

27 November 2012

VIENNA INSURANCE GROUP STRENGTHENS MARKET LEADERSHIP

20 PERCENT MARKET SHARE IN CORE MARKETS

SOLID NUMBER 1 IN AUSTRIA

VIENNA INSURANCE GROUP IN 1ST - 3RD QUARTER OF 2012

Increase in group premiums to EUR 7.4 billion (plus 9.2 percent)

Dynamic CEE: premiums growing by 14.1 percent

Poland: premiums exceed one-billion-euro threshold

Group profit (before taxes): EUR 443.2 million (plus 7.0 percent)

Significant increase in profit in CEE by 18.6 percent

Combined ratio at 96.9 percent despite severe weather damage

INCREASED MARKET PENETRATION IN CEE

Vienna Insurance Group is consistently strengthening its market leadership in the emerging markets of the CEE region. On the basis of its leading position in Austria, the Group has been able to expand its market share in core markets by 1.5 percentage points (to 19.4 percent), further increasing its competitive edge.

“Besides the established markets in our neighbouring countries, we are now also regarding the region from the Baltic Sea to the Black Sea as growth engines. About 120 million people live in this region, and they still face an enormous need to catch up as far as modern insurance solutions are concerned”, said **Peter Hagen, Chairman of the Managing Board and CEO of Vienna Insurance Group**. *“In this context, it is a highly pleasing fact that our Polish Group companies are already contributing more than EUR 1 billion to the Group premiums.”*

STRONG KEY DATA UNDERSCORE SUCCESS OF THE GROUP

“Based on the result for the first three quarters, we present another record profit”, Peter Hagen commented the very favourable development. “We have succeeded in surpassing the annual result of the pre-crisis year 2007 just within the first nine months of 2012.”

The steady increase in the value-added from ordinary operations is reflected very clearly in the key data. The Group premiums grew by 9.2 percent to EUR 7.4 billion.

Group profit (before taxes) developed impressively, rising by 7.0 percent to EUR 443.2 million. The increase in Group profit after taxes and non-controlling interests was even more significant: it went up by 9.0 percent to EUR 341.4 million.

The contribution of the CEE markets both to the profit (51.4 percent) and premiums (54.2 percent) exceeded 50 percent.

The combined ratio of the Group after reinsurance (excluding investment income) reached a very good level of 96.9 percent despite severe losses caused by storm damage.

The investments of the Group, including cash and cash equivalents, amounted to EUR 29.9 billion as of 30 September 2012.

Increasing by 12.7 percent, the financial result totalled EUR 899.9 million.

HIGHLIGHTS FROM THE MARKETS OF VIENNA INSURANCE GROUP

A sound basis in Austria

Together with its strong Group companies Wiener Städtische Versicherung, Donau Versicherung and s Versicherung, Vienna Insurance Group holds a sound and steady market-leading position.

In the non-life segment the Group reported an increase in premiums by 9.3 percent. The expanded business with corporate customers as well as the contributions made by the branch offices of Wiener Städtische in Slovenia and of Donau Versicherung in Italy were particularly pleasing.

Due to the unattractive time-horizon for customers, the extension of the minimum lock-up period (under tax law) to 15 years continues to have a negative effect on the single premium business, slowing down the development of the whole life segment.

Despite damage caused by severe weather, a stable result at a high level of more than EUR 200 million was achieved.

Increase in profit in the Czech Republic

The Czech Group companies of Vienna Insurance Group have for the first time in history achieved the number one position both in life and non-life insurance with a total market share of 31.4 percent.

Focusing on profitable growth – against the background of a difficult market situation – has been clearly reflected in a substantial increase in profit (before taxes) by about 5 percent. Hence, the Czech companies contributed about one third to the Group result.

This is mainly due to the excellent combined ratio of 92.4 percent.

Slovakia – strengthening its number one position

In the past few years, Vienna Insurance Group has succeeded in establishing itself as Slovakia's market leader on a sustainable basis. The Group companies managed to further strengthen their leading position in the current year, achieving an organic growth of their market share to 33.4 percent.

Premiums rose above market average, i.e. by 3.1 percent both in the non-life and life segments. The generally high level of profitability was further improved; profit (before taxes) went up by 3.7 percent.

Poland – record in premiums paralleled by increase in profit

In Poland the Group companies of Vienna Insurance Group took advantage of the strong demand for life insurance products. Premiums surpassed the one-billion-euro threshold for the first time in history. Increasing by 65.5 percent, the volume of premiums amounted to EUR 1.2 billion.

