

15 November 2011

## Vienna Insurance Group in the 1st to 3rd Quarter of 2011

**Group premiums increased by 4.0 percent to more than EUR 6.8 billion**

**Continuing upward trend in the life insurance business in the CEE core markets**

**Strong growth in property insurance**

**Profit (before taxes) went up by about 10 percent to EUR 414.1 million**

*“Vienna Insurance Group continues its sustainable development even in a difficult environment. This fact is reflected in the A+ rating with a stable outlook by Standard & Poor’s. To proceed on this path successfully, we have already taken the next steps”, stated **Günter Geyer, CEO of Vienna Insurance Group.** “By entering the market of Bosnia and Herzegovina and making another acquisition in Albania, we have rounded off our portfolio of markets and insurance companies.”*

### **I. OVERVIEW OF KEY GROUP DATA FOR THE FIRST THREE QUARTERS OF 2011 (in accordance with IFRS)**

In the first three quarters of the current year **Vienna Insurance Group** increased its **premiums written (consolidated)** by **4.0 percent** to a total of **EUR 6.8 billion**, compared to the same period of the previous year.

The **Group profit (before taxes, consolidated)** went up by **9.6 percent** to a total of **EUR 414.1 million**, compared to the first three quarters of 2010.

The **combined ratio of the Group after reinsurance** (excluding investment income) amounted to **97.2 percent** – after 98.2 percent in the respective period of the previous year.

The **investments of the Group** rose by about **EUR 370 million** including liquid funds, totalling approximately **EUR 29 billion** as of 30 September 2011. The **financial result** amounted to **EUR 798.6 million**. This figure reflects, inter alia, the impact of the write-down to a value of 50 percent on the portfolio of Greek government bonds. Moreover, the portfolio of Italian government bonds was written down by ten percent.

## **II. GROUP DATA BY SEGMENTS FOR THE FIRST THREE QUARTERS OF 2011 (consolidated)**

### **Property/casualty insurance**

In the **property/casualty insurance** segment the Group companies of Vienna Insurance Group reported a total of **premiums written** of **EUR 3.6 billion**; this corresponds to an **increase** by **7.5 percent** compared to the same period of the previous year.

### **Life insurance**

In the **life insurance segment** the Group companies of Vienna Insurance Group earned **premiums** of about **EUR 2.9 billion** (minus 0.4 percent). Regular direct premiums **increased** by **4.2 percent**, while single-premiums (direct premiums) declined by 6.1 percent, which was mainly due to a change in legislation concerning the minimum lock-up period in Austria.

### **Health insurance**

With **premiums written** of **EUR 269.9 million**, Vienna Insurance Group achieved an **increase** of **9.8 percent** in the **health insurance** segment, which may be attributed predominantly to the consolidation of the Georgian Group companies.

## **III. GROUP DATA BY REGIONS FOR THE FIRST THREE QUARTERS OF 2011 (consolidated)**

### **Austria**

In the first three quarters of 2011 the Group companies of Vienna Insurance Group in Austria reported **premiums written** of **EUR 3.1 billion** (minus 2.2 percent). In the **property/casualty insurance premiums written** rose by **10.2 percent** to a total of more than **EUR 1.4 billion**. In the **life insurance** segment premiums dropped by 12.4 percent to about **EUR 1.5 billion** – as a consequence of changed legislation on the minimum lock-up period for single-premiums. In the **health insurance** segment the Group earned **premiums written** of **EUR 252.5 million**, corresponding to a **plus** of **2.7 percent**.

**Growing sharply** by **14.8 percent**, **profit (before taxes)** amounted to **EUR 207.3 million** in the first three quarters of 2011.

The **combined ratio** reached a very good level of **94.6 percent**, improving by 2.3 percentage points compared to the same period of the previous year.

### **Czech Republic**

In the first three quarters of 2011 the Group companies in the Czech Republic earned a total of **premiums written** of **EUR 1.4 billion** following an **increase** by **8.9 percent**.

In the **non-life insurance** segment **premiums written** went up by **2.9 percent** to **EUR 781.6 million**. In the **life insurance** segment **premiums written** increased very significantly by an excellent **17.4 percent** to a total amount of **EUR 623.4 million**.

**Profit (before taxes)** rose steeply by **34.5 percent** to **EUR 139.5 million** (compared to the corresponding prior-year period).

The **combined ratio** stood at an excellent **92.5 percent**, dropping by 2.6 percentage points from the level of the same period of the previous year.

## Slovakia

The Group companies in Slovakia succeeded in increasing **premiums written** by **4.2 percent** to **EUR 498.7 million**.

