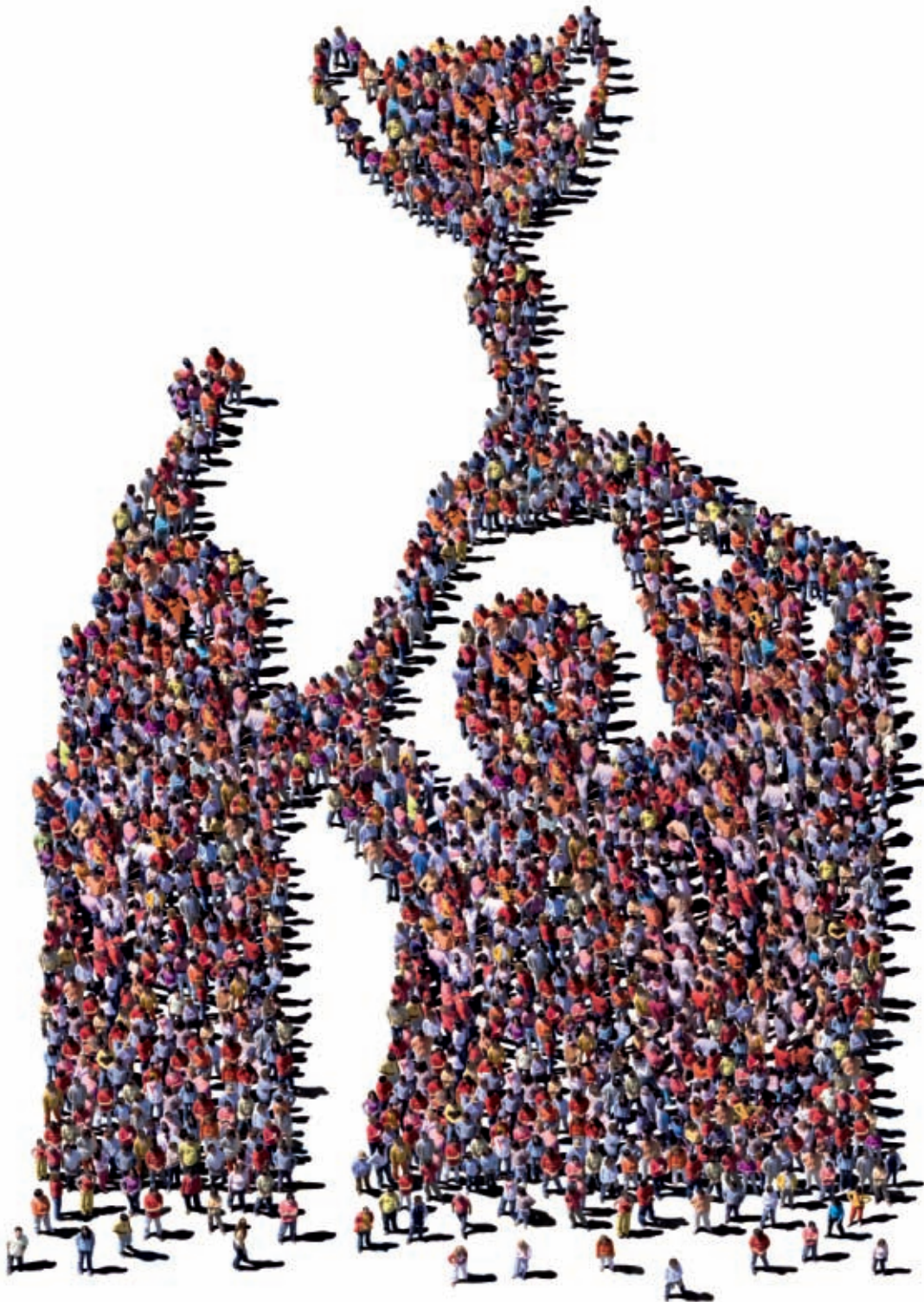


GROUP ANNUAL REPORT 2007 (Short version)

# A WINNING TEAM



# KEY FIGURES FOR VIENNA INSURANCE GROUP

		2005	2006	2007
<b>Income statement</b>				
<b>Premiums written</b>	<b>EUR millions</b>	<b>5,007.84</b>	<b>5,881.51</b>	<b>6,911.93</b>
Property/Casualty	EUR millions	2,563.32	3,067.15	3,671.17
Life	EUR millions	2,156.43	2,516.46	2,934.16
Health	EUR millions	288.09	297.90	306.60
<b>Premiums written</b>	<b>EUR millions</b>	<b>5,007.84</b>	<b>5,881.51</b>	<b>6,911.93</b>
Austria	EUR millions	3,170.97	3,434.73	3,695.37
Czech Republic	EUR millions	891.51	1,048.00	1,130.47
Slovakia	EUR millions	330.94	387.68	494.52
Poland	EUR millions	74.07	335.06	543.14
Romania	EUR millions	136.17	236.89	413.49
Other CEE	EUR millions	127.04	198.37	383.77
Other markets	EUR millions	277.14	240.78	251.17
<b>Investment income</b>	<b>EUR millions</b>	<b>605.43</b>	<b>716.45</b>	<b>1,002.64</b>
<b>Profit before taxes</b>	<b>EUR millions</b>	<b>240.34</b>	<b>320.97</b>	<b>437.30</b>
Property/Casualty	EUR millions	145.47	175.69	265.07
Life	EUR millions	73.41	132.47	157.20
Health	EUR millions	21.45	12.81	15.03
<b>Profit before taxes</b>	<b>EUR millions</b>	<b>240.34</b>	<b>320.97</b>	<b>437.30</b>
Austria	EUR millions	144.52	209.06	286.80
Czech Republic	EUR millions	60.09	59.12	73.81
Slovakia	EUR millions	24.98	27.66	30.30
Poland	EUR millions	1.50	7.73	18.78
Romania	EUR millions	0.54	2.75	4.56
Other CEE	EUR millions	1.16	2.83	10.25
Other markets	EUR millions	7.54	11.82	12.80
<b>Net profit for the period after taxes and minority interest</b>	<b>EUR millions</b>	<b>196.98</b>	<b>260.90</b>	<b>312.62</b>
<b>Balance sheet</b>				
<b>Investments</b>	<b>EUR millions</b>	<b>16,924.74</b>	<b>19,600.95</b>	<b>23,237.37</b>
<b>Shareholders' equity</b>	<b>EUR millions</b>	<b>2,059.33</b>	<b>2,283.21</b>	<b>2,615.56</b>
<b>Underwriting provisions</b>	<b>EUR millions</b>	<b>14,816.16</b>	<b>16,867.28</b>	<b>20,040.65</b>
<b>Total assets</b>	<b>EUR millions</b>	<b>19,441.45</b>	<b>22,483.45</b>	<b>26,745.07</b>
<b>Share information</b>				
<b>Number of shares</b>	<b>Shares</b>	<b>105,000,000</b>	<b>105,000,000</b>	<b>105,000,000</b>
<b>Market capitalisation</b>	<b>EUR millions</b>	<b>5,234.25</b>	<b>5,586.00</b>	<b>5,775.00</b>
<b>Average number of shares traded by day</b>	<b>Shares</b>	<b>about 32,600</b>	<b>about 107,000</b>	<b>about 125,000</b>
<b>Price as at 31 December</b>	<b>EUR</b>	<b>49.85</b>	<b>53.20</b>	<b>55.00</b>
<b>High</b>	<b>EUR</b>	<b>52.20</b>	<b>54.27</b>	<b>57.90</b>
<b>Low</b>	<b>EUR</b>	<b>24.65</b>	<b>41.26</b>	<b>45.01</b>
<b>Share performance for the year (excluding dividends)</b>	<b>%</b>	<b>105.10</b>	<b>6.72</b>	<b>3.38</b>
<b>Dividend per share</b>	<b>EUR</b>	<b>0.66</b>	<b>0.82</b>	<b>1.10</b>
<b>Dividend yield</b>	<b>EUR</b>	<b>1.32</b>	<b>1.54</b>	<b>2.00</b>
<b>Earnings per share</b>	<b>EUR</b>	<b>2.27</b>	<b>2.48</b>	<b>2.98</b>
<b>Price-earnings ratio as at 31 December</b>		<b>21.96</b>	<b>21.45</b>	<b>18.46</b>
<b>Number of employees</b>				
<b>Total</b>		<b>16,346</b>	<b>18,587</b>	<b>20,307</b>
thereof CEE		10,868	12,729	14,057
thereof Austria and Other markets		5,478	5,858	6,250

