

RECORD RESULT OF VIENNA INSURANCE GROUP IN 2012

Highest profit in the corporate history

Profit before taxes increased by 5.1 percent to EUR 587.4 million

Profit (after taxes and minorities) grew by 9.7 percent to EUR 446.2 million

Increase in premiums to EUR 9.7 billion (+ 9.0 percent)

Market share in core markets strengthened to more than 19 percent

Standard & Poor's confirms excellent "A+" with stable outlook

Proposed increase in dividend to EUR 1.20 per share *

"As the leading insurance group in Austria and CEE, we achieved our strategic goal of growing above the market average impressively also in the year 2012. Premiums climbed to a record value of EUR 9.7 billion. Moreover, we even succeeded in increasing the result for the year by almost 10 percent. The group profit of EUR 587.4 million is the highest in the corporate history of Vienna Insurance Group", emphasised Peter Hagen, Chairman of the Managing Board and CEO of Vienna Insurance Group. "This trend sustained over a long period has been reflected very clearly in the confirmation of the 'A+' rating with a stable outlook by Standard & Poor's."

Excellent Group result

In the financial year 2012 Vienna Insurance Group reported consolidated premiums written of EUR 9.7 billion; this corresponds to an increase of 9.0 percent. The significant growth of 17.2 percent in life insurance was driven by the strong demand – particularly for single-premium products – in Poland. The 2.1-percent increase in property/casualty insurance as well as the growth in health insurance premiums (8.7 percent) supported the overall positive trend of Group premiums.

Amounting to EUR 587.4 million, the Group profit (before taxes) rose by 5.1 percent. **Profit after taxes and minorities even grew by 9.7 percent to a total of EUR 446.2 million.**

* subject to the approval of the corporate bodies

Despite the substantial burden caused by storm damages, the Group reported an excellent combined ratio (after reinsurance and excluding investment gains) of 96.65 percent for the year 2012.

The financial result of the Group totalled EUR 1.2 billion, increasing by 33.2 percent. The investments of the Group (including cash and cash equivalents) rose by 5.5 percent to EUR 30.2 billion as of 31 December 2012.

Based on these convincing data for the financial year 2012, an increase of the dividend to EUR 1.20 per share will be proposed to the Annual General Meeting of Vienna Insurance Group.

HIGHLIGHTS FROM THE MARKETS OF VIENNA INSURANCE GROUP

Austria – consolidating market leadership

The Austrian Group companies of Vienna Insurance Group strengthened their position as the number one in the insurance market, holding a total market share of 24.1 percent. Earning premiums of a total of EUR 4.1 billion, the Group reported a plus of 2.1 percent. In the property/casualty insurance segment premiums rose by 8.4 percent, while the life insurance business (especially in single-premium products) slowed down after the extension of the minimum lock-up period under tax law; this resulted in a decline by 3.7 percent. Profit (before taxes) reached a record high of EUR 295.3 million. The combined ratio stood at 94.7 percent.

Czech Republic – most important CEE market

Thanks to a market share of 32.3 percent, the Vienna Insurance Group companies in the Czech Republic are the number one in the life and non-life segments of the local insurance market. With a total amount of EUR 1.8 billion, about a fifth of the Group premiums of Vienna Insurance Group were generated in the Czech Republic. Profit (before taxes) rose by 4.2 percent to EUR 195.0 million from the prior-year level. This trend clearly reflects the Group's successful focus on profitable growth in a challenging market environment. Dropping to an exceptionally low level of 87.3 percent, the combined ratio was again below the already excellent prior-year level of 88.4 percent.

Slovakia – increase in premiums thanks to product innovation

With a market share of 33.6 percent, Vienna Insurance Group strengthened its number one position in the Slovak insurance market. In 2012 the Group companies reported premiums written totalling EUR 704.1 million: this 2.9-percent increase was significantly above the growth rate (0.3 percent) of the local insurance market. Premiums earned went up by 3.9 percent. Attractive life insurance products offered in cooperation with the local subsidiary of Erste Group Slovenská sporiteľňa made inter alia a major contribution to the success of the Group companies of VIIG in the Slovak market, which succeeded in achieving an increase of 5.6 percent in this segment.

The Slovak Group companies improved their profit before taxes significantly also in 2012, i.e. by 5.1 percent to EUR 56.9 million. With 91.6 percent, the combined ratio remained at the low level of the previous year.

* subject to the approval of the corporate bodies

Poland – double-digit increase in profit

The Polish Group companies of VIIG reported an outstanding increase in profit (before taxes) by 14.2 percent to EUR 41.6 million. In parallel, they succeeded for the first time in decreasing the combined ratio to a level that is significantly below the relevant 100-percent-threshold, namely to 97.6 percent. Thanks to a market share of 11.3 percent, the Group became the number three in the Polish market.

Besides acquiring Polisa in 2012, the Group completed the merger of two non-life insurers, which are now operating under the powerful common brand name InterRisk.

Romania – difficult economic background, long-term potential

The economically difficult situation in Romania has had particularly adverse effects on the motor vehicle own-damage insurance business as the markets for new cars and car leasing have been affected by a major downturn. The motor third-party liability insurance segment has been under the impact of stiff competition. Nevertheless, Vienna Insurance Group succeeded in maintaining its number one position with a market share of 24.5 percent.

