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Vienna Insurance Group in 2009:¹

With stability through difficult times

Group premiums remain at stable level of EUR 8.2 billion (plus 1.2 percent)

Consolidated profit (before taxes): about EUR 440 million – excellent result of 2007 surpassed

Dividend policy provides for continuing attractive dividend payout – at least 30 percent of the Group profit

Cautious outlook for 2010 – goal is a further increase in profit

Realignment of Group structure increases transparency and efficiency

*“It is our clear objective to offer the customers and investors of Vienna Insurance Group great stability beyond cyclical fluctuations. This is precisely what we have achieved with a projected profit before taxes of EUR about 440 million. In view of the fact that this even exceeds the result of 2007 – the record year before the economic slump – this is a huge success”, **Günter Geyer, CEO of Vienna Insurance Group**, commented on the Group result. “Our markets in Central and Eastern Europe proved to be considerably more crisis-resistant than this had been predicted in many forecasts. Now it has become apparent that our decision to ensure a wide geographical distribution was absolutely right. The different economic dynamics in the various countries have a balancing effect on Vienna Insurance Group. Excluding the currency relations in CEE, we even achieved a significant growth in these emerging markets.”*

I. OVERVIEW OF KEY DATA FOR THE YEAR 2009

Based on preliminary data, **Vienna Insurance Group** reported a total of **premiums written on an unconsolidated basis of EUR 8.22 billion**. This corresponds to an increase of 1.2 percent. In the **non-life insurance** segment, Group premiums of **EUR 4.75 billion** were achieved (minus 0.7 percent). With **premiums** amounting to **EUR 3.48 billion**, the Group records a plus of **3.9 percent** in the **life insurance** segment.

¹ The corporate figures are based on preliminary data, are not consolidated and not audited. The comparative values of 2008 were adjusted for Wüstenrot Versicherung, in which Vienna Insurance Group held a minority interest.

The **Group profit (before taxes, consolidated)** for the year 2009 will total approximately **EUR 440 million** (based on preliminary data). Hence, the Group's result will exceed that of the excellent year 2007.

Despite this favourable result for the year 2009, the Managing Board of Vienna Insurance will renounce claims to bonuses in view of the difficult economic situation.

The **combined ratio of the Group (net, after reinsurance)** for the year 2009 will amount to about **96 percent**.

The dividend policy of the Group ensures that an **attractive payout of at least 30 percent** of the Group profit (after taxes and minority interests) will be provided.

II. THE DEVELOPMENT IN THE KEY REGIONS FOR THE YEAR 2009

Austria

Based on preliminary data, the Austrian Group companies of **Vienna Insurance Group** earned a premium volume of **EUR 3.86 billion**, corresponding to a plus of **3.1 percent**.

In the **non-life insurance** segment, **premiums** rose by **2.6 percent** to **EUR 1.87 billion**. In the **life-insurance** segment, **premiums** increased by **3.5 percent** to a total of **EUR 1.98 billion**.

Czech Republic

In 2009 the three Czech Group companies **Kooperativa pojišťovna, a.s.**, **Česká podnikatelská pojišťovna, a.s. (ČPP)** and **Pojišťovna České spořitelny, a.s. (PČS)** reported a growth of **15.6 percent** on a local basis; **premiums** climbed to **EUR 1.67 billion**. Growth in the life insurance segment proved to be very strong, with **premiums** surging by **49.2 percent** to **EUR 614.95 million**. In the **non-life insurance** segment, the Group recorded premiums of **EUR 1.05 billion**, corresponding to a **plus of 2.1 percent**.

Slovakia

The three Slovak Group companies **Kooperativa poisťovňa, a.s.**, **Komunálna poisťovňa, a.s.** and **Poisťovňa Slovenskej sporiteľne, a.s.** reported premiums totalling **EUR 638.28 million** in 2009 (based on preliminary data); this is an increase by **3.9 percent**. In the framework of the Group-wide action programme, **Kontinuita poisťovňa, a.s.** was merged with **Komunálna poisťovňa, a.s.** in 2009. In the **non-life insurance** segment, the Group recorded premiums of **EUR 343.53 million** following an increase of **1.2 percent**, while in the **life insurance** segment – with premiums amounting to **EUR 294.75 million** – an increase of **7.2 percent** was achieved.

Poland

In Poland Vienna Insurance Group earned premiums of **EUR 599.63 million**. In the **non-life insurance** segment, **premiums** on a local basis increased by **15.5 percent** to **EUR 438.41 million**. In the **life insurance** segment, premiums declined by **44.7 percent** to **EUR 161.21 million** on a local basis; this is exclusively due to the strong downward trend of the single premium business triggered by the economic situation.