Calculation differences may arise when rounded amounts and percentages are summed automatically.

## CONTINUED GROWTH IN CENTRAL AND EASTERN EUROPE



Share of premiums from the CEE region: Total increased to 42.9%; already 57.7% in the property/casualty business.



CEE market position\*: Number 1 in the non-life business.



Further geographic expansion: Market entry in Albania, Macedonia, Turkey and the Baltic states.



A total of seven acquisitions and strong organic growth in 2007.



Greater integration of subsidiaries into the Vienna Insurance Group family.

## RESULT FURTHER INCREASED



Profit before taxes in 2007: EUR 437.30 million (+36.2%)



Premium volume reached EUR 6,911.93 million (+17.5%) over the year as a whole.



Combined ratio of 95.5% significantly below 100% in 2007.

\* Market position (Vienna Insurance Group) - Definition CEE: Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia and Hungary.

# LETTER FROM THE CHAIRMAN

## LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

**Dear Shareholders,  
Dear Madam/Sir!**

In the last few years I have reported to you again and again on our company's new record results – something that I am able to do on this occasion as well:

In fiscal year 2007 we were able to expand our business volume by 17.5%, to almost EUR 7 billion in premiums written. At the same time, we once again strengthened our market position in our core market of Austria, with EUR 3.7 billion in premiums generated. Thus, we have once again met the challenge of expanding our market leadership in Austria. Very much in keeping with our motto: Promises made, promises kept!



*Dr. Günter Geyer,  
General Manager*

However, the major momentum driving the expansion of our business was in the CEE region. With premium volume of approximately EUR 3.0 billion (equal to a gain of 34.4%), this dynamic region already contributed nearly 43% of the Group's premiums, with the property/ casualty business even reaching EUR 2.12 billion, i.e., nearly 58%.

The earnings trend of the Vienna Insurance Group over the last fiscal year is, to my mind, impressive as well: In 2007, profit before taxes amounted to EUR 437 million, a roughly 40% increase. The strongly growing volume of business in the CEE region – despite the investments that continue to be necessary – has already a positive effect on the profitability of our Group companies.

This is to our shareholders' benefit: Because of the welcome trend in profits, the Managing Board of the Vienna Insurance Group will make a recommendation to the Annual General Meeting of Shareholders for a 2007 dividend of EUR 1.10 per share – i.e. more than one third higher than the prior year.

In the near future we also wish to devote special attention to the employees of our roughly 45 Group companies. With its expansion into a large and fresh area of Europe, our business model should provide dynamic individuals with opportunities for development, something only a few companies offer in this form.

For that reason, we have created the International Human Resource Development department, whose task is to find and foster new management talent. As part of individually tailored programs, employees are deployed globally to give them the opportunity to get to know all facets of the Vienna Insurance Group and to prove themselves in a wide variety of challenging situations.

Over the next few years, I am convinced that in this way we can offer young people outstanding opportunities for development, thereby making us especially attractive as an employer.

People are at the heart of all our success. This success gives our employees the ability to constantly seek out and avail themselves of new opportunities for business expansion.

I would like to give special thanks to all employees of the Vienna Insurance Group for their tireless efforts over this past fiscal year on behalf of our customers and business partners. The motivation of our colleagues in all member companies of the Group makes the Vienna Insurance Group a special business enterprise and will also fortify us in the future.

Together with you, ladies and gentlemen, with our customers, business partners, shareholders and employees, we will make this happen.

Sincerely,

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

Günter Geyer

**YOU CAN RELY  
ON OUR APPROACH**



## VIENNA INSURANCE GROUP

The Vienna Insurance Group is the leading insurance group in Austria and a top player in Central and Eastern Europe (CEE). The Group is a composite insurer that offers its customers innovative products and modern insurance solutions in the property/casualty, life insurance and health insurance business.

### Pure Play in the CEE Region

The Vienna Insurance Group is optimally positioned to participate in the increased need for insurance accompanying the rising standard of living in the countries of the CEE region. The proportion of total Group premiums contributed by Group companies in the CEE region already exceeded 40% in 2007, even rising to almost 58% in the property/casualty area. No other international insurance company generates such a high proportion of its premiums in this high-growth region.

### Listed in Vienna and Prague

The shares of Vienna Insurance Group have been listed in the Prime Market segment of the Vienna Stock Exchange since 2005 and are part of the leading index ATX. The highly satisfying performance it has achieved in recent years is a reflection of the confidence financial markets have in the company. To further increase its attractiveness for investors and to expand the Group's presence in the capital market in the CEE region, since early February 2008 its shares have also been listed on the Prague Stock Exchange. Since 1 February 2008, the shares have been traded under the international name Vienna Insurance Group (securities symbol VIG).

\* Market position (Vienna Insurance Group) – Definition CEE: Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia and Hungary.

*The Vienna Insurance Group quickly recognised and took advantage of the growth opportunities in Europe.*

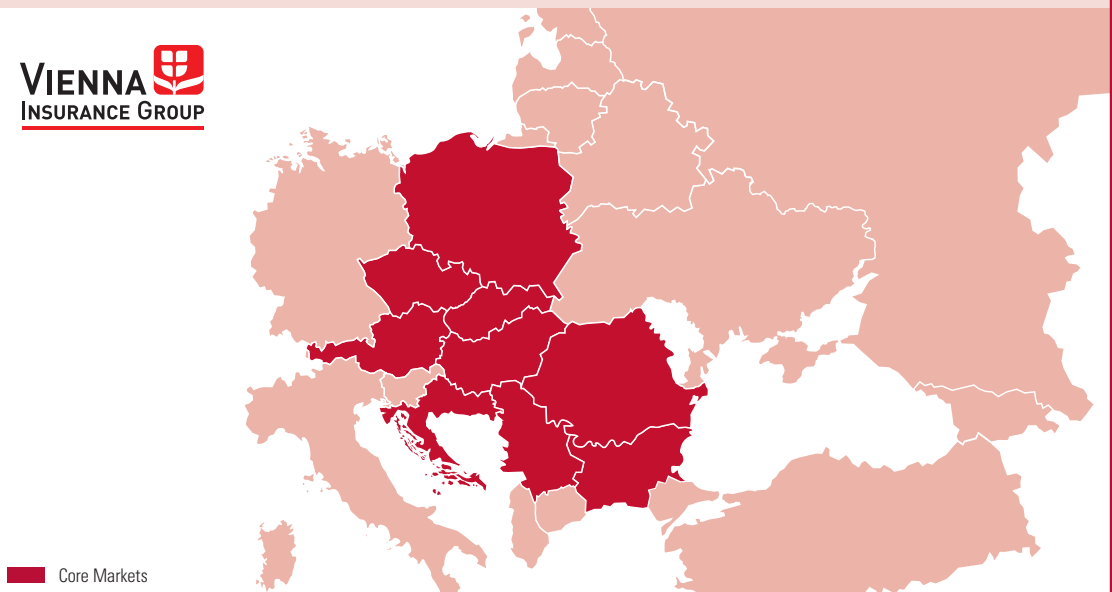
### Leading Position in the CEE Region

The Vienna Insurance Group was one of the first insurance groups to recognise and quickly take advantage of the growth opportunities offered by a unified Europe. Today, the Group is one of the most important players in the CEE region. The Vienna Insurance Group now participates in 23 markets, extending from Tur-

