

19 August 2010

Vienna Insurance Group in the first half-year of 2010:

Group premiums increased by approx. 8 percent to EUR 4.6 billion

Despite significant storm damages, profit (before taxes) rose by 11 percent to EUR 255.6 million

Strong growth in the life insurance segment – significant contribution of s Versicherung Group

Ukraine becomes a new core market – commitment to further consolidation of the leading position

Motor legal expenses insurance – new offer for customers in CEE

Restructuring of the Group completed successfully

*“After its successful start into the year, Vienna Insurance Group also reports a sound result for the first six months of 2010. We continue growing consistently and profitably”, **Günter Geyer, CEO of Vienna Insurance Group**, explained the current business figures. “These figures indicate an interesting trend. Since the beginning of the year, we have observed our customers’ strong hesitancy in consumption, which is reflected in sluggish growth in the motor insurance segments. But at the same time, we benefit from this trend as the pronounced desire to save is leading to double-digit growth in life insurance. Thanks to the consequential increase in premiums – combined with the slight relaxation of the financial markets compared to last year –, we report an increase in profit (before taxes) of 11 percent despite the high expenses caused by natural disasters. Thus business in the current financial year is developing according to plan.”*

I. OVERVIEW OF KEY GROUP DATA FOR THE FIRST SIX MONTHS OF 2010 (BASED ON IFRS)

With **premiums written (consolidated)** totaling **EUR 4.6 billion** in the first six months of 2010, **Vienna Insurance Group** achieved a **plus of 7.9 percent** compared to the same period of the previous year. The Group recorded an **increase of 10.7 percent** in **net earned premiums**.

In the first six months of 2010, the **Group profit (before taxes, consolidated)** amounted to **EUR 255.6 million**. Despite the natural disasters, a remarkable growth of **11.0 percent** was achieved.

Wiener Städtische (AT) • Donau (AT) • s Versicherung Group (AT, CZ, HR, HU, SK) • Sigma (AL) • Bulstrad (BG) • Bulstrad Life (BG) • Bulgarski Imoti (BG) • Kupala (BY) • Victoria (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) • Winner (MK) • Compensa (PL) • InterRisk (PL) • Benefia (PL) • PZM (PL) • Omniasig (RO) • Asiom (RO) • BCR Asigurari (RO) • BCR Asigurari de Viata (RO) • Wiener Städtische Beograd (RS) • MSK-Life (RU) • Kooperativa (SK) • Komunálna poisťovňa (SK) • Ray (TR) • Kniazha (UA) • Globus (UA) • Jupiter (UA) • USG (UA)
Branches: Wiener Städtische (IT), Wiener Städtische (SI)

The **combined ratio of the Group** (net, i.e. after reinsurance, excluding investment income) remained below the 100-percent threshold. In the first half of 2010, it climbed to **98.3 percent** due to the natural disasters of the current year. This damage (before reinsurance) – in particular in Austria, the Czech Republic, Poland and Romania – caused expenses of a total of about EUR 100 million.

In the first six months of 2010, the **financial result** of the Group totaled **EUR 646.6 million**, surging by **37.1 percent** compared to the same period of the previous year due to the stabilisation of the capital markets.

The **investments of the Group** amounted to **EUR 26.8 billion** as at 30 June 2010; this corresponds to an increase by **3.6 percent** compared to the year-end level of 2009.

II. GROUP DATA BY SEGMENTS FIRST SIX MONTHS OF 2010 (CONSOLIDATED)

Property/casualty insurance

In this segment, Vienna Insurance Group recorded **premiums written** of **EUR 2.4 billion**, achieving a **plus of 1.3 percent**. **Net earned premiums** in this segment **grew by 4.7 percent**.

In the **CEE markets**, the Vienna Insurance Group companies reported **premiums written** in property/casualty insurance of a total of **EUR 1.4 billion**, corresponding to a **plus of 2.0 percent**.

In the **non-CEE countries**, **premiums** in this segment increased slightly, totaling about **EUR 1.0 billion**. With **EUR 966.2 million**, premiums in **Austria** remained on the prior-year level. In **Germany**, **premiums** rose by **1.9 percent** to **EUR 37.6 million**.

Life insurance

The Group companies of Vienna Insurance Group reported **premiums written** in this segment of a total of more than **EUR 2.0 billion**. s Versicherung Group made a major contribution to the strong growth of **17.5 percent**.

