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## **Excellent result of Vienna Insurance Group in 2010<sup>1</sup>:**

**Increase of premiums written by 6.1 percent to EUR 8.7 billion**

**Significant plus of Group profit for the year (before taxes) by almost 15 percent to about EUR 505 million**

**Planned increase of dividend to EUR 1 per share<sup>2</sup>**

## **Excellent capitalisation of the Group**

*“By achieving very remarkable growth rates in a challenging period, we accomplished something quite unexpected in 2010. Both in Austria and in Eastern Europe, we succeeded in boosting premiums significantly. We recorded strong increases, notably in the life insurance segment. Through its banking distribution channel, s Versicherung Group realises its full potential, in particular also in Eastern Europa“, notes **Günter Geyer, CEO of Vienna Insurance Group**. He further explains: “We have taken full advantage of the past months to restructure our Group to suit the needs of its new size. Hence, we will meet the requirements of efficient corporate management to an even greater extent. Based on this approach, we continued to improve profitability. We expect an increase in the result for the year 2010 by about 15 percent. The steadily growing contribution of the Group companies outside Austria to the profit for the year demonstrates that our long-term corporate goals materialise. Moreover, we have recently added some elements to expand business in the future. Thanks to the foundation of life insurance companies in Montenegro and Macedonia, we are opening up new markets. We have considerably strengthened our position in Albania. In this context, I would like to mention that our Group meets the capital adequacy requirement by more than 200 percent. The Group therefore has an excellent level of capitalisation.”*

### **I. OVERVIEW OF KEY DATA FOR THE YEAR 2010**

Based on preliminary data, **Vienna Insurance Group** reported **unconsolidated premiums written of EUR 8.7 billion** in the financial year 2010, corresponding to an **increase of 6.1 percent**. In the **non-life insurance** segment Vienna Insurance Group achieved **premiums written of EUR 4.8 billion**, i.e. a **plus of 2.0 percent**. After a **strong increase of 11.7 percent**, the Group's **premiums in the life insurance segment total EUR 3.9 billion**.

According to preliminary figures, the **Group profit (before taxes, consolidated)** predicted for 2010 will amount to **about EUR 505 million**. This corresponds to an **increase by almost 15 percent**.

<sup>1</sup> The figures are based on preliminary data, are unconsolidated and have not been audited. All data are stated in Euro.

<sup>2</sup> Subject to the approval of the corporate bodies

The management of Vienna Insurance Group assumes that the **Group's combined ratio (net, after reinsurance)** will amount to about 98 percent in 2010 – despite the heavy burden caused by natural disasters.

## **II. DIVIDEND**

The Managing Board plans to propose to the corporate bodies an **increase of the dividend** from EUR 0.90 to **EUR 1.0 per share** for the financial year 2010. This reflects the steady increase in the Group's earnings and complies with its long-term dividend policy of distributing at least 30 percent of the Group profit (after taxes and minority interests).

## **III. DEVELOPMENT IN KEY REGIONS IN THE YEAR 2010**

### **Austria**

Based on preliminary data, the Austrian Group companies earned **premiums of EUR 4.0 billion**, reporting a plus of **4.5 percent**.

In the **non-life insurance** segment **premiums** went up by **1.2 percent** to a total of **EUR 1.9 billion**. In the **life insurance** segment the Group earned **premiums** of **EUR 2.1 billion** in Austria. This strong increase of **7.5 percent** is mainly due to the strong upward trend in the single-premium business.

### **Czech Republic**

The premiums of the three Czech Group companies **Kooperativa pojišťovna, a.s.**, **Česká podnikatelská pojišťovna, a.s.** and **Pojišťovna České spořitelny, a.s.** climbed significantly by **10.2 percent** from the prior-year level to a total of **EUR 1.8 billion**.

With **premiums surging by 20.4 percent** to **EUR 740.4 million**, the **life insurance business** proved to be the growth engine. In the **non-life insurance** segment premiums earned rose to EUR 1.1 billion.

### **Slovakia**

With preliminary premiums written of a total of **EUR 658.9 million**, the Slovak Group companies **Kooperativa poisťovňa, a.s.**, **Komunálna poisťovňa, a.s.** as well as **Poisťovňa Slovenskej sporiteľne, a.s.** achieved a **growth of 3.2 percent**.

**A double-digit growth rate of 15.5 percent** was reported in the **life insurance** segment, with **premiums** totalling **EUR 340.5 million**. In the **non-life insurance** segment **premiums** declined to **EUR 318.4 million**.

### **Poland**

The Polish Group companies of Vienna Insurance Group succeeded in achieving growth rates exceeding the market rate several times. With **premiums** written of **EUR 753.6 million**, they achieved a **significant increase of 25.7 percent**.

In the **non-life insurance** segment the Group recorded an impressive **increase of 28.9 percent**, with **premiums** amounting to **EUR 564.9 million**. In the **life insurance** segment the Group earned **premiums of EUR 188.7 million**. This **increase by 17.0 percent** is mainly due to the strong expansion of the single-premium business.

## **Romania**

In Romania Vienna Insurance Group earned **premiums** of a total of **EUR 536.0 million**. The yield-oriented portfolio restructuring in the non-life insurance segment led to a total decline of 12.8 percent.

In the **life insurance** business the Group earned **premiums of EUR 93.5 million** showing a **gratifying increase of 8.2 percent**, which may be attributed to a large extent to the banking distribution channel. In the **non-life insurance** segment **premiums of EUR 442.5 million** were achieved.

## **Sundry markets**

At present, the remaining markets of Vienna Insurance Group comprise Albania, Bulgaria, Germany, Georgia, Croatia, Liechtenstein, Macedonia, Russia, Serbia, Turkey, Ukraine, Hungary, Belarus as well as the three Baltic states. In these countries the companies of Vienna Insurance Group earned **premiums written** of a total of **EUR 907.3 million**, corresponding to an **increase by 7.5 percent**. By taking into account consolidation effects, premiums developed favourably in Ukraine, Macedonia and Turkey.

## **IV. OUTLOOK FOR THE FINANCIAL YEAR 2011**

According to the latest revision of economic forecasts, Austria's economic development will be slightly better than predicted only recently. These forecasts assume in particular that the economy in the Eastern European markets will gain momentum, with growth rates ranging between 2 and 4 percent. Therefore the economic dynamism in this region is expected to distinguish itself positively from the development in the EU-15 countries. It is indispensable to take into account budget consolidation measures, which are showing effects in some countries only now – in the wake of the economic crisis.

Against this background, the management expects a low percentage increase in premiums for the year 2011. Nevertheless, the company aims at increasing the profit before taxes by about ten percent. The prerequisite is, however, that the economic and legal framework will not deteriorate significantly and that there will be no drastic trend in damage caused by natural disasters.

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.

Contact:

VIENNA INSURANCE GROUP (VIG)

Alexander Jedlicka

Head of Public Relations

Schottenring 30, 1010 Vienna

Tel.: +43 (0)50 350-21029

Fax: +43 (0)50 350 99-21029

E-Mail: [alexander.jedlicka@vig.com](mailto:alexander.jedlicka@vig.com)

You will also find this press release on <http://www.vig.com>