Based on a **plus of 3.3 percent**, **premiums written** in the **non-life insurance segment** amounted to **EUR 239.7 million**. The **life-insurance segment** reported a **strong growth of 5.1 percent** in **premiums written** to a total volume of **EUR 259.0 million**.

The Vienna Insurance Group companies achieved in the first three quarters of 2011 a **market share** of **31.9 percent** and thus consolidated their position as the **number 1** in the Slovak insurance market.

**Profit (before taxes)** amounted to **EUR 42.6 million**; this corresponds to a **significant growth by 46.8 percent** compared to the same period of the previous year.

The **combined ratio** was **93.9 percent**.

## Poland

Thanks to a **strong increase** by **39.0 percent**, the Group companies of Vienna Insurance Group in Poland achieved a total volume of **premiums written** of **EUR 742.8 million**.

In the **non-life insurance** segment **premiums written** went up by **15.1 percent** to **EUR 473.0 million**. **Increasing sharply by 118.1 percent**, the **life insurance** segment earned **premiums written** of **EUR 269.8 million**.

**Profit (before taxes)** rose by **76.0 percent** to a total of **EUR 31.2 million** (compared to the same period of 2010).

The **combined ratio** was successfully decreased by more than 4 percentage points to approximately 100 percent.

## Romania

The economic situation in Romania has been under the impact of the government's austerity measures and the consequently subdued cyclical development. This affected also the insurance sector, in particular the motor leasing business.

The only small increase of premiums by **0.6 percent** to a total of **EUR 398.9 million** as well as the loss of EUR 8.8 million – resulting from a write-down on premiums receivable, the downward trend in the motor leasing business and the unfavourable trend of claims in the motor insurance business – must also be seen against this background.

The **non-life insurance** segment reported a slight decline (minus 1.3 percent) of **premiums written** to **EUR 322.3 million**, which was also due to the downward trend of the motor leasing business. The **increase of premiums written** by **9.3 percent** to **EUR 76.7 million** was a welcomed development in the **life insurance** segment.

The **combined ratio** exceeded 100 percent.

## Remaining markets

The segment **remaining markets** comprises the countries Albania, Bulgaria, Germany, Estonia, Croatia, Latvia, Liechtenstein, Lithuania, Macedonia, Serbia, Turkey, Ukraine, Hungary and Georgia.

In this segment the Group companies of Vienna Insurance Group earned **premiums written of EUR 634.2 million**. In the **non-life insurance** segment **premiums written grew** sharply by **14.8 percent** to **EUR 396.8 million**, while the **life insurance** segment recorded a decline to **EUR 237.4 million** – which has been mainly due to the development of single-premiums in Liechtenstein.

In the first three quarters of 2011 an operating result of EUR 29.8 million was reported in this segment. In accordance with the very prudent policy of Vienna Insurance Group, insurance portfolios are being amortised in this segment. By taking into account this effect, the result (before taxes) amounts to EUR 2.2 million.

The **combined ratio** narrowly surpassed 100 percent.

## IV. OUTLOOK

The Management of Vienna Insurance Group has been striving for many years to avoid volatilities of premiums and of the profit as well as to ensure the sound capitalisation of the Group. This will remain a key objective of the Group in the near future, particularly in view of the current global economic environment as well as the European economic and currency situation.

With a Standard & Poor's rating of A+ (with a stable outlook), the Vienna Insurance Group is the best ranked company on the Vienna Stock Exchange's ATX index of leading companies. The Vienna Insurance Group (VIG) 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, Hungary, Ukraine 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 (VIG) positions itself with Wiener Städtische Versicherung, Donau Versicherung and Sparkassen Versicherung.

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## Consolidated Balance Sheet (IFRS) 30 September 2011

| Assets (in TEUR)  | 30/09/2011        | 31/12/2010        | +/- %      |
|---|-------------------|-------------------|------------|
| A. Intangible assets                                      | 2,067,593         | 2,104,159         | -1.7       |
| B. Investments  | 27,814,548        | 28,159,521        | -1.2       |
| C. Investments of unit- and index-linked life insurance   | 5,482,840         | 5,478,603         | 0.1        |
| D. Reinsurers' share in underwriting provisions           | 1,217,717         | 1,118,289         | 8.9        |
| E. Receivables  | 1,705,328         | 1,681,458         | 1.4        |
| F. Tax receivables and advance payments out of income tax | 115,508           | 68,432            | 68.8       |
| G. Deferred tax assets                                    | 99,245            | 107,600           | -7.8       |
| H. Other assets   | 347,949           | 358,824           | -3.0       |
| H. Cash and cash equivalents                              | 1,111,761         | 396,030           | >100       |
| <b>Total Assets</b>                                       | <b>39,962,489</b> | <b>39,472,916</b> | <b>1.2</b> |