In the **CEE markets**, the life insurance segment posted a **substantial growth of 16.1 percent**, increasing **premiums written** to **EUR 728.4 million**.

In **non-CEE markets**, **premiums written** amounted to **EUR 1.3 billion**; this corresponds to a **plus of 18.2 percent** compared to the same period of last year.

Health insurance

With **premiums written** of **EUR 164.9 million**, Vienna Insurance Group records a **growth of 1.3 percent** in this segment.

III. GROUP DATA BY REGIONS FIRST SIX MONTHS OF 2010 (CONSOLIDATED)

Austria

In the first six months of 2010, the Vienna Insurance Group companies reported **premiums written** of a total of **EUR 2.3 billion** in Austria, achieving an **increase by 6.2 percent**. In the **property/casualty insurance** segment, **premiums written** amounted to **EUR 966.2 million**. **Growing by 12.2 percent**, **premiums in life insurance** went up to **EUR 1.2 billion**.

Profit (before taxes) amounted to **EUR 138.1 million** in the first six months of 2010; compared to the same period of the previous year, a **plus of 4.3 percent** was achieved.

The **combined ratio** amounted to **95.1 percent**.

Czech Republic

The Group companies of Vienna Insurance Group increased **premiums written** in the Czech Republic to a total of **EUR 869.3 million**; this corresponds to a **plus of 11.9 percent**.

In the **non-life insurance** segment, **premiums written** amounted to **EUR 519.3 million**, going up by **2.3 percent**.

With a **significant increase** by **30.1 percent**, premiums written in **life insurance** rose to **EUR 350.0 million**.

Profit (before taxes) increased by **20.1 percent** to **EUR 67.6 million** compared to the same period of last year.

Despite damages paid due to storms, the **combined ratio** amounted to **95.7 percent** in the first six months of 2010.

Slovakia

In Slovakia, the Group companies reported a total of **premiums written** of **EUR 326.3 million** (plus 0.6 percent). A clear **increase** by **5.8 percent** was achieved by the Group in **net earned premiums**.

In the **non-life insurance** segment, **premiums written** of **EUR 167.2 million** were registered. **Growing** by **13.6 percent**, **premiums written** in the **life insurance** segment climbed to a total of **EUR 159.1 million**.

Profit (before taxes) rose from EUR 7.7 million to **EUR 12.9 million**.

The **combined ratio** improved to **95.2 percent**.

Poland

In Poland, the Vienna Insurance Group companies increased **premiums written** by **31.8 percent** to **EUR 346.5 million** in the first half of the current year.

In the **non-life insurance** segment, Vienna Insurance Group achieved an **increase** by **59.0 percent** to **EUR 270.9 million**.

With premiums of **EUR 75.7 million**, a decline of 18.2 percent was reported in **life insurance**, which can be attributed exclusively to the strong downward trend in the single premium business.

The **combined ratio** rose to more than 100 percent due to flood-related damage.

Profit (before taxes) amounted to **EUR 10.2 million** in the first half of the current year.

Romania

In the **non-life insurance** segment, **premiums** of **EUR 225.7 million** were written. Due to the revenue-oriented portfolio restructuring, a decline in premiums was reported.

In the **life insurance** segment, **premiums** went up by a remarkable **39.8 percent** to a total of **EUR 48.3 million**. This significant **increase** is mainly due to the strong selling power of BCR life insurance.

In the first half of 2010, the Romanian Group companies achieved **premiums written** of a total of **EUR 274.0 million** (minus 12.5 percent).

Profit (before taxes) rose by **18.7 percent** to **EUR 14.3 million**.

Due to the development of damages, 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, Ukraine, Hungary as well as the three Baltic states.

Premiums written totaled **EUR 289.8 million**, of which **EUR 194.5 million** were attributable to **non-life insurance**. In the **life insurance** segment, **premiums** of **EUR 95.3 million** correspond to a **plus** of **4.4 percent**.

Profit (before taxes) amounted to **EUR 3.6 million**, compared to a loss of EUR 2.3 million in the first six months of 2009.

Other markets

In **Germany** and **Liechtenstein**, the Group companies succeeded in more than doubling their premiums, earning **premiums written** of a total of **EUR 162.8 million**.

Profit (before taxes) amounted to **EUR 8.8 million**.

