

22 August 2012

## FIRST HALF-YEAR OF 2012:

### RECORD RESULT OF VIENNA INSURANCE GROUP

**Group premiums grew to about EUR 5.3 billion (plus 11.7 percent)**

**Group profit (before taxes) surpasses the 300-million-euro threshold (plus 6.9 percent to EUR 301.7 million)**

**Increase in profit in CEE by significant 13.6 percent**

**Combined ratio down to excellent 96.6 percent**

*“Despite difficult market conditions, Vienna Insurance Group has succeeded in consistently improving the result also in the current financial year”, Peter Hagen, Chairman of the Managing Board and CEO of Vienna Insurance Group, commented the development of the first six months of 2012. He explained: “Thanks to an increase in profit by almost 7 percent, we fully comply with our target of keeping volatilities low and improving profitability on a sustainable basis. Especially pleasing: the profit contributed by the CEE region has grown by more than 13 percent. This proves once more that we are pursuing the right strategy as the largest international insurance group in this region.”*

#### **I. OVERVIEW OF KEY GROUP DATA FOR THE FIRST HALF-YEAR OF 2012 (in accordance with IFRS)**

In the first half-year of 2012 Vienna Insurance Group earned (consolidated) **premiums** written totalling **EUR 5.3 billion**; this equals to an **increase of 11.7 percent** compared to the same period of the previous year.

**Group profit** (before taxes, consolidated) amounted to **EUR 301.7 million** in the first half-year of 2012. This corresponds to a **significant growth by 6.9 percent** compared to the prior-year period.

**Group profit after taxes and minority interests** rose even more strongly, i.e. by **7.5 percent** to **EUR 231.3 million**.

The Group's **combined ratio** after reinsurance (excluding investment income) decreased to an excellent **96.6 percent** in the first half-year of 2012 – and is therefore considerably below the 100-percent threshold.

The **investments** of the Group, including cash and cash equivalents, amounted to **EUR 29.1 billion** as of 30 June 2012. Increasing by **4.9 percent**, the **financial result** totalled **EUR 581.4 million**.

VIENNA INSURANCE GROUP: Wiener Städtische (AT) • Donau (AT) • s Versicherung Gruppe (AT, CZ, HR, HU, RO, SK) • InterAlbanian (AL) • Intersig (AL) • Sigma (AL) • Bulstrad (BG) • Bulstrad Life (BG) • Bulgarski Imoti (BG) • Jahorina (BIH) • Kupala (BY) • Kooperativa (CZ) • CPP (CZ) • VIG RE (CZ) • InterRisk (DE) • Compensa Life (EE, LT, LV) • GPIH (GE) • IRAO (GE) • Kvarner (HR) • Helios (HR) • Union Biztosito (HU) • Vienna-Life (LI) • Wiener Städtische Podgorica (ME) • Winner (MK) • Winner Life (MK) • Compensa (PL) • InterRisk (PL) • Benefia (PL) • Polisa (PL) • Omnisig (RO) • Asirom (RO) • Wiener Städtische Beograd (RS) • MSK-Life (RU) • Kooperativa (SK) • Komunálna poisťovňa (SK) • Ray Sigorta (TR) • Kniazha (UA) • Globus (UA) • Jupiter (UA) • UIG (UA) • Branches: Donau (IT), Wiener Städtische (IT), Wiener Städtische (SI)

## **II. GROUP DATA BY SEGMENTS FOR THE FIRST HALF-YEAR OF 2012 (consolidated)**

### **Property/casualty insurance**

In the **property/casualty** segment **premiums** written amounted to **EUR 2.6 billion**, rising by **2.4 percent**.

### **Life insurance**

In the **life** segment the Vienna Insurance Group companies earned **premiums** of **EUR 2.5 billion**; strong growth in Poland made a major contribution to this **plus** of **24.1 percent**.

### **Health insurance**

In **health** Vienna Insurance Group reported an **increase** in **premiums** written by **7.5 percent** to **EUR 194.2 million**.

