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Vienna Insurance Group in Poland:

Increased efficiency resulting from the planned merger between InterRisk and PZM

The **Vienna Insurance Group** is planning to concentrate its resources in the Polish non-life insurance market by merging the companies **InterRisk** and **PZM**. The plan is that in the future the two companies will market their products together throughout the country using the **InterRisk** brand. It is expected that the merger - which is still awaiting formal legal and regulatory approval - will be completed during the first half of 2012.

During the first half year 2011, InterRisk registered strong growth in premiums of 11.2 percent. Following very strong growth in previous years, PZM continues to focus on increasing profitability and growth in the non-motor insurance division and increased its premiums by 7.5 percent. The two companies, InterRisk and PZM, achieved total premiums of EUR 162.5 million during the first six months of 2011. The sales power of the two companies will be combined as a result of the merger and their market presence will be strengthened by using a common brand throughout the country.

"In general, the Vienna Insurance Group is continuing with its very successful multiple-brand strategy, but we are constantly reviewing the efficiency of our local sales structures. If we identify potential synergies, as is the case here in Poland, mergers are the logical result. The merging of the two companies in Poland provides us with a more compact market presence in one of our key geographical markets," explains **Günter Geyer, CEO of the Vienna Insurance Group**, before adding: *"By developing and expanding an effective sales structure over the last few years, we have been able to grow our business disproportionately in comparison to the market in general."*

Excellent financial results for the first half-year 2011

During the first six months of 2011, the Polish companies of the Vienna Insurance Group recorded total premiums of EUR 498.1 million, an increase of 43.7 percent compared to the same period in the previous year. The profit (before taxes) during the same period was EUR 24.6 million.

In the non-life insurance business, the Vienna Insurance Group achieved volumes of EUR 323.3 million, representing an increase of 19.4 percent in comparison to the previous year. In the life insurance segment, the Polish group companies recorded premiums of EUR 174.8 million, thereby achieving strong growth of 131.0 percent.

The Vienna Insurance Group in Poland

With a population of approximately 38 million, Poland is one of the largest markets in Central and Eastern Europe and is a core market for the Vienna Insurance Group. In 2010, the Polish market had an insurance penetration ratio (premiums as a percentage of GDP) of approximately 3.8 percent (EU15: 8.7 percent) and an insurance density (per capita premiums) of EUR 356 (EU15: approx. EUR 2,500).

The Vienna Insurance Group has been active in the Polish insurance market since 1998. Following the merger, the group will be represented by five companies and three different brands. These are Compensa life and non-life, Benefia life and non-life as well as InterRisk.

Strong market position of the Vienna Insurance Group

The Vienna Insurance Group was the 3rd largest insurer in Poland during the first quarter of 2011 in terms of the overall market as well as in the non-life insurance segment.

The Vienna Insurance Group is represented nationwide by approximately 170 branches and around 2,000 employees, who are responsible for providing excellent customer service.

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.

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