

29 March 2012

Record result of Vienna Insurance Group in 2011:

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

**Outstanding increase in Group profit (before taxes) by
10.1 percent to about EUR 560 million**

Group premiums grow to almost EUR 9 billion

Proposed dividend increase of 10 percent to EUR 1.10 per share*

**Vienna Insurance Group grows considerably above market
average in CEE**

*"The strategy of Vienna Insurance Group focuses on growth, while boosting revenue. We achieved our goals also in the year 2011 – although the framework conditions are currently not optimal", explained **Günter Geyer, CEO of Vienna Insurance Group**. "The confirmation of our excellent "A+" rating with a stable outlook by Standard & Poor's highlights the solid foundation as well as the strong capital base of Vienna Insurance Group. We reported an increase in Group premiums to almost EUR 9 billion. By pursuing our strategy consistently, we have succeeded in further improving the profitability of our Group. Increasing by slightly more than 10 percent, the Group profit climbed to a record high of almost EUR 560 million. The double-digit increase in profit in our core markets Austria, Poland, Slovakia and the Czech Republic has been particularly noticeable. Based on these excellent results, the Managing Board will propose the corporate bodies to increase the dividend for our shareholders to EUR 1.10."*

I. OVERVIEW OF KEY DATA FOR THE YEAR 2011 (in accordance with IFRS)

In the financial year 2011 Vienna Insurance Group earned consolidated **premiums** written of **EUR 8.9 billion**, which corresponds to a **rise of 3.4 percent**.

Group profit (before taxes, consolidated) **increased** significantly by **10.1 percent** to **EUR 559.0 million** in 2011. This is the best-ever result in the Group's history.

The Group's **combined ratio** after reinsurance (without taking into account investment income) for the year 2011 clearly **decreased** by almost **1.6 percentage points** to a very good level of **96.8 percent**.

* subject to the approval of the corporate bodies

VIENNA INSURANCE GROUP: Wiener Städtische (AT) • Donau (AT) • s Versicherung Gruppe (AT, CZ, HR, HU, 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) • PZM (PL) • Omnisig (RO) • Asirom (RO) • BCR Asigurari (RO) • BCR Asigurari de Viata (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)

The **financial result** for the year 2011 amounted to **EUR 931.6 million**.

The **investments** of the Group, including liquid funds, totalled **EUR 28.7 billion** as of 31 December 2011.

The Managing Board of Vienna Insurance Group will propose an **increase in dividend by 10 percent** to **EUR 1.10** for the year 2011.*

II. GROUP DATA BY SEGMENTS FOR 2011 (consolidated)

Property/casualty insurance

In the property/casualty segment Vienna Insurance Group achieved an increase by 5.3 percent to a total of EUR 4.6 billion.

Life insurance

In life insurance the Vienna Insurance Group companies earned premiums amounting to EUR 3.9 billion, i.e. a plus of 1.0 percent. The geographical diversification of the Group has had a favourable effect on the development of premiums in this segment. The declining business with single-premiums in the Austrian market was more than compensated by a **strong increase of 18.3 percent** in the **CEE region**. Particularly, **s Versicherung Group** and its partner Erste Group proved to be the **growth engine** in the life insurance business.

Health insurance

With premiums amounting to EUR 360.2 million, Vienna Insurance Group recorded a substantial growth of 6.5 percent in the health insurance.

III. GROUP DATA BY REGIONS FOR 2011 (consolidated)

Austria

The Austrian Group companies have shown a stable development, earning premiums of EUR 4.0 billion.

In the property/casualty segment premiums rose significantly by 12.6 percent to a total of EUR 1.8 billion.

In the life insurance the Group earned premiums in Austria totalling EUR 1.9 billion. This decline in the total volume of premiums is due to a legal change of the minimum lock-up period for single-premiums. In contrast, regular premiums were growing.

The health insurance segment reported an increase by 2.9 percent to a total of EUR 337.5 million.

Increasing strongly by 16.2 percent, profit (before taxes) surged to **EUR 291.6 million**.

The **combined ratio** dropped significantly by **almost 4 percentage points** to an excellent level of **93.2 percent**.

* subject to the approval of the corporate bodies

Czech Republic

In 2011 the premiums of the Czech Group companies went up by a very satisfying 5.3 percent compared to the previous year; this results in a total volume of premiums of EUR 1.8 billion. The insurance companies of Vienna Insurance Group are **market leaders in the Czech Republic** and expanded their **market share to more than 30 percent**.

The life insurance segment has again proved to be an important growth engine thanks to a sizeable increase in premiums of 12.9 percent to EUR 849.5 million. In the non-life insurance segment the premium income remained stable, amounting to EUR 999.4 million.

Profit (before taxes) grew strongly by **13.4 percent to EUR 189.7 million**.

