

**INTERIM REPORT 1<sup>ST</sup>–3<sup>RD</sup> QUARTER 2008**  
**VIENNA INSURANCE GROUP**

*Ready for tomorrow*





## LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

**Dear Shareholders,  
Ladies and Gentlemen,**

Uncertain economic times such as those we are currently experiencing call for bold and rapid action. I therefore welcome the package of measures that the Austrian federal government has put together to strengthen the inter-bank market and financial market stability. This is intended to ensure that, in Europe, the same competitive conditions apply to all – in particular, companies doing business across national borders.



*Günter Geyer,  
General Manager*

The Vienna Insurance Group itself possesses good capital resources, offering our insurance clients a high degree of security. This is also expressed by the fact that VIG RE, the Group's reinsurance company, was just recently awarded an A+ by the Standard & Poor's rating agency, i.e. the same rating as the Group's parent.

The collaboration with the group companies of our cooperation partner Erste Group, is proceeding in a highly gratifying manner. When the acquisition of the insurance companies was concluded, the cooperation agreements for individual markets that were worked out with the latter also became available to us. The planned sales confirm the ambitious plans that we have laid for joint distribution of insurance products. Already in the first nine

months of this year, sales of the newly acquired companies have grown by a third.

This, along with the premium developments in recent months, also demonstrates that the very pessimistic expectations harboured by financial markets with regard to the CEE region appear to be overblown. Similarly, the price trend of financial institutions on the Vienna Stock Exchange over the past few weeks would also seem to be unfounded. The experience we have acquired in our markets over two decades teaches us that, even with weak economic growth, the demand for insurance products will fundamentally continue, due to the "catch-up" process taking place in the region. It must in any event be assumed that the CEE region will show noticeably greater dynamism than Western Europe.

In the first nine months of 2008, the Vienna Insurance Group recorded total written premiums of more than EUR 6 billion. This represents an increase of just under 20%, a degree of growth that scarcely any other insurer in Europe can match. Correspondingly, consolidated pre-tax results posted an increase of more than 25% over the previous year. Hence, we are well en route, depending on the development of the capital markets in the 4<sup>th</sup> quarter of 2008, achieving the forecast Group profit before taxes in the amount of approximately EUR 540 million. For this reason, we are confident that, despite the capital increase of over 20% that took place, we shall be able to pay our shareholders a dividend for the 2008 financial year which will equal the previous year's level.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'G. Geyer'.

Günter Geyer



# BUSINESS DEVELOPMENT

## Vienna Insurance Group growth shows no sign of slowing yet:

- **Excellent premium development continues: six billion euro mark surpassed**
- **Czech Republic after three quarters for the first time posts over one billion euros in premiums**
- **Particularly strong growth in Poland and Romania**
- **Good outlook for 2008 continues**
- **Dividend for 2008 remains unchanged**

## MANAGEMENT REPORT

In the first three quarters of the current year, the Vienna Insurance Group was able to achieve a total growth in premiums of 19.6%. It thus continues to be among the fastest-growing insurance groups in Europe. Consolidated premiums written (excluding other insurance participations) totalled EUR 6.02 billion.

The Vienna Insurance Group thus for the first time surpassed the six billion euro premium mark on the Group level after three quarters.

The premium income of Bank Austria Creditanstalt Versicherung and Unita has been included only up to deconsolidation, i.e. 30 June 2008, and the premium income of Sparkassen Versicherung in Austria only as of 1 July 2008. Furthermore, the premium income of s Versicherung Group in the individual CEE countries and of the BCR insurances in Romania are not included.

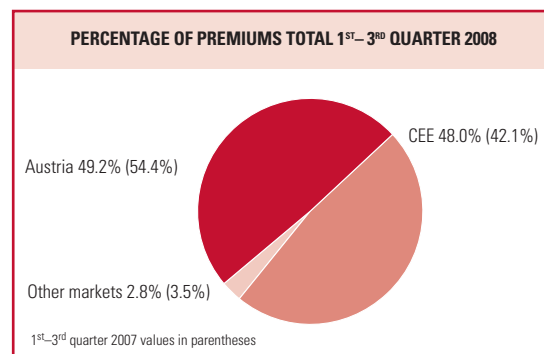
The year-on-year increase in Group profit before taxes was even more pronounced, rising by a remarkable 25.5% to a total of EUR 406.78 million.

At 96%, the combined ratio of the Group after reinsurance (not considering investment income) continues to remain clearly below the 100%-mark.

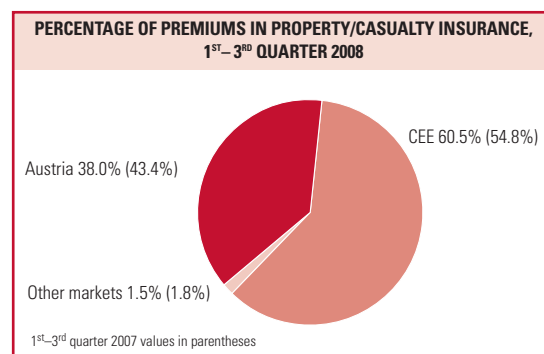
Financial results (before allocation to the mathematical reserve in life insurance) in the first three quarters of the current year amounted to EUR 806.24 million, a gain of 8.5% compared with the same period in 2007.

As of 30 September 2008, investment volume of the Group amounted to EUR 24.22 billion. This corresponds to a 20.1% increase compared to 31 December 2007.

## BUSINESS DEVELOPMENT BY CLASS



### Property and casualty insurance



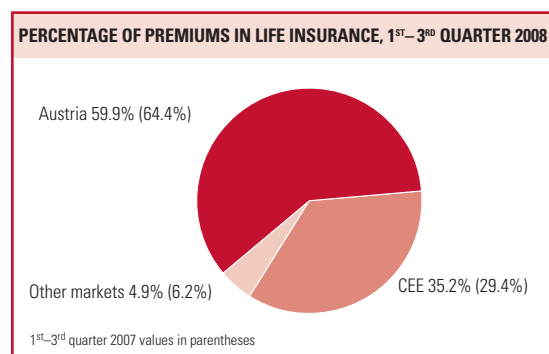
In the property/casualty segment, the Group was able to generate a total of EUR 3.38 billion in premiums written in the first three quarters of 2008. This is an outstanding gain of 21.0% compared to the same period of the prior year.

The premium volume achieved in this segment in the CEE markets even rose by 33.5%, to EUR 2.04 billion. The share of total property and casualty premiums con-

tributed by Group companies in the CEE region is approaching the two thirds mark (60.5%).

In non-CEE countries, premiums in this segment totalled EUR 1.34 billion (up 5.8%). In Austria, Group companies generated premiums of EUR 1.28 billion, representing a 5.8% growth. In the Other Markets (Germany), premiums written rose 5.6% to EUR 52.19 million.

## Life insurance



In the life insurance segment, the premium volume of the Vienna Insurance Group totalled EUR 2.40 billion, translating to a remarkable 19.6% increase over the prior-year period. As of 1 July 2008, this also includes the Austrian insurance company Sparkassen Versicherung.

The standout premium volume in this segment was achieved by Vienna Insurance Group companies in the CEE region. The first three quarters of 2008 saw a 43.2% growth – with premiums written amounting to EUR 844.35 million. The share of premiums in this segment accounted for by the Group companies in the CEE region now equals approximately 35.2%, with the upward trend thus continuing. These figures do not yet include those of s Versicherung Group in the CEE region.

In non-CEE countries, premiums written in the life insurance segment came in at EUR 1.56 billion. This corresponds to an increase of 9.8%. Austria generated EUR 1.44 billion of this amount (up 11.3%), with the Other Markets contributing EUR 118.80 million.

## Health insurance

In the health insurance segment, the Vienna Insurance Group recorded premiums written of EUR 236.57 million, an increase of 2.4%. As one of the leading health insurers, Wiener Städtische in Austria is the only Group company selling a sizeable volume of health insurance products.