In the 3rd quarter of 2012, the merger of the two non-life insurers InterRisk and PZM was completed. Market presence was enhanced significantly. The favourable effects of ongoing measures to boost profitability in the non-life segment are reflected in a further decrease in the combined ratio to 99.3 percent as well as in an increase in profit by 27.4 percent.

Continuing restructuring measures in Romania

The situation in Romania remains challenging. Individual market participants engage in fierce price competition, particularly in the motor third party liability business. The companies of Vienna Insurance Group succeeded in defending their number one position in the insurance market despite the difficult market environment.

Vienna Insurance Group continues its restructuring measures to increase efficiency, e.g. through the merger between Omnisig and BCR non-life. On this basis, the cost rate has been decreased significantly, by about 8 percentage points to 25.4 percent.

In life insurance the market share has been raised as a result of the very favourable development of the cooperation with BCR, a subsidiary of Erste Group. Through this sales channel, s Versicherung Gruppe managed to increase regular premium business by 18.8 percent.

Significant improvement in results in the remaining markets

In many markets of the CEE region Vienna Insurance Group achieved pleasant, double-digit growth rates in premiums; the total volume of premiums went up by 13.8 percent to EUR 721.5 million.

In Hungary premiums rose despite the economically difficult situation by 17.4 percent. The acquisition of new corporate customers was one of the main factors contributing to a favourable development of the non-life segment. The outstanding increase in the life insurance by more than 25 percent has been due to the strong demand for unit linked products through the local company of Erste Group.

In Ukraine the Group achieved, thanks to growing demand, an increase in premiums by 22.6 percent in non-life as well as by 26.1 percent in life.

A successful expansion of business can be observed also outside core markets. In the Baltic states the Group managed to increase life insurance premiums by 27.7 percent. Moreover, the Group entered the non-life insurance market via Compensa in Latvia. In Albania (plus 31.9 percent),

Macedonia (plus 20.1 percent) and Turkey (plus 15.0 percent) premiums recorded double-digit increases.

Thanks to this dynamic trend, the contribution of these markets to the Group result has increased significantly. Profit (before taxes) grew impressively – from EUR 2.2 million to EUR 20.5 million.

In Turkey and in Bulgaria a turnaround was accomplished: profit (before taxes) increased. The merger of the Bulgarian Group companies Bulstrad and Bulgarski Imoti was completed.

MORE THAN AN INSURANCE GROUP – SOCIAL COMMITMENT OF VIG

Last year Vienna Insurance Group called into life the Group-wide “Social Active Day“ to send out a clear signal of its social commitment. Vienna Insurance Group grants its employees one working day per year for working on a voluntary basis in a social organisation. The interest shown by the participants as well as their positive response is clearly illustrated by the latest data:

More than 3,000 employees across the Group devoted one working day to a voluntary activity in 2012 (this is about one third of all employees working in administration). An amount of work corresponding to 15 man-years was provided for numerous social initiatives. For many participants the “Social Active Day“ opened up new vistas, encouraging them to participate in one of these social projects on a long-term basis. In some Group companies more than 90 percent of the employees took part in the “Social Active Day“, demonstrating their exemplary commitment.

Vienna Insurance Group (VIG) is the leading insurance specialist in Austria as well as in Central and Eastern Europe. About 50 companies in 24 countries form a Group with a long-standing tradition, strong brands and close customer relations. VIG looks back on almost 190 years of experience in the insurance business. With about 24,000 employees, Vienna Insurance Group is the clear market leader in its core markets. It is therefore excellently positioned to take advantage of the long-term growth opportunities in a region with 180 million people. The listed Vienna Insurance Group is the best-rated company of ATX, the leading index of Vienna Stock Exchange; its share is also listed on the Prague Stock Exchange.

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Consolidated Income Statement (IFRS) 1 January 2012 - 30 September 2012

(in EUR mn)	9M 2012	9M 2011	+/- %
Gross premiums written	7,425.5	6,802.1	9.2
Net earned premiums	6,744.5	6,077.0	11.0
Financial result	899.9	798.6	12.7
Other income	85.6	73.6	16.3
Expenses for claims and insurance benefits	-5,708.8	-4,995.5	14.3
Acquisition and administrative expenses	-1,366.9	-1,331.2	2.7
Other expenses	-211.1	-208.3	1.3
Profit before taxes	443.2	414.1	7.0
Taxes	-92.8	-77.7	19.4
Profit for the period	350.4	336.4	4.2
Non-controlling interests	-9.0	-23.1	-60.9
Net profit after non-controlling interests	341.4	313.3	9.0
Combined Ratio (net in %)	96.9	97.2	

Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q3 2012	Q3 2011	+/- %
Gross premiums written	2,142.6	2,072.9	3.4
Net earned premiums	2,088.1	2,006.5	4.1
Financial result	318.6	244.4	30.4
Other income	32.6	28.0	16.2
Expenses for claims and insurance benefits	-1,765.3	-1,646.9	7.2
Acquisition and administrative expenses	-457.2	-434.1	5.3
Other expenses	-75.2	-66.0	13.9
Profit before taxes	141.5	131.9	7.3
Taxes	-29.6	-26.0	13.8
Profit for the period	111.9	105.9	5.7
Non-controlling interests	-1.8	-7.7	-76.2
Net profit after non-controlling interests	110.1	98.2	12.1
Combined Ratio (net in %)	97.6	97.4	

Consolidated Balance Sheet (IFRS) 30 September 2012

Assets (in EUR mn)	30.09.2012	31.12.2011	+/- %
A. Intangible assets	2,443	2,382	2.6
B. Investments	29,455	28,085	4.9
C. Investments of unit- and index-linked life insurance	6,210	5,503	12.8
D. Reinsurers' share in underwriting provisions	1,105	1,117	-1.1
E. Receivables	1,616	1,582	2.2
F. Tax receivables and advance payments out of income tax	110	80	36.6
G. Deferred tax assets	100	124	-19.3
H. Other assets	329	328	0.1
I. Cash and cash equivalents	408	568	-28.2
Total Assets	41,775	39,770	5.0

Liabilities and Shareholders' Equity (in EUR mn)	30.09.2012	31.12.2011	+/- %
A. Shareholders' equity	5,533	5,050	9.6
B. Subordinated liabilities	537	531	1.2
C. Underwriting provisions	25,860	23,993	7.8
D. Unit- and index-linked underwriting provisions	6,009	5,329	12.8
E. Non-underwriting provisions	488	559	-12.7
F. Liabilities	2,851	3,904	-27.0
G. Tax liabilities out of income tax	93	63	47.9
H. Deferred tax liabilities	200	124	61.1
I. Other liabilities	203	216	-6.2
Total Liabilities and Shareholders' Equity	41,775	39,770	5.0

Segment Reporting (IFRS) 1 January 2012 - 30 September 2012

Split by lines of business:

in EUR Mio.	Property&Casualty			Life			Health		
	9M 2012	9M 2011	+/- %	9M 2012	9M 2011	+/- %	9M 2012	9M 2011	+/- %
Gross premiums written	3,686.9	3,604.4	2.3%	3,440.4	2,927.8	17.5%	298.2	269.9	10.5%
Profit before Taxes	240.1	238.6	0.6%	166.3	135.0	23.2%	36.8	40.4	-8.9%

Split by regions:

in EUR Mio.	Austria			Czech Republic			Slovakia		
	9M 2012	9M 2011	+/- %	9M 2012	9M 2011	+/- %	9M 2012	9M 2011	+/- %
Gross premiums written Non-Life	1,815.1	1,661.0	9.3%	755.6	781.6	-3.3%	247.0	239.7	3.1%
Gross premiums written Life	1,420.2	1,461.6	-2.8%	629.6	623.4	1.0%	266.9	259.0	3.1%
Gross premiums written Total	3,235.3	3,122.6	3.6%	1,385.3	1,404.9	-1.4%	513.9	498.7	3.1%
Profit before Taxes	203.0	207.3	-2.1%	146.3	139.5	4.9%	44.2	42.6	3.7%
Combined Ratio (net in %)	94.9	94.6	0.2pp	92.4	92.5	-0.1pp	94.2	93.9	0.3pp

in EUR Mio.	Poland			Romania			Remaining		
	9M 2012	9M 2011	+/- %	9M 2012	9M 2011	+/- %	9M 2012	9M 2011	+/- %
Gross premiums written Non-Life	447.1	473.0	-5.5%	263.6	322.3	-18.2%	456.7	396.8	15.1%
Gross premiums written Life	782.6	269.8	190.1%	76.3	76.7	-0.5%	264.8	237.4	11.6%
Gross premiums written Total	1,229.6	742.8	65.5%	339.9	398.9	-14.8%	721.5	634.2	13.8%
Profit before Taxes	39.8	31.2	27.4%	-10.6	-8.8	20.8%	20.5	2.2	825.6%
Combined Ratio (net in %)	99.3	100.5	-1.2pp	112.6	109.6	3pp	99.6	101.0	-1.4pp