| Liabilities and Shareholders' Equity (in TEUR)    | 30/09/2011        | 31/12/2010        | +/- %      |
|---|-------------------|-------------------|------------|
| A. Shareholders' equity                           | 5,053,645         | 5,029,647         | 0.5        |
| B. Subordinated liabilities                       | 532,089           | 539,410           | -1.4       |
| C. Underwriting provisions                        | 24,585,252        | 24,017,840        | 2.4        |
| D. Unit- and index-linked underwriting provisions | 5,249,349         | 5,227,930         | 0.4        |
| E. Non-underwriting provisions                    | 536,125           | 557,519           | -3.8       |
| F. Liabilities                                    | 3,575,876         | 3,675,373         | -2.7       |
| G. Tax liabilities out of income tax              | 98,731            | 64,170            | 53.9       |
| G. Deferred tax liabilities                       | 110,903           | 127,399           | -12.9      |
| H. Other liabilities                              | 220,519           | 233,628           | -5.6       |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>39,962,489</b> | <b>39,472,916</b> | <b>1.2</b> |

## Consolidated Income Statement (IFRS) 1 Jan. 2011 - 30 Sept. 2011

| (in EUR mn)                                | 9M 2011        | 9M 2010        | +/- %      |
|--|----------------|----------------|------------|
| Gross premiums written                     | 6,802.1        | 6,538.3        | 4.0        |
| Net earned premiums                        | <b>6,077.0</b> | <b>5,919.4</b> | <b>2.7</b> |
| Financial result                           | 798.6          | 895.7          | -10.8      |
| Other income                               | 73.6           | 109.0          | -32.5      |
| Expenses for claims and insurance benefits | -4,995.5       | -5,004.8       | -0.2       |
| Acquisition and administrative expenses    | -1,331.2       | -1,311.3       | 1.5        |
| Other expenses                             | -208.3         | -230.2         | -9.5       |
| <b>Profit before taxes</b>                 | <b>414.1</b>   | <b>377.7</b>   | <b>9.6</b> |
| Taxes                                      | -77.7          | -67.5          | 15.2       |
| <b>Profit for the period</b>               | <b>336.4</b>   | <b>310.3</b>   | <b>8.4</b> |
| Minority interests                         | -23.1          | -19.3          | 19.5       |
| <b>Net profit after minorities</b>         | <b>313.3</b>   | <b>291.0</b>   | <b>7.7</b> |

|                             |              |       |
|-----------------------------|--------------|-------|
| <b>Combined Ratio (net)</b> | <b>97.2%</b> | 98.2% |
|-----------------------------|--------------|-------|

## Consolidated Income Statement (IFRS) - Quarterly Data

| (in EUR mn)                                | Q3 2011        | Q3 2010        | +/- %      |
|--|----------------|----------------|------------|
| Gross premiums written                     | 2,072.9        | 1,949.7        | 6.3        |
| Net earned premiums                        | <b>2,006.5</b> | <b>1,919.1</b> | <b>4.6</b> |
| Financial result                           | 244.4          | 249.1          | -1.9       |
| Other income                               | 28.0           | 23.5           | 19.2       |
| Expenses for claims and insurance benefits | -1,646.9       | -1,588.3       | 3.7        |
| Acquisition and administrative expenses    | -434.1         | -425.5         | 2.0        |
| Other expenses                             | -66.0          | -55.9          | 18.1       |
| <b>Profit before taxes</b>                 | <b>131.9</b>   | <b>122.1</b>   | <b>8.0</b> |
| Taxes                                      | -26.0          | -21.7          | 20.2       |
| <b>Profit for the period</b>               | <b>105.9</b>   | <b>100.5</b>   | <b>5.4</b> |
| Minority interests                         | -7.7           | -6.0           | 29.0       |
| <b>Net profit after minorities</b>         | <b>98.2</b>    | <b>94.5</b>    | <b>3.9</b> |

|                             |              |       |
|-----------------------------|--------------|-------|
| <b>Combined Ratio (net)</b> | <b>97.4%</b> | 98.0% |
|-----------------------------|--------------|-------|