## **III. GROUP DATA BY REGIONS FOR THE FIRST HALF-YEAR OF 2012 (consolidated)**

### **Austria**

The Vienna Insurance Group companies in Austria earned **premiums** written of about **EUR 2.3 billion**; this corresponds to an **increase** by **4.5 percent**. In the **property/casualty** segment premiums written went up by **11.3 percent** to an amount of **EUR 1.2 billion**. **Life insurance** premiums declined by **2.2 percent** to a total of **EUR 999.4 million**.

**Profit** (before taxes) amounted to **EUR 144.3 million**, increasing by **3.0 percent**.

The **combined ratio** stood at a very favourable level of **93.5 percent**.

### **Czech Republic**

The Group companies in the Czech Republic earned **premiums** written of **EUR 927.8 million**.

In **non-life premiums** written amounted to **EUR 523.5 million**. In **life premiums** written totalled **EUR 404.2 million**.

The Vienna Insurance Group companies are the **number one** in the insurance market of the **Czech Republic**, holding a market share of **30.2 percent**.

**Profit** (before taxes) increased by **1.7 percent** to **EUR 92.9 million**.

The **combined ratio** achieved a very satisfactory level of **93.9 percent**.

## Slovakia

The Group companies in Slovakia raised their **premiums written** by **5.6 percent** to **EUR 358.1 million**.

**Increasing** by **2.8 percent**, premiums written in the **non-life insurance** segment amounted to **EUR 176.0 million**. The **life insurance** reported a growth in **premiums** written by **8.6 percent** to a total of **EUR 182.1 million**.

The Vienna Insurance Group companies strengthened their position as the **number one** in the Slovak insurance market, holding a **market share** of **34.1 percent**.

**Profit** (before taxes) climbed by **2.6 percent** to **EUR 29.3 million**.

The **combined ratio** stood at **95.8 percent**.

## Poland

In the Polish market the Group companies of Vienna Insurance Group earned **premiums** written of **EUR 952.2 million, increasing substantially** by **91.2 percent**. This significant growth in premiums was driven by the strong demand in the life insurance segment, especially in the business with single-premium products sold via banks.

The **non-life** segment achieved **premiums** written of **EUR 302.4 million**. Thanks to a **significant plus**, the **life insurance** earned **premiums** written of **EUR 649.8 million**.

**Profit** (before taxes) increased by **14.0 percent** to a total of **EUR 28.0 million** compared to the same period of the previous year.

Decreasing by about 2 percentage points to **98.0 percent**, the **combined ratio** remained clearly under the 100-percent threshold.

## Romania

Reporting **premiums** written of **EUR 235.7 million**, the Romanian Group companies remain the number one in the insurance market.

Due to restructuring the portfolio, **premiums** written declined to **EUR 184.1 million** in the **non-life** segment. **Life insurance premiums** written grew by **2.1 percent** to **EUR 51.6 million**.

A loss of EUR 4.1 million was reported in the first half-year of 2012.

The **combined ratio** stood at 110.4 percent.

## Remaining markets

**Remaining markets** includes the countries Albania, Bulgaria, Germany, Estonia, Croatia, Latvia, Liechtenstein, Lithuania, Macedonia, Serbia, Turkey, Ukraine, Hungary and Georgia.

In this segment the Vienna Insurance Group companies earned **premiums** written of **EUR 477.3 million, growing strongly by 16.3 percent. Non-life premiums** written **increased by 10.3 percent to EUR 298.2 million**. The **life** segment reported a rise in **premiums** written of **28.0 percent to EUR 179.1 million**.

**Profit** (before taxes) amounted to **EUR 11.4 million**.

The **combined ratio** was slightly above 100 percent.

## IV. OUTLOOK

In 2012 the focus will remain on strengthening organic growth – by promoting business with existing companies. This will, however, not exclude the possibility of acquisitions rounding off the portfolio. Vienna Insurance Group set itself the goal of growing above market average in the next few years. The Management of Vienna Insurance Group has committed itself to keeping volatilities as low as possible by taking into account the economic background. Vienna Insurance Group also strives to identify cost-cutting potentials on an ongoing basis and to use them to the best advantage.

