

21 August 2008

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## Vienna Insurance Group distinctly opposing the trend: Profit target for 2008 more than confirmed:

**Profit (before taxes) boosted by 34 percent to EUR 288 million in the first half of the year**

**CEE profit up 78 percent**

**Record growth in Group premiums: 4 billion euro mark surpassed already**

**Double-digit growth rates in all CEE core markets**

*"Our acquisition of all of Erste Group's insurance activities in CEE - a transaction already approved by the European Commission<sup>1</sup> in mid-June - will propel us clearly into the number one spot in our core markets in Central and Eastern Europe. We are already underlining this successful development of a domestic insurance group by the excellent growth rates we are achieving in this region", comments CEO Günter Geyer on the very satisfactory developments of Vienna Insurance Group during the first six months of the current year. "Despite the weakness of the capital markets we are clearly meeting our intended profit target for 2008 and, at approx. EUR 288 million, are posting a profit before taxes in the first half of 2008 that is up by one third. Both in the non-life segment and in the life segment we have achieved double-digit premium growth rates, thereby even further expanding our market positions – the newly acquired companies not as yet included. This sustained increase in profit and premiums is the result of a targeted, strategic deployment of our funds that is aimed at ensuring sustainable growth in all countries."*

### I. OVERVIEW OF KEY GROUP DATA FOR THE 1<sup>ST</sup> HALF OF 2008 (IFRS<sup>2</sup>)

In the first half of 2008, the **Vienna Insurance Group** achieved an excellent growth of **20.7 percent** compared to the previous year, with **consolidated premiums written** (without other insurance participation) at a total of **EUR 4.22 billion**.

<sup>1</sup> Subject to local approvals by the authorities.

<sup>2</sup> Recently purchased companies are not included in the Group figures for the Vienna Insurance Group. Furthermore, the insurance companies of Erste Group in Austria and abroad are not included.

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**Group profit (before taxes, consolidated)** was also increased by a significant **33.9 percent** to a total of **EUR 288.34 million**, which is up from the prior year by approx. **EUR 73 million**.

The **combined ratio of the Group after reinsurance** (without taking into account investment income) continues to show a positive trend, despite the damage incurred by the storms "Paula" and "Emma", and at **95.9 percent** was kept stable compared to the 96 percent reported for the previous year.

The **financial results** were at **EUR 618.69 million** in the first half of the current year and are thus up **11.8 percent** from the same period of 2007.

The final consolidation of insurers BA-CA Versicherung and Unita, which are in the process of being sold, lead to their deduction from the balance sheet and, consequently, to a decrease of the **investment volume of the Group** compared to 31 December 2007 by 10.3 percent to **EUR 20.84 billion**.

## **II. GROUP DATA CLASSED BY SEGMENTS, 1<sup>st</sup> HALF OF 2008 (consolidated)**

During the first six months of the current year, the Vienna Insurance Group was able to achieve double-digit growth rates in both the property/casualty and the life segment. Overall, a premium increase in the double-digit range was achieved in all core markets in the CEE region.

### **1. BUSINESS SEGMENTS RESULTS**

#### **Property/casualty insurance**

In the property/casualty segment, **premiums written** in the amount of **EUR 2.40 billion** were generated in the first half of 2008. Compared to the same period of the previous year, premiums were thus increased by an excellent **21.6 percent**.

The increase in premium volume achieved **in the CEE markets** was even more impressive. Group companies achieved growth rates of **37.2 percent** in this segment, generating **premiums written** of **EUR 1.42 billion**. The contribution of CEE Group companies to overall premiums in the property/casualty insurance segment is thus already at **59.1 percent**.

**Premiums** in this segment for **non-CEE markets** were at **EUR 983.36 million** (increase of **4.5 percent**). In **Austria**, Group companies generated premiums of **EUR 947.74 million** at a growth rate of **4.5 percent**. In the other markets (Germany), premiums written increased by **5.8 percent** to a total of **EUR 35.62 million**.

#### **Life insurance**

In the life insurance segment, the **Vienna Insurance Group** achieved overall premiums written of **EUR 1.65 billion**. This translates to an excellent **21.4 percent** increase as compared to the prior-year period (insurance companies of Erste Group not included).

The Group companies of the Vienna Insurance Group in this segment in the CEE region were particularly successful. The premium volume of **EUR 561.65 million** that they generated means that an excellent **50.5 percent** increase in premiums was achieved.

