

Credit rating conclusion
(rating report)
№EKTAS-KPP-005-OH
under the contract #21/02/08-KPP-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	confirmation
Date of update	March 31, 2023
Category of rating	investment
Grade of rating	uaAAA
Rating outlook	developing
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

№	Date	Rating	Outlook
1	26.02.2021	uaAAA	stable
2	26.08.2021	uaAAA	stable
3	29.06.2022	uaAAA	developing
4	25.08.2022		suspended
5	31.03.2023	uaAAA	developing

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 **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 March 31, 2023, the National Rating Agency Rurik confirmed the uaAAA NSR long-term credit rating of SLC “Insurance company “EKTA” 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The credit rating can be changed, suspended, or withdrawn in case new significant information appears, in case of lack of necessary information to update the rating or for other reasons, which the agency will consider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.

To assign the credit rating, Rurik NRA used the internal information and financial statements for 2019 – 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 January 1, 2023, 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, 2023, the level of assets and insurance reserves coverage with an equity amount was 63% and 209%, respectively. The Company's liabilities cover 200% of its own funds.
- 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 2022 reached UAH 181 million, increased by 3,7 times compared to the same period in 2019.
- 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 2022, premiums written by the three main lines equalled 89% 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 Russian Federation's military aggression against Ukraine from February 24, 2022, have a negative impact on financial markets and the economy as a whole, which may worsen the Bank's performance.

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 confirmed the uaAAA NSR long-term credit rating of SLC "Insurance company "EKTA" with a "developing" outlook.

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

No	Index	01.10.22		01.01.23		Rate of increase
I. Balance indices						
		thsd. hrn.	%	thsd. hrn.	%	%
1	Total assets	138 499	100,00%	155 659	100,00%	12,39%
2	Non-current assets	40 853	29,50%	56 099	36,04%	37,32%
2.1	Fixed assets	108	0,08%	503	0,32%	365,74%
2.2	Long-term financial investments	0	0,00%	0	0,00%	-
2.3	Long-term receivables	0	0,00%	0	0,00%	-
3	Current assets	97 646	70,50%	99 560	63,96%	1,96%
3.1	Current receivables	35 681	25,76%	38 200	24,54%	7,06%
3.2	Current financial investments	0	0,00%	0	0,00%	-
3,5	Cash and cash equivalents	61 917	44,71%	61 320	39,39%	-0,96%
4	Equity	83 021	59,94%	98 160	63,06%	18,24%
4.1	Authorized capital	37 000	26,71%	37 000	23,77%	0,00%
4.2	Retained earnings (uncovered loss)	-11 927	-8,61%	-11 635	-7,47%	-2,45%
5	Total insurance reserves	42 833	30,93%	46 864	30,11%	9,41%
6	Shares of reinsurers in insurance reserves	48	0,03%	40	0,03%	-16,67%
7	Long-term liabilities	0	0,00%	163	0,10%	-
8	Current liabilities	12 645	9,13%	10 472	6,73%	-17,18%
II. Financial results						
		01.10.22		01.01.23		Δ, pp
9	Written premiums	233 051		179 080		-23,16%
10	Reinsurance ceded	0		1 245		-
11	Insurance payments and compensations	24 697		13 754		-44,31%
12	Net profit (loss)	-12 552		741		-
III. Relative indices						
		01.10.22		01.01.23		Δ, pp
13	Quick ratio	144,72%		130,96%		-13,76
14	Liabilities coverage ratio	489,66%		576,59%		86,93
15	Retention ratio	99,02%		99,30%		0,29
16	Reinsurers' shares in technical reserves	0,11%		0,09%		-0,03
17	Costs ratio	86,47%		88,52%		2,05
18	Loss ratio	8,48%		9,24%		0,75
19	Combined ratio	94,95%		97,75%		2,80
20	Return on equity	0,54%		0,82%		0,28
21	Return on assets	0,32%		0,49%		0,18