

Rating Action: Moody's upgrades Uzbekinvest's foreign currency IFSR to Ba3, places other ratings on review for upgrade following sovereign action

26 January 2023

London, January 26, 2023 – Moody's Investors Service ("Moody's") has today upgraded the foreign currency (FC) insurance financial strength rating (IFSR) of Uzbekinvest a.s. (Uzbekinvest) to Ba3 from B1 and placed on review for upgrade its ba3 Baseline Credit Assessment (BCA) and Ba3 local currency (LC) IFSR. The outlook has been changed to ratings under review from stable.

RATINGS RATIONALE

The rating action follows the upgrade of Uzbekistan's sovereign rating to Ba3 from B1 on 20 January 2023 and the raise of the FC country ceiling to Ba3 from B1.

Previously, Uzbekinvest's FC IFSR was constrained by Uzbekistan's FC country ceiling, which was lower than Uzbekinvest's BCA. Following the upgrade of the sovereign rating and of Uzbekistan's FC country ceiling to the same level as Uzbekinvest's BCA, Moody's upgraded Uzbekinvest's FC IFSR to the level of the BCA.

The review for upgrade of Uzbekinvest's ba3 BCA and its Ba3 LC IFSR reflects the improvement of the company's credit profile on capital, financial flexibility and asset quality following the improvement in the credit quality of Uzbekistan.

According to Moody's, Uzbekinvest's credit profile has been stronger than that of the Uzbek government because Uzbekinvest holds a large investment portfolio of high quality outside of Uzbekistan. This portfolio, held by its UK subsidiary, Uzbekinvest International Insurance Company Ltd (UIIC), includes investment grade US dollar-denominated fixed-income securities and represented around 44% of the group's total invested assets as at year-end 2021.

Moody's review will focus on assessing the quality of Uzbekinvest's current investment portfolio held by UIIC and the impact of the improvement in the credit quality of the Uzbek sovereign on other financial assets held by Uzbekinvest. In addition, Moody's will review how the group's financial performance in 2022 and its business strategy for 2023 will impact Uzbekinvest's credit profile.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Moody's could upgrade Uzbekinvest's BCA and LC IFSR if the company maintains a strong asset quality, including a large portfolio of high quality assets in the UK, and pursues profitable growth.

Moody's could confirm BCA and LC IFSR in case of material weakening of the company's asset quality metrics, or if the company's financial performance were to sustainably deteriorate.

PRINCIPAL METHODOLOGIES

The methodologies used in these ratings were Property and Casualty Insurers Methodology published in January 2023 and available at <https://ratings.moodys.com/api/rmc-documents/397707>, Life Insurers Methodology published in January 2023 and available at <https://ratings.moodys.com/api/rmc-documents/397713> and Government-Related Issuers Methodology published in February

2020 and available at <https://ratings.moodys.com/api/rmc-documents/64864>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

The local market analyst for this rating is Lev Dorf, +971 (569) 947-121.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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