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9 November 2010

## Vienna Insurance Group in the 1<sup>st</sup> to 3<sup>rd</sup> quarter of 2010

**Group premiums increased by 7.1 percent to EUR 6.5 billion**

**Profit (before taxes) rose by 10.9 percent to EUR 377.7 million**

**Continuing strong growth in the life insurance business**

**Expansion of the Group's sound capital base**

*"The continuous development of Vienna Insurance Group confirms once more our outlook for the current financial year. The strong demand in the life insurance business has made an essential contribution to growth. In this segment especially the companies of Sparkassen Versicherung Group report double-digit growth rates in CEE", emphasised **Günter Geyer, CEO of Vienna Insurance Group**. "The trends in Central and Eastern Europe are not uniform. In Austria, the Czech Republic and Slovakia we observe great interest in life insurance, while in Poland there is mainly a strong demand for non-life insurance products. The increase in profit (before taxes) by more than 10 percent – which we achieved despite the high expenditure caused by natural disasters – confirms the strategy pursued in our markets. Thanks to the further expansion of our sound capital base, we are perfectly equipped for all future challenges."*

### **I. OVERVIEW OF KEY GROUP DATA FOR THE FIRST THREE QUARTERS OF 2010 (IN ACCORDANCE WITH IFRS)**

In the first three quarters of 2010, **Vienna Insurance Group** registered **premiums written (consolidated)** of a total of **EUR 6.5 billion**, corresponding to a **plus of 7.1 percent** compared to the same period of the previous year.

With a **Group profit (before taxes, consolidated)** totalling **EUR 377.7 million**, Vienna Insurance Group has continued its efforts to improve its result on an ongoing basis, **increasing** it by a **remarkable 10.9 percent**.

Amounting to **98.2 percent**, the **combined ratio** of the Group (net, this means after reinsurance, excluding investment income) continued to remain under the 100-percent threshold despite increases arising from natural disasters. This damage (before reinsurance) – particularly in Austria, the Czech Republic, Poland and Romania – amounted to more than EUR 180 million.

In the first three quarters of the current year, the **financial result** of the Group totalled **EUR 895.7 million**; this corresponds to an increase by **23.2 percent** compared to the same period of the previous year.

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The **investments** of the Group as of 30 September 2010 totalled **EUR 27.7 billion**, climbing by **6.9 percent** from the level of 31 December 2009.

The Group's **equity** rose by **6.2 percent** to a total of **EUR 4.9 billion**.

## **II. GROUP DATA BY SEGMENTS, 1<sup>ST</sup> TO 3<sup>RD</sup> QUARTER OF 2010 (CONSOLIDATED)**

### **Property/casualty insurance**

With **premiums written** totalling **EUR 3.4 billion** in this segment, Vienna Insurance Group achieved a **plus of 0.3 percent**. Based on **net earned premiums**, the Group recorded a **plus of 4.7 percent**.

In the **CEE markets** Vienna Insurance Group reported **premiums written** of **EUR 2.0 billion**, corresponding to an **increase** by **1.2 percent**.

In the **non-CEE markets** premiums written in the casualty/property insurance segment amounted to **EUR 1.3 billion**. In **Austria** the Group companies achieved **premiums** of **EUR 1.3 billion**. In **Germany** premiums rose by **2.2 percent** to a total of **EUR 55.0 million**.

### **Life insurance**

In this segment the Vienna Insurance Group companies earned **premiums** totalling **EUR 2.9 billion**, corresponding to a **strong increase** by **16.6 percent**.

In the life insurance segment in **CEE markets** the Group registered a **significant growth of 16.8 percent**; **premiums** increased to **EUR 1.1 billion**. **Growing** by a total of **47.6 percent**, Sparkassen Versicherung Group made a significant contribution to the highly gratifying development in this segment.

In **non-CEE** markets the Group earned **premiums** of a total of **EUR 1.8 billion**; this is a **substantial increase** by **16.5 percent**.

In **Austria** premiums in this segment went up by **13.6 percent** to a total of **EUR 1.7 billion**. With premiums of **EUR 156.3 million**, the Group companies achieved a growth of **59.2 percent** in **Germany** and **Liechtenstein**.

