

‘Expert-Rating’ rating agency  
 March 2, 2008  
 Quarterly actualization of rating assessment

### The rise of stability rating assessment to Busin JSIC from **uaA+** grade to **uaAA**

Expert-Rating agency has raised stability rating to Busin JSIC from **a+** grade to **aa** (**uaAA** on national scale). **uaAA** grade means a very high level of stability with positive forecast.

Table

**Key indicators of Busin JSIC activity in 12 months of 2007 and 2008 (thousand UAH)**

Indicators	12 months			
	2008	2007	Changes	Growth rate, %
Assets	72385.7	51577.0	20808.7	40.34
Equity capital	46344.9	42416.9	3928.0	9.26
Equity ratio, %	64.02	82.23	-18.21	-
Statutory fund	24400.0	10125.0	14275.0	140.99%
<b>Gross premium</b>	<b>53064.4</b>	<b>40420.3</b>	<b>12644.1</b>	<b>31.28</b>
Reinsurer's share in gross premiums, %	74.53	77.25	-2.72	-
Indemnity	2617.2	2704.9	-87.7	-3.24
Indemnity ratio, %	4.93	6.38	-1.45	-
Equity capital efficiency (ROE), %	40.22	5.72	34.5	-
<b>Net income (loss)</b>	<b>18641.4</b>	<b>2426.1</b>	<b>16215.3</b>	<b>668.37</b>

Source: Company data, calculations by Expert Rating

### The current rating assessment is based on following results of analyses of Company accounts:

1. During the 2008 the amount of gross premiums had increased by 38.89% and reached the record level at the rate of UAH 53.064 mln. The reinsurers' share in gross premium decreased from 77.0% to 74.5%, the amount of gross indemnity decreased by 32.4% while indemnity ratio fell by 1.45%. Such tendency being characterized by premium growth and indemnity fall became one of the occasions of Company's ROE growth in 2008.

2. The amount of realized net income exceeded 7.7 times the similar indicator in 2007 and made up UAH18.641 million. In 2008 Company's equity capital efficiency (ROE) amounted to 40.22%. A rapid grow of Company's ROE can be explained not only by successful insurance activity but by selling of the part of capital assets which had started to devalue since October 2008. Expert-Rating considers this fact as Company's strategy aimed at increase of assets liquidity.

3. During the 2008 Company's equity capital has grown by 9.26% only, while assets have grown by 40.34%, equity ratio has decreased by 18.21% and made up 64.0%. Agency does not consider such decrease to be critical because of the following reasons. At first, Company has changed the assets structure, that is, they have significantly increased the share of liquid assets in balance structure. Second, Company has increased its statutory fund 2.4 times (UAH24.4 million).

4. In December 2008 Ukraine has ratified a Montreal convention on enhancement of air carriers' responsibility for loss of life of air passengers. In spite of growing tendency to decrease of passenger traffics in air transport, Agency expects the pronounce growth of aviarisks insurance market in connection with the Convention ratification. On Agency opinion, ratification of Montreal Convention as well as implementation in Ukraine of international standards of air carriers' responsibility appears to be the fundamental basis of growth of premiums of MIR JSIC in 2009.

Having taken into consideration premises, rating committee of Expert-Rating Agency decided to raise the rating grade to Busin JSIC (19492371) from **uaA+** to **uaAA** on National scale.