## BUSINESS DEVELOPMENT OF THE GROUP BY REGION

### Segment reporting by region

in million EUR	premiums written – gross		profit before taxes	
	30.9.08	30.09.07	30.9.08	30.9.07
Austria	2,959.43	2,736.72	241.41	206.80
Czech Republic	1,006.74	842.27	70.49	57.65
Slovakia	422.82	362.79	11.27	26.10
Poland	609.14	390.73	17.93	13.21
Romania	494.80	301.73	51.96	4.41
Other CEE-markets*	353.88	222.32	1.14	4.96
Other markets**	170.99	175.26	12.59	11.09
<b>Total</b>	<b>6,017.80</b>	<b>5,031.82</b>	<b>406.78</b>	<b>324.21</b>

\* Other CEE-markets: Bulgaria, Croatia, Hungary, Serbia, Turkey and Ukraine

\*\* Other markets: Germany, Liechtenstein

In the first three quarters of the current year, premiums written in the CEE region amounted to EUR 2.89 billion. This corresponds to an increase of 36.2% over 2008.

In non-CEE countries (Austria, Germany, Liechtenstein), the Group companies generated premiums of EUR 3.13 billion in the first nine months of 2008, which translates to a growth rate of 7.5%.

### Austria

Premiums written by the Vienna Insurance Group in the first three quarters of 2008 amounted to EUR 2.96 billion (up 8.1% incl. health insurance). The Austrian insurance company Sparkassen Versicherung was first included in the consolidation in the third quarter. Premiums written in casualty/property came in at EUR 1.28 billion. This represents a gain of 5.8%. In the life segment, premiums amounted to EUR 1.44 billion (up 11.3%).

Profit before taxes increased by 16.7% over the first nine months of 2007, to EUR 241.41 million.

### Czech Republic

In total, the Group companies in the Czech Republic again achieved double-digit premium growth of an excellent 19.5% in the first nine months of the current year, surpassing the one billion euro mark for the first time after three quarters (total premiums written: EUR 1.01 billion).

Premiums written in the non-life segment came in at EUR 751.96 million, which represents a year-on-year growth of 18.0%. In the life segment, premiums written were even increased by 24.2% to EUR 254.78 million.

Profit before taxes rose by 22.3% to EUR 70.49 million.

### Slovakia

The Group companies in Slovakia also recorded an outstanding premium development in the first three quarters of 2008. They achieved a total of EUR 422.82 million in premiums written, growing a magnificent 16.5% compared to the prior-year period. In the non-life segment, the premium volume amounted to EUR 247.36 million (up 9.1%), while a premium volume of EUR 175.46 million, and thus a growth rate of 29.0%, was achieved in the life segment.

Profit before taxes amounted to EUR 11.27 million. This result was affected mainly by the establishment, required by law, of a special provision for old claims in connection with the former state-owned monopolist insurance provider.

### Poland

In the first nine months of 2008, the Polish Group companies generated premiums written in the amount of EUR 609.14 million, gaining excellent 55.9%. Both in the non-life and in the life segments, premiums grew at excellent rates. The premium volume rose by 34.9% to EUR 324.08 million in the non-life segment and by 89.3% to EUR 285.06 million in the life segment.

At EUR 17.93 million, and an increase of 35.7%, profit before taxes continued to develop very positively in the first nine months of the current year.

### Romania

The Romanian Group companies of the Vienna Insurance Group (OMNIASIG S.A. Vienna Insurance Group, OMNIASIG Asigurari de Viata S.A. Vienna Insurance Group and ASIROM S.A. Vienna Insurance Group; Unita until 30 June 2008) achieved premiums written in the amount of EUR 494.80 million in the first nine months of the current year, or an increase of 64.0% over the prior-year period. In the non-life segment, premiums written amounted to EUR 466.23 million (up 60.2%), while premiums rose by 167.5% to EUR 28.57 million in the life segment.

Profit before taxes rose to EUR 51.96 million, also due to the sale of the Unita insurance company.

### Other CEE markets

Group companies in the following countries are included in the results of the Vienna Insurance Group in the Other CEE markets achieved in the first nine months of 2008: Bulgaria, Croatia, Hungary, Serbia, Turkey and Ukraine.

In these countries, premiums written in the first nine months of 2008 came in at EUR 353.88 million. This corresponds to an increase of 59.2% over the same period of the prior year. In the non-life segment, the Group companies in these countries generated a premium volume of EUR 253.40 million, or a remarkable 87.2% increase. In the life segment, premiums written in the amount of EUR 100.47 million, representing a 15.5% growth rate, were recorded.



Profit before taxes in the first nine months of the current year amounted to EUR 1.14 million.

#### Other Markets

Group companies in Germany and Liechtenstein generated premiums totalling EUR 170.99 million in the first three quarters of 2008.

Profit before taxes amounted to EUR 12.59 million (up 13.5%).

#### BUSINESS DEVELOPMENT OF THE GROUP IN THE 3<sup>RD</sup> QUARTER 2008

With consolidated premiums written (excluding other insurance participations) totalling EUR 1.80 billion, the Vienna Insurance Group, in the 3<sup>rd</sup> quarter of 2008, achieved an increase of 17.2% as compared to the same period of the previous year.

The Group's profits before taxes increased in the 3<sup>rd</sup> quarter of 2008 to a total of EUR 118.43 million. This corresponds to an 8.8% gain as compared to the same period of the previous year.

#### OUTLOOK

Depending on the development of the capital markets in the 4<sup>th</sup> quarter of 2008, the Group will be able to achieve the forecast Group profit before taxes in the amount of approximately EUR 540 million.

As regards the international capital markets, almost all forecasts of financial results have proved wrong so far. Therefore, the Vienna Insurance Group will fix its targets for 2009 to 2011 only after observing the further development. In any case, the managing board of the Vienna Insurance Group in 2009 will seek to at least repeat and – depending on the capital market development – outperform the expected very good result for 2008.

Based on its knowledge of its CEE markets, the Vienna Insurance Group assumes that the achievable premium growth in this region over the next few years will again be clearly above that of Western Europe, as insurance markets in the CEE region are not yet as saturated as those in Western Europe.



## CURRENT VIENNA INSURANCE GROUP TOPICS

- **Vienna Insurance Group – Closing of transaction with Erste Group<sup>1</sup>**
- **Vienna Insurance Group – Supervisory board establishes new, future-oriented management structures to reflect strong expansion**
- **Austria – Closing of sale of Bank Austria Creditanstalt Versicherung AG shares**
- **Czech Republic – CEE-Reinsurer VIG RE zajišťovna, a.s. has appointed top management**
- **Czech Republic – Excellent Standard & Poor's Rating for Vienna Insurance Group reinsurance**

### **Vienna Insurance Group – Closing of transaction with Erste Group**

Following approval by the relevant competition and local regulatory authorities in Austria, Croatia, the Czech Republic, Hungary and Slovakia, the Vienna Insurance Group has successfully completed the acquisition of the insurance operations of Erste Group Bank AG in Austria and in Central and Eastern Europe according to plan<sup>1</sup>. A crucial part of the deal is a long-term distribution agreement, which provides the Vienna Insurance Group with access to the nationwide sales network of Erste Group, consisting of more than 16 million customers and over 2,900 branches. Both corporate groups have agreed to preferentially distribute the products of the other partner via their sales networks. The already concluded local distribution agreements forming the basis of the cooperation between Vienna Insurance Group companies and Erste Group companies underline expectations with respect to the positive contributions of the newly acquired Group companies to the overall results of the Vienna Insurance Group.

Overview of the new insurance companies joining the Vienna Insurance Group:

*Austria:* With the conclusion of this transaction, Vienna Insurance Group has a 95% holding in the Sparkassen Versicherung Aktiengesellschaft (s Versicherung), the second largest Austrian life insurer. In 2007 s Ver-

sicherung registered premium income (gross written premiums) of EUR 808.5 million. Vienna Insurance Group holds first place in the Austrian insurance market.