key in the south to Estonia in the north, and Vaduz in the west to Vladivostok in the east, thereby achieving broad geographic diversification. The Vienna Insurance Group is one of the market leaders in Austria, the Czech Republic, Slovakia, Romania, Bulgaria, Albania and Georgia. In a comparison with other international insurance groups, the Vienna Insurance Group is No. 1 in the CEE region in non-life insurance, and occupies an outstanding second place in the overall market\*.

#### THE MARKETS OF THE VIENNA INSURANCE GROUP: A STRONG PRESENCE IN 23 COUNTRIES

VIENNA  
INSURANCE GROUP



**CENTRAL AND EASTERN EUROPE: GROWTH MARKET WITH A FUTURE**

The Vienna Insurance Group operates in the CEE region, which offers the insurance industry significant opportunities for growth. The business potential realised by the Vienna Insurance Group's expansion in the CEE countries is primarily based on two factors:

- Insurance density\* (per capita premiums) in the CEE region is considerably below the Western European level, and
- insurance markets exhibit above-average growth rates.

In addition, rapid economic growth and continued integration of the CEE countries into the European Union has significantly increased the prosperity of the population in recent years. The demand for financial services to insure newly created assets and safeguard the standard of living has been growing at an above-average rate. The insurance market of the dynamically growing economy of the CEE region therefore exhibits high growth potential. These are the factors that make Central and Eastern Europe so attractive for the Vienna Insurance Group.

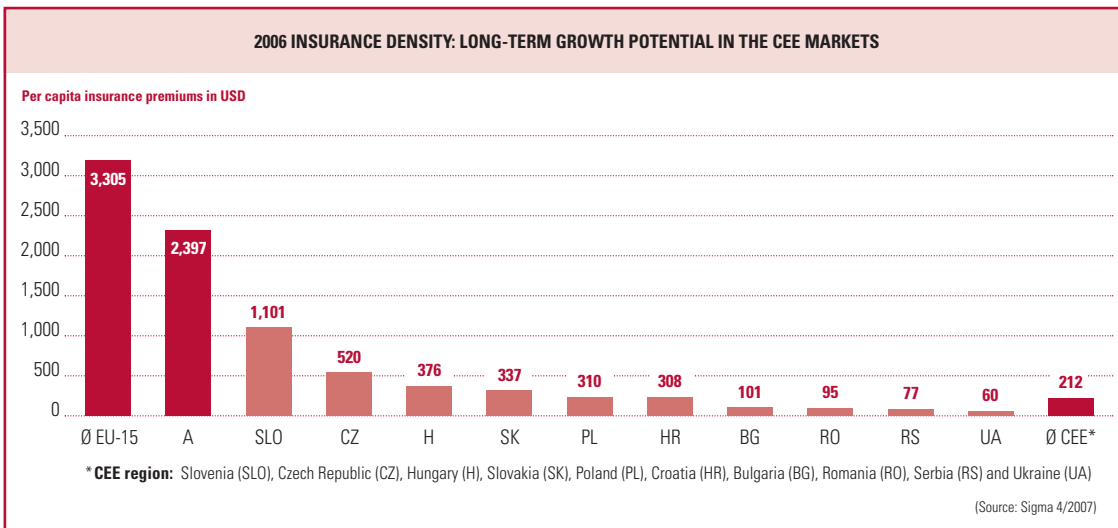
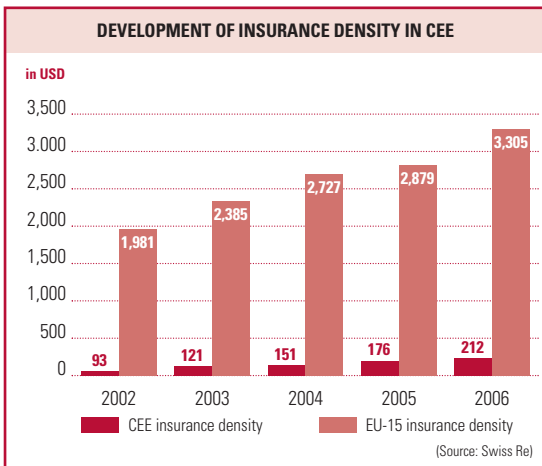
**Significant Catch-up Potential for Insurance Density**

The remarkable long-term catch-up potential of the CEE region can be seen in its insurance density. This is used as a key indicator of the state of development of an insurance market. Insurance density indicates how much each inhabitant of a country spends each year for insurance services. The overall insurance density in the CEE region is currently only one-sixteenth of the Western European level. In 2006, premiums per capita averaged USD 212 in the CEE region, compared to an average of USD 3,305 in the EU-15 countries.

In the **non-life insurance business**, the values for the CEE region and the EU-15 countries are currently USD 133 versus USD 1,107, which means that the insurance density in CEE is approximately one-eighth of the Western European level in this area. The values in the **life insurance business** are currently USD 79 for the CEE region and USD 2,198 in the EU-15 countries, or a ratio of 1 to 28. These figures show clearly that the CEE region has great catch-up potential in both the life and non-life insurance segments.

This is also shown clearly by the growth recorded in recent years. For example, between 2002 and 2006, the insurance density in CEE rose by approximately 130% in only four years, nearly twice as fast as the approximate 67% growth recorded in the EU-15 countries. In contrast to the EU-15 countries, where growth is primarily due to an increase in private pension products, both life and non-life insurance are booming equally in the CEE region.

\*Insurance density (Swiss Re) - Definition CEE: Bulgaria, Croatia, Czech Republik, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia, Ukraine. Insurance density (Swiss Re) - Definition EU-15: Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden.



# STRATEGY AND SHARE INFORMATION

## STRATEGY

The paramount goal of the Vienna Insurance Group has remained the same for many years, to achieve long-term, steady growth in sales and earnings. The Group's two core strategies result from its goal of being the leader:

- Further development of the insurance business in Austria, where the Vienna Insurance Group is the leading insurance group in the market, and
- targeted expansion into the dynamic growth markets of the CEE region.

These two core strategies are accompanied by the following management principles, which are intended to ensure optimal access to customers, mutual exploitation of synergies and broad risk diversification throughout the Group:

### Think globally – act locally

The philosophy of the Vienna Insurance Group includes a multi-brand policy under which newly acquired companies continue to operate using their existing brand names, which are already established locally and known to customers. This allows existing distribution relationships to be maintained and the focus of marketing activities to be placed on the steady development of these companies. The use of Group-wide synergy effects makes it possible for individual companies to develop products specifically designed for their markets, carry out local marketing campaigns and enter

into suitable cooperative distribution agreements for each market.