IV. RESTRUCTURING OF THE GROUP COMPLETED SUCCESSFULLY

On 3 August 2010, the restructuring of Vienna Insurance Group took legal effect after approval by the Austrian Financial Market Supervisory Authority. Besides exercising the usual international control functions of a listed group, **VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe** is also active in the reinsurance and international wholesale insurance business.

"I was highly impressed by the general agreement to approve the Group's new organisational structure, which was based on a unanimous resolution of the Annual General Meeting", stated Günter Geyer. "I am particularly proud of the fact that restructuring was implemented quickly and efficiently thanks to the firm commitment of our entire staff."

WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group – the Group's largest individual company in Austria – will therefore continue to be active in the property/casualty, life and health insurance business.

V. LAUNCH OF THE MOTOR LEGAL EXPENSES INSURANCE IN CEE

Continuously expanding its product portfolio, Vienna Insurance Group will offer legal expenses insurance for motor vehicles in Poland, the Czech Republic as well as in Slovakia. The Group companies insure about 5 million vehicles in these three countries already now. On this sound basis, the Group envisages excellent opportunities to expand customer relations by introducing motor legal expenses insurance. This step paves the way for a significant growth potential in the future.

VI. NEW CORE MARKET UKRAINE

With more than 45 million inhabitants, Ukraine is one of the most heavily populated countries of the CEE region. Vienna Insurance Group has been active in the life insurance segment in this market already since 2004, in the year 2005 it expanded its portfolio also in the non-life insurance segment. One of the most important consequences of the take-over of the TBIH shares, was the inclusion of UIG in the Group. This fast-growing non-life insurer with a strong future potential has optimally taken advantage of the favourable economic trend recorded in Ukraine since spring 2010. In view of this economic dynamism, the management of Vienna Insurance Group decided to make Ukraine the tenth core market of the Group and seeks to improve its strong position as one of the leading insurance groups in this country.

“We are always looking for new business opportunities. To this end, we examine our portfolio on an ongoing basis and adjust it to the needs and to demand. We have realised that the time is ripe for motor legal expenses insurance in selected CEE markets and have therefore started to expand our range of products in line with customer requirements. In Ukraine, the economic setting has improved considerably, and by making this country one of our core markets, our Group aims at achieving a leading position also in this insurance market”, Günter Geyer explained the reasons for intensifying the engagement.

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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Consolidated Balance Sheet (IFRS) 30 June 2010

Assets (in TEUR)	30/06/2010	31/12/2009	+/- %
A. Intangible assets	1,985,512	1,975,416	0.5
B. Investments	26,838,914	25,894,051	3.6
C. Investments of unit- and index-linked life insurance	5,150,767	4,628,446	11.3
D. Reinsurers' share in underwriting provisions	1,205,107	1,117,237	7.9
E. Receivables	1,730,388	1,563,449	10.7
F. Tax receivables and advance payments out of income tax	107,122	110,806	-3.3
G. Deferred tax assets	106,953	122,329	-12.6
H. Other assets	365,640	376,008	-2.8
H. Cash and cash equivalents	624,088	484,523	28.8
Total Assets	38,114,491	36,272,265	5.1

Liabilities and Shareholders' Equity (in TEUR)	30/06/2010	31/12/2009	+/- %
A. Shareholders' equity	4,874,186	4,628,573	5.3
B. Subordinated liabilities	545,226	545,349	0.0
C. Underwriting provisions	23,813,308	22,578,257	5.5
D. Unit- and index-linked underwriting provisions	4,873,683	4,376,160	11.4
E. Non-underwriting provisions	565,582	584,901	-3.3
F. Liabilities	2,962,744	3,052,245	-2.9
G. Tax liabilities out of income tax	100,185	112,351	-10.8
G. Deferred tax liabilities	161,612	160,035	1.0
H. Other liabilities	217,965	234,394	-7.0
Total Liabilities and Shareholders' Equity	38,114,491	36,272,265	5.1

Consolidated Income Statement (IFRS) 1 January 2010 - 30 June 2010

(in EUR mn)	6M 2010	6M 2009	+/- %
Gross premiums written	4,588.6	4,251.1	7.9
Net earned premiums	4,000.3	3,612.8	10.7
Financial result	646.6	471.6	37.1
Other income	85.5	62.0	37.8
Expenses for claims and insurance benefits	-3,416.6	-2,962.9	15.3
Operating expenses	-885.8	-823.6	7.6
Other expenses	-174.3	-129.6	34.5
Profit before taxes	255.6	230.3	11.0
Taxes	-45.8	-40.2	13.9
Profit for the period	209.8	190.0	10.4
Minority interests	-13.4	-10.2	30.9
Net profit after minorities	196.4	179.8	9.2