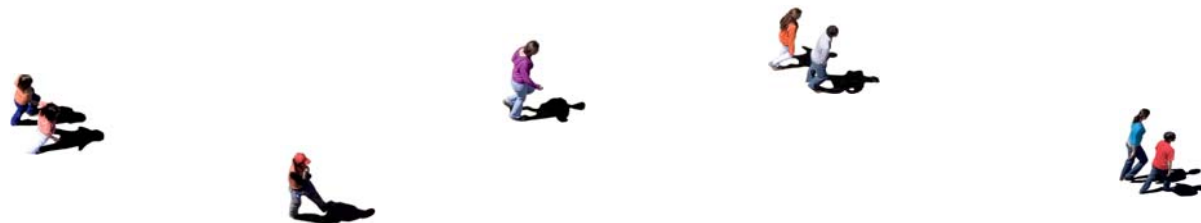
*Czech Republic:* In the Czech Republic, the Vienna Insurance Group holds 95% of the shares in the country's fourth biggest life insurance company, the Pojišťovna České spořitelny, a.s. (PCS). The premium income (gross written premiums) of PCS in 2007 was EUR 232.9 million. The Vienna Insurance Group is the second largest insurer in the Czech insurance market.

*Slovakia:* In Slovakia, the Vienna Insurance Group holds 95% of the shares in Poistovňa Slovenskej sporitel'ne, a.s., the tenth largest insurer in the country. Gross written premiums of EUR 24.8 million were achieved in 2007. The Vienna Insurance Group holds second place in the Slovakian insurance market.

*Croatia:* In Croatia, the Vienna Insurance Group holds 95% of the shares in Erste Sparkassen osiguranje d.d. za životno osiguranje, which had a premium income (gross written premiums) of EUR 8.9 million in 2007. Vienna Insurance Group is the fourth largest insurer in the Croatian insurance market.

*Hungary:* In Hungary, the Vienna Insurance Group holds 95% of the shares in ERSTE Sparkassen Biztosító Zártkörűen Működő Részvénytársaság, which had premi-

<sup>1</sup> Subject to official approval in Romania





um income (gross written premiums) of EUR 36.0 million in 2007. Vienna Insurance Group has therefore become the eight largest insurer in this country.

*Romania:* Subject to approval, the Vienna Insurance Group will acquire approximately 88.5% of the shares in the life insurance company BCR Asigurari de Viata and non-life insurer BCR Asigurari. Banca Comerciala Româna (BCR) will retain 5% of the Romanian life insurer. The remaining holdings of both companies are owned by minority shareholders. In 2007, premium volumes for life insurance were EUR 23.0 million; for non-life insurance the figure was EUR 155.2 million. With its own insurance companies, Vienna Insurance Group was already the number one in the Romanian insurance market.

*Serbia and Ukraine:* Erste Group has no insurance companies in Serbia and Ukraine that are to be sold as part of this transaction. However, a distribution agreement will also be concluded with the companies of Erste Group and the insurance companies of the Vienna Insurance Group in these countries.

With the closing of this transaction, the Vienna Insurance Group will assume the number one market position in the CEE<sup>2</sup> region amongst internationally active insurance groups.

#### **Vienna Insurance Group – Supervisory board resolves on new, future-oriented management structures to reflect strong expansion**

Expansion into the CEE area has been implemented step by step since 1990. Today the Vienna Insurance Group is represented in 23 countries of Central and Eastern Europe by about 50 insurance companies. The Vienna Insurance Group's vigorous growth over the past few years now requires an updated, future-oriented form of Group management by the managing board. Accordingly, the supervisory board of WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP carried the motion put forward by CEO Günter Geyer at a meeting on 23 September 2008 to modify the top management structures of the Vienna Insurance Group to suit the strong expansion that the insurance group has achieved over the past few years.

Once the amendment to the Articles of Association that provides for an increased number of members of the managing board, has come into effect, four new managing board members will be appointed. These new mem-

bers are Martin Diviš, Christine Dornaus, Judit Havasi and Erich Leiß. The entire managing board of the WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP will thus be composed of ten members as of May 2009. Furthermore, Franz Fuchs und Roland Gröll are nominated as deputies for the entire managing board.

The entire managing board will be divided into two committees, one dealing primarily with issues relating to the entire Group (Vienna Insurance Group), the other focusing on the management of Wiener Städtische in Austria (Wiener Städtische). The two committees will be composed as follows as of May 2009:

#### **Vienna Insurance Group Committee:**

Günter Geyer  
(Chairman)  
Karl Fink  
Martin Diviš  
Peter Hagen  
Peter Höfinger  
Martin Simhandl

#### **Wiener Städtische Austria Committee:**

Günter Geyer  
(Chairman)  
Robert Lasshofer  
Christine Dornaus  
Judit Havasi  
Erich Leiß

The entire managing board and both committees will be headed by Günter Geyer. The terms of office of all managing board members will run until 30 June 2013.

#### **Austria – Closing of sale of Bank Austria Creditanstalt Versicherung AG shares**

In acquiring the insurance operations of Erste Group Bank AG, WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP had announced its intention to sell the shares in Bank Austria Creditanstalt Versicherung AG. The European Commission approved the acquisition of these shares by ERGO Versicherungsgruppe in a simplified procedure on 19 September 2008. Accordingly, the sale of all of the corporate shares (60.54%) held by the Vienna Insurance Group in Bank Austria Creditanstalt Versicherung AG to ERGO Versicherungsgruppe has been completed.

#### **Czech Republic – CEE-Reinsurer VIG RE zajišťovna, a.s. has appointed top management**

VIG RE zajišťovna, a.s. commenced its business activities in Prague at the beginning of September. The composition of the managing board was decided in a first and constitutive sitting of the reinsurance company. Eva-Maria Stackl, administrative manager of the Group's

<sup>2</sup> CEE region is defined as follows: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia.



## CURRENT TOPICS

reinsurance unit, and Claudia Stransky, based in Prague and active in the area of industrial insurance, were appointed members of the managing board. Eva-Maria Stackl will take on the role of Chief Organization Officer, and Claudia Stransky will coordinate reinsurance within the Vienna Insurance Group. The role of chairman of the managing board of VIG RE was assigned to Peter Hagen, Member of the Executive Board of the Vienna Insurance Group. The VIG RE Managing Board thus consists of: Peter Hagen (Chairman of the Managing Board), Eva-Maria Stackl (Member of the Managing Board) and Claudia Stransky (Member of the Managing Board).

### **Czech Republic– Excellent Standard & Poor's rating for Vienna Insurance Group reinsurance**

The Vienna Insurance Group's newly established reinsurance company VIG RE zajišťovna, a.s. (VIG RE) has been rated by the internationally renowned rating agency Standard & Poor's (S&P) for the first time. VIG RE has been granted an "A+" S&P rating with stable outlook.

An essential reason why S&P issued this positive rating is VIG RE's complete integration in the risk management strategy of the Vienna Insurance Group. Furthermore, S&P emphasized the conservative investment strategy of VIG RE.

It is expected that the predominant part of VIG RE's business will consist of reinsurance for the Group companies currently located in as many as 23 countries of the CEE region. Moreover, VIG RE will also offer reinsurance solutions for other insurance companies in this region.

Another aspect regarded as positive is the fact that VIG RE offers a comprehensive reinsurance program, broken down by countries and lines of business, as well as its access to the expertise of the entire Group family. Finally, the rating report also notes the strong capitalization and the financial flexibility as justification for the "A+" rating.



## CAPITAL MARKET

### International overview

Trends on international capital markets in the 3<sup>rd</sup> quarter were marked by drastic price collapses. Following a sideways market phase with high volatility in July and August, the markets posted dramatic price declines in September. This negative development was primarily attributable to the bursting of the American real estate bubble, which led to massive write-offs and losses on bank balance sheets. The result was a liquidity crisis, inasmuch as banks were no longer lending to each other, followed by stricter lending practices, which are now already having a negative impact on the real economy. As a consequence, growth assumptions concerning the developed economies have been progressively lowered for a fairly long period now. A recession is even predicted for a number of countries.

Monetary policy measures, such as a coordinated round of 50 basis-point interest rate reductions by the world's leading central banks, failed to halt downward trends on financial markets. Fears about a global economic crisis became so great that governments began intervening in the financial economy. Starting in the USA, where numerous financial services companies were brought under state control, there were global discussions regarding government aid packages for the stricken banking sector. Due to the sector's global interconnections, European and Japanese banks were also far more affected by the repercussions of the financial crisis than originally anticipated. Towards the end of the 3<sup>rd</sup> quarter, such factors led to major price volatility in a generally bearish market.