In 2011 the **combined ratio** improved to an excellent level of **91.6 percent**, decreasing clearly by **1.6 percentage points** compared to the previous year.

Slovakia

With premiums totalling EUR 678.8 million, the Slovak Group companies achieved a growth of 4.8 percent. Vienna Insurance Group **extended its market leadership** in Slovakia and currently holds a **market share of about 33 percent**. In the motor insurance business it has a market share of about 44 percent – this means that almost **every second Slovak driver insured his/her car** with a Group company of **Vienna Insurance Group**.

In life insurance an increase in premiums by 5.5 percent was achieved; thus the total volume of premiums amounts to EUR 359.8 million. In the non-life insurance segment premiums went up by 3.9 percent to EUR 319.1 million.

Profit (before taxes) increased by a remarkable **53.4 percent to a total of EUR 57.2 million**.

Dropping to **excellent 92.5 percent**, the **combined ratio** improved compared to the same period of the previous year.

Poland

The Polish Group companies of Vienna Insurance Group succeeded in achieving an **above-average growth** compared to the local market. With premiums written of EUR 954.1 million, they reported a substantial increase of 27.6 percent.

In the non-life insurance segment the Group boasted a significant growth of 9.3 percent and earned premiums of EUR 611.6 million. Climbing to EUR 342.5 million, premiums in the life insurance business almost **doubled** – this has been mainly **due to the strong demand in the area of single-premiums**. Vienna Insurance Group continued to expand its market share in the Polish insurance market and is the number three in the non-life insurance segment.

Thanks to a **strong increase by 56.2 percent**, **profit** (before taxes) rose to a total of **EUR 37.8 million**.

Decreasing very significantly by 4.4 percentage points, the combined ratio stood at about 100 percent.

Romania

The economic situation in Romania is under the impact of governmental consolidation measures and a consequently subdued economic development. This affects also the insurance sector, in particular the motor leasing business.

The decrease in premiums by 4.8 percent to a total of EUR 502.9 million has to be seen against this background. The loss of EUR 12.8 million is due to adjustments of premium receivables, the decline in the motor leasing business as well as the claims development in the motor insurance segment.

In the life insurance segment the Group increased premiums by a gratifying 8.4 percent to EUR 101.0 million; this trend has been supported particularly by sales through BCR Bank, which forms part of Erste Group. In the non-life insurance segment premiums of EUR 401.9 million were reported; this corresponds to a minus of 7.6 percent. With its Group companies, Vienna Insurance Group has strengthened its **number one** position in the Romanian insurance market, now holding a **market share of about 29 percent**.

The combined ratio was above 100 percent.

Remaining markets

In the segment “remaining markets” Vienna Insurance Group currently consolidates Albania, Bulgaria, Germany, Georgia, Croatia, Liechtenstein, Macedonia, Serbia, Turkey, Ukraine, Hungary as well as the three Baltic states.

In these countries the companies of Vienna Insurance Group earned premiums totalling EUR 856.8 million, this reflects a minor decline by 1.7 percent. An increase was reported in the non-life insurance segment, with premiums amounting to EUR 506.1 million, whereas the life insurance business slowed down, with premiums totalling EUR 350.7 million. **Double-digit increases** in premiums were reported in **Ukraine**, the **Baltic states** as well as in **Albania**.

In this segment the operating result totalled EUR 34.0 million. Pursuing a conservative business policy, Vienna Insurance Group amortises insurance portfolios in this segment. After taking into account this effect, the loss amounts to EUR 4.5 million.

The combined ratio exceeded 100 percent.

IV. EXCELLENT STANDARD & POOR’S RATING CONFIRMED

The international rating agency **Standard & Poor’s** (S&P) confirmed once more the **excellent “A+” rating** for **Vienna Insurance Group** with a stable outlook. Hence, Vienna Insurance Group remains the **best-rated company** of Austria’s **leading index ATX**. The decision of the rating agency is mainly attributable to the **strong capital base** and **significant increase in profitability** thanks to the sustainable strategy of Vienna Insurance Group. Other factors considered important by S&P were the Group’s very strong market positions in Central and Eastern Europe, which are further strengthened by the Group’s organic growth, as well as continuing opportunities in the less saturated markets of Central and Eastern Europe.

V. GROUP EMBEDDED VALUE INCREASED

The **embedded value** – calculated based on international guidelines – represents the value of existing insurance contracts. It is composed of the net asset value of life, health and property/casualty insurance as well as the discounted value of future earnings from existing contracts in the life and health insurance segment.

The sustainability of the insurance business of Vienna Insurance Group is reflected in the fact that the **Group embedded value** (after taxes) increased by **6.3 percent** to **EUR 5.28 billion** as of 31 December 2011 (adjusted value 2010: EUR 4.97 billion).

B&W Deloitte GmbH, Cologne, reviewed the Group embedded value and confirmed to Vienna Insurance Group that the calculation procedures applied as well as the underlying assumptions and results are accurate.

