770	4,85%	130 878	4,95%	0,08%
4.1	Authorized capital	73 200	2,72%	73 200	2,77%	0,00%
4.2	Unappropriated balance	34 030	1,26%	36 680	1,39%	7,79%
5	Total insurance reserves	2 493 734	92,58%	2 476 820	93,62%	-0,68%
6	Shares of reinsurers in insurance reserves	2 448 023	90,88%	2 431 511	91,91%	-0,67%
7	Long-term liabilities	5 500	0,20%	8 144	0,31%	48,07%
8	Current liabilities	63 620	2,36%	29 708	1,12%	-53,30%
II. Financial results						
		6m 2019		6m 2020		
9	Written premiums	71 682		23 037		-67,86%
10	Reinsurance ceded	22 879		15 050		-34,22%
11	Insurance payments and compensations	4 469		2 316		-48,18%
12	Net profit (loss)	22 530		29 682		31,75%
III. Relative indices						
		01.04.20		01.07.20		
13	Quick ratio	240,36%		251,68%		1131,52%
14	Liabilities coverage ratio	167,79%		305,54%		13774,08%
15	Retention ratio	-792,79%		34,67%		82746,52%
16	Reinsurers' shares in technical reserves	98,07%		98,15%		7,82%
17	Costs ratio	34,12%		27,70%		-641,80%
18	Loss ratio	59,05%		46,84%		-1220,37%
19	Combined ratio	93,17%		74,55%		-1862,17%
20	Return on equity	22,10%		24,26%		215,64%
21	Return on assets	1,80%		2,01%		20,86%