### Anchored in the local market

The great majority of Group companies have their own local management with many years of experience in the market environment prevailing in their countries. Strategic control of the local companies takes place in close cooperation with the Executive Board of the Group.

### Support from headquarters

The local companies receive support from the Group in key business areas, in particular

- a Group-wide reinsurance concept,
- provision of actuarial services by the Group's actuarial department,
- EDP support,
- cross-border support for corporate customers, and
- investment management.

### Diversification

The Group's constant aim is to keep risks low by broadly diversifying in all segments. This is achieved by geographic diversification and the use of a variety of distribution channels by the Group, which currently operates in 23 countries. As a result, any deterioration of the insurance environment in one market will have only a limited effect on the Group as a whole.

## INVESTOR RELATIONS

### VIENNA INSURANCE GROUP SHARE

2007 was a good year for Vienna Insurance Group shareholders. VIG shares ended the year with a closing price of EUR 55.00, thereby continuing their previous positive performance in 2007 with an increase of 3.4%, and outperforming the European insurance sector (MSCI Insurance Index) by close to 14%. Following price gains at the beginning of 2007, persistent concerns over recession during the summer months sent both international stock exchanges and Vienna Insurance Group shares into a correction.

The outstanding business trend achieved by the Vienna Insurance Group and the increase in its business targets helped the shares to distance themselves from the negative capital market environment, leading to a significant increase in value during the final quarter.

### Key Share Information for 2007

High EUR	EUR 57.90
Low EUR	EUR 45.01
Year-end price EUR	EUR 55.00
Market capitalisation	EUR 5.8 billion
Proposed dividend EUR	EUR 1.10
Average daily stock exchange trading volume EUR	EUR 6.6 million*
Annual performance	3.4%

\* using single counting

The performance of over +22% achieved by the shares since 21 November 2007, the day on which the low of EUR 45.01 for the year was reached, shows how highly investors valued the fact that the Vienna Insurance Group was unaffected by the subprime crisis. On 18 December 2007, the shares closed with a high for the year and a new all-time high of EUR 57.90.



Vienna Insurance Group shares were also able to decouple themselves from the negative stock exchange environment in the initial months of 2008. Although the ATX suffered a drop of more than 16%, Vienna Insurance Group shares posted a comparatively small decrease of under 3%.

**Liquidity**

The annual trading volume of Vienna Insurance Group shares increased significantly over the previous year, reaching 30.9 million shares to set a new record high of EUR 1.62 billion in 2007. This corresponds to an increase of 16.9% over the previous year in the number of shares traded on the stock exchange, and represents an average daily volume of approximately 125,000 shares or EUR 6.6 million with single counting. The share's weighting of 4.28% places it in 8th position in the ATX component ranking.

**Latest Information on the Vienna Insurance Group Shares**

Underscoring the importance of Central and Eastern Europe to the Vienna Insurance Group, an application to list its shares on the Prague Stock Exchange was made in January 2008. In addition to their Vienna Stock Exchange listing, Vienna Insurance Group shares have also been listed as the sole insurance company in the Main Market of the Prague Stock Exchange since 5 February 2008.

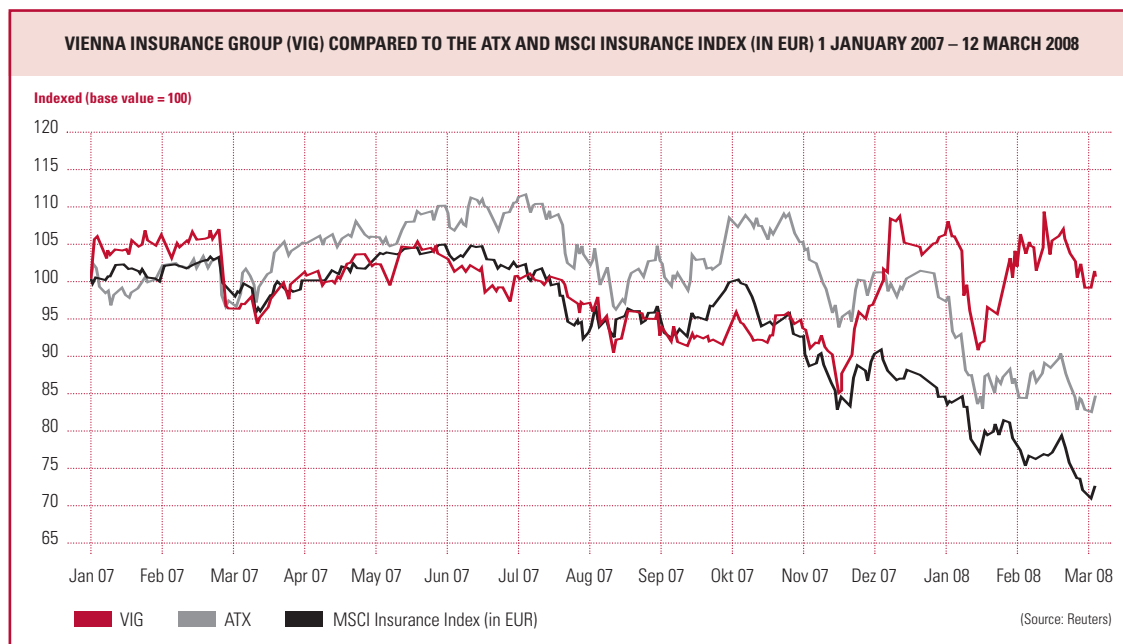
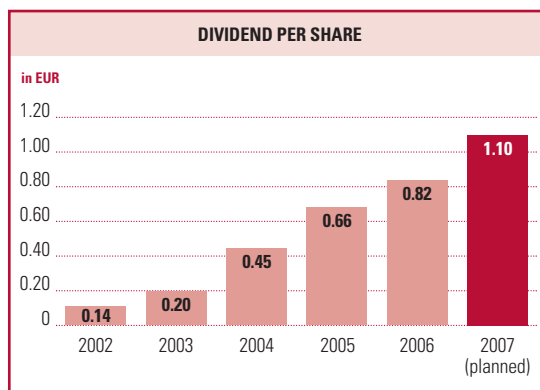
Another step was taken towards internationalising the Group with the introduction of a new trading name for the shares: Vienna Insurance Group. Since 1 February 2008, the shares have been trading in the Prime Market of the Vienna Stock Exchange under the name Vienna Insurance Group (securities symbol VIG).

Following the successful introduction of the name Vienna Insurance Group as the family name to the local given names of the individual Group companies in mid-2006, use of this name as a new trading name now also underscores the Group's growing international significance, and recognises the increasing importance of the contributions made by individual Group companies in Central- and Eastern Europe to the total result of the Vienna Insurance Group.

**Dividend policy**

All shareholders should receive a fair share of the company's earnings. The Vienna Insurance Group therefore attempts to distribute at least 30% of its consolidated net income each year, while taking into account the needs of a strongly growing company.

In accordance with the dividend policy of the Vienna Insurance Group, the Managing Board of WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP plans to propose a dividend of EUR 1.10 per share for fiscal year 2007 at the Annual General Meeting 2008. This equals an increase of EUR 0.28 or approximately 35% over the previous year.



# RESOURCES AND RESPONSIBILITIES

## CORPORATE SOCIAL RESPONSIBILITY

More than ever before, companies are expected to be not only commercially successful, but also socially and environmentally responsible. The Vienna Insurance Group underscores its social responsibility by providing transparency and a readiness for dialogue.

Open communication with all interest groups increases confidence in the Company. The Company's interest groups include shareholders, customers, employees, business partners, as well as the capital market and the public.

