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PRESS-RELEASE

(Translation from Russian)

The rating of Private JSC IC «JUPITER VIENNA INSURANCE GROUP» is confirmed against the background of the record results of VIG in Europe

September 07, 2012 The Rating agency «Standard-Rating» has confirmed the financial stability rating/the credit rating of Private JSC «JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP» at the level **uaAA+**. The insurer with rating **uaAA+** is characterized by a very high financial stability compared to other Ukrainian insurers. The rating includes the impact of adverse commercial, financial and economic conditions. Making decision about confirming the rating at such a high level, the Agency was guided by the results of the insurer's activity in the 1 half of 2012 (see table).

Table 1

Key indicators of Private JSC IC «JUPITER VIENNA INSURANCE GROUP» (30434963), th. UAH, %, p.p.

#	Indicators	I half of 2012 (30.06.2012)	I half of 2011 (30.06.2011)	Change	Growth rate, %
1	Gross insurance premiums	14147	10374	3773	36,37%
2	Insurance indemnities and compensations	192	262	-70	-26,72%
3	Insurance indemnities/Gross premiums ratio	1,36%	2,53%	-1,17 p.p.	-
4	Shareholders' equity	37657	33461	4196	12,54%
5	Liabilities	52301	43273	9028	20,86%
6	Shareholders' equity/Liabilities ratio	72,00%	77,33%	-5,33 p.p.	-
7	Liquid assets	56598	52098	4500	8,64%
8	Liquid assets/Liabilities ratio	108,22%	120,39%	-12,18 p.p.	-
9	Acquisition costs	2346	1633	713	43,66%
10	Acquisition costs/Insurance premiums ratio	16,58%	15,74%	0,84 p.p.	-
11	Revenue from the sale of life insurance services	19418	994	18424	1853,52%
12	Financial result from operating activity	2357	-1974	4331	-
13	Financial income	2709	2258	451	20,00%
14	Net profit	1571	-3170	4741	-
15	ROE	4,17%	-9,47%	-	-

1. Insurance premiums of the Company have grown by 36,37% in the 1 half of 2012. Private JSC IC «JUPITER VIENNA INSURANCE GROUP» has collected UAH 14,147 mln of premiums during the first 6 months of 2012. At the same time, insurance indemnities have reduced by 26,72% down to UAH 192 th., and the ratio of indemnities to premiums has reduced by 1,17 p.p. down to 1,36%. Growth of insurance premiums, increase in investment revenues as well as control of expenses has enabled Private JSC IC «JUPITER VIENNA INSURANCE GROUP» to get profit in the 1 half of 2012. The financial result from operating activity of the Company has amounted to UAH 2,357 mln in the first 6 months of 2012 that is a significant improvement, compared to the 1 half of 2011, when there was a loss of UAH 1,974 mln. In the 1 half of 2012 net profit of the Company has amounted to UAH 1,571 mln against net loss of UAH 3,170 mln in the same period of 2011. The fact that the insurer has managed to stabilize its profitable activity indicates the improvement of the financial situation of the Company, the growth of its solvency and the increase in its independence level from the support of the key shareholder – Vienna Insurance Group (VIG).

2. The Company has adhered to the excessive capitalization that is a conservative management move against the background of the resumption of profitable operations. At the same time, the realization of the excessive capitalization strategy in practice prepares the company for the further increase in gross premiums and, as a consequence of it – for the increase in liabilities.

In the period from 30.06.2011 to 30.06.2012 the ratio of liquid assets to liabilities has decreased by 12,18 p.p. down to 108,22% that, in its turn, is related to a redirection of the part of liquid assets into government securities, that is still much higher than the average market indicator. The conservative policy of management positively impacts on the reserve of the insurer's financial stability.

3. Vienna Insurance Group (VIG) has shown the record financial results in the 1 half of 2012. Gross business of the Group has grown by 11,71%, net earned premiums – by 14,4%, financial result – by 4,87%, net profit – by 7,44%. It is important that profit derived from operations in Central and Eastern Europe has grown the faster rates than in the average on the company and has shown the growth rate of 13%. The positive trend should also include the decrease of the combined ratio by 0,5 p.p. that indicates the growth of the profitability of the insurer's activity.

Table 2

**Key indicators of Vienna Insurance Group
in the 1 half of 2012, EUR bn., %, p.p.**

#	Indicators	I half of 2012 (30.06.2012)	I half of 2011 (30.06.2011)	Change	Growth rate, %
1	Gross premiums written	5,283	4,729	0,554	11,71%
2	Net earned premiums	4,656	4,070	0,586	14,40%
3	Financial result	0,581	0,554	0,027	4,87%
4	Profit for the period	0,231	0,215	0,016	7,44%
5	Combined ratio	96,6%	97,1%	-0,50 p.p.	-

Therefore, Private JSC IC «JUPITER VIENNA INSURANCE GROUP» has demonstrated the high growth rates of gross business in the 1 half of 2012. Good level of capitalization and liquidity of Private JSC IC «JUPITER VIENNA INSURANCE GROUP» with positive results of VIG in the 1 half of 2012 have indicated the guaranteed high level of solvency and financial stability of the insurer. Improvement of the Company's financial situation has occurred against the background of new historical maximums of gross business, net earned premiums and profit of Vienna Insurance Group, which had a successful first half of 2012.

RA «Standard-Rating»