

Credit rating conclusion
(rating report)

№BUSIN-КРП-013-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	Jan 24, 2023
Rating action	Confirmation
Category of rating	investment
Grade of rating	uaAAA
Rating outlook	developing

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 Oleksiiiovych 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
9	22.03.21	uaAAA
10	22.09.21	uaAAA
11	30.06.22	uaAAA
12	24.01.23	uaAAA

According to the National Scale of Rating approved by the resolution of the Cabinet of Ministers of Ukraine №665 dated 26 Oct, 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.

The **developing** outlook indicates that the credit rating is likely to be changed due to realization of either positive or negative trends and current risks.

On January 24, 2023, “Rurik” National Rating Agency confirmed the **uaAAA** NSR long-term credit rating of Private Joint-Stock Insurance Company “BUSIN” with a **developing** outlook.

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The credit rating can be changed, suspended or withdrawn in case new significant information appears, in case of lack of necessary information to update the rating or for other reasons, which the agency will consider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 – 9m 2022 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 Oct 1, 2022, the size of the actual solvency margin was 6 times the normative value.

– Strong liquidity indices of the Company. As of Oct 1, 2022, the quick ratio equaled 226 per cent with the 60 per cent recommended value.

– Sufficient efficiency ratios. By the results of 9m 2022, the company gained UAH 25M of net profit and the Company's ROA and ROE equaled 8 per cent and 25 per cent respectively.

– Considerable experience on the insurance market of Ukraine and strong market positions. By the results of 9m 2022, the Company was the leader 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 9m 2022, 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. The escalation of the military aggression by Russian Federation against Ukraine since February 24, 2022 negatively affects financial markets and the economy in general, which may lead to deterioration of the Company's performance indicators.

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" with a developing outlook.

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

No	Index	01.07.22		01.10.22		Rate of increase
I. Balance indices						
		thsd. hrn.	%	thsd. hrn.	%	%
1	Total assets	452 458	100,00%	421 839	100,00%	-6,77%
2	Non-current assets	11 105	2,45%	11 077	2,63%	-0,26%
2.1	Fixed assets	10 819	2,39%	10 588	2,51%	-2,13%
2.2	Long-term financial investments	286	0,06%	286	0,07%	0,00%
2.3	Long-term receivables	0	0,00%	202	0,05%	-
3	Current assets	441 353	97,55%	410 762	97,37%	-6,93%
3.1	Current receivables	181 760	40,17%	136 682	32,40%	-24,80%
3.2	Current financial investments	0	0,00%	0	0,00%	-
3,5	Cash and cash equivalents	151 741	33,54%	197 890	46,91%	30,41%
4	Equity	148 232	32,76%	180 522	42,79%	21,78%
4.1	Authorized capital	73 200	16,18%	73 200	17,35%	0,00%
4.2	Unappropriated balance	9 346	2,07%	41 865	9,92%	347,94%
5	Total insurance reserves	166 208	36,73%	139 716	33,12%	-15,94%
6	Shares of reinsurers in insurance reserves	100 820	22,28%	66 473	15,76%	-34,07%
7	Long-term liabilities	7 733	1,71%	7 572	1,79%	-2,08%
8	Current liabilities	130 285	28,79%	94 029	22,29%	-27,83%
II. Financial results						
		9m 2021		9m 2022		
9	Written premiums	534 107		151 864		-71,57%
10	Reinsurance ceded	472 926		105 182		-77,76%
11	Insurance payments and compensations	2 772		649		-76,58%
12	Net profit (loss)	7 068		41 863		492,27%
III. Relative indices						
		01.07.22		01.10.22		
13	Quick ratio	189,81%		225,98%		36,17
14	Liabilities coverage ratio	109,94%		194,77%		84,83
15	Retention ratio	23,12%		30,74%		7,62
16	Reinsurers' shares in technical reserves	52,55%		38,22%		-14,33
17	Costs ratio	48,56%		48,62%		0,06
18	Loss ratio	223,97%		201,08%		-22,89
19	Combined ratio	272,54%		249,71%		-22,83
20	Return on equity	6,25%		25,28%		19,03
21	Return on assets	1,70%		7,84%		6,14