VI. OUTLOOK FOR THE FINANCIAL YEAR 2012

The priority in 2012 will be on promoting further organic growth and on increasing profitability on a continuous basis. The Management of Vienna Insurance Group has committed itself to achieving growth above the market average also in the next years. As far as the situation in the European markets is concerned, the Group expects if at all selective stagnating revenues due to restrained consumption.

Vienna Insurance Group will continue to adhere to its principles of a local market presence based on diversification aspects as well as to its conservative investment strategy, while working on strengthening its profitability. The Management of Vienna Insurance Group will strive to keep volatilities as low as possible also in the future, by taking into account the respective economic setting. The Group examines on an ongoing basis if there are cost-reduction potentials and how they may be taken advantage of in an optimal way, particularly in the companies in the CEE region and through the continued harmonisation of the Group's IT infrastructure.

The Vienna Insurance Group (VIG) is the best rated company 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) 31 Dec. 2011

| Assets (in TEUR) | 31/12/2011 | 31/12/2010 | +/- % |
|---|-------------------|-------------------|--------------|
| A. Intangible assets | 2,382,424 | 2,104,159 | 13.2 |
| B. Investments | 28,085,392 | 28,159,521 | -0.3 |
| C. Investments of unit- and index-linked life insurance | 5,502,790 | 5,478,603 | 0.4 |
| D. Reinsurers' share in underwriting provisions | 1,117,063 | 1,118,289 | -0.1 |
| E. Receivables | 1,581,517 | 1,681,458 | -5.9 |
| F. Tax receivables and advance payments out of income tax | 80,447 | 68,432 | 17.6 |
| G. Deferred tax assets | 123,519 | 107,600 | 14.8 |
| H. Other assets | 328,382 | 358,824 | -8.5 |
| H. Cash and cash equivalents | 568,117 | 396,030 | 43.5 |
| Total Assets | 39,769,651 | 39,472,916 | 0.8 |

| Liabilities and Shareholders' Equity (in TEUR) | 31/12/2011 | 31/12/2010 | +/- % |
|---|-------------------|-------------------|--------------|
| A. Shareholders' equity | 5,049,643 | 5,029,647 | 0.4 |
| B. Subordinated liabilities | 531,232 | 539,410 | -1.5 |
| C. Underwriting provisions | 23,992,537 | 24,017,840 | -0.1 |
| D. Unit- and index-linked underwriting provisions | 5,329,381 | 5,227,930 | 1.9 |
| E. Non-underwriting provisions | 559,326 | 557,519 | 0.3 |
| F. Liabilities | 3,904,355 | 3,675,373 | 6.2 |
| G. Tax liabilities out of income tax | 62,818 | 64,170 | -2.1 |
| G. Deferred tax liabilities | 124,117 | 127,399 | -2.6 |
| H. Other liabilities | 216,242 | 233,628 | -7.4 |
| Total Liabilities and Shareholders' Equity | 39,769,651 | 39,472,916 | 0.8 |

Consolidated Income Statement (IFRS) 1 Jan. 2011 - 31. Dec. 2011

| (in EUR mn) | 2011 | 2010 | +/- % |
|--|----------------|----------------|--------------|
| <i>Gross premiums written</i> | 8,883.7 | 8,593.0 | 3.4 |
| Net earned premiums | 8,122.8 | 7,860.4 | 3.3 |
| Financial result | 931.6 | 1,116.4 | -16.6 |
| Other income | 115.4 | 93.8 | 22.9 |
| Expenses for claims and insurance benefits | -6,536.0 | -6,541.3 | -0.1 |
| Acquisition and administrative expenses | -1,752.7 | -1,759.9 | -0.4 |
| Other expenses | -322.2 | -261.6 | 23.1 |
| Profit before taxes | 559.0 | 507.8 | 10.1 |
| Taxes | -117.1 | -94.5 | 23.9 |
| Profit for the period | 441.9 | 413.3 | 6.9 |
| Minority interests | -35.2 | -33.5 | 5.0 |
| Net profit after minorities | 406.7 | 379.8 | 7.1 |

| | | |
|-----------------------------|--------------|--------------|
| Combined Ratio (net) | 96.8% | 98.4% |
|-----------------------------|--------------|--------------|

Consolidated Income Statement (IFRS) - Quarterly Data

| (in EUR mn) | Q4 2011 | Q4 2010 | +/- % |
|--|----------------|----------------|--------------|
| <i>Gross premiums written</i> | 2,081.5 | 2,054.7 | 1.3 |
| Net earned premiums | 2,045.8 | 1,941.0 | 5.4 |
| Financial result | 133.0 | 220.7 | -39.7 |
| Other income | 41.8 | -15.1 | n.a. |
| Expenses for claims and insurance benefits | -1,540.4 | -1,536.5 | 0.3 |
| Acquisition and administrative expenses | -421.5 | -448.6 | -6.0 |
| Other expenses | -113.8 | -31.5 | >100 |
| Profit before taxes | 144.9 | 130.0 | 11.4 |
| Taxes | -39.4 | -27.1 | 45.5 |
| Profit for the period | 105.5 | 103.0 | 2.5 |
| Minority interests | -12.1 | -14.2 | -14.9 |
| Net profit after minorities | 93.5 | 88.8 | 5.2 |

| | | |
|-----------------------------|--------------|--------------|
| Combined Ratio (net) | 95.6% | 99.0% |
|-----------------------------|--------------|--------------|

Segment Reporting 1 Jan. 2011 - 31 Dec. 2011

Split by lines of business:

| (in EUR mn) | P&C | | Life | | Health | | Total | |
|--|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| <i>Gross premiums written</i> | 4,579.3 | 4,350.0 | 3,944.2 | 3,904.8 | 360.2 | 338.2 | 8,883.7 | 8,593.0 |
| A. Net earned premiums | 3,844.8 | 3,644.3 | 3,916.1 | 3,875.8 | 362.0 | 340.3 | 8,122.8 | 7,860.4 |
| B. Financial result ¹ | 202.0 | 178.2 | 690.3 | 919.5 | 39.2 | 18.7 | 931.6 | 1,116.4 |
| C. Other income | 72.1 | 61.7 | 43.2 | 31.4 | 0.0 | 0.7 | 115.4 | 93.8 |
| D. Expenses for claims/benefits | -2,531.3 | -2,437.5 | -3,695.8 | -3,821.2 | -308.9 | -282.6 | -6,536.0 | -6,541.3 |
| E. Acquisition and administrative expenses | -1,080.7 | -1,046.8 | -628.5 | -672.9 | -43.5 | -40.2 | -1,752.7 | -1,759.9 |
| F. Other expenses | -235.5 | -177.2 | -85.6 | -84.1 | -1.1 | -0.3 | -322.2 | -261.6 |
| G. Profit before taxes | 271.5 | 222.7 | 239.8 | 248.5 | 47.7 | 36.6 | 559.0 | 507.8 |

Split by regions:

| (in EUR mn) | Austria | | Czech Republic | | Slovakia | |
|--|--------------|--------------|----------------|--------------|-------------|-------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| <i>Gross premiums written</i> | 4,042.2 | 4,041.1 | 1,848.9 | 1,756.5 | 678.8 | 647.9 |
| A. Net earned premiums | 3,634.6 | 3,701.9 | 1,722.3 | 1,615.6 | 617.4 | 594.4 |
| B. Financial result ¹ | 621.4 | 792.8 | 127.5 | 119.3 | 44.2 | 42.5 |
| C. Other income | 29.1 | 30.5 | 37.9 | 21.1 | 7.0 | 7.9 |
| D. Expenses for claims/benefits | -3,291.1 | -3,593.5 | -1,195.5 | -1,124.0 | -478.9 | -467.1 |
| E. Acquisition and administrative expenses | -623.3 | -648.8 | -425.4 | -395.4 | -97.1 | -92.2 |
| F. Other expenses | -79.1 | -32.1 | -77.1 | -69.3 | -35.3 | -48.2 |
| G. Profit before taxes | 291.6 | 250.9 | 189.7 | 167.3 | 57.2 | 37.3 |

| (in EUR mn) | Poland | | Romania | | Remaining | | Total | |
|--|-------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| <i>Gross premiums written</i> | 954.1 | 747.7 | 502.9 | 528.1 | 856.8 | 871.7 | 8,883.7 | 8,593.0 |
| A. Net earned premiums | 889.1 | 682.9 | 491.1 | 480.6 | 768.4 | 785.0 | 8,122.8 | 7,860.4 |
| B. Financial result ¹ | 45.0 | 55.2 | 23.0 | 41.2 | 70.6 | 65.4 | 931.6 | 1,116.4 |
| C. Other income | 8.3 | 6.1 | 17.4 | 14.2 | 15.6 | 13.9 | 115.4 | 93.8 |
| D. Expenses for claims/benefits | -651.0 | -454.8 | -380.1 | -324.7 | -539.2 | -577.2 | -6,536.0 | -6,541.3 |
| E. Acquisition and administrative expenses | -242.4 | -254.1 | -142.4 | -152.2 | -222.0 | -217.1 | -1,752.7 | -1,759.9 |
| F. Other expenses | -11.1 | -11.0 | -21.8 | -30.6 | -97.8 | -70.4 | -322.2 | -261.6 |
| G. Profit before taxes | 37.8 | 24.2 | -12.8 | 28.5 | -4.5 | -0.4 | 559.0 | 507.8 |

¹ including result from shares in at equity consolidated companies