### **Health insurance**

With **premiums** of **EUR 245.8 million**, Vienna Insurance Group recorded a **plus of 1.7 percent** in this segment.

## **III. GROUP DATA BY REGIONS, 1<sup>ST</sup> TO 3<sup>RD</sup> QUARTER OF 2010 (CONSOLIDATED)**

### **Austria**

In the first three quarters of the current year, Vienna Insurance Group earned **premiums written** of **EUR 3.2 billion** in Austria; this corresponds to a **6.2-percent increase**. In the **property/casualty insurance** segment the Group reported **premiums** of **EUR 1.3 billion**. In the **life insurance** segment the Group registered **premiums written** of **EUR 1.7 billion** after a **strong increase** by **13.6 percent**.

**Profit (before taxes)** amounted to **EUR 180.6 million**.

The **combined ratio** stood at 96.9 percent.

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## Czech Republic

In the Czech Republic the Vienna Insurance Group companies achieved a **significant plus of 7.6 percent**, with **premiums written** amounting to **EUR 1.3 billion**.

In the **non-life insurance** segment **premiums written** totalled **EUR 759.3 million**. **Growing significantly by 27.7 percent**, **premiums written** in the **life insurance** business rose to a total of **EUR 530.8 million**.

**Profit (before taxes)** amounted to **EUR 103.7 million**, increasing by **5.4 percent**.

In the first three quarters of 2010, the **combined ratio** totalled **95.2 percent**.

## Slovakia

With a total of **EUR 478.5 million premiums written**, the Group companies of Vienna Insurance Group achieved a **plus of 1.9 percent** in Slovakia.

In the **non-life insurance** segment the Group earned **premiums written** of **EUR 232.1 million**. In the **life insurance** segment **premiums written** surged by **15.6 percent** to **EUR 246.4 million**.

**Profit (before taxes)** showed a gratifying increase from EUR 16.1 million to a total of **EUR 29.0 million**.

The **combined ratio** decreased by 2.5 percentage points to **91.7 percent**.

## Poland

In the first three quarters of 2010, **premiums written** recorded a gratifying increase by **31.7 percent** to **EUR 534.5 million**. In the **non-life insurance** segment the Polish Group companies achieved a **significant increase of 48.1 percent**; this resulted in a total of **premiums written** of **EUR 410.8 million**. In the **life-insurance** segment the Group earned **premiums written** of **EUR 123.7 million**.

**Profit (before taxes)** amounted to **EUR 17.8 million**.

Due to damage caused by natural disasters, the **combined ratio** amounted to more than 100 percent.

## Romania

In Romania Vienna Insurance Group reported a total of **premiums written** of **EUR 396.6 million**. The earnings-oriented restructuring of the portfolio entailed a decline in premiums.

**Premiums written** of **EUR 326.5 million** were registered in the **non-life insurance** segment. In the **life insurance** segment the Group achieved a **significant increase by 17.5 percent**, reporting **premiums written** of **EUR 70.1 million**.

**Profit (before taxes)** totalled **EUR 25.9 million**, surging by **56.1 percent**.

Due to the development of damage, the **combined ratio** exceeded 100 percent.

## Other CEE markets

The segment "Other CEE markets" comprises the Group companies of Vienna Insurance Group in the following countries: Albania, Bulgaria, Croatia, Macedonia, Serbia, Turkey, Hungary, Ukraine as well as the three Baltic states.

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In this segment Vienna Insurance Group recorded **premiums written** of a total of **EUR 433.9 million** and thus a **growth** by **3.6 percent**. **Increasing** by **3.0 percent**, **premiums written** of **EUR 290.7 million** were attributable to the **non-life insurance** segment. In the **life insurance** business the Group's **premiums written** increased by **4.7 percent**, totalling **EUR 143.2 million**.

**Profit (before taxes)** amounted to **EUR 4.8 million**.

#### **Other markets**

In **Germany** and **Liechtenstein** the Group companies achieved **premiums written** of **EUR 211.3 million**; this is a **significant plus** of **39.0 percent**.

**Profit (before taxes)** amounted to **EUR 15.9 million**.

#### **IV. CONFIRMATION OF THE PROFIT FORECAST**

The management of Vienna Insurance Group confirms that the aspired increase in the profit before taxes of at least of 10 percent is likely to be achieved according to plans in the current financial year.