The CEE Group companies' share in the premiums for this segment therefore is already at about **34 percent**, following a level of approx. 27 percent in the same period last year.

For **non-CEE** countries **premiums written** in the life segment amounted to **EUR 1.09 billion**, which corresponds to a growth of **10.4 percent**. Of these, **Austria** generated **EUR 1.01 billion** (increase of 13.3 percent), with **EUR 77.07 million** being generated by the **other markets**. The 17.3 percent decrease in premium volume is due to the natural volatility of the single-premium business.

## **Health insurance**

In the health insurance segment, the **Vienna Insurance Group** registered premiums written of **EUR 158.19 million**, an increase of **2.1 percent**. As one of the leading health insurers, Wiener Städtische Versicherung AG Vienna Insurance Group is the only Group company selling sizeable volumes of health insurance products in Austria.

## **2. GEOGRAPHIC RESULTS**

In the first six months of the current year, the **premiums written in the CEE region** amounted to **EUR 1.98 billion**, exceeding the value of the prior-year period by **40.7 percent**.

In **non-CEE** countries (Austria, Germany, Liechtenstein), Group companies generated premiums of **EUR 2.23 billion** for the first half of 2008, which represents a growth of **7.1 percent**.

### **Austria**

Vienna Insurance Group premiums written for the first six months of 2008 amounted to **EUR 2.12 billion** (increase of 8.3 percent).

**Profit (before taxes)** increased by **11.5 percent** to **EUR 154.53 million** compared to the first six months of 2007.

### **Czech Republic**

The Group companies in the Czech Republic in the first half of 2008 generated an excellent market result totaling a premium volume of **EUR 690.96 million**, which was thus up **19.7 percent** from the same period of the previous year.

Premiums written in the **non-life segment** amounted to **EUR 520.46 million**. This represents a growth of **17.7 percent** in this segment as compared to the previous year's period. In the life segment, **premiums written** were even increased by **26.5 percent** to **EUR 170.50 million**.

**Profit (before taxes)** increased by **31.2 percent** to **EUR 46.34 million**.

### **Slovakia**

In the first half of 2008, Group companies in Slovakia achieved **premiums written** in the amount of **EUR 297.52 million**, growing **22.1 percent** as compared to the previous year's period. In the **non-life segment**, the premium volume was at **EUR 175.53 million** (increase of **9.1 percent**), while in the **life segment** a premium volume of **EUR 122.00 million**, hence an outstanding growth rate of **47.1 percent**, was achieved.

**Profit (before taxes)** amounted to **EUR 15.86 million**. This result was affected by the establishment of a special provision for old claims in connection with the former state-owned monopolist insurance provider in the amount of EUR 8 million.

## Poland

In the first half of 2008, Polish Group companies generated **premiums written** in the amount of **EUR 393.93 million**, which corresponds to an excellent growth rate of **59.1 percent**. This far-above-market-average growth was achieved both in the **non-life segment**, which posted a premium volume of **EUR 213.49 million** and a **36.7 percent** increase, and in the **life insurance** segment, which posted a premium volume of **EUR 180.45 million** and a **97.5 percent** increase.

**Profit (before taxes)**, for the first six months of the current year, amounted to **EUR 14.06 million**, which represents an increase of **61.6 percent**.

## Romania

The Romanian Group companies of the Vienna Insurance Group in the first six months of the current year achieved **premiums written** in the amount of **EUR 360.52 million** and hence an increase of **87.5 percent** compared to the previous year's period. In the **non-life segment**, premiums written were at **EUR 339.50 million (increase of 83.6 percent)**, while premiums in the amount of **EUR 21.02 million**, and hence an **increase of 183.4 percent**, were achieved in the **life segment**.

**Profit (before taxes)** increased to **EUR 44.55 million** due to the final consolidation of Unita (the Romanian insurance companies of Erste Group are not included).

## Other CEE

The result in the first half of 2008 for the Group companies of the Vienna Insurance Group for the 'other CEE' area includes the following countries: **Bulgaria, Croatia, Serbia, Turkey, Ukraine and Hungary**.

In these countries, **premiums written** in the first six months of 2008 amounted to **EUR 239.16 million**. This corresponds to a growth rate of **61.8 percent** as compared to the same period of the previous year.

In the **non-life segment**, the insurance companies generated a premium volume of **EUR 171.48 million**, which translates to an increase of **88.0 percent**.