Romania

In Romania the companies of Vienna Insurance Group increased the premium income on a local currency basis by **15.5 percent** to a total of **EUR 614.81 million**, significantly reinforcing the position of Vienna Insurance Group as a market leader. The preliminary premiums in the **non-life insurance** segment amounted to **EUR 528.40 million (plus 6.0 percent)**; in the **life-insurance** segment, the Group reported premiums of **EUR 86.41 million (plus 155.7 percent)**.

Other CEE markets

In 2009 Vienna Insurance Group recorded in “Other CEE markets” preliminary **premiums written of EUR 632.76 million**. Remarkable double-digit increase rates on a local currency basis were achieved in **Bulgaria (42.3 percent)**, **Croatia (15.4 percent)** and **Hungary (36.3 percent)** in 2009.

CEE

Vienna Insurance Group **increased** premiums by **9.3 percent** on a local basis in CEE, with the **life-insurance** segment achieving a growth of **15.2 percent** and the **non-life insurance** segment recording a plus of **6.7 percent**.

In CEE Vienna Insurance Group reported **premiums of EUR 4.15 billion** (i.e. minus 0.3 percent) on a euro basis. **EUR 2.80 billion** (minus 2.9 percent) of this amount were attributable to the **non-life insurance** segment. In the **life insurance** segment, **premiums** on a euro basis went up by **5.5 percent** to a total of **EUR 1.35 billion**.

Other markets

In Germany and Liechtenstein the Group companies of Vienna Insurance Group reported premiums of **EUR 211.42 million**.

III. Outlook for the financial year 2010

The year 2009 – in particular the first half – was decisively influenced by the drastic economic downturn in most European countries. Thanks to massive interventions of the governments both industrial production and consumption could be stabilised to a certain degree. In the CEE region, currency depreciation was successfully halted. However, the financial markets continue to be under the impact of uncertainties and volatility – and this makes it more difficult to assess the future development.

The scope of possible state interventions for the current financial year is, however, very limited due to tighter budgets. Therefore, in their forecasts economic analysts assume the unemployment will continue to increase also in Austria. As a result, consumers will experience uncertainty, their willingness to take risks will decrease and their confidence in the near future will deteriorate on a long-term basis. Therefore, the management of Vienna Insurance Group expects the business volume to stagnate in Austria in 2010 and cannot exclude a decline.

In CEE above all the core markets Poland and the Czech Republic have proven to be very stable, registering a steady consumer demand. A favourable development is likely also in the current financial year. In many other countries, the economy is expected to return on a growth path only after a downturn in 2010. A further demand for insurance products is assumed due to the countries' continuing need to catch up and the determination of the people to improve their living standard.

*“Our longstanding experience in the CEE region and our intensive contacts with the people make us confident that Vienna Insurance Group will deliver growth particularly in these countries in the current financial year and that their contribution to the consolidated profit will increase”, **Günter Geyer** expressed his expectations. “Based on realistic estimates, we expect a single-digit premium increase for the Group this year. **Profit before taxes is likely to grow by at least ten percent.** Other than many competitors, Vienna Insurance Group showed an excellent performance in the past two years and is continuing its successful development also this year.”*

IV. Realignment of the Group’s organisational structure

Due to expanding into the markets of the CEE region, Vienna Insurance Group has grown to comprise about 50 companies. Continuous adjustment of Group structures is indispensable for the Group’s successful development. This is for example realised in important elements of management such as IT coordination, reinsurance management, investment management, finance and accounting, planning and controlling, international personnel development, international actuarial services, risk management, internal group auditing, investor relations and public relations. The international business also continues to be strengthened at Group level; this policy also provides for optimal support and long-term relations with customers and sales partners across borders.

To meet these challenges in an even better way, the Group believes that the next logical measure will be to establish a listed Group holding company named **Vienna Insurance Group AG**, in which the shareholders will continue to hold their shares. **Wiener Städtische Versicherung** – the largest individual company of the Group and leading Austrian insurer – will run the operational insurance business in Austria.

*“The first measures to create a new Group structure have already been implemented successfully. We are now planning the next steps”, **Günter Geyer** explained the changes. “By reorganizing our Group, we enhance transparency in business processes, and the operational Group companies will be able to focus more clearly on their customer relations. In the top management level of our Group we have already taken decisive steps towards this reorganisation and appointed young Managing Board members with experience in the CEE region. By realising these measures, Vienna Insurance Group invigorates its internationally oriented profile in this region.”*

The resolutions of the executive bodies and the formal implementation under corporate law have been scheduled for the first six months of 2010.

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, Poland, Romania, Russia, Serbia, Slovakia, the Czech Republic, Turkey, Hungary, Ukraine and Belarus. It also has branches in Italy and Slovenia.

On the Austrian market, the Vienna Insurance Group (VIG) positions itself with Wiener Städtische Versicherung, Donau Versicherung and Sparkassen Versicherung.

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