### INCLUDED IN SEVERAL SUSTAINABILITY INDICES

#### VÖNIX

Vienna Insurance Group shares have been a component of VÖNIX since the middle of 2005. The VÖNIX Sustainability Index created by the VBV Austrian Pension Fund is a share index of Austrian listed companies. The index selects Austrian listed companies that are leaders in the areas of social and environmental achievement. Inclusion in the VÖNIX documents the sustainable orientation of the Vienna Insurance Group.

#### FTSE4Good

In mid-2007, Vienna Insurance Group shares were also included in the FTSE4Good index series. This global index for sustainable investments was founded in 2001, and includes companies that meet selected international environmental, human rights and social standards.

## HUMAN RESOURCES

People form the core of the Vienna Insurance Group. Each employee in the Group contributes to the success of the company. Capable and committed employees are critical to the Vienna Insurance Group's success in achieving its goals. Forward-looking human resources development is therefore essential for successful implementation of the Group's growth strategy.

### People Strategy 2007–2010

Using the Vienna Insurance Group strategy as a foundation, a strategy entitled **People Strategy 2007–2010** was developed for the human resources area, addressing the three core strategic areas of human resources development, recruiting, development and loyalty of employees at all levels:

- **Recruiting:** We are an attractive employer in the CEE region that stands out for the efficiency and effectiveness of its recruiting methods.
- **Development:** We promote basic and advanced training of our employees. Personal and professional development programmes of the highest quality are offered to help realise the potential of our employees.
- **Loyalty:** We encourage motivation and workplace satisfaction, and introduce a competitive compensation system. We are also responsible for ensuring equal opportunity, fairness and diversity.

## VALUES

### Honesty and Sustainability – we respect...

Honesty and sustainability are our top priority! Each of us is personally responsible for maintaining the highest standards of behaviour, based on honesty and sustainability in every aspect of our work.

### Leadership as a company and as individuals – we provide...

Actions speak louder than words. All of our employees work toward the same goals, as is expected of them. We all lead through our expertise, creativity and teamwork.

### Customer satisfaction – we deliver ...

We respect our customers, listen to their wishes, and understand their expectations. We aim to provide quality and service that exceeds our customers' expectations.

### People and equal opportunity – we value...

We treat each other with respect and are proud of the many benefits that a diversity of employees and ideas brings. In order to continue our success, we need to provide our employees with opportunities for training and development. This helps them grow to meet new responsibilities.



**CORPORATE IDENTITY**

The rapid development of the Vienna Insurance Group in recent years made it necessary to develop a clear brand and marketing strategy for the entire Group.

The Wiener Städtische Group began operating under the name Vienna Insurance Group in 2006, and the registered company name of Wiener Städtische AG was changed to WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP. Following this example, the Group subsidiaries also integrated “Vienna Insurance Group” into their company names. The new family name Vienna Insurance Group is intended to demonstrate the shared identity of the insurance companies in the Group. Under the multi-brand strategy that was successfully introduced, these companies continue to operate under the company and brand names they have established in their local markets.

The management of the Vienna Insurance Group believes that proximity to customers provides a crucial competitive advantage. Proximity to customers ensures that the insurance and pension solutions offered optimally address local customer needs. The Vienna Insurance Group retains this local approach when

integrating acquired companies into the Group. At the same time, the advantages and strengths of the international Group are integrated into the market image of Group companies.

**“We are family” – Implementation of the Multi-brand Strategy**

The Vienna Insurance Group is one big family, in which each Group company bears its own brand as a given name and the Group brand Vienna Insurance Group as a family name. The given name stands for proximity to customers and local competence. The Vienna Insurance Group family name is a symbol that strongly stands for international operations, strength and experience.

Integrating the Vienna Insurance Group family name into local company names and logos further consolidates the strong local brands. In this way, the Vienna Insurance Group perfectly combines the independent brand image and optimal positioning required for local companies with the uniform image of the Group as a whole.

These integration measures taken by the Vienna Insurance Group create added value for the individual Group company brands that will be further expanded and strengthened in the future.

**WE ARE FAMILY – our Mission Statement:**

The “We are Family” concept is a central component and idea in the new mission statement of the Vienna Insurance Group. This mis-

sion statement is a main theme running through the way the Vienna Insurance Group understands itself, now and in the future.

**MISSION STATEMENT**

- WE are at home in Central and Eastern Europe (CEE).**
- WE are a leading insurer in CEE.**
- WE are family.**
- WE care about people especially.**
- WE are aware of our social responsibility.**
- WE create value sustainably.**
- WE want to be the leader.**



**WE PROMOTE THE FUTURE**



## TARGETED EXPANSION

The figures from recent years confirm that the Vienna Insurance Group is successfully putting its strategy into practice. In so doing, the average growth in premiums of 19.0% per year over the time period 2004 – 2007 was even exceeded by the profit before taxes, which grew on average by 41.0% per year in the same period. The Vienna Insurance Group thereby clearly exceeded its projections.

In 2007, the Vienna Insurance Group fortified its excellent position in Central and Eastern Europe through significant acquisitions, now being active in 23 countries. Following its entry into the insurance markets of Albania, Macedonia and Turkey at the beginning of 2007, since December of 2007 the three EU countries of Estonia, Latvia, and Lithuania have also now become part of the Vienna Insurance Group's markets.

The following companies became recently members of the Vienna Insurance Group:

- **TU Polski Związek Motorowy S.A. VIENNA INSURANCE GROUP (TU PZM)**  
Acquisition of more than 90% of the Polish non-life insurer
- **Sigma Sh.a.**  
Simultaneous entry into the Albanian and Macedonian insurance markets through a purchase of over 75%
- **Ray Sigorta A.Ş.**  
Entry into the Turkish insurance market through an approximately 74% purchase
- **SC Asigurarea Romaneasca Asirom S.A.**  
Acquisition of approximately 98% of one of the leading Romanian insurance companies
- **Ukrainska Strakhova Grupa (USG)**  
Expansion of activities in Ukraine through a 62% purchase
- **Seesam Life Insurance SE**  
Entry into the three Baltic markets of Estonia, Latvia and Lithuania through a 100% acquisition
- **FinLife TU nZ S.A.\***  
Strengthening of life insurance in Poland through a 100% acquisition

\* subject to approval of authorities

## Increased stake in TBIH

Since April 2007, the Vienna Insurance Group has held a direct share of 60.00% in TBIH Financial Services Group N.V. (TBIH), thus converting its previous 40.00% stake in Kardan Financial Services B.V. (KFS). TBIH is a financial services group specializing in Central and Eastern Europe, headquartered in Amsterdam. As part of the share increase, TBIH was restructured and now focuses exclusively on the insurance and pension fund business.

As of the closing date of the financial statements, TBIH holds ownership interests mainly in the following insurance companies:

- Bulgaria: Bulstrad Group  
(Bulstrad 96.83%, Bulstrad Life 93.94%)
- Croatia: Helios (100.00%)
- Romania: Omnisig Life (49.99%)
- Turkey: Ray Sigorta A.Ş. (74.26%)
- Albania: Sigma Sh.a. (>75.00%)
- Georgia: GPIH (50.00%), IRAO (75.00%)

Kardan Financial Services B.V. holds a minority interest of 40.00% in TBIH. The Vienna Insurance Group is continuing to manage TBIH in close cooperation with the Kardan Group.

