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PRESS-RELEASE

(Translation from Russian)

Private JSC “UIC “KNIAZHA VIENNA INSURANCE GROUP” has been assigned the rating at the level uaAA+

September 26, 2012 RA «Standard-Rating» has decided to assign the credit rating/the financial stability rating of the insurer at the level uaAA+ to Private JSC «Ukrainian Insurance Company «KNIAZHA VIENNA INSURANCE GROUP». The insurer with rating uaAA+ is characterized by a very high financial stability compared to other Ukrainian insurers. The stability level is susceptible to adverse commercial, financial and economic conditions.

The high rating of the insurer has been caused by the following factors:

Private JSC «UIC «KNIAZHA VIENNA INSURANCE GROUP» relates to the category of dynamically developed companies. In the first half of 2012 the insurer has increased its gross premiums up to UAH 103,052 mln or by 40,33% in comparison with the same period of 2011 that has exceeded in several times the market average rates. The nominal proportion of the company in the Ukrainian market has amounted to 0,86% according to the results of the first half of 2012, the proportion of the company in the segment of classical insurance in Ukraine has been estimated at 2% by the Agency.

The business diversification level of the insurer on insurance types has been recognized by the Agency as close to satisfactory. The Company has had a distinct specialization in civil liability insurance of vehicle owners, 64,23% of gross premiums have accounted exactly for this type of insurance according to the results of the first half of 2012. The high level of client diversification has slightly smoothed the negative impact on the rating. The 10 largest clients of the insurer have accounted for only 7,8% of gross business of the company according to the results of the first half of 2012.

The Agency recognizes a high asset quality of Private JSC «UIC «KNIAZHA VIENNA INSURANCE GROUP». The portfolio of the company's profitable assets is managed in accordance with collegial principles and is well diversified. An additional control of asset management by the parent company will positively impact the quality of the insurer's assets in future. As of 30.06.2012 the 72,2% of profitable assets of the company have been referred by the Agency to the class of interest bearing assets, the 100% of interest bearing assets have been of the credit rating of investment level.

In the first half of 2012 the 96,8% of premiums, sent to the reinsurers, have accounted for the companies with rating of investment level. The Agency recognizes the current level of the quality of the reinsurance support of Private JSC «UIC «KNIAZHA VIENNA INSURANCE GROUP» as very high. The 82% of premiums, sent to the reinsurers in the first half of 2012, have been directed to the parent company. Taking into account that Vienna Insurance Group has high ratings according to the international scale and has demonstrated excellent financial results in the first half of 2012, the Agency considers this practice acceptable.

In the Agency's opinion, the insurer forms the reserves in sufficient volume and according to the undertaken liabilities. The Company performs indemnities and has a significant reserve of interest bearing assets for covering these indemnities in future. As of 30.06.2012 the interest bearing assets have exceeded in 3,61 times the indemnities in the first half of 2012.

According to the Agency's estimations, Private JSC «UIC «KNIAZHA VIENNA INSURANCE GROUP» relates to the class of well capitalized companies and with condition of continued practice of profitable activity over the next 12 months won't require additional capitalization. The insurer has also a high level of liquidity. As of 30.06.2012 the ratio of interest bearing assets to liabilities has amounted to 83,24% that is significantly higher, than the average indicators in the market.

One of the main factors, which maintain a high credit rating of Private JSC «UIC «KNIAZHA VIENNA INSURANCE GROUP», remains external support from the shareholders. As of 30.06.2012 the consolidated assets of VIENNA INSURANCE GROUP have amounted to EUR 40,729 bn, and the consolidated investments – EUR 28,229 bn, while the company has had the high liquid assets of EUR 827,776 mln at the balance. The given statistics describes the scale of the insurer's work and, respectively, its willingness to support its business in Ukraine. In the first half of 2012 VIENNA INSURANCE GROUP has shown record financial results. 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%.

RA «Standard-Rating» (Ukraine)