### The Vienna Stock Exchange

The Vienna Stock Exchange index ATX, with a clearly better first-half performance than the leading European benchmark index (Eurostoxx 50), had to absorb a 29.8% decline in the 3<sup>rd</sup> quarter, while market volumes continued to be high. The total loss since the beginning of the year is now at 38.7%. One reason, in particular, for this loss of value is the high proportional weighting of financial issues with heavy CEE investments. Unlike the companies involved in this region of continued dynamic growth, investors regard commitments to it as highly risky for the moment and avoid financial institutions heavily invested there. As a result, the ATX closed on 30 September 2008 at a multi-year low of 2,767.76 points. The collapse in prices, which drastically accelerated in October, even took the index below the 2000 mark.

## INVESTOR RELATIONS

It is precisely in a difficult market environment that active communication with analysts and investors gains special significance. For this reason, the Vienna Insurance Group has taken part in seven bank conferences over the last two months:

- UniCredit Emerging Europe Conference in Istanbul
- Keefe Bruyette & Woods Conference in London
- Vienna Stock Exchange Roadshow in London
- Erste Bank Conference in Stegersbach
- Merrill Lynch CEO Conference in London
- Morgan Stanley in London and New York

In addition, the management of the Vienna Insurance Group went on roadshows to Great Britain and North America at the end of October. The many discussions focused on the Group's current position in light of the financial market crisis, as well as the Vienna Insurance Group's expectations with regard to broader growth prospects in the countries of Central and Eastern Europe. Based on the Vienna Insurance Group's many years of experience in the various markets of Central and Eastern Europe extending over numerous economic cycles, management does not share the capital market's currently negative assessment of the development of the CEE region, continuing to see good chances for expansion of the insurance business in this region.

The strategy and prospects of the Vienna Insurance Group were also presented by Investor Relations to interested private investors at a retail roadshow, arranged by the magazine "Börse Express" and the "Aktienforum" at the end of October. In addition, the "Gewinnmesse" investment fair was also used as a platform for communication with shareholders, whose questions regarding the Vienna Insurance Group's current position were answered as part of the event "Focus on Austrian Shares".

All presentations at the bank conferences are available on our website, [www.vig.com/ir](http://www.vig.com/ir), under "Downloads".

The currently favourable valuation of VIG shares (based on a price trend determined by market conditions), recently implemented strategic cooperation measures, and the Group's potential growth compared to its competitors have led two analysts to up their ratings. In September, Vienna Insurance Group's shares were raised by Credit Suisse First Boston to "Outperform" and by Merrill Lynch to "Buy". A total of 10 out of 13 analysts are currently recommending VIG shares as a Buy.

# SHARES AND OUTLOOK

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI INSURANCE INDEX (IN EUR) 1 JANUARY 2008 – 24 OCTOBER 2008



## VIENNA INSURANCE GROUP SHARES

### Key figures for the shares in the 1<sup>st</sup>-3<sup>rd</sup> quarter 2008

Highest price	EUR 58.20
Lowest price	EUR 31.90
Price as of 30 September	EUR 35.01
Market capitalization (30 September)	EUR 4.48 billion
Dividend 2007	EUR 1.10
Average daily stock exchange trading volume	EUR 7.9 million*

\* using single counting

### Performance of VIG shares

At the start of the year, Vienna Insurance Group shares distanced themselves from the negative international capital market environment, posting an all-time high of EUR 58.20 on 19 February. In line with the market, this was afterwards followed by a moderate pullback in prices. Despite the turbulent market environment, Vienna Insurance Group succeeded in placing a capital increase in the 2<sup>nd</sup> quarter. The negative trend in the 3<sup>rd</sup> quarter did not prevent Vienna Insurance Group shares from clearly outperforming the ATX by around 13 percentage points, closing at EUR 35.01 on 30 September 2008. Subsequently, the burgeoning recession anxieties in industrialized countries and possible negative effects on CEE economies gave rise to sharp selloffs.

### Information on Vienna Insurance Group shares

Initial quotation (Vienna)	17 October 1994
Number of shares	128 million
Free Float	29%
ISIN	AT0000908504
Stock exchange listing	Vienna and Prague
Ticker symbol	VIG
Bloomberg	VIG AV / VIG CP
Reuters	VIGR.VI / VIGR.PR
Rating – Standard & Poor's	A+, positive outlook

### FINANCIAL CALENDAR\* OF VIENNA INSURANCE GROUP

Preliminary non-consolidated premiums of 2008	27 January 2009
Result for the year 2008	1 April 2009
Embedded Value 2008	1 April 2009
Annual General Meeting	24 April 2009
Ex-dividend day	4 May 2009
Dividend payment day	4 May 2009
Results for the 1 <sup>st</sup> quarter of 2009	12 May 2009
Results for the 1 <sup>st</sup> half of 2009	18 August 2009
Results for the 1 <sup>st</sup> three quarters of 2009	10 November 2009

\* preliminary schedule



# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Interim Report  
1<sup>st</sup>-3<sup>rd</sup> Quarter 2008



**CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 SEPTEMBER 2008**

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2008

ASSETS	30.9.2008	31.12.2007
<b>in EUR '000</b>		
<b>A. Intangible assets</b>		
I. Goodwill	983,250	422,300
II. Purchased insurance portfolios	69,909	30,629
III. Other intangible assets	168,951	71,576
<b>Total intangible assets</b>	<b>1,222,110</b>	<b>524,505</b>
<b>B. Investments</b>		
I. Land and buildings	3,027,779	2,868,725
II. Ownership interests *)	1,609,582	970,770
III. Financial investments	19,584,041	16,331,894
a) Loans and other investments	5,547,919	1,858,350
b) Other securities	14,036,122	14,473,544
Financial investments held to maturity	496,003	373,273
Financial investments available for sale	11,920,061	12,958,608
Trading assets **)	1,620,058	1,141,663
<b>Total investments</b>	<b>24,221,402</b>	<b>20,171,389</b>
<b>C. Investments of unit- and index-linked life insurance</b>	<b>3,566,678</b>	<b>3,065,985</b>
<b>D. Reinsurers' share in underwriting provisions</b>	<b>1,154,421</b>	<b>1,186,664</b>
<b>E. Receivables</b>	<b>1,769,277</b>	<b>1,200,283</b>
<b>F. Deferred tax assets</b>	<b>112,056</b>	<b>33,861</b>
<b>G. Other assets</b>	<b>246,448</b>	<b>284,686</b>
<b>H. Cash and cash equivalents</b>	<b>781,180</b>	<b>277,700</b>
<b>Total Assets</b>	<b>33,073,572</b>	<b>26,745,073</b>

\*) including affiliated companies, associated companies and other ownership interests

\*\*) including financial investments at fair value through profit and loss

LIABILITIES AND SHAREHOLDERS' EQUITY	30.9.2008	31.12.2007
<b>in EUR '000</b>		
<b>A. Shareholders' equity</b>		
I. Share capital	132,887	109,009
II. Other capital reserves	2,108,641	1,035,029
III. Capital reserves from hybrid bonds	245,588	0
IV. Retained earnings	1,332,547	1,057,693
V. Other reserves	24,099	136,374
VI. Minority interests	257,284	277,458
<b>Total shareholders' equity</b>	<b>4,101,046</b>	<b>2,615,563</b>
<b>B. Subordinated liabilities</b>	<b>501,812</b>	<b>442,910</b>
<b>C. Underwriting provisions</b>		
I. Unearned premiums	1,207,918	960,354
II. Mathematical reserve	16,420,059	12,502,836
III. Provision for outstanding insurance claims	3,422,874	3,008,951
IV. Provision for profit-independent premium refunds	55,014	43,126
V. Provision for profit-dependent premium refunds	285,898	557,762
VI. Other underwriting provisions	21,711	19,100
<b>Total underwriting provisions</b>	<b>21,413,474</b>	<b>17,092,129</b>
<b>D. Underwriting provisions of unit- and index-linked life insurance</b>	<b>3,311,413</b>	<b>2,948,522</b>
<b>E. Non-underwriting provisions</b>		
I. Provisions for pensions and similar obligations	340,070	404,618
II. Provision for taxes	101,201	126,029
III. Other provisions	301,067	264,155
<b>Total non-underwriting provisions</b>	<b>742,338</b>	<b>794,802</b>
<b>F. Liabilities</b>	<b>2,768,690</b>	<b>2,688,674</b>
<b>G. Deferred tax liabilities</b>	<b>152,548</b>	<b>80,765</b>
<b>H. Other liabilities</b>	<b>82,251</b>	<b>81,708</b>
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>33,073,572</b>	<b>26,745,073</b>

CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Other capital reserves*)	Capital reserves from hybrid bonds*)	Retained earnings	Unrealized gains and losses	Currency translation and other reserves	Share-holders' equity before minority interest	Minority interests	Share-holders' equity
<b>in EUR '000</b>									
<b>As of 1 January 2008</b>	<b>109,009</b>	<b>1,035,029</b>	<b>0</b>	<b>1,057,693</b>	<b>78,146</b>	<b>58,228</b>	<b>2,338,105</b>	<b>277,458</b>	<b>2,615,563</b>
Exchange rate	0	0	0	0	0	37,664	37,664	1,573	39,237
Change in ownership interests	0	0	0	89,352	0	0	89,352	-46,542	42,810
Capital increase	23,878	1,073,612	245,588	0	0	0	1,343,078	0	1,343,078
Unrealised gains and losses from financial investments available for sale	0	0	0	0	-149,939	0	-149,939	394	-149,545
Profit for the period	0	0	0	301,002	0	0	301,002	27,951	328,953
Dividend payment	0	0	0	-115,500	0	0	-115,500	-3,550	-119,050
<b>As of 30 September 2008</b>	<b>132,887</b>	<b>2,108,641</b>	<b>245,588</b>	<b>1,332,547</b>	<b>-71,793</b>	<b>95,892</b>	<b>3,843,762</b>	<b>257,284</b>	<b>4,101,046</b>

\*) The offsetting of the costs incurred for the capital measures which took place in the 2<sup>nd</sup> quarter of 2008 against the share premium is based on preliminary figures.

	Share capital	Other capital reserves	Capital reserves from hybrid bonds	Retained earnings	Unrealised gains and losses	Currency translation and other reserves	Share-holders' equity before minority interest	Minority interests	Share-holders' equity
<b>in EUR '000</b>									
<b>As of 1 January 2007</b>	<b>109,009</b>	<b>1,035,029</b>	<b>0</b>	<b>775,701</b>	<b>245,128</b>	<b>47,542</b>	<b>2,212,409</b>	<b>70,799</b>	<b>2,283,208</b>
Exchange rate	0	0	0	0	0	1,624	1,624	-322	1,302
Change in ownership interests	0	0	0	-8,699	0	0	-8,699	64,418	55,719
Unrealised gains and losses from financial investments available for sale	0	0	0	0	-89,486	0	-89,486	-595	-90,081
Profit for the period	0	0	0	250,805	0	0	250,805	11,919	262,724
Dividend payment	0	0	0	-86,100	0	0	-86,100	-18,043	-104,143
<b>As of 30 September 2007</b>	<b>109,009</b>	<b>1,035,029</b>	<b>0</b>	<b>931,707</b>	<b>155,642</b>	<b>49,166</b>	<b>2,280,553</b>	<b>128,176</b>	<b>2,408,729</b>



**CONSOLIDATED INCOME STATEMENT**

for the period from 1 January to 30 September 2008 (2007)

1.1.–30.9.2008

1.1.–30.9.2007

in EUR '000

	1.1.–30.9.2008	1.1.–30.9.2007
<b>Premiums</b>		
<b>Premiums written – Gross</b>	<b>6,017,802</b>	<b>5,031,817</b>
Premiums written – Reinsurers' share	-724,591	-691,329
<b>Premiums written – Retention</b>	<b>5,293,211</b>	<b>4,340,488</b>
Change due to provisions for premiums – Gross	-183,776	-188,840
Change due to provisions for premiums – Reinsurers' share	59,640	68,659
<b>Net earned premiums</b>	<b>5,169,075</b>	<b>4,220,307</b>
<b>Financial Result including results of affiliated and associated companies</b>		
Investment income	1,519,692	979,653
Investment and interest expenses	-713,454	-236,576
<b>Total financial result including results of affiliated and associated companies</b>	<b>806,238</b>	<b>743,077</b>
<b>Other income</b>	<b>42,698</b>	<b>31,798</b>
<b>Claims and insurance benefits</b>		
Expenses for claims and insurance benefits – Gross	-4,652,480	-3,962,627
Expenses for claims and insurance benefits – Reinsurers' share	401,127	395,200
<b>Total expenses for claims and insurance benefits</b>	<b>-4,251,353</b>	<b>-3,567,427</b>
<b>Operating expenses</b>		
Commission and other acquisition expenses	-1,039,073	-879,133
Administrative expenses	-292,233	-245,357
Reinsurance commissions	139,838	135,628
<b>Total operating expenses</b>	<b>-1,191,468</b>	<b>-988,862</b>
<b>Other expenses</b>	<b>-168,415</b>	<b>-114,683</b>
<b>Profit before taxes</b>	<b>406,775</b>	<b>324,210</b>
Tax expenses	-77,822	-61,486
<b>Profit for the period</b>	<b>328,953</b>	<b>262,724</b>
Attributable to Vienna Insurance Group shareholders	301,002	250,805
Minority interests in profit for the period	27,951	11,919
<b>Earnings per Share (annualized)</b>		
basic = diluted earnings per share (in EUR)	<b>3.43</b>	<b>3.18</b>

**CONSOLIDATED INCOME STATEMENT**

for the period from 1 July bis 30 September 2008 (2007)

	1.7.–30.9.2008	1.7.–30.9.2007
<b>in EUR '000</b>		
<b>Premiums</b>		
<b>Premiums written – Gross</b>	<b>1,802,661</b>	<b>1,538,678</b>
Premiums written – Reinsurers' share	-176,594	-178,703
<b>Premiums written – Retention</b>	<b>1,626,067</b>	<b>1,359,975</b>
Change due to provisions for premiums – Gross	114,333	63,267
Change due to provisions for premiums – Reinsurers' share	-42,621	-32,043
<b>Net earned premiums</b>	<b>1,697,779</b>	<b>1,391,199</b>
<b>Financial Result including results of affiliated and associated companies</b>		
Investment income	486,001	273,826
Investment and interest expenses	-298,452	-83,941
<b>Total financial result including results of affiliated and associated companies</b>	<b>187,549</b>	<b>189,885</b>
<b>Other income</b>	<b>12,029</b>	<b>11,146</b>
<b>Claims and insurance benefits</b>		
Expenses for claims and insurance benefits – Gross	-1,451,090	-1,271,101
Expenses for claims and insurance benefits – Reinsurers' share	112,095	124,261
<b>Total expenses for claims and insurance benefits</b>	<b>-1,338,995</b>	<b>-1,146,840</b>
<b>Operating Expenses</b>		
Commission and other acquisition expenses	-338,650	-275,376
Administrative expenses	-95,984	-81,238
Reinsurance commissions	43,062	45,163
<b>Total operating expenses</b>	<b>-391,572</b>	<b>-311,451</b>
<b>Other expenses</b>	<b>-48,357</b>	<b>-25,128</b>
<b>Profit before taxes</b>	<b>118,433</b>	<b>108,811</b>
Tax expenses	-18,362	-20,338
<b>Profit for the period</b>	<b>100,071</b>	<b>88,473</b>
Attributable to Vienna Insurance Group shareholders	93,262	90,179
Minority interests in profit for the period	6,809	-1,706
<b>Earnings per Share (annualized)</b>		
basic = diluted earnings per share (in EUR)	<b>2.91</b>	<b>3.22</b>

## CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY 2008 TO 30 SEPTEMBER 2008 (2007)

	30.9.2008	30.9.2007
<b>in EUR '000</b>		
Profit for the period less minority interest	301,002	250,805
Minority interest	27,951	11,919
<b>Profit for the period before minority interest</b>	<b>328,953</b>	<b>262,724</b>
Net change in other underwriting provisions	1,745,383	1,556,569
Changes in underwriting receivables and payables	-188,668	-204,612
Changes in deposit receivables and payables, as well as in invoice receivables and payables	-52,448	6,124
Changes in other receivables and payables	-143,769	-15,006
Changes in financial investments held for trading	382,304	-126,385
Realised gains and losses of investments	-393,688	-259,592
Write up/down of all other investments	219,360	46,817
Changes in provisions for pension, severance pay, and other personnel expenses	-69,798	-87,454
Changes in deferred tax assets/liabilities, excl. tax provisions	10,705	17,086
Changes in other balance sheet items	-3,012	-78,057
Changes in goodwill and intangible assets	7,930	-41,355
Other income and expenses affecting cash flow, and adjustments to net income for the period	-403,125	98,585
<b>Cash Flow from operating activities</b>	<b>1,440,127</b>	<b>1,175,444</b>
Cash proceeds from the sale of affiliated and associated companies	680,195	11,375
Payments for the acquisition of affiliated and associated companies	-1,360,496	-33,112
Cash proceeds from the sale of other ownership interests	19,734	4,143
Payments for the acquisition of other ownership interests	-40,258	-112,619
Cash proceeds from the sale of available for sale securities	3,552,911	2,120,792
Payments for the acquisition of available for sale securities	-4,122,672	-2,613,698
Cash proceeds from the sale of securities held to maturity	38,049	49,852
Payments for the acquisition of securities held to maturity	-147,642	-68,637
Cash proceeds from the sale of land and buildings	36,090	69,599
Payments for the acquisition of land and buildings	-209,503	-113,971
Changes in unit- and index-linked life insurance items	-444,390	-360,917
Changes in other investments	-500,265	-43,267
<b>Cash Flow from investing activities</b>	<b>-2,498,247</b>	<b>-1,090,460</b>
Capital increase incl. hybrid bonds	1,343,078	0
Minority interest capital increase	0	0
Increase in subordinated liabilities	675	0
Dividend payments	-119,050	-104,143
Cash proceeds from and payments for other financing activities	310,854	9,565
<b>Cash Flow from financing activities</b>	<b>1,535,557</b>	<b>-94,578</b>
<b>Net change in cash and cash equivalents</b>	<b>477,437</b>	<b>-9,594</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>277,700</b>	<b>226,443</b>
<b>Cash and cash equivalents at end of period</b>	<b>781,180</b>	<b>224,012</b>
Including non-profit housing development corporations	41,534	9,023
<b>Change in scope of consolidation</b>	<b>26,907</b>	<b>7,364</b>
<b>Foreign exchange differences in cash and cash equivalents</b>	<b>-864</b>	<b>-201</b>
<b>Additional information</b>		
Interest received	436,626	473,372
Dividends received	125,131	132,562
Interest paid	48,650	54,367
Dividends paid	119,050	104,143
Income taxes paid	55,972	48,570

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY PRIMARY SEGMENTS (LINES OF BUSINESS)

ASSETS	Property/Casualty		Life		Health		Total	
	30.9.2008	31.12.2007	30.9.2008	31.12.2007	30.9.2008	31.12.2007	30.9.2008	31.12.2007
<i>in EUR '000</i>								
A. Intangible assets	1,162,189	493,996	52,061	23,519	7,860	6,990	1,222,110	524,505
B. Investments	4,255,406	3,253,425	19,133,796	16,047,231	832,200	870,733	24,221,402	20,171,389
C. Investments of unit- and index-linked life insurance	0	0	3,566,678	3,065,985	0	0	3,566,678	3,065,985
D. Reinsurers' share of underwriting provisions	1,026,426	952,499	125,845	232,078	2,150	2,087	1,154,421	1,186,664
E. Receivables	1,213,796	759,713	531,513	420,574	23,968	19,996	1,769,277	1,200,283
G. Other assets	201,831	191,071	42,176	91,504	2,441	2,111	246,448	284,686
H. Cash and cash equivalents	175,879	159,522	602,234	111,800	3,067	6,378	781,180	277,700
<b>Subtotal</b>	<b>8,035,527</b>	<b>5,810,226</b>	<b>24,054,303</b>	<b>19,992,691</b>	<b>871,686</b>	<b>908,295</b>	<b>32,961,516</b>	<b>26,711,212</b>
Consolidated deferred tax assets							112,056	33,861
<b>Total ASSETS</b>							<b>33,073,572</b>	<b>26,745,073</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Property/Casualty		Life		Health		Total	
	30.9.2008	31.12.2007	30.9.2008	31.12.2007	30.9.2008	31.12.2007	30.9.2008	31.12.2007
<i>in EUR '000</i>								
B. Subordinated Liabilities	190,190	190,751	311,622	252,159	0	0	501,812	442,910
C. Underwriting provisions	4,378,718	3,738,667	16,228,598	12,585,461	806,158	768,001	21,413,474	17,092,129
D. Underwriting provisions of unit- and index-linked insurance	0	0	3,311,413	2,948,522	0	0	3,311,413	2,948,522
E. Non-underwriting provisions	453,076	449,832	253,885	300,365	35,377	44,605	742,338	794,802
F. Liabilities	694,011	605,458	1,924,395	1,861,729	150,284	221,487	2,768,690	2,688,674
H. Other liabilities	73,178	75,701	8,997	5,755	76	252	82,251	81,708
<b>Subtotal</b>	<b>5,789,173</b>	<b>5,060,409</b>	<b>22,038,910</b>	<b>17,953,991</b>	<b>991,895</b>	<b>1,034,345</b>	<b>28,819,978</b>	<b>24,048,745</b>
Consolidated deferred tax liabilities							152,548	80,765
Consolidated shareholders' equity							4,101,046	2,615,563
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>							<b>33,073,572</b>	<b>26,745,073</b>

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Interim Report  
1<sup>st</sup>-3<sup>rd</sup> Quarter 2008

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

LINES OF BUSINESS	Property/Casualty		Life		Health		Total	
	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>								
Premiums written – Gross	3,379,452	2,793,096	2,401,784	2,007,602	236,566	231,119	<b>6,017,802</b>	<b>5,031,817</b>
Net earned premiums	2,545,426	1,997,471	2,389,422	1,993,932	234,227	228,904	<b>5,169,075</b>	<b>4,220,307</b>
Net investment income, including results of affiliated and associated companies	233,970	132,716	564,245	598,813	8,023	11,548	<b>806,238</b>	<b>743,077</b>
Other income	28,089	19,184	14,569	12,614	40	0	<b>42,698</b>	<b>31,798</b>
Claims and insurance benefits	-1,633,727	-1,306,663	-2,410,450	-2,064,894	-207,176	-195,870	<b>-4,251,353</b>	<b>-3,567,427</b>
Operating expenses	-725,280	-552,086	-435,187	-406,688	-31,001	-30,088	<b>-1,191,468</b>	<b>-988,862</b>
Other expenses	-126,490	-81,277	-41,227	-31,366	-698	-2,040	<b>-168,415</b>	<b>-114,683</b>
<b>Profit before taxes</b>	<b>321,988</b>	<b>209,345</b>	<b>81,372</b>	<b>102,411</b>	<b>3,415</b>	<b>12,454</b>	<b>406,775</b>	<b>324,210</b>

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>								
Premiums written – Gross	2,959,434	2,736,722	1,006,744	842,270	422,820	362,790	609,135	390,729
Net earned premiums	2,582,454	2,374,952	815,064	665,398	358,136	288,645	564,678	337,275
Net investment income, including results of affiliated and associated companies	648,319	631,737	36,762	35,667	10,733	17,365	8,312	18,486
Other income	7,689	7,281	9,568	8,689	2,848	1,608	4,959	2,228
Claims and insurance benefits	-2,472,832	-2,331,676	-547,818	-462,400	-262,239	-199,529	-358,661	-181,328
Operating expenses	-488,477	-448,601	-202,418	-159,585	-64,796	-59,052	-184,189	-153,129
Other expenses	-35,746	-26,895	-40,664	-30,121	-33,415	-22,934	-17,172	-10,325
<b>Profit before taxes</b>	<b>241,407</b>	<b>206,798</b>	<b>70,494</b>	<b>57,648</b>	<b>11,267</b>	<b>26,103</b>	<b>17,927</b>	<b>13,207</b>

REGIONS	Romania		Other CEE		Other Markets		Total	
	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>								
Premiums written – Gross	494,804	301,725	353,875	222,318	170,990	175,263	<b>6,017,802</b>	<b>5,031,817</b>
Net earned premiums	423,315	221,077	277,886	178,857	147,542	154,103	<b>5,169,075</b>	<b>4,220,307</b>
Net investment income, including results of affiliated and associated companies	83,493	6,584	7,484	17,923	11,135	15,315	<b>806,238</b>	<b>743,077</b>
Other income	11,146	4,640	4,224	4,135	2,264	3,217	<b>42,698</b>	<b>31,798</b>
Claims and insurance benefits	-320,116	-138,025	-175,252	-125,860	-114,435	-128,609	<b>-4,251,353</b>	<b>-3,567,427</b>
Operating expenses	-132,914	-83,497	-101,474	-64,898	-17,200	-20,100	<b>-1,191,468</b>	<b>-988,862</b>
Other expenses	-12,968	-6,372	-11,731	-5,201	-16,719	-12,835	<b>-168,415</b>	<b>-114,683</b>
<b>Profit before taxes</b>	<b>51,956</b>	<b>4,407</b>	<b>1,137</b>	<b>4,956</b>	<b>12,587</b>	<b>11,091</b>	<b>406,775</b>	<b>324,210</b>

# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 SEPTEMBER

### Accounting Principles

These interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and are consistent with IAS 34, "Interim Financial Reporting".