## Segment Reporting 1 Jan. 2011 - 30 Sept. 2011

### Split by lines of business:

| (in EUR mn)                                | P&C          |              | Life         |              | Health      |             | Total        |              |
|--|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
|  | 9M 2011      | 9M 2010      | 9M 2011      | 9M 2010      | 9M 2011     | 9M 2010     | 9M 2011      | 9M 2010      |
| <i>Gross premiums written</i>              | 3,604.4      | 3,353.0      | 2,927.8      | 2,939.6      | 269.9       | 245.8       | 6,802.1      | 6,538.3      |
| A. Net earned premiums                     | 2,902.3      | 2,748.4      | 2,909.1      | 2,928.4      | 265.6       | 242.6       | 6,077.0      | 5,919.4      |
| B. Financial result <sup>1</sup>           | 184.4        | 142.0        | 590.6        | 731.1        | 23.6        | 22.6        | 798.6        | 895.7        |
| C. Other income                            | 43.1         | 30.7         | 30.4         | 78.2         | 0.0         | 0.0         | 73.6         | 109.0        |
| D. Expenses for claims/benefits            | -1,916.8     | -1,836.0     | -2,862.8     | -2,968.1     | -216.0      | -200.7      | -4,995.5     | -5,004.8     |
| E. Acquisition and administrative expenses | -828.7       | -788.0       | -470.5       | -496.4       | -32.0       | -26.9       | -1,331.2     | -1,311.3     |
| F. Other expenses                          | -145.6       | -117.3       | -61.9        | -112.6       | -0.8        | -0.2        | -208.3       | -230.2       |
| <b>G. Profit before taxes</b>              | <b>238.6</b> | <b>179.8</b> | <b>135.0</b> | <b>160.6</b> | <b>40.4</b> | <b>37.3</b> | <b>414.1</b> | <b>377.7</b> |

### Split by regions:

| (in EUR mn)                                | Austria      |              | Czech Republic |              | Slovakia    |             |
|--|--------------|--------------|----------------|--------------|-------------|-------------|
|  | 9M 2011      | 9M 2010      | 9M 2011        | 9M 2010      | 9M 2011     | 9M 2010     |
| <i>Gross premiums written</i>              | 3,122.6      | 3,193.5      | 1,404.9        | 1,290.1      | 498.7       | 478.5       |
| A. Net earned premiums                     | 2,717.3      | 2,844.7      | 1,287.9        | 1,182.9      | 452.8       | 436.1       |
| B. Financial result <sup>1</sup>           | 558.4        | 640.4        | 96.8           | 94.0         | 33.2        | 35.3        |
| C. Other income                            | 13.2         | 16.3         | 23.1           | 11.7         | 4.2         | 3.6         |
| D. Expenses for claims/benefits            | -2,568.9     | -2,801.9     | -893.2         | -830.7       | -351.7      | -348.5      |
| E. Acquisition and administrative expenses | -483.6       | -493.6       | -319.5         | -302.1       | -71.8       | -64.9       |
| F. Other expenses                          | -29.0        | -25.2        | -55.5          | -51.9        | -24.0       | -32.5       |
| <b>G. Profit before taxes</b>              | <b>207.3</b> | <b>180.6</b> | <b>139.5</b>   | <b>103.7</b> | <b>42.6</b> | <b>29.0</b> |

| (in EUR mn)                                | Poland      |             | Romania     |             | Remaining  |             | Total        |              |
|--|-------------|-------------|-------------|-------------|------------|-------------|--------------|--------------|
|  | 9M 2011     | 9M 2010     | 9M 2011     | 9M 2010     | 9M 2011    | 9M 2010     | 9M 2011      | 9M 2010      |
| <i>Gross premiums written</i>              | 742.8       | 534.5       | 398.9       | 396.6       | 634.2      | 645.2       | 6,802.1      | 6,538.3      |
| A. Net earned premiums                     | 683.5       | 489.4       | 382.3       | 372.6       | 553.2      | 593.8       | 6,077.0      | 5,919.4      |
| B. Financial result <sup>1</sup>           | 36.4        | 40.5        | 18.0        | 32.3        | 55.8       | 53.2        | 798.6        | 895.7        |
| C. Other income                            | 4.1         | 4.1         | 15.9        | 10.8        | 13.1       | 62.5        | 73.6         | 109.0        |
| D. Expenses for claims/benefits            | -502.9      | -318.0      | -291.8      | -261.6      | -387.0     | -444.0      | -4,995.5     | -5,004.8     |
| E. Acquisition and administrative expenses | -181.2      | -190.3      | -110.5      | -113.0      | -164.4     | -147.3      | -1,331.2     | -1,311.3     |
| F. Other expenses                          | -8.6        | -7.9        | -22.6       | -15.2       | -68.5      | -97.4       | -208.3       | -230.2       |
| <b>G. Profit before taxes</b>              | <b>31.2</b> | <b>17.8</b> | <b>-8.8</b> | <b>25.9</b> | <b>2.2</b> | <b>20.7</b> | <b>414.1</b> | <b>377.7</b> |

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