## Founding: Group-owned reinsurance

In 2008, the Vienna Insurance Group will establish a Group-owned reinsurance company with headquarters in Prague. With this step, the Vienna Insurance Group is sending a clear signal that the region of Central and Eastern Europe is a core market for the company, with outstanding growth potential. The reinsurance company will have equity capital of EUR 100 million and should achieve a premium volume of about EUR 300 million over the next two to three years.

Supported by the Vienna Insurance Group's many years of experience in setting up and co-developing local insurance markets in the CEE region, the new reinsurance company intends to offer options in addition to the product offerings of traditional reinsurers. These will involve partnered reinsurance solutions offered even to companies not part of the Vienna Insurance Group.

### Austria

#### Merger of UNION Versicherungs-AG and BA-CA Versicherung AG

In March 2007, the shareholders of UNION Versicherungs-AG and BA-CA Versicherung AG agreed to merge the two companies. The Vienna Insurance Group assumed control of the merged insurance company.

Ownership interests in the merged company, bearing the name Bank Austria Creditanstalt Versicherung Aktiengesellschaft, are as follows:

- WIENER STÄDTISCHE Versicherung AG  
VIENNA INSURANCE GROUP: 60.54%
- ERGO International AG: 29.46%
- Bank Austria Creditanstalt AG: 10.00%

### Czech Republic

#### Increase in authorised capital of Kooperativa

In October 2007, an extraordinary meeting of the shareholders of Kooperativa pojišťovna, a.s., VIENNA INSURANCE GROUP (Kooperativa) passed a unanimous resolution to increase authorised capital by CZK 200 million (ca. EUR 7.3 million). In consequence, Kooperativa's authorised capital is equal to CZK 3 billion (ca. EUR 109 million).

### Poland

#### Acquisition of a majority interest in TU Polski Związek Motorowy S.A. VIENNA INSURANCE GROUP (TU PZM)

The Vienna Insurance Group subscribed to shares of the Polish Non-Life insurer TU Polski Związek Motorowy S.A. VIENNA INSURANCE GROUP (TU PZM), as part of a capital increase at the end of March 2007. The Vienna Insurance Group now owns 91.30% of this insurer. The remaining shares are held by the former majority shareholder, the Polish Automobile Association (PZM).

From seven offices with nearly 100 employees, TU PZM handles more than 20,000 customers in Poland, with almost 70% of the customers being serviced by the company's sales employees in the field.

#### Expansion of life insurance through acquisition of FinLife TUnZ S.A.\*

The Vienna Insurance Group acquired 100% of the shares of FinLife TUnZ S.A. (FinLife) from the Suomi Mutual Life Assurance Company.

FinLife, headquartered in Warsaw, was founded in 1996 and specializes in group and term life insurance policies. With around 90 employees and 15 offices throughout the country, FinLife TUnZ S.A. has built up a very extensive independent distribution network, as well as cooperative arrangements in the bank sector.

\* subject to approval of authorities

### Romania

#### Acquisition of majority interest in Asirom

In order to expand its activities in Romania, the Vienna Insurance Group acquired 98.46% of the Romanian SC Asigurarea Romaneasca Asirom S.A. (Asirom) in three steps. In the first step, as early as July 2007, 30.00% of the shares were obtained. A majority interest was achieved in November 2007 through acquisition of an additional 20.20% of Asirom. Through a take over process and further share purchases, the majority interest was boosted to around 98.46%.

Asirom is one of the leading insurance companies in Romania and has approximately 2,200 employees. Asirom has a nationwide presence with its dense distribution network of 49 regional head offices and 160 branches.

### Albania

#### Acquisition of majority interest in Sigma Sh.a. completed

The Vienna Insurance Group successfully completed its entry into the Albanian insurance market in mid-September 2007. After all official approvals were obtained, the TBIH Financial Services Group N.V. (TBIH) obtained a majority interest of 75.00% plus one share of Sigma. In addition, a contractual agreement was reached with the remaining minority shareholders, under which they will have the right to sell 12.50% of the shares to TBIH in the first half of 2011 and the remaining shares in the first half of 2012.



Sigma, founded in Tirana in 1998, is active in the property insurance business. The company has a subsidiary in Macedonia, a branch office in Kosovo, and has about 160 employees in total.

**Estonia, Latvia and Lithuania**

**Acquisition of Seesam Life Insurance SE**

In December 2007, the Vienna Insurance Group entered the Baltic insurance markets through the signing of a purchase agreement for acquisition of 100.00% of Seesam Life Insurance SE (Seesam). The seller was the Finnish Suomi Mutual Life Assurance Company. The Seesam Life Insurance SE, with headquarters in the Estonian capital Tallinn, was established in 1993. Its life insurance business subsequently expanded into the Latvian (1999) and Lithuanian (2001) markets.

Seesam has more than ten branch offices in these three countries, with about 200 employees. Besides classical life insurance, it also offers unit-linked policies and term insurance.

**Turkey**

**Acquisition of majority interest in Ray Sigorta A.Ş.**

When the purchase by TBIH Financial Services N.V. (TBIH) of 58.20% of the shares of Ray Sigorta A.Ş. closed in early June 2007, the Vienna Insurance Group successfully completed its entry into the Turkish insurance market. The shares were acquired from the former majority owner, Turkish company Doğan Şirketler Grubu Holding A.Ş. (Doğan), which continues to hold around 20% of the shares of Ray Sigorta A.Ş. Furthermore, TBIH made a

public takeover offer for around 22% of the shares of Ray Sigorta A.Ş. in circulation in August, and now owns around 74.26% of the company.

Ray Sigorta A.Ş. is a listed Turkish insurer based in Istanbul. The company, which was founded in 1958, is active in the non-life insurance segment, with an emphasis on motor vehicle insurance.

**Ukraine**



**Expansion of market position through purchase of Ukrainska Strakhova Grupa**

The Vienna Insurance Group also significantly expanded its involvement with the Ukrainian insurance market, thereby continuing its course of expansion in Central and Eastern Europe. In November 2007, TBIH Financial Services Group N.V. (TBIH) signed a contract to purchase 62.00% of the share capital of Ukrainska Strakhova Grupa (USG).

USG, which is headquartered in the capital Kiev, has been active on the Ukrainian insurance market since 2002. Of its approximately 460 employees, around 360 are active in sales. With 50 branches and an additional 20 regional sales offices, the USG is represented throughout the country. Along with motor vehicle liability insurance, it also focuses on sales in the rapidly growing motor third party liability insurance segment.

**More shares acquired in the Ukrainian company Kniazha**

As part of a capital increase, the Vienna Insurance Group intensified its activities in the Ukrainian insurance market and boosted its interest in Kniazha from the previous just above 50.01% to 80.00%.