In the life insurance segment, the Romanian companies of Vienna Insurance Group increased their premium income by 13.1 percent to EUR 114.2 million. The excellent development of cooperation with BCR, a subsidiary of Erste Group, was continued. Through this sales channel, BCR Life managed to increase premiums by 17.3 percent.

Remaining markets – double-digit growth in premiums

With premiums growing by 13.8 percent to a total volume of EUR 975.6 million, the segment “remaining markets” of Vienna Insurance Group developed in a remarkably favourable way.

The volume of premiums in the non-life insurance segment rose by 19.4 percent compared to the previous year; the very significant increase in premiums in Georgia, Macedonia, Turkey, Ukraine and Hungary made a major contribution to this development.

The income from life insurance premiums went up by 5.7 percent – especially in the Baltic States and in Bulgaria.

Due to this favourable trend, the companies of Vienna Insurance Group succeeded in increasing profit (before taxes) in this segment to EUR 39.1 million. The combined ratio decreased to a very good level of 98.2 percent.

GROUP EMBEDDED VALUE – CONTINUED TO INCREASE

Calculated on the basis of international standards, the **embedded value** is the net asset value of Vienna Insurance Group plus the present value of potential future profits from existing life and health insurance contracts. It was confirmed by B&W Deloitte GmbH, Cologne.

The long-term viability of the insurance business of Vienna Insurance Group has been evidenced by the fact that the **Group embedded value** (after taxes) increased by **14.4 percent** to **EUR 5.9 billion** (adjusted value for 2011: EUR 5.1 billion) as at 31 December 2012. With 5.8 percent, the CEE new business margin reached once more an excellent value by international comparison.

Consolidated Income Statement (IFRS) 1 January - 31 December 2012

(in EUR mn)	12M 2012	12M 2011	+/- %
Gross premiums written	9,685.7	8,883.7	9.0
Net earned premiums	8,996.8	8,122.8	10.8
Financial result	1,240.5	931.6	33.2
Other income	115.3	115.4	0.0
Expenses for claims and insurance benefits	-7,590.4	-6,536.0	16.1
Acquisition and administrative expenses	-1,814.9	-1,752.7	3.6
Other expenses	-360.0	-322.2	11.7
Profit before taxes	587.4	559.0	5.1
Taxes	-120.1	-117.1	2.5
Profit for the period	467.3	441.9	5.8
Non-controlling interests	-21.1	-35.2	-39.9
Net profit after non-controlling interests	446.2	406.7	9.7
Combined Ratio (net in %)	96.7	96.8	-0.1pp

Segment Reporting (IFRS) 1 January - 31 December 2012

Split by lines of business:

in EUR mn	Property&Casualty			Life			Health		
	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %
Gross premiums written	4,673.4	4,579.3	2.1%	4,620.7	3,944.2	17.2%	391.5	360.2	8.7%
Profit before Taxes	330.5	271.5	21.7%	225.7	239.8	-5.9%	31.2	47.7	-34.5%

Split by regions:

in EUR mn	Austria			Czech Republic			Slovakia		
	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %
Gross premiums written Non-Life	2,244.2	2,087.8	7.5%	958.5	986.9	-2.9%	324.2	324.5	-0.1%
Gross premiums written Life	1,878.3	1,949.7	-3.7%	837.1	837.0	0.0%	379.9	359.8	5.6%
Gross premiums written Total	4,122.5	4,037.5	2.1%	1,795.6	1,823.9	-1.6%	704.1	684.3	2.9%
Profit before Taxes	295.3	291.9	1.2%	195.0	187.1	4.2%	56.9	54.1	5.1%
Combined Ratio (net in %)	94.7	93.7	1pp	87.3	88.4	-1pp	91.6	91.6	0.1pp

in EUR mn	Poland			Romania			Remaining		
	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %
Gross premiums written Non-Life	586.8	611.7	-4.1%	334.0	402.1	-16.9%	604.9	506.5	19.4%
Gross premiums written Life	1,025.0	342.5	199.2%	114.2	101.0	13.1%	370.6	350.7	5.7%
Gross premiums written Total	1,611.7	954.2	68.9%	448.3	503.1	-10.9%	975.6	857.2	13.8%
Profit before Taxes	41.6	36.4	14.2%	-20.4	-13.0	57.4%	39.1	23.2	69.0%
Combined Ratio (net in %)	97.6	101.4	-3.8pp	119.2	112.1	7.1pp	98.2	101.1	-2.8pp

in EUR mn	Central Functions			Consolidation			Total		
	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %	12M 2012	12M 2011	+/- %
Gross premiums written Total	1,341.4	993.7	35.0%	-1,313.5	-970.2	35.4%	9,685.7	8,883.7	9.0%
Profit before Taxes	-20.1	-20.5	-2.0%	0.1	-0.2	-149.7%	587.4	559.0	5.1%
Net profit after non-controlling interests							446.2	406.7	9.7%

Calculation differences may arise when rounded amounts and percentages are summed automatically.

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.

If you have any questions, please contact:

VIENNA INSURANCE GROUP	Alexander Jedlicka +43 50 390-21029, alexander.jedlicka@vig.com
Public Relations	Silvia Polan +43 50 390-21064, silvia.polan@vig.com
Schottenring 30	Julia Rychetsky +43 50 390-26814, julia.rychetsky@vig.com
1010 Vienna	Marco Jäger +43 50 390-26985, marco.jaeger@vig.com

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