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PRELIMINARY DEVELOPMENT OF VIENNA INSURANCE GROUP IN 2012¹

VIENNA INSURANCE GROUP ACHIEVES RECORD RESULT

Premiums climb to about EUR 9.9 billion (plus 9.5 percent)

CEE share in premiums grows to about 56 percent

Profit (before taxes) totals about EUR 585 million (plus approx. 5 percent)

*“The strong demand for insurance products in the CEE region has led to a substantial expansion of Vienna Insurance Group’s business also in 2012. With premiums of about EUR 9.9 billion, we have achieved a new record value for our Group. The emerging region CEE is already contributing about 56 percent of total premiums”, emphasises **Peter Hagen, Chairman of the Managing Board and CEO of Vienna Insurance Group.** “The success of our Group companies is based on a strong sales network and the multi-brand strategy of VIG. As far as our sales through banks are concerned, intensive cooperation with Erste Group has proved effective both in Austria and CEE. By boosting our efficiency continuously, we safeguard the profitability of our Group on a sustainable basis.”*

A STRONG DEVELOPMENT IN A CHALLENGING ENVIRONMENT

In the financial year 2012 Vienna Insurance Group earned direct, unconsolidated premiums written of about EUR 9.9 billion, corresponding to an increase by 9.5 percent. The upward trend of premiums continued in all segments. In the life insurance Vienna Insurance Group reported a sharp raise of 17.8 percent. Growth has been driven by the strong demand for single-premium products, which has been reported predominantly in Poland. Also, the Group succeeded in boosting premiums in the property/casualty (plus 2.5 percent) as well as in the health segments (plus 8.6 percent).

Growth on the basis of adjusted premiums (excluding special effects from the single premium business Benefia Life) amounts to 2.2 percent. Adjusted for exchange rate effects, growth even exceeds 3 percent.

The projected Group profit (before taxes) is expected to amount to about EUR 585 million. This is approximately 5 percent above the prior-year level. Hence, adjusted premium growth is surpassed by more than the double.

Despite the heavy financial burden caused by severe weather conditions, the Group will record an excellent combined ratio of around 97 percent for the year 2012.

¹ The business figures are based on preliminary data; they are unconsolidated and unaudited. All information provided is based on euro.

The dividend policy of the Group remains unchanged.

HIGHLIGHTS FROM VIENNA INSURANCE GROUP'S MARKETS

A sound basis in Austria

Despite the difficult economic environment, the Vienna Insurance Group companies managed to expand their market leadership in Austria. Wiener Städtische Versicherung, Donau Versicherung and s Versicherung recorded a growth of 8.5 percent in the non-life segment. The increase in business with corporate customers as well as the contribution of the branch offices of Wiener Städtische in Slovenia and of Donau Versicherung in Italy were particularly pleasing.

In life, the extension of the minimum lock-up period for single premiums (under tax law) to 15 years continues to have negative effects. This has led to a slowdown in the entire segment.

Czech Republic – the most important CEE market of the Group

The Czech Vienna Insurance Group companies are the number one both in life and non-life insurance, holding a market share of 32.2 percent.

In 2012 the three Group companies in the Czech Republic earned premiums amounting to EUR 1.9 billion. In total, the Czech Group companies are already contributing about 20 percent to the Group's premium volume.

Slovakia – sales via banks strengthen life insurance business

As the market leader in Slovakia, the Vienna Insurance Group companies succeeded in increasing the total premium by 3.3 percent and in strengthening their leading position through organic growth. Vienna Insurance Group has held a sustainable market leadership position in Slovakia already for some years.

In the non-life segment premiums went up by 2.0 percent. In life insurance the Group companies achieved an increase of 4.4 percent. The strategy of selling life products via the local subsidiary of Erste Group, has proven highly successful (significant increase by 19.7 percent).

Poland – high single-premium payments

In Poland the Vienna Insurance Group companies earned premiums totalling about EUR 1.7 billion. This was mainly due to the strong demand in the single-premium business.

Romania – difficult market conditions

At present, the Romanian insurance market is under the impact of fierce price competition. Vienna Insurance Group continues to pursue its strategy of a risk-based as well as return-oriented price policy to restructure its portfolio. Despite this challenging market environment, Vienna Insurance Group has in general succeeded in maintaining its number one position.

Thanks to the excellent cooperation with BCR, a subsidiary of Erste Group, the favourable development in the life business goes on. Through this sales channel, BCR Life has managed to increase premiums by 17.5 percent.

Increase in premiums in the remaining markets

The premium volume in the remaining CEE markets of Vienna Insurance Group continued to develop in a highly favourable way. The Group achieved an increase in premiums by 11.1 percent to a total volume of EUR 985.2 million.

In Hungary the non-life segment reported a growth by 16.8 percent, which was for example driven by the strong demand in the household and corporate business.

In Ukraine the Group succeeded in boosting premiums in the non-life segment by 22.1 percent and in life insurance by 19.8 percent.

The Group has continued its business expansion successfully also outside core markets, achieving partly double-digit growth rates, e.g. in Macedonia (plus 20.2 percent) and in Turkey (plus 20.5 percent). In the Baltic States the Group reported an increase in life premiums by 28.8 percent.

Preliminary, unconsolidated premiums 2012

Split by lines of business:

in EUR mn	Gross premiums written		
	YE 2012	YE 2011	+/- %
Property&Casualty	4,840.6	4,720.7	2.5%
Life	4,638.3	3,936.4	17.8%
Health	391.2	360.4	8.6%
Total	9,870.1	9,017.5	9.5%

Split by regions:

in EUR mn	Austria			Czech Republic			Slovakia		
	YE 2012	YE 2011	+/- %	YE 2012	YE 2011	+/- %	YE 2012	YE 2011	+/- %
Gross premiums written Non-Life	2,265.3	2,087.2	8.5%	1,080.4	1,106.1	-2.3%	329.6	323.3	2.0%
Gross premiums written Life	1,877.7	1,940.4	-3.2%	839.5	837.1	0.3%	379.2	363.2	4.4%
Gross premiums written Total	4,142.9	4,027.7	2.9%	1,919.9	1,943.2	-1.2%	708.9	686.5	3.3%

in EUR mn	Poland			Romania			Sundry ¹⁾		
	YE 2012	YE 2011	+/- %	YE 2012	YE 2011	+/- %	YE 2012	YE 2011	+/- %
Gross premiums written Non-Life	597.1	618.4	-3.4%	344.8	410.0	-15.9%	614.5	536.0	14.6%
Gross premiums written Life	1,057.0	343.6	207.6%	114.3	100.9	13.3%	370.6	351.1	5.6%
Gross premiums written Total	1,654.1	962.1	71.9%	459.1	510.9	-10.1%	985.2	887.1	11.1%

Rounding differences may occur.

1) AL, BA, BG, BY, DE, EE, FL, GE, HR, HU, KO, LT, LV, ME, MK, RS, TR, UA (2011 including RU)

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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