Premiums written in the **life** segment amounted to **EUR 67.68 million**, corresponding to an increase of **19.6 percent**.

**Profit (before taxes)** for the first six months of the current year amounted to **EUR 4.29 million**.

## Other markets

In the first half of 2008, Group companies in **Germany and Liechtenstein** generated total **premiums** in the amount of **EUR 112.68 million**.

**Profit (before taxes)** was at **EUR 8.71 million** (an increase of **33.3 percent**).

The Vienna Insurance Group is a leading insurance group 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 group positions itself with the listed Wiener Städtische Versicherung AG Vienna Insurance Group, Donau Versicherung and Sparkassen Versicherung. Furthermore, it has a minority holding in Wüstenrot Versicherung.

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All news releases are also available at [www.viennainsurancegroup.com/ir](http://www.viennainsurancegroup.com/ir) > IR News.

## Consolidated Balance Sheet<sup>1</sup> (IFRS) 30 June 2008

Assets (in TEUR)	30/06/2008	31/12/2007	+/- %
A. Intangible assets	848,072	524,505	61.7
B. Investments	18,625,312	20,171,389	-7.7
C. Investments of unit- and index-linked life insurance	2,214,265	3,065,985	-27.8
D. Reinsurers' share in underwriting provisions	1,087,613	1,186,664	-8.3
E. Receivables	1,976,182	1,200,283	64.6
F. Deferred tax assets	82,754	33,861	144.4
G. Other assets	255,648	284,686	-10.2
H. Cash and cash equivalents	359,308	277,700	29.4
<b>Total Assets</b>	<b>25,449,154</b>	<b>26,745,073</b>	<b>-4.8</b>

Liabilities and Shareholders' Equity (in TEUR)	30/06/2008	31/12/2007	+/- %
A. Shareholders' equity	4,084,948	2,615,563	56.2
B. Subordinated liabilities	375,463	442,910	-15.2
C. Underwriting provisions	15,352,216	17,092,129	-10.2
D. Unit- and index-linked underwriting provisions	2,134,321	2,948,522	-27.6
E. Non-underwriting provisions	704,006	794,802	-11.4
F. Liabilities	2,585,244	2,688,674	-3.8
G. Deferred tax liabilities	124,173	80,765	53.7
H. Other liabilities	88,783	81,708	8.7
<b>Total Liabilities and Shareholders' Equity</b>	<b>25,449,154</b>	<b>26,745,073</b>	<b>-4.8</b>

<sup>1</sup> incl. final consolidation of BA-CA Versicherung and Unita

## Consolidated Income Statement (IFRS) 1 Jan. 2008 - 30 Jun. 2008

(in EUR mn)	6M 2008	6M 2007	+/- %
<i>Gross written premiums</i>	4,215.14	3,493.14	20.7
Net earned premiums	<b>3,471.30</b>	<b>2,829.11</b>	<b>22.7</b>
Net investment income	618.69	553.19	11.8
Other income	30.67	20.65	48.5
Claims and insurance benefits	-2,912.36	-2,420.59	20.3
Operating expenses	-799.90	-677.41	18.1
Other expenses	-120.06	-89.56	34.1
<b>Profit before taxes</b>	<b>288.34</b>	<b>215.40</b>	<b>33.9</b>
Tax expense	-59.46	-41.15	44.5
<b>Profit for the period</b>	<b>228.88</b>	<b>174.25</b>	<b>31.4</b>
Minority interests	-21.14	-13.63	55.2
<b>Net profit after minorities</b>	<b>207.74</b>	<b>160.63</b>	<b>29.3</b>

<b>Combined Ratio (net)</b>	<b>95.9%</b>	96.0%
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## Consolidated Income Statement (IFRS) - Quarterly Data

(in EUR mn)	Q2 2008	Q2 2007	+/- %
<i>Gross written premiums</i>	1,903.89	1,474.77	29.1
Net earned premiums	<b>1,734.49</b>	<b>1,364.76</b>	<b>27.1</b>
Net investment income	443.11	347.87	27.4
Other income	13.21	11.78	12.1
Claims and insurance benefits	-1,553.25	-1,235.84	25.7
Operating expenses	-408.30	-329.75	23.8
Other expenses	-65.76	-44.15	48.9
<b>Profit before taxes</b>	<b>163.50</b>	<b>114.67</b>	<b>42.6</b>
Tax expense	-33.48	-22.59	48.2
<b>Profit for the period</b>	<b>130.01</b>	<b>92.08</b>	<b>41.2</b>
Minority interests	-13.69	-7.43	84.3
<b>Net profit after minorities</b>	<b>116.33</b>	<b>84.65</b>	<b>37.4</b>