### Information regarding seasonal and cyclical influences

Within the Vienna Insurance Group, seasonal fluctuations chiefly appear in the areas of premiums, claims and financial results. Based on the high number of policy inceptions in January, the 1<sup>st</sup> quarter is normally the year's strongest in terms of premiums. Claims in the 1<sup>st</sup> quarter (or the 1<sup>st</sup> half, as the case may be) are also normally marked by higher liabilities, especially due to adverse environmental influences (snow, melting snow, storms, floods). Financial results are affected by the fact that a large portion of dividends must be paid in the second quarter, while distributions from fund investments peak, by contrast, in the fourth quarter. The continuing rise in interest rates over the current financial year led to a price decline in Vienna Insurance Group's fixed-income securities area. The conservative investment guidelines and strict system of limits at the Vienna Insurance Group enabled the excessively high risk involved in sub-prime securitised mortgage loans and their derivatives to be recognised and avoided in advance.

### Estimates

The preparation of interim consolidated financial statements in accordance with IFRS requires discretionary assessments and the making of assumptions regarding future developments that may have a material impact on the recognition and valuation of assets, liabilities, income and expenses during the financial year. The estimates relate in particular to the underwriting provisions. There were no material changes during this reporting period in the system for determining these estimates.

### Transactions with related parties

These activities primarily involve intercompany reinsurance dealings of insignificant size, loans on market terms (primarily in the real estate area), and cost allocations. None of these items had any material effect on operating results, however. During the reporting period, no loans or commitments were provided to members of the Management or Supervisory Boards.

### Information regarding changes to scope of consolidation

Sparkassen Versicherung Aktiengesellschaft, Vienna, was fully consolidated and included in the consolidation

of the Vienna Insurance Group for the first time in the 3<sup>rd</sup> quarter 2008. The company Hotel SRNI, a.s., Most, was included in the consolidated financial statements at equity in the 3<sup>rd</sup> quarter 2008.

In contrast to the first three quarters of 2007, the Ukrainian insurers STDV Globus, CJSC Life Insurance Jupiter and CJS UIC Kniazha, as well as the Romanian insurance company SC Asigurarea Romaneasca Asirom S.A. were fully consolidated, and Turkish company Ray Sigorta was included in the consolidated financial statements on a proportional basis. Another change from the corresponding period of the previous year was the inclusion of three non-profit housing development companies in consolidation: GIWOG Gemeinnützige Industrie-Wohnungs-AG, Leonding, GEMYSAG Gemeinnützige Mürz-Ybbs-Siedlungsanlagen- GmbH, Kapfenberg and "Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna.

Further contrasting with the first three quarters of 2007, Austrian company BA-CA Versicherung AG, Romanian company Unita Vienna Insurance Group und Unita affiliate Agras Vienna Insurance Group were deconsolidated (1<sup>st</sup> half of 2008). Other differences involve the deconsolidation of DBR Friedrichscarrée GmbH & Co KG and DBR Friedrichscarrée Liegenschaften-Verwaltungs GmbH.

The gain realised from the deconsolidation of BA-CA Versicherung and Unita Vienna Insurance Group amounts in total to EUR 388 million in the 1<sup>st</sup> to 3<sup>rd</sup> quarters of 2008. This non-recurring gain was essentially used to strengthen underwriting reserves.

### Reclassification of securities

In accordance with new regulation IAS 39, there were reclassifications of group-level fixed-income securities in the 3<sup>rd</sup> quarter of 2008. EUR 1,651.50 million in the Available for Sale securities category was reclassified as Loans, and EUR 18.10 million in the Held for Trading was moved to Available for Sale. The reclassifications, which had retroactive effect to 1 July 2008, resulted in a 3<sup>rd</sup> quarter increase in the revaluation reserve amounting to EUR 33.07 million.

Further reclassifications occurred in October involving changes from the Available for Sale category to Loans and from the Held for Trading category to Held to Maturity and Loans.

**Type and size of transactions unusual with respect to their type, amount or frequency**

In the first three quarters of 2008, losses were caused by Hurricanes "Emma" and "Paula" in the approximate amount of EUR 60 million gross or EUR 20 million net, respectively.

**Changes to contingent assets and liabilities**

There were no changes in this area during the reporting period relative to the 1<sup>st</sup> to 3<sup>rd</sup> quarters of 2007.

**INFORMATION TO CONSOLIDATED INCOME STATEMENT**
**GROSS PREMIUMS WRITTEN  
 Property/Casualty insurance**

	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>		
Direct business		
Insurance for business interruption following fire	391,289	366,395
Household insurance	161,806	138,143
Other non-life insurance	277,264	244,203
Motor vehicle liability insurance	957,470	809,719
Other motor vehicle insurance	829,283	603,635
Casualty insurance	207,214	183,708
Liability insurance	228,478	194,115
Legal expenses insurance	34,907	33,688
Marine, aviation, and transport insurance	49,959	39,652
Credit and guarantee insurance	33,879	46,895
Other insurance	157,325	115,497
<b>Subtotal</b>	<b>3,328,874</b>	<b>2,775,650</b>
Indirect business		
Marine, aviation, and transport insurance	461	868
Other insurance	50,117	16,578
<b>Subtotal</b>	<b>50,578</b>	<b>17,446</b>
<b>Total</b>	<b>3,379,452</b>	<b>2,793,096</b>

**PREMIUMS WRITTEN**
**Direct life insurance business**

	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>		
Regular premium policies	1,356,680	1,343,785
Single premium policies	1,037,704	662,322
<b>Total direct life premiums written</b>	<b>2,394,384</b>	<b>2,006,107</b>
<i>of which:</i>		
Policies with profit participation	1,347,102	1,134,713
Policies without profit participation	251,922	269,586
Policies of unit- and index-linked life insurance	795,360	601,808
<i>of which:</i>		
Individual policies	2,045,684	1,774,249
Group policies	348,700	231,858

**FINANCIAL RESULT**

Detail – income	Property/Casualty		Life		Health		Total	
	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>								
Current income	140,110	161,366	699,863	461,550	25,673	19,430	865,646	642,346
Income from write-ups	5,592	10,860	20,638	20,158	60	2,367	26,290	33,385
Income from the disposal of investments	208,781	67,026	412,610	229,533	6,365	7,363	627,756	303,922
<b>Total</b>	<b>354,483</b>	<b>239,252</b>	<b>1,133,111</b>	<b>711,241</b>	<b>32,098</b>	<b>29,160</b>	<b>1,519,692</b>	<b>979,653</b>

Detail – expenses	Property/Casualty		Life		Health		Total	
	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>								
Depreciation of investments	28,029	33,971	138,826	39,573	10,088	8,661	176,943	82,205
Impairment of investments	34,139	2,891	91,688	5,260	444	26	126,271	8,177
Exchange rate	-185	1,073	5,884	1,220	3	-2	5,702	2,291
Losses from the disposal of investments	13,010	3,499	220,533	35,630	8,320	2,639	241,863	41,768
Interest expenses	20,677	34,613	56,268	18,005	3,938	4,992	80,883	57,610
Other expenses	24,843	30,488	55,667	12,740	1,282	1,297	81,792	44,525
<b>Total</b>	<b>120,513</b>	<b>106,535</b>	<b>568,866</b>	<b>112,428</b>	<b>24,075</b>	<b>17,613</b>	<b>713,454</b>	<b>236,576</b>