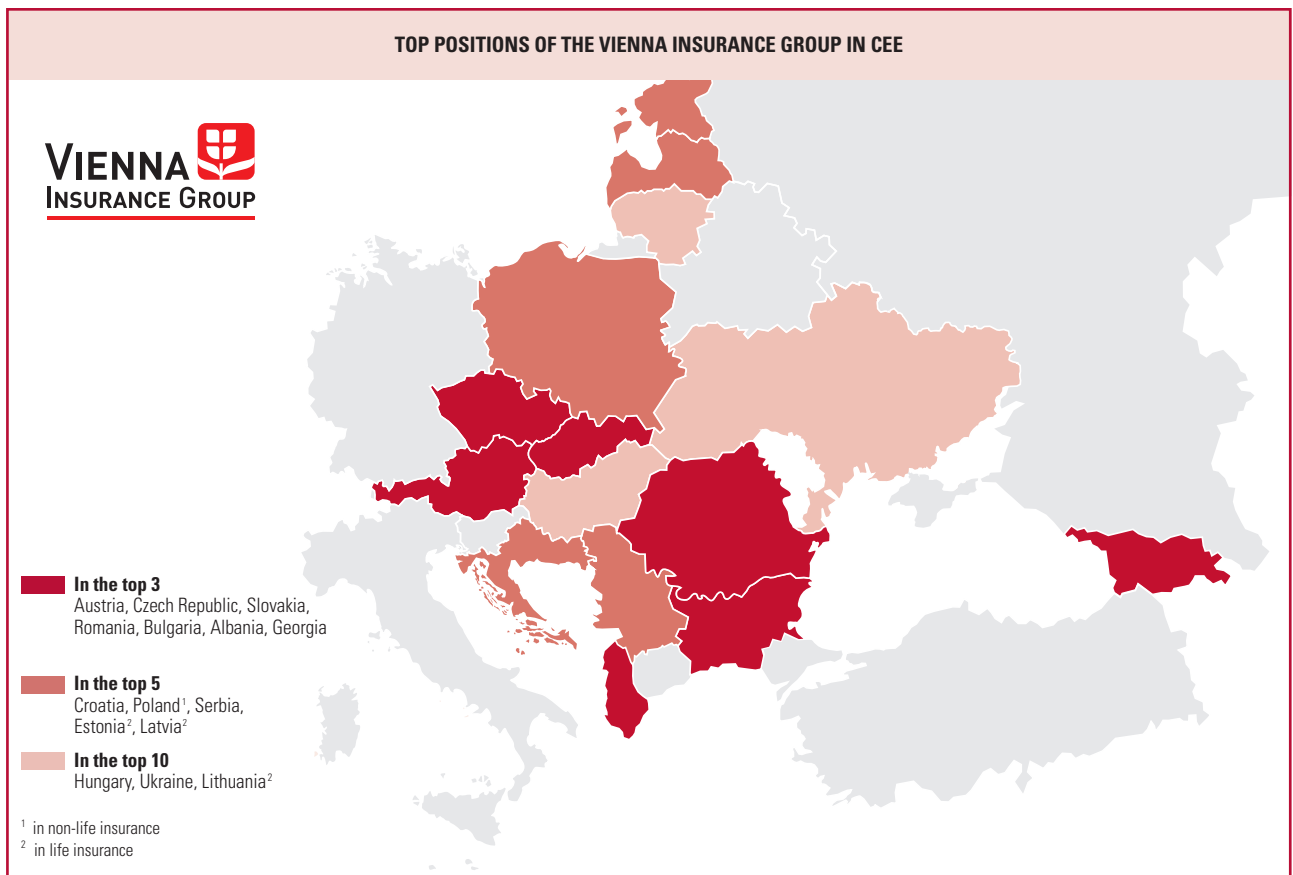


## SUCCESSSES

### STRENGTHENING OF MARKET POSITION\* IN AUSTRIA AND CEE

The Vienna Insurance Group has kept the promise it made to shareholders, on the occasion of its capital increase two years ago, to expand its position in Austria and in the CEE growth market: In Austria, its market leadership was further broadened, and the Vienna Insurance Group is clearly Number 1 on the market. In the CEE region, through targeted acquisitions and explosive organic growth, the Vienna Insurance Group has climbed to the Number 1 spot in non-life insurance. In the process, the Group has taken the lead over well-known international

competitors. Each and every company belonging to the Vienna Insurance Group has made a valuable contribution to this history of success, as is shown in the next section from the example of selected countries. With its over 21.000 employees in 23 countries, the Vienna Insurance Group is thereby taking impressive advantage of the opportunities and large growth potential presented by a united Europe. The ambition to rise to the position of Number 1 overall in the CEE region is both our motivation and objective for the future.



\* Market position (Vienna Insurance Group) - Definition CEE: Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia and Hungary.



# A PERFECT TEAM RIGHT FROM THE START



# PERFORMANCE IN 2007

## BUSINESS DEVELOPMENT OF THE GROUP IN 2007

The Vienna Insurance Group is a successful composite insurer operating in the property/casualty, life insurance and health insurance segments. The Group's area of activity extends over 23 countries and is divided into the following seven geographic segments: Austria, Czech Republic, Slovakia, Poland, Romania, Other CEE markets, and Other markets.

### Premiums grow to EUR 6.91 billion

The Vienna Insurance Group generated an outstanding premium volume of EUR 6,911.93 million, representing an increase of EUR 1,030.42 million or 17.5% over the previous year. EUR 6,068.60 million of the gross premiums written were retained by Vienna Insurance Group and EUR 843.34 million were ceded to reinsurance companies. Major contributions to this premium growth came especially from the outstanding rates of increase in the new segments Poland (+62.1%) and Romania (+74.5%), added in 2007.

Net earned premiums rose from EUR 5,038.68 million in 2006 to EUR 5,941.69 million in 2007, representing an increase of 17.9%. Deferred premiums were EUR 139.44 million, and deferred reinsurance cessions amounted to EUR 830.80 million.

### Change in premium volume

in million EUR	2005	2006	2007
Gross premiums written	5,007.84	5,881.51	6,911.93
Net earned premiums	4,240.87	5,038.68	5,941.69

### Expenses for claims and insurance benefits

Not including the EUR 492.03 million allocated to reinsurance companies, expenses for claims and insurance benefits were EUR 5,031.51 million in 2007. This represents an increase of EUR 818.19 million, or 19.4%, in the expenses for claims and insurance benefits incurred by the Vienna Insurance Group.

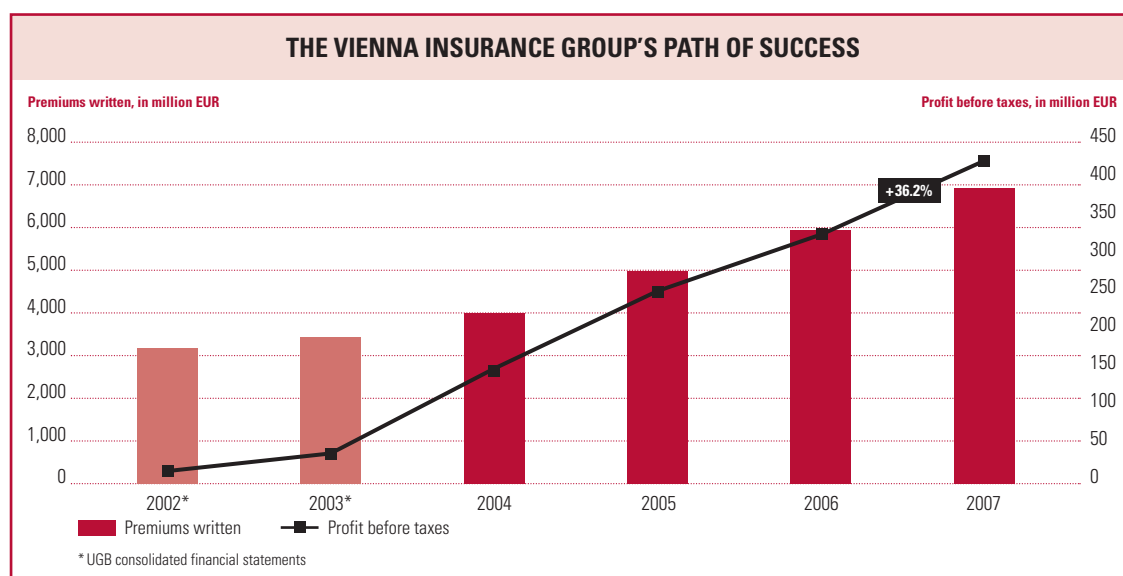
The increase in expenses for claims and insurance benefits is primarily due to the expansion of the scope of consolidation and an increase in storm losses in 2007.

