

Credit rating conclusion
(rating report)
№EKTAS-КРП-001-ПР
under the contract #21/02/08-КРП-01 dated February 8, 2021

Object of rating: “EKTA” Ins. Co.	
Type of rating	NSR long-term credit rating
Date of assignment	February 26, 2021
Rating action	assignment
Category of rating	investment
Grade of rating	uaAAA
Rating outlook	stable
Information on object of rating:	
Full name	SLC “Insurance company “EKTA”
Address	Ukraine, 03150, Kiev, 5 Dilova str., b 2, letter B1
Date of state registration	02.10.2018 p.
State registration certificate	10701020000078380
State registration code	42509958
Main activities	65.12 non-life insurance
Head (position)	Spazhuk Vitaliy Valeriyovych (Director)
tel. / fax	(044) 332 49 42
website	https://ekta.insure/
e-mail	info@ic-ekta.com

No	Date	Rating	Outlook
1	26.02.2021	uaAAA	stable

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.

A **stable** outlook indicates that the rating is unlikely to be changed in the near future.

On February 26, 2021, the National Rating Agency Rurik assigned the uaAAA NSR long-term credit rating of SLC “Insurance company “EKTA” with a stable 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The credit rating can be changed, suspended, or withdrawn in case new significant information appears, in case of lack of necessary information to update the rating or for other reasons, which the agency will consider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.

To assign the credit rating, Rurik NRA used the internal information and financial statements for 2019 – 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:

- Sufficient efficiency ratios. By the results of 2020, the Companies' gross income reached UAH 128.3 million (against UAH 47.9 million in 2019). The financial result of the reporting year was a net profit of UAH 2.6 million.
- High solvency margin of the Insurer. As of January 1, 2021, the size of the actual solvency margin was more than three times higher than the normative value.
- Sufficient level of financial autonomy of the Company. As of January 1, 2021, the level of assets and insurance reserves coverage with an equity amount was 66.2% and 220.7%, respectively. The Company's liabilities were covered by its own funds 1.96 times.
- The company's activity implies a low level of currency risk. Cash and cash equivalents accounted on an Insurer's accounts were presented in the national currency. Also, all financial investments made by the Company are presented in the national currency.
- The rapid paces of Companies' activity development. The total amount of insurance payments received in 2020 reached UAH 151.7 million, increased 2.8 times compared to the same period in 2019. The total assets of the Company increased 2.6 times to UAH 135.2 million for the same period.
- 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 2020, premiums written by the three main lines equalled 99 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 SLC "Insurance company "EKTA", 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,

Rurik National Rating Agency assigned the uaAAA NSR long-term credit rating of SLC "Insurance company "EKTA" with a stable outlook.

Main financial and economic indices of SLC "Insurance company "EKTA"

No	Index	01.10.20		01.01.21		Rate of increase
I. Balance indices						
		thsd. hrn.	%	thsd. hrn.	%	%
1	Total assets	76 339	100,00%	135 223	100,00%	77,14%
2	Non-current assets	16 122	21,12%	66 100	48,88%	310,01%
2.1	Fixed assets	4 102	5,37%	54 081	39,99%	1218,28%
2.2	Long-term financial investments	12 000	15,72%	12 000	8,87%	0,00%
2.3	Long-term receivables	0	0,00%	0	0,00%	-
3	Current assets	60 217	78,88%	69 123	51,12%	14,79%
3.1	Current receivables	24 590	32,21%	19 454	14,39%	-20,89%
3.2	Current financial investments	29 823	39,07%	29 833	22,06%	0,03%
3,5	Cash and cash equivalents	5 800	7,60%	19 833	14,67%	241,93%
4	Equity	38 732	50,74%	89 514	66,20%	131,11%
4.1	Authorized capital	37 000	48,47%	37 000	27,36%	0,00%
4.2	Unappropriated balance	307	0,40%	176	0,13%	-42,61%
5	Total insurance reserves	30 671	40,18%	40 560	29,99%	32,24%
6	Shares of reinsurers in insurance reserves	0	0,00%	0	0,00%	-
7	Long-term liabilities	2 352	3,08%	2 187	1,62%	-7,02%
8	Current liabilities	4 584	6,00%	2 962	2,19%	-35,37%
II. Financial results						
		6m 2019		6m 2020		
9	Written premiums	54 153		151 676		180,09%
10	Reinsurance ceded	0		0		-
11	Insurance payments and compensations	341		3 202		838,84%
12	Net profit (loss)	-2 451		2 627		-207,19%
III. Relative indices						
		01.10.20		01.01.21		
13	Quick ratio	99,02%		95,32%		-370,15%
14	Liabilities coverage ratio	437,92%		750,88%		31296,56%
15	Retention ratio	100,00%		100,00%		0,00%
16	Reinsurers' shares in technical reserves	0,00%		0,00%		0,00%
17	Costs ratio	85,92%		86,10%		17,88%
18	Loss ratio	1,98%		2,85%		86,65%
19	Combined ratio	87,90%		88,95%		104,54%
20	Return on equity	5,68%		4,23%		-145,03%
21	Return on assets	3,70%		2,80%		-90,27%