<b>Combined Ratio (net)</b>	<b>96.4%</b>	95.7%
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## Segment Reporting 1 Jan. 2008 - 30 Jun. 2008

### Split by Business Segments:

(in EUR mn)	P&C		Life		Health		Total	
	6M 2008	6M 2007	6M 2008	6M 2007	6M 2008	6M 2007	6M 2008	6M 2007
<i>Gross written premiums</i>	2,403.81	1,976.18	1,653.14	1,361.95	158.19	155.00	4,215.14	3,493.14
A. Net earned premiums	1,690.14	1,331.95	1,625.47	1,344.28	155.69	152.89	3,471.30	2,829.11
B. Net investment income	154.25	93.30	458.26	445.83	6.19	14.06	618.69	553.19
C. Other income	19.17	11.91	11.49	8.74	0.01	0.00	30.67	20.65
D. Claims and insurance benefits	-1,072.29	-861.48	-1,700.95	-1,423.85	-139.12	-135.26	-2,912.36	-2,420.59
E. Operating expenses	-494.68	-377.33	-284.65	-279.62	-20.57	-20.46	-799.90	-677.41
F. Other expenses	-88.78	-64.26	-30.88	-24.72	-0.39	-0.58	-120.06	-89.56
<b>G. Profit before taxes</b>	<b>207.80</b>	<b>134.09</b>	<b>78.73</b>	<b>70.66</b>	<b>1.82</b>	<b>10.66</b>	<b>288.34</b>	<b>215.40</b>

### Split by Regions:

(in EUR mn)	Austria		Czech Republic		Slovakia		Poland	
	6M 2008	6M 2007	6M 2008	6M 2007	6M 2008	6M 2007	6M 2008	6M 2007
<i>Gross written premiums</i>	2,120.36	1,957.75	690.96	577.12	297.52	243.76	393.93	247.56
A. Net earned premiums	1,757.82	1,611.24	541.97	445.82	245.67	189.91	361.42	216.29
B. Net investment income	488.08	478.74	23.37	21.60	9.88	12.19	6.39	12.13
C. Other income	5.03	4.40	6.55	5.51	1.43	1.22	3.66	1.76
D. Claims and insurance benefits	-1,745.60	-1,617.83	-353.93	-310.44	-170.81	-126.76	-225.83	-108.04
E. Operating expenses	-316.08	-308.42	-142.85	-108.53	-48.83	-40.91	-120.74	-105.94
F. Other expenses	-34.71	-29.61	-28.78	-18.63	-21.47	-18.00	-10.85	-7.51
<b>G. Profit before taxes</b>	<b>154.53</b>	<b>138.53</b>	<b>46.34</b>	<b>35.32</b>	<b>15.86</b>	<b>17.64</b>	<b>14.06</b>	<b>8.70</b>

(in EUR mn)	Romania		Other CEE		Other		Total	
	6M 2008	6M 2007	6M 2008	6M 2007	6M 2008	6M 2007	6M 2008	6M 2007
<i>Gross written premiums</i>	360.52	192.32	239.16	147.83	112.68	126.81	4,215.14	3,493.14
A. Net earned premiums	289.55	139.58	178.51	114.29	96.36	111.98	3,471.30	2,829.11
B. Net investment income	76.01	5.94	6.88	11.47	8.08	11.13	618.69	553.19
C. Other income	9.30	2.16	3.28	3.03	1.42	2.58	30.67	20.65
D. Claims and insurance benefits	-228.97	-83.29	-113.69	-77.02	-73.53	-97.21	-2,912.36	-2,420.59
E. Operating expenses	-93.88	-57.11	-65.79	-43.20	-11.73	-13.30	-799.90	-677.41
F. Other expenses	-7.46	-3.05	-4.90	-4.11	-11.89	-8.65	-120.06	-89.56
<b>G. Profit before taxes</b>	<b>44.55</b>	<b>4.22</b>	<b>4.29</b>	<b>4.45</b>	<b>8.71</b>	<b>6.54</b>	<b>288.34</b>	<b>215.40</b>