The Vienna Insurance Group (VIG) is the company with the best rating of the leading index ATX of the Austrian Stock Exchange. The Vienna Insurance Group is one of the leading insurance groups in CEE headquartered in Vienna. Outside of its home base in Austria, Vienna Insurance Group is also active, through subsidiaries and insurance holdings, in Albania, Bosnia-Herzegovina, Bulgaria, Germany, Estonia, Georgia, Croatia, Latvia, Liechtenstein, Lithuania, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, the Czech Republic, Turkey, Ukraine, Hungary and Belarus. Moreover, Wiener Städtische Versicherung has branches in Italy and Slovenia; Donau Versicherung has a branch in Italy.

On the Austrian market, the Vienna Insurance Group positions itself with Wiener Städtische Versicherung, Donau Versicherung and Sparkassen Versicherung.

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All news releases are also available at <http://www.vig.com/ir>.

## Consolidated Balance Sheet (IFRS) 30 June 2012

Assets (in EUR mn)	30/06/2012	31/12/2011	+/- %
A. Intangible assets	2,418	2,382	1.5
B. Investments	28,230	28,085	0.5
C. Investments of unit- and index-linked life insurance	5,916	5,503	7.5
D. Reinsurers' share in underwriting provisions	1,143	1,117	2.3
E. Receivables	1,664	1,582	5.2
F. Tax receivables and advance payments out of income tax	95	80	17.6
G. Deferred tax assets	107	124	-13.4
H. Other assets	329	328	0.2
H. Cash and cash equivalents	828	568	45.7
<b>Total Assets</b>	<b>40,730</b>	<b>39,770</b>	<b>2.4</b>

Liabilities and Shareholders' Equity (in EUR mn)	30/06/2012	31/12/2011	+/- %
A. Shareholders' equity	5,214	5,050	3.3
B. Subordinated liabilities	537	531	1.1
C. Underwriting provisions	25,390	23,993	5.8
D. Unit- and index-linked underwriting provisions	5,744	5,329	7.8
E. Non-underwriting provisions	505	559	-9.8
F. Liabilities	2,902	3,904	-25.7
G. Tax liabilities out of income tax	72	63	15.2
G. Deferred tax liabilities	162	124	30.7
H. Other liabilities	203	216	-6.1
<b>Total Liabilities and Shareholders' Equity</b>	<b>40,730</b>	<b>39,770</b>	<b>2.4</b>

## Consolidated Income Statement (IFRS) 01 Jan. 2012 - 30 June 2012

(in EUR mn)	6M 2012	6M 2011	+/- %
<i>Gross premiums written</i>	5,282.9	4,729.2	11.7
<b>Net earned premiums</b>	<b>4,656.4</b>	<b>4,070.5</b>	<b>14.4</b>
Financial result	581.4	554.2	4.9
Other income	53.0	45.5	16.3
Expenses for claims and insurance benefits	-3,943.4	-3,348.7	17.8
Acquisition and administrative expenses	-909.7	-897.1	1.4
Other expenses	-135.9	-142.3	-4.5
<b>Profit before taxes</b>	<b>301.7</b>	<b>282.2</b>	<b>6.9</b>
Taxes	-63.2	-51.7	22.2
<b>Profit for the period</b>	<b>238.5</b>	<b>230.5</b>	<b>3.5</b>
Minority interests	-7.2	-15.4	-53.2
<b>Net profit after minorities</b>	<b>231.3</b>	<b>215.1</b>	<b>7.5</b>

<b>Combined Ratio (net)</b>	<b>96.6</b>	<b>97.1</b>
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## Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q2 2012	Q2 2011	+/- %
<i>Gross premiums written</i>	2,536.4	2,125.8	19.3
<b>Net earned premiums</b>	<b>2,425.6</b>	<b>1,991.7</b>	<b>21.8</b>
Financial result	304.4	301.0	1.1
Other income	26.8	20.0	34.3
Expenses for claims and insurance benefits	-2,105.6	-1,669.0	26.2
Acquisition and administrative expenses	-444.5	-440.2	1.0
Other expenses	-56.4	-64.1	-11.9
<b>Profit before taxes</b>	<b>150.3</b>	<b>139.4</b>	<b>7.8</b>
Taxes	-31.5	-24.5	28.7
<b>Profit for the period</b>	<b>118.8</b>	<b>114.9</b>	<b>3.4</b>
Minority interests	-5.2	-8.9	-42.1
<b>Net profit after minorities</b>	<b>113.6</b>	<b>106.0</b>	<b>7.2</b>