**EARNINGS PER SHARE**

Earnings per Share – 1 <sup>st</sup> -3 <sup>rd</sup> Quarter 2008	1.1.–30.9.2008	1.1.–30.9.2007
Profit for the period in EUR '000	328,953	262,724
Net profit for the period after minority interest in EUR '000	301,002	250,805
Number of shares (weighted)	117,131,868	105,000,000
<b>Earnings per share (annualized) in EUR</b>	<b>3.43</b>	<b>3.18</b>

Earnings per Share – 3 <sup>rd</sup> Quarter 2008	1.7.–30.9.2008	1.7.–30.9.2007
Profit for the period in EUR '000	100,071	88,473
Net profit for the period after minority interest in EUR '000	93,262	90,179
Number of shares	128,000,000	105,000,000
before capital increase	105,000,000	86,357,600
capital increase	23,000,000	18,642,400
<b>Earnings per share (annualized) in EUR</b>	<b>2.91</b>	<b>3.44</b>



## EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Detail	Gross		Ceded to reinsurers		Retained	
	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07	1.1.–30.9.08	1.1.–30.9.07
<b>in EUR '000</b>						
<b>Property/Casualty insurance</b>						
Expenses for insurance claims						
Claims and benefits	1,746,098	1,403,221	-351,898	-297,209	1,394,200	1,106,012
Changes in provisions for outstanding claims	231,203	241,996	-14,764	-60,165	216,439	181,831
<b>SUBTOTAL</b>	<b>1,977,301</b>	<b>1,645,217</b>	<b>-366,662</b>	<b>-357,374</b>	<b>1,610,639</b>	<b>1,287,843</b>
Change in mathematical reserve	313	-2	-152	3	161	1
Change in other underwriting provisions	1,548	1,334	-410	-105	1,138	1,229
Expenses for the refund of premiums not dependent on profit	22,086	18,301	-297	-711	21,789	17,590
<b>TOTAL EXPENSES</b>	<b>2,001,248</b>	<b>1,664,850</b>	<b>-367,521</b>	<b>-358,187</b>	<b>1,633,727</b>	<b>1,306,663</b>
<b>Life insurance</b>						
Expenses for insurance benefits						
Claims and benefits	1,268,932	975,114	-19,898	-15,116	1,249,034	959,998
Changes in provisions for outstanding claims	10,698	16,485	250	-895	10,948	15,590
<b>SUBTOTAL</b>	<b>1,279,630</b>	<b>991,599</b>	<b>-19,648</b>	<b>-16,011</b>	<b>1,259,982</b>	<b>975,588</b>
Change in mathematical reserve	942,366	856,146	-13,225	-20,487	929,141	835,659
Change in other underwriting provisions	363	861	0	0	363	861
Expenses for the refund of premiums dependent to and not dependent on profit	220,964	252,786	0	0	220,964	252,786
<b>TOTAL EXPENSES</b>	<b>2,443,323</b>	<b>2,101,392</b>	<b>-32,873</b>	<b>-36,498</b>	<b>2,410,450</b>	<b>2,064,894</b>
<b>Health insurance</b>						
Expenses for insurance claims						
Claims and benefits	159,601	150,266	-670	-430	158,931	149,836
Changes in provisions for outstanding claims	780	1,489	-26	-8	754	1,481
<b>SUBTOTAL</b>	<b>160,381</b>	<b>151,755</b>	<b>-696</b>	<b>-438</b>	<b>159,685</b>	<b>151,317</b>
Change in mathematical reserve	36,008	33,756	-37	-77	35,971	33,679
Expenses for the refund of premiums not dependent on profit	11,520	10,874	0	0	11,520	10,874
<b>TOTAL EXPENSES</b>	<b>207,909</b>	<b>196,385</b>	<b>-733</b>	<b>-515</b>	<b>207,176</b>	<b>195,870</b>
<b>TOTAL</b>	<b>4,652,480</b>	<b>3,962,627</b>	<b>-401,127</b>	<b>-395,200</b>	<b>4,251,353</b>	<b>3,567,427</b>

OPERATING EXPENSES

Detail	Property/Casualty	Life	Health	Total
	1.1.–30.9.2008	1.1.–30.9.2008	1.1.–30.9.2008	1.1.–30.9.2008
<b>in EUR '000</b>				
Commissions and other acquisition expenses				
Commission expenses	465,448	233,396	4,920	703,764
Pro rata personnel expenses	113,367	52,867	8,558	174,792
Pro rata material costs	84,905	69,075	6,537	160,517
<b>Subtotal</b>	<b>663,720</b>	<b>355,338</b>	<b>20,015</b>	<b>1,039,073</b>
Administrative expenses				
Pro rata personnel expenses	97,124	37,602	5,523	140,249
Pro rata material costs	95,533	50,898	5,553	151,984
<b>Subtotal</b>	<b>192,657</b>	<b>88,500</b>	<b>11,076</b>	<b>292,233</b>
Reinsurance commissions received	-131,097	-8,651	-90	-139,838
<b>Total</b>	<b>725,280</b>	<b>435,187</b>	<b>31,001</b>	<b>1,191,468</b>

Detail	Property/Casualty	Life	Health	Total
	1.1.–30.9.2007	1.1.–30.9.2007	1.1.–30.9.2007	1.1.–30.9.2007
<b>in EUR '000</b>				
Commissions and other acquisition expenses				
Commission expenses	346,872	222,584	4,584	574,040
Pro rata personnel expenses	100,911	47,111	8,702	156,724
Pro rata material costs	74,733	67,455	6,180	148,368
<b>Subtotal</b>	<b>522,516</b>	<b>337,150</b>	<b>19,466</b>	<b>879,132</b>
Administrative expenses				
Pro rata personnel expenses	77,696	33,932	5,470	117,098
Pro rata material costs	76,096	46,925	5,239	128,260
<b>Subtotal</b>	<b>153,792</b>	<b>80,857</b>	<b>10,709</b>	<b>245,358</b>
Reinsurance commissions received	-124,222	-11,319	-87	-135,628
<b>Total</b>	<b>552,086</b>	<b>406,688</b>	<b>30,088</b>	<b>988,862</b>

**OTHER INFORMATION**

**EMPLOYEE STATISTICS**

	30.9.2008	31.12.2007
Austria	6,202	6,138
Field sales representatives	2,924	2,845
Offices employees	3,278	3,293
Outside Austria	16,318	14,169
Field sales representatives	8,484	7,614
Offices employees	7,834	6,555
<b>Total</b>	<b>22,520</b>	<b>20,307</b>

**DECLARATION BY THE MANAGING BOARD**

The Managing Board hereby declares that the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, give a true and fair view of the net assets, financial position and results of operations of WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP and all companies included in the consolidation. The board further declares that the consolidated interim report presents the course of business and the business

results in such a way as to yield as true a presentation as possible of the assets, financial position and operating results of the WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP as well as of the companies included within the scope of consolidation and that such report describes the material risks and uncertainties to which the business is exposed. The carrying out of an audit, or an auditor review, of the interim report has been dispensed with.


Managing Board of the Group:



**Günter Geyer**



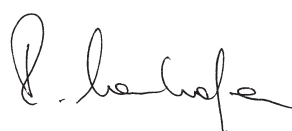
**Karl Fink**



**Rudolf Ertl**



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**Robert Lasshofer**



**Martin Simhandl**

Vienna, 11 November 2008



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## **ADDRESS**

WIENER STÄDTISCHE Versicherung AG  
VIENNA INSURANCE GROUP  
Investor Relations  
Thomas Schmee  
Schottenring 30, 1010 Vienna  
Phone +43 (0)50 350-21919  
Fax +43 (0)50 350 99-21919  
E-Mail: [investor.relations@vig.com](mailto:investor.relations@vig.com)

It goes without saying that all references in the text refer to men and women equally and without discrimination.

In case of doubt, the German version is authoritative.

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