Combined Ratio (net)	98.3%	95.5%
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Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q2 2010	Q2 2009	+/- %
Gross premiums written	2,057.6	1,905.7	8.0
Net earned premiums	1,953.1	1,814.6	7.6
Financial result	336.2	233.4	44.0
Other income	53.0	20.8	155.1
Expenses for claims and insurance benefits	-1,688.7	-1,489.8	13.3
Operating expenses	-438.3	-413.7	5.9
Other expenses	-93.2	-55.8	67.1
Profit before taxes	122.2	109.4	11.7
Taxes	-21.6	-18.4	17.5
Profit for the period	100.5	91.0	10.5
Minority interests	-5.3	-5.9	-10.5
Net profit after minorities	95.2	85.1	11.9

Combined Ratio (net)	99.1%	94.6%
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Segment Reporting 1 January 2010 - 30 June 2010

Split by lines of business:

(in EUR mn)	P&C		Life		Health		Total	
	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009
<i>Gross premiums written</i>	2,381.3	2,349.6	2,042.4	1,738.6	164.9	162.8	4,588.6	4,251.1
A. Net earned premiums	1,814.9	1,734.2	2,022.7	1,718.2	162.6	160.4	4,000.3	3,612.8
B. Financial result ¹	106.5	86.9	525.7	379.5	14.4	5.2	646.6	471.6
C. Other income	22.2	38.6	63.2	23.3	0.0	0.1	85.5	62.0
D. Expenses for claims/benefits	-1,214.9	-1,128.7	-2,058.9	-1,697.2	-142.7	-137.1	-3,416.6	-2,962.9
E. Operating expenses	-520.4	-486.2	-346.8	-316.8	-18.6	-20.6	-885.8	-823.6
F. Other expenses	-81.8	-88.3	-92.4	-40.9	-0.2	-0.4	-174.3	-129.6
G. Profit before taxes	126.7	156.5	113.5	66.2	15.5	7.5	255.6	230.3

Split by regions:

(in EUR mn)	Austria		Czech Republic		Slovakia		Poland	
	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009
<i>Gross premiums written</i>	2,319.8	2,185.2	869.3	776.6	326.3	324.4	346.5	262.9
A. Net earned premiums	1,963.9	1,847.2	780.3	663.0	286.6	270.8	313.6	241.0
B. Financial result ¹	480.5	358.5	61.7	26.3	23.0	17.8	26.3	14.5
C. Other income	5.6	5.9	7.4	12.5	2.4	3.0	3.0	1.7
D. Expenses for claims/benefits	-1,958.6	-1,740.8	-544.9	-436.4	-228.6	-213.8	-195.8	-137.0
E. Operating expenses	-336.6	-316.4	-202.7	-172.6	-44.3	-47.0	-131.8	-99.5
F. Other expenses	-16.8	-22.1	-34.1	-36.6	-26.2	-23.1	-5.2	-6.3
G. Profit before taxes	138.1	132.3	67.6	56.3	12.9	7.7	10.2	14.4

(in EUR mn)	Romania		Other CEE		Other		Total	
	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009
<i>Gross premiums written</i>	274.0	313.0	289.8	300.7	162.8	88.4	4,588.6	4,251.1
A. Net earned premiums	250.4	272.3	247.1	233.9	158.3	84.6	4,000.3	3,612.8
B. Financial result ¹	20.2	25.2	26.4	19.9	8.4	9.3	646.6	471.6
C. Other income	9.0	20.7	5.4	4.4	52.6	13.7	85.5	62.0
D. Expenses for claims/benefits	-180.6	-209.5	-177.5	-165.9	-130.6	-59.5	-3,416.6	-2,962.9
E. Operating expenses	-75.8	-90.7	-81.3	-81.0	-13.3	-16.5	-885.8	-823.6
F. Other expenses	-9.0	-6.0	-16.5	-13.7	-66.5	-21.8	-174.3	-129.6
G. Profit before taxes	14.3	12.1	3.6	-2.3	8.8	9.7	255.6	230.3

¹ including result from shares in at-equity consolidated companies