<b>Combined Ratio (net)</b>	<b>96.7</b>	<b>96.4</b>
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## Segment Reporting 01 Jan. 2012 - 30 June 2012

### Split by lines of business:

(in EUR mn)	P&C		Life		Health		Total	
	6M 2012	6M 2011	6M 2012	6M 2011	6M 2012	6M 2011	6M 2012	6M 2011
Gross premiums written	2,622.4	2,561.8	2,466.2	1,986.7	194.2	180.7	5,282.9	4,729.2
A. Net earned premiums	2,027.1	1,926.8	2,443.8	1,966.8	185.5	176.9	4,656.4	4,070.5
B. Financial result <sup>1</sup>	108.3	114.5	460.1	421.4	13.0	18.3	581.4	554.2
C. Other income	33.1	27.9	18.7	17.6	1.2	0.0	53.0	45.5
D. Expenses for claims/benefits	-1,334.7	-1,259.2	-2,454.2	-1,935.7	-154.5	-153.8	-3,943.4	-3,348.7
E. Acquisition and administrative expenses	-577.9	-557.7	-309.9	-320.0	-21.9	-19.4	-909.7	-897.1
F. Other expenses	-89.2	-103.6	-46.1	-38.2	-0.5	-0.6	-135.9	-142.3
<b>G. Profit before taxes</b>	<b>166.7</b>	<b>148.8</b>	<b>112.4</b>	<b>112.0</b>	<b>22.6</b>	<b>21.4</b>	<b>301.7</b>	<b>282.2</b>

### Split by regions:

(in EUR mn)	Austria		Czech Republic		Slovakia			
	6M 2012	6M 2011	6M 2012	6M 2011	6M 2012	6M 2011		
Gross premiums written	2,331.9	2,232.4	927.8	973.7	358.1	339.0		
A. Net earned premiums	1,973.3	1,831.4	823.7	877.2	313.9	298.1		
B. Financial result <sup>1</sup>	390.3	392.9	73.6	68.4	25.4	23.7		
C. Other income	7.8	9.3	17.1	15.2	1.9	2.8		
D. Expenses for claims/benefits	-1,863.2	-1,748.6	-573.3	-615.9	-241.0	-228.3		
E. Acquisition and administrative expenses	-341.9	-324.2	-214.4	-214.6	-53.3	-49.1		
F. Other expenses	-21.9	-20.7	-33.7	-38.9	-17.5	-18.6		
<b>G. Profit before taxes</b>	<b>144.3</b>	<b>140.0</b>	<b>92.9</b>	<b>91.3</b>	<b>29.3</b>	<b>28.6</b>		

(in EUR mn)	Poland		Romania		Remaining		Total	
	6M 2012	6M 2011	6M 2012	6M 2011	6M 2012	6M 2011	6M 2012	6M 2011
Gross premiums written	952.2	498.1	235.7	275.8	477.3	410.3	5,282.9	4,729.2
A. Net earned premiums	917.4	450.6	229.5	264.6	398.6	348.7	4,656.4	4,070.5
B. Financial result <sup>1</sup>	31.8	26.4	10.5	11.1	49.9	31.9	581.4	554.2
C. Other income	2.6	2.7	14.8	6.9	8.8	8.6	53.0	45.5
D. Expenses for claims/benefits	-798.1	-324.5	-185.5	-195.9	-282.3	-235.5	-3,943.4	-3,348.7
E. Acquisition and administrative expenses	-120.0	-125.2	-66.9	-74.8	-113.1	-109.1	-909.7	-897.1
F. Other expenses	-5.6	-5.4	-6.5	-10.2	-50.6	-48.5	-135.9	-142.3
<b>G. Profit before taxes</b>	<b>28.0</b>	<b>24.6</b>	<b>-4.1</b>	<b>1.6</b>	<b>11.4</b>	<b>-3.9</b>	<b>301.7</b>	<b>282.2</b>

<sup>1</sup> including result from shares in at equity consolidated companies