Another increase in the profit before taxes by about 10 percent is expected for the year 2011, while the volume of premiums is expected to rise within a single-digit percentage range. Prerequisites are, however, that the economic and legal framework will not deteriorate substantially and that damage arising from natural disasters will not show a dramatic development.

#### **V. EXAMINING A BOND ISSUE**

With an equity ratio of 12.6 percent and meeting capital adequacy requirements by more than 200 percent, the Group has an excellent financial base. To continue optimising the future-oriented equity base and capital structure, the Managing Board considers the possibility of issuing a subordinated bond.

The listed 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, 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 2010

<b>Assets (in TEUR)</b>	<b>30/09/2010</b>	<b>31/12/2009</b>	<b>+/- %</b>
A. Intangible assets	2,039,438	1,975,416	3.2
B. Investments	27,675,729	25,894,051	6.9
C. Investments of unit- and index-linked life insurance	5,293,170	4,628,446	14.4
D. Reinsurers' share in underwriting provisions	1,339,422	1,117,237	19.9
E. Receivables	1,664,281	1,563,449	6.4
F. Tax receivables and advance payments out of income tax	92,637	110,806	-16.4
G. Deferred tax assets	109,932	122,329	-10.1
H. Other assets	363,584	376,008	-3.3
H. Cash and cash equivalents	420,777	484,523	-13.2
<b>Total Assets</b>	<b>38,998,970</b>	<b>36,272,265</b>	<b>7.5</b>

<b>Liabilities and Shareholders' Equity (in TEUR)</b>	<b>30/09/2010</b>	<b>31/12/2009</b>	<b>+/- %</b>
A. Shareholders' equity	4,917,765	4,628,573	6.2
B. Subordinated liabilities	545,753	545,349	0.1
C. Underwriting provisions	24,434,014	22,578,257	8.2
D. Unit- and index-linked underwriting provisions	5,114,836	4,376,160	16.9
E. Non-underwriting provisions	575,978	584,901	-1.5
F. Liabilities	2,946,654	3,052,245	-3.5
G. Tax liabilities out of income tax	75,619	112,351	-32.7
G. Deferred tax liabilities	169,379	160,035	5.8
H. Other liabilities	218,972	234,394	-6.6
<b>Total Liabilities and Shareholders' Equity</b>	<b>38,998,970</b>	<b>36,272,265</b>	<b>7.5</b>

### Consolidated Income Statement (IFRS) 1 January 2010 - 30 September 2010

<b>(in EUR mn)</b>	<b>9M 2010</b>	<b>9M 2009</b>	<b>+/- %</b>
<i>Gross premiums written</i>	6,538.3	6,106.0	7.1
Net earned premiums	<b>5,919.4</b>	<b>5,374.3</b>	<b>10.1</b>
Financial result	895.7	727.2	23.2
Other income	109.0	85.6	27.4
Expenses for claims and insurance benefits	-5,004.8	-4,414.0	13.4
Operating expenses	-1,311.3	-1,230.9	6.5
Other expenses	-230.2	-201.7	14.1
<b>Profit before taxes</b>	<b>377.7</b>	<b>340.5</b>	<b>10.9</b>
Taxes	-67.5	-59.6	13.2
<b>Profit for the period</b>	<b>310.3</b>	<b>280.9</b>	<b>10.5</b>
Minority interests	-19.3	-17.8	8.4
<b>Net profit after minorities</b>	<b>291.0</b>	<b>263.1</b>	<b>10.6</b>

<b>Combined Ratio (net)</b>	<b>98.2%</b>	96.2%
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### Consolidated Income Statement (IFRS) - Quarterly Data

<b>(in EUR mn)</b>	<b>Q3 2010</b>	<b>Q3 2009</b>	<b>+/- %</b>
<i>Gross premiums written</i>	1,949.7	1,854.9	5.1
Net earned premiums	<b>1,919.1</b>	<b>1,761.5</b>	<b>8.9</b>
Financial result	249.1	255.6	-2.5
Other income	23.5	23.6	-0.2
Expenses for claims and insurance benefits	-1,588.3	-1,451.1	9.5
Operating expenses	-425.5	-407.2	4.5
Other expenses	-55.9	-72.1	-22.5
<b>Profit before taxes</b>	<b>122.1</b>	<b>110.2</b>	<b>10.8</b>
Taxes	-21.7	-19.4	11.7
<b>Profit for the period</b>	<b>100.5</b>	<b>90.9</b>	<b>10.6</b>
Minority interests	-6.0	-7.6	-21.7
<b>Net profit after minorities</b>	<b>94.5</b>	<b>83.2</b>	<b>13.5</b>