### Operating expenses

After including commissions and other acquisition expenses and deducting reinsurance commissions received, 2007 operating expenses for all consolidated companies of the Vienna Insurance Group amounted to EUR 1,345.11 million, representing a moderate increase of 18.4% over the previous year. Commissions and other acquisition expenses were EUR 1,194.07 million in 2007.

### Profit before taxes rises 36.2%

The Vienna Insurance Group earned a profit before taxes of EUR 437.30 million in 2007. This result was a remarkable 36.2% increase compared to the year before, that is, EUR 116.33 million above the profit before taxes earned in 2006. All three of the Group's business areas and all seven geographic segments of the Vienna Insurance Group made positive contributions to this result.



**Earnings per share**

The earnings per share, representing the ratio of consolidated net profit after minorities to the average number of shares outstanding, rose to EUR 2.98 in 2007. The increase in net profit thus caused earnings per share to increase sharply, by 20.2% (2006: EUR 2.48).

**Combined ratio significantly below 100%**

The combined ratio, a classification figure of the property/casualty insurance, representing the ratio of operating expenses and insurance payments to earned premiums, was significantly below 100% in 2007. To be precise, the combined ratio of the Group after reinsurance (not including investment income) was 95.5% in 2007. This is a considerable achievement, even when compared with other insurance groups, particularly in view of the many natural catastrophes throughout all of Europe (primarily storms and flooding in 2007).

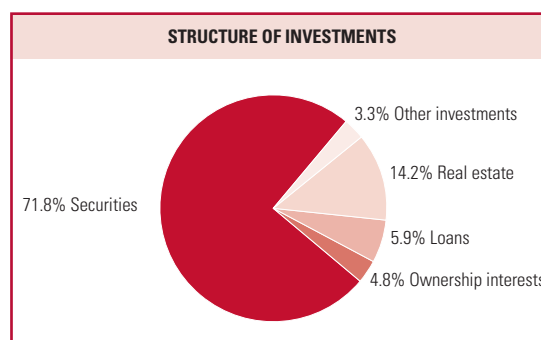
**Financial result**

The Vienna Insurance Group had a financial result of EUR 1,002.64 million in 2007. The growth of 39.9%, or EUR 286.20 million, in the financial result validates the conservative investment policy followed by the Vienna Insurance Group. Changes in investment structure to adjust for current capital market developments and maintenance of discipline in the investment process both contributed to this growth in the financial result.

**Investments already over EUR 20 billion**

The Vienna Insurance Group had total investments of EUR 20,171.39 million as at 31 December 2007. This represents an increase of EUR 2,911.02 million, or 16.9%, compared to the previous year. These investments include all Vienna Insurance Group land and buildings, all shares in affiliated and associated companies and all financial instruments. They do not include investments for unit-linked and index-linked life insurance, which rose by 31.0% from EUR 2,340.58 million to EUR 3,065.99 million.

Investments reached EUR 3,253.43 million (-16.5%) in the property/casualty area, and an increase of 29.4% from EUR 12,398.13 million to EUR 16,047.24 million was recorded in the life insurance area. Vienna Insurance Group investments were EUR 870.74 million (-9.7%) in the health insurance area as at 31 December 2007. The slight decrease in investments in the property/casualty and health insurance segments is due to a regrouping of free assets.

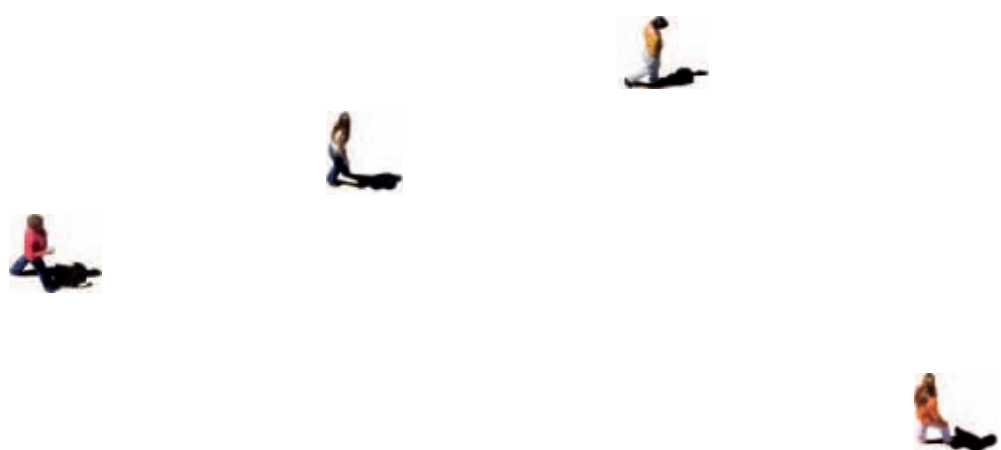


**Shareholders' equity**

The Vienna Insurance Group's capital base was strengthened by 14.6% to EUR 2,615.56 million in 2007 (2006: EUR 2,283.21 million).

**Underwriting provisions**

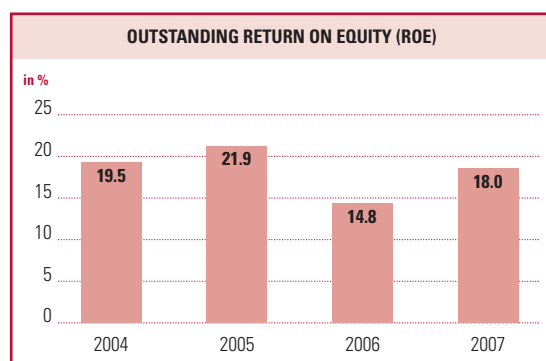
Underwriting provisions of EUR 17,092.13 million existed as at 31 December 2007. The level of underwriting provisions for the Vienna Insurance Group at the end of 2007 was therefore 16.8% higher than the level of EUR 14,628.42 million as at 31 December 2006. Underwriting provisions in the property/casualty area increased 17.4% over 2006, to EUR 3,738.67 million, while underwriting provisions in the life insurance area rose 17.3% over the previous year, to EUR 12,585.46 million, as at 31 December 2007. Underwriting provisions for unit-linked and index-linked insurance were also increased by 31.7%, from EUR 2,238.86 million in 2006 to EUR 2,948.52 million.



## PERFORMANCE IN 2007

### RoE (Return on Equity)

In spite of the capital increase carried out in 2005, return on equity was an outstanding 18.0% in 2007 (2006: 14.8%). The RoE equals consolidated profit divided by the average total shareholders' equity of the Vienna Insurance Group.



### Cash Flow

Cash Flow from operating activities rose by EUR 375.62 million, or 22.8%, to EUR 2,020.98 million in 2007. The Vienna Insurance Group's Cash Flow from investing activities was EUR -1,959.04 million in 2007 (2006: EUR -1,474.79 million). The largest items in the Cash Flow from investing activities resulted from the acquisition of available for sale securities and the acquisition of affiliated and associated companies. The Vienna Insurance Group's financing activities produced a Cash Flow of EUR -62.80 million as compared to EUR -247.32 million in 2006.

The Vienna Insurance Group had cash and cash equivalents of EUