

20 August 2009

Vienna Insurance Group reports stable development in the first half of 2009:

Group premiums significantly above EUR 4 billion

Profit (before taxes) of about EUR 230 million

Double-digit growth in numerous CEE markets

Cost measures lead to favorable operating result

Number 1 position in CEE core markets* further strengthened

*“During the first six months, Vienna Insurance Group has successfully continued its stable development. From a local perspective, growth remains strong in many Central and Eastern European markets – as expected by us. We strengthened our number one position in our core markets in CEE and clearly boosted our market share to 16 percent”, **Günter Geyer, CEO of Vienna Insurance Group**, commented on the development during the first half of 2009. “The economic situation differs from country to country, and our wide geographical diversification safeguards the stability of our Group even in difficult times. Thanks to the diversity of sales channels, our Group companies appeal to customers in different ways and they are able to respond quickly to changing market conditions. Moreover, our group-wide cost-cutting measures are starting to show effects after only six months.”*

I. OVERVIEW OF KEY GROUP DATA FOR THE 1st SIX MONTHS OF 2009 (in accordance with IFRS)**

In the first six months of 2009, **Vienna Insurance Group** achieved a total of **premiums written (consolidated) of EUR 4.25 billion**. Based on euros, this corresponds to an increase of **0.9 percent** compared to the same period of the previous year. The **net earned premiums** rose by **4.1 percent** (based on euros).

The Group companies of **Vienna Insurance Group** managed to stay on a growth path despite the currently difficult economic situation. Based on local currencies **Vienna Insurance Group** registered a significant **plus of 6.3 percent** of premiums written, while the net earned premiums climbed by **9.7 percent**.

* Definition CEE: Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Serbia and Hungary

** All statements for the first six months of 2009 include figures from s Versicherung Group and the BCR insurance companies. BA-CAV and Unita are included only in comparisons to the first six months of 2008.

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) • Cosmopolitan Life (HR) • Helios (HR) • Union Biztosito (HU) • Vienna-Life (LI) • Sigma (MK) • Compensa (PL) • InterRisk (PL) • Benefia (PL) • PZM (PL) • Omnisig (RO) • Omnisig Life (RO) • Asirom (RO) • BCR Asigurari (RO) • BCR Asigurari de Viata (RO) • Wiener Städtische Beograd (RS) • MSK-Life (RU) • Kooperativa (SK) • Komúnálna poisťovňa (SK) • Kontinuita (SK) • Ray (TR) • Kniazha (UA) • Globus (UA) • Jupiter (UA) • USG (UA) • Branches: Wiener Städtische (IT), Wiener Städtische (SI)

The **Group profit (before taxes, consolidated)** amounted to **EUR 230.25 million** in the first six months of 2009 which is compared to the international industry a very good result. The difficult situation in the capital markets as well as the one-off effects of the sale of BA-CAV and Unita last year led to a year-on-year decline (minus 20.1 percent). Compared to the first half of 2007, Vienna Insurance Group even succeeded in increasing the result by EUR 15 million; this corresponds to a plus of **7 percent**.

The adverse effects arising from storm damages – predominantly in Austria and the Czech Republic – were more than compensated for by the cost-cutting restructuring measures implemented by the management.

The **combined ratio of the Group after reinsurance** (excluding income from investments) stood at **95.5 percent** during the first six months of the current year; this is a slight improvement – contrary to the market trends. The loss ratio increased by about EUR 20 million net or 1.6 percentage points (which was mainly due to storm damages), while the Group's expense ratio dropped by 2.1 percentage points, corresponding to an amount of EUR 36 million.

The **financial result** for the first six months of 2009 amounted to **EUR 471.58 million**. The minus of 23.8 percent reflects the continuing difficult situation in the capital markets. A comparison with prior-year data is possible only to a limited extent due to the non-recurring effects of the sale of BA-CAV and Unita last year (EUR 325 million).

As of 30 June 2009, the **investments of the Group** amounted to **EUR 25.08 billion**. This is a **2.2 percent** increase from the level of 31 December 2008.

The **shareholders' equity** of the Group increased by **8.5 percent** to a total of **EUR 4.49 billion**.

II. DATA OF THE GROUP BY SEGMENTS 1st SIX MONTH OF 2009 (consolidated)

Property/casualty insurance

In the property/casualty segment, total **premiums written** of **EUR 2.35 billion** were registered. Based on local currencies, a 4.5 percent growth was achieved in this segment (minus 2.3 percent on a euro basis). The Group even succeeded in increasing the **net earned premiums** in this segment by **10.4 percent** based on local currencies.

In the **CEE markets**, the Group companies of the **Vienna Insurance Group** registered an increase in premiums of **6.4 percent** (in local currencies) compared to the same period of the previous year. Based on euros, they posted premiums written of **EUR 1.35 billion** (minus 4.9 percent).

In the **non-CEE countries**, **premiums** in this segment totaled **EUR 999.47 million**, corresponding to a year-on-year **increase of 1.6 percent**. In **Austria**, the Group companies registered premiums amounting to **EUR 962.60 million**, i.e. a plus of 1.6 percent. In **Germany**, **premiums** totaled **EUR 36.87 million**; this is a pleasing 3.5 percent increase compared to the first six months of the previous year.

Life insurance

In the life insurance segment, the Group companies of **Vienna Insurance Group** reported a total of **premiums written** of **EUR 1.74 billion**, i.e. plus **5.2 percent** compared to the same period of the previous year. This favorable result may be attributed mainly to the companies of s Versicherung. Vienna Insurance Group achieved a substantial increase of **9.8 percent** in **net earned premiums** compared to the same period of the previous year.

With **premiums written** totaling **EUR 627.40 million**, a remarkable plus of **11.7 percent** was registered in the **CEE markets**. Double-digit growth rates were reported in this segment, in particular in the Czech Republic, Slovakia, Romania, Croatia, Bulgaria and Hungary.

In **non-CEE** countries, **premiums written** in the life insurance segment amounted to **EUR 1.11 billion**, corresponding to an **increase of 1.8 percent** compared to the same period of the previous year.

Health insurance

In the health insurance segment, **Vienna Insurance Group** achieved a **2.9 percent** increase in **premiums written**, amounting to **EUR 162.85 million**.

III. DATA OF THE GROUP BY REGIONS 1st SIX MONTH OF 2009 (consolidated)

Austria

In the first six months of 2009, the Group companies of Vienna Insurance Group in Austria registered a total of **premiums written** of **EUR 2.19 billion**, corresponding to a year-on-year increase of **3.1 percent**.

In the **property/casualty** segment, premiums increased by **1.6 percent** to a total of **EUR 962.60 million**. In the **life** insurance segment premiums amounted to **EUR 1.06 billion**, exceeding the prior-year level by **4.5 percent**. This stable result of premiums is due to the first-time consolidation of s Versicherung. In contrast, Wiener Städtische Versicherung and Donau Versicherung registered a decline in the single premium business in the life insurance segment – in line with the market situation in Austria.

The **profit (before taxes)** amounted to **EUR 132.35 million** (minus 14.4 percent). Due to the sale of BA-CAV and Unita, a prior-year comparison is possible only to a very limited extent.

A great success was achieved by the Group as the **combined ratio** remained on a stable level of **94.7 percent** despite considerable flood and storm damages in the first six months.

Czech Republic

During the first half of 2009, the Group companies in the Czech Republic succeeded in continuing their excellent performance of the first three months of the year. Based on euros, a total of **premiums written** of **EUR 776.58 million (plus 12.4 percent)** was recorded in the first six months of 2009. **Premiums** totaled **EUR 507.64 million** (minus 2.5 percent) in the **non-life** insurance segment and **EUR 268.94 million (plus 57.7 percent)** in the **life** insurance segment.

On a local currency basis, a significant growth of **premiums written** of **22.9 percent** was reached in all segments. The premium volume in the **non-life** insurance segment grew by **6.6 percent**, while the life insurance segment registered a **72.4 percent** increase. Based on **net earned premiums**, an increase of no less than **33.7 percent** was reported compared to the same period of the previous year.

The **profit (before taxes)** was stepped up by an excellent **21.5 percent** to **EUR 56.32 million**.

The **combined ratio** continued to decrease, amounting to **88.4 percent** in the first six months of 2009. This favorable figure is mainly due to the decrease in the expense ratio by 1.6 percentage points, corresponding to more than EUR 6 million.

Slovakia

The result of the first six months of 2009 registered by the Group companies in Slovakia was equally pleasing. With **premiums written** of **EUR 324.40 million**, a plus of **9.0 percent** was achieved compared to the same period of the previous year. **Net earned premiums** increased by **10.2 percent** from the prior-year period.

Premiums in the **non-life** insurance segment totaled **EUR 184.41 million**; this corresponds to an **increase** by **5.1 percent**.

In the **life** insurance segment, a significant plus of **14.8 percent** was achieved from the prior-year level, with **premiums** amounting to **EUR 140.00 million**.

In the first six months of 2009, the **profit (before taxes)** amounted to **EUR 7.68 million**. Hence, the profit for the entire year 2008 has been exceeded significantly already now.

The **combined ratio** stood at **96.3 percent**.

Poland

On a euro basis, the Group companies of Vienna Insurance Group recorded a total of **premiums** of **EUR 262.91 million**. This corresponds to a minus of 33.3 percent, which may be attributed almost exclusively to the decline in the single premium business in the wake of the economic crisis. In the **non-life** insurance segment, **premiums** totaled **EUR 170.38 million** (i.e. a minus of 20.2 percent on a euro basis). In the **life** insurance segment, premiums amounted to **EUR 92.53 million**. This is a decrease by 48.7 percent compared to the same period of the previous year (euro basis).

Based on local currency, **premiums written** in the **non-life** insurance segment went up by **4.8 percent**. In the **life** insurance segment a decline by 32.6 percent was registered. Based on **net earned premiums**, a significant growth of **7.6 percent** was achieved in the **non-life** insurance segment.

The **profit (before taxes)** increased by **2.6 percent** to **EUR 14.42 million**.

The **combined ratio** amounted to **99.3 percent**.

Romania

In the first six months of 2009, the Group companies of Vienna Insurance Group posted **premiums written** of **EUR 313.01 million** (minus 13.2 percent), based on euros. Following the consolidation of the newly acquired life insurance BCR, **premiums** in the **life** insurance segment surged by **64.6 percent** (euro basis), totaling **EUR 34.59 million**. The **premium volume** in the **non-life** insurance segment amounted to **EUR 278.42 million** (minus 18.0 percent).

The Group companies of Vienna Insurance Group in Romania achieved an increase in **premiums written** of **0.6 percent** (based on local currency) compared to the first six months of 2008. An excellent **90.7 percent increase** (in local currency) was registered in the **life** insurance segment, while the premium volume shrank by 5.0 percent in the **non-life** insurance segment due to portfolio adjustments.

Based on **net earned premiums** (in local currency), the Group registered a growth of **9.0 percent** in Romania.

The **profit (before taxes)** amounted to **EUR 12.07 million**. A comparison with prior-year data is not conclusive due to the de-consolidation of Unita.

The **combined ratio** stood at **103.4 percent** but decreased by **4.6 percentage points** compared to the same period of the previous year. Despite the increase of the loss ratio by 1.9 percentage points, the combined ratio benefited from the decrease in the expense ratio by 6.4 percentage points.

Other CEE markets

The results of the Group companies of Vienna Insurance Group in the segment "Other CEE markets" for the first six months of 2009 include the following countries: Bulgaria, Croatia, Serbia, Turkey, Ukraine and Hungary as well as the three Baltic markets. The companies of the Group in Albania and Macedonia were included for the first time. A highly satisfactory increase in premiums (on a euro basis) was registered in **Hungary (plus 44.9 percent)**, in **Croatia (plus 18.0 percent)** and in **Bulgaria (plus 49.8 percent)**.

The total of **premiums written** in this segment increased by a remarkable **25.7 percent** to **EUR 300.66 million**.

With a total of premiums written of **EUR 209.32 million**, a sizeable plus of **22.1 percent** was achieved in the **non-life** insurance segment.

In the **life** insurance segment, premiums totaled **EUR 91.34 million**. This is a pleasing increase of **34.9 percent** compared to the first six months of 2008.

The **profit (before taxes)** in this segment (excluding Croatia) amounted to **EUR 5.13 million**.

In **Croatia**, a one-off provision of about EUR 10 million had to be recognized in the financial statements due to a regulatory reduction of the guaranteed interest on life insurance contracts. This had an adverse effect on the result.

Other markets

In **Germany and Liechtenstein**, the Group companies registered **premiums** totaling **EUR 88.39 million** in the first six months of 2009.

The **profit (before taxes)** increased by **11.2 percent** to **EUR 9.69 million**.

IV. FUTURE-ORIENTED ACTION PROGRAMME

The future-oriented and group-wide action programme of Vienna Insurance Group announced in March 2009 shows early signs of success. To ensure that the Group – the number one in CEE – will be able to strengthen its competitiveness despite a difficult economic setting, measures focusing on the realisation of potentials were taken in all Group companies.

"Our group-wide action programme launched in spring is already starting to take effect. Thanks to well-aimed measures, we have been able to realise potentials and cut our costs by almost EUR 40 million across the Group", Günter Geyer commented on the early signs of success of the group-wide action programme. "We are making excellent progress in achieving the objective we set for ourselves, namely to cut costs by EUR 100 million within the deadline fixed by us."

As the leading Group company, Wiener Städtische Versicherung in **Austria** will realise a comprehensive customer care optimisation programme. A total of four service centers will in the future help to reduce the workload of the regional head offices in charge of sales and customer service. By bundling tasks in the service centers for the property and personal accident insurance as well as collection, the claims and benefit reports of the customers are handled centrally and efficiently. Moreover, the reduction of cross-sectoral material costs was taken into account in planning by decreasing the costs of buildings, optimising IT systems and benefiting from cost advantages in procuring materials. The measures planned in Austrian and CEE will take effect by the end of 2010. Similar optimisation measures will be implemented in numerous Group companies of Vienna Insurance Group in Central and Eastern Europe.

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 2009

Assets (in TEUR)	30/06/2009	31/12/2008	+/- %
A. Intangible assets	2,011,292	1,648,941	22.0
B. Investments	25,077,796	24,547,565	2.2
C. Investments of unit- and index-linked life insurance	4,021,557	3,602,404	11.6
D. Reinsurers' share in underwriting provisions	1,081,051	1,222,261	-11.6
E. Receivables	1,762,154	1,500,067	17.5
F. Deferred tax assets	136,812	131,170	4.3
G. Other assets	582,818	393,385	48.2
H. Cash and cash equivalents	385,477	619,327	-37.8
Total Assets	35,058,957	33,665,120	4.1

Liabilities and Shareholders' Equity (in TEUR)	30/06/2009	31/12/2008	+/- %
A. Shareholders' equity	4,488,836	4,138,790	8.5
B. Subordinated liabilities	545,594	501,242	8.8
C. Underwriting provisions	22,251,992	21,682,367	2.6
D. Unit- and index-linked underwriting provisions	3,833,572	3,346,773	14.5
E. Non-underwriting provisions	649,093	752,022	-13.7
F. Liabilities	2,891,064	2,842,755	1.7
G. Deferred tax liabilities	164,876	141,483	16.5
H. Other liabilities	233,930	259,688	-9.9
Total Liabilities and Shareholders' Equity	35,058,957	33,665,120	4.1

Consolidated Income Statement (IFRS) 1 Jan. 2009 - 30 June 2009

(in EUR mn)	6M 2009	6M 2008	+/- %
Gross premiums written	4,251.14	4,215.14	0.9
Net earned premiums	3,612.80	3,471.30	4.1
Financial result	471.58	618.69	-23.8
Other income	62.00	30.67	>100
Expenses for claims and insurance benefits	-2,962.90	-2,912.36	1.7
Operating expenses	-823.63	-799.90	3.0
Other expenses	-129.60	-120.06	7.9
Profit before taxes	230.25	288.34	-20.1
Taxes	-40.22	-59.46	-32.4
Profit for the period	190.03	228.88	-17.0
Minority interests	-10.20	-21.14	-51.8
Net profit after minorities	179.83	207.74	-13.4

Combined Ratio (net)	95.5%	95.9%
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Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q2 2009	Q2 2008	+/- %
Gross premiums written	1,905.71	1,903.89	0.1
Net earned premiums	1,814.55	1,734.49	4.6
Financial result	233.43	443.11	-47.3
Other income	20.79	13.21	57.4
Expenses for claims and insurance benefits	-1,489.84	-1,553.25	-4.1
Operating expenses	-413.72	-408.30	1.3
Other expenses	-55.78	-65.76	-15.2
Profit before taxes	109.43	163.50	-33.1
Taxes	-18.42	-33.48	-45.0
Profit for the period	91.01	130.01	-30.0
Minority interests	-5.93	-13.69	-56.7
Net profit after minorities	85.08	116.33	-26.9

Combined Ratio (net)	94.6%	96.4%
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Segment Reporting 1 Jan. 2009 - 30 June 2009

Split by lines of business:

(in EUR mn)	P&C		Life		Health		Total	
	6M 2009	6M 2008	6M 2009	6M 2008	6M 2009	6M 2008	6M 2009	6M 2008
<i>Gross premiums written</i>	2,349.64	2,403.81	1,738.65	1,653.14	162.85	158.19	4,251.14	4,215.14
A. Net earned premiums	1,734.17	1,690.14	1,718.21	1,625.47	160.42	155.69	3,612.80	3,471.30
B. Financial result ¹	86.90	154.25	379.51	458.26	5.17	6.19	471.58	618.69
C. Other income	38.59	19.17	23.34	11.49	0.07	0.01	62.00	30.67
D. Expenses for claims/benefits	-1,128.67	-1,072.29	-1,697.16	-1,700.95	-137.07	-139.12	-2,962.90	-2,912.36
E. Operating expenses	-486.21	-494.68	-316.79	-284.65	-20.63	-20.57	-823.63	-799.90
F. Other expenses	-88.27	-88.78	-40.91	-30.88	-0.42	-0.39	-129.60	-120.06
G. Profit before taxes	156.51	207.80	66.20	78.73	7.54	1.82	230.25	288.34

Split by regions:

(in EUR mn)	Austria		Czech Republic		Slovakia		Poland	
	6M 2009	6M 2008	6M 2009	6M 2008	6M 2009	6M 2008	6M 2009	6M 2008
<i>Gross premiums written</i>	2,185.18	2,120.36	776.59	690.96	324.40	297.52	262.91	393.93
A. Net earned premiums	1,847.25	1,757.82	662.98	541.97	270.78	245.67	240.96	361.42
B. Financial result ¹	358.54	488.08	26.32	23.37	17.82	9.88	14.50	6.39
C. Other income	5.89	5.03	12.53	6.55	3.00	1.43	1.71	3.66
D. Expenses for claims/benefits	-1,740.84	-1,745.60	-436.37	-353.93	-213.83	-170.81	-136.97	-225.83
E. Operating expenses	-316.42	-316.08	-172.56	-142.85	-46.99	-48.83	-99.48	-120.74
F. Other expenses	-22.08	-34.71	-36.58	-28.78	-23.10	-21.47	-6.30	-10.85
G. Profit before taxes	132.35	154.53	56.32	46.34	7.68	15.86	14.42	14.06

(in EUR mn)	Romania		Other CEE		Other		Total	
	6M 2009	6M 2008	6M 2009	6M 2008	6M 2009	6M 2008	6M 2009	6M 2008
<i>Gross premiums written</i>	313.01	360.52	300.66	239.16	88.39	112.68	4,251.14	4,215.14
A. Net earned premiums	272.32	289.55	233.91	178.51	84.60	96.36	3,612.80	3,471.30
B. Financial result ¹	25.21	76.01	19.95	6.88	9.25	8.08	471.58	618.69
C. Other income	20.74	9.30	4.45	3.28	13.69	1.42	62.00	30.67
D. Expenses for claims/benefits	-209.53	-228.97	-165.86	-113.69	-59.50	-73.53	-2,962.90	-2,912.36
E. Operating expenses	-90.69	-93.88	-80.98	-65.79	-16.53	-11.73	-823.63	-799.90
F. Other expenses	-5.99	-7.46	-13.74	-4.90	-21.82	-11.89	-129.60	-120.06
G. Profit before taxes	12.07	44.55	-2.27	4.29	9.69	8.71	230.25	288.34

¹ including result from shares in at-equity consolidated companies