<b>Combined Ratio (net)</b>	<b>98.0%</b>	97.7%
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## Segment Reporting 1 Jan. 2010 - 30 Sept. 2010

### Split by lines of business:

(in EUR mn)	P&C		Life		Health		Total	
	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009
<i>Gross premiums written</i>	3,353.0	3,343.3	2,939.6	2,521.0	245.8	241.7	6,538.3	6,106.0
A. Net earned premiums	2,748.4	2,625.6	2,928.4	2,509.1	242.6	239.6	5,919.4	5,374.3
B. Financial result <sup>1</sup>	142.0	167.3	731.1	555.4	22.6	4.6	895.7	727.2
C. Other income	30.7	53.6	78.2	31.9	0.0	0.1	109.0	85.6
D. Expenses for claims/benefits	-1,836.0	-1,729.2	-2,968.1	-2,485.5	-200.7	-199.3	-5,004.8	-4,414.0
E. Operating expenses	-788.0	-728.3	-496.4	-472.1	-26.9	-30.5	-1,311.3	-1,230.9
F. Other expenses	-117.3	-136.4	-112.6	-64.6	-0.2	-0.7	-230.2	-201.7
<b>G. Profit before taxes</b>	<b>179.8</b>	<b>252.6</b>	<b>160.6</b>	<b>74.2</b>	<b>37.3</b>	<b>13.8</b>	<b>377.7</b>	<b>340.5</b>

### Split by regions:

(in EUR mn)	Austria		Czech Republic		Slovakia		Poland	
	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009
<i>Gross premiums written</i>	3,193.5	3,005.6	1,290.1	1,198.5	478.5	469.4	534.5	405.8
A. Net earned premiums	2,844.7	2,652.1	1,182.9	1,026.7	436.1	411.8	489.4	368.7
B. Financial result <sup>1</sup>	640.4	543.7	94.0	54.1	35.3	28.2	40.5	24.9
C. Other income	16.3	8.5	11.7	18.9	3.6	2.9	4.1	3.0
D. Expenses for claims/benefits	-2,801.9	-2,518.5	-830.7	-682.5	-348.5	-321.7	-318.0	-208.0
E. Operating expenses	-493.6	-469.4	-302.1	-258.1	-64.9	-68.6	-190.3	-159.1
F. Other expenses	-25.2	-32.2	-51.9	-60.7	-32.5	-36.5	-7.9	-10.0
<b>G. Profit before taxes</b>	<b>180.6</b>	<b>184.2</b>	<b>103.7</b>	<b>98.4</b>	<b>29.0</b>	<b>16.1</b>	<b>17.8</b>	<b>19.5</b>

(in EUR mn)	Romania		Other CEE		Other		Total	
	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009	9M 2010	9M 2009
<i>Gross premiums written</i>	396.6	455.9	433.9	418.8	211.3	152.0	6,538.3	6,106.0
A. Net earned premiums	372.6	414.6	387.2	350.4	206.5	149.9	5,919.4	5,374.3
B. Financial result <sup>1</sup>	32.3	33.5	40.4	29.1	12.8	13.9	895.7	727.2
C. Other income	10.8	26.7	5.4	6.3	57.2	19.2	109.0	85.6
D. Expenses for claims/benefits	-261.6	-320.8	-278.6	-247.8	-165.5	-114.7	-5,004.8	-4,414.0
E. Operating expenses	-113.0	-128.3	-127.2	-121.4	-20.2	-26.1	-1,311.3	-1,230.9
F. Other expenses	-15.2	-9.1	-22.4	-21.3	-74.9	-31.8	-230.2	-201.7
<b>G. Profit before taxes</b>	<b>25.9</b>	<b>16.6</b>	<b>4.8</b>	<b>-4.7</b>	<b>15.9</b>	<b>10.5</b>	<b>377.7</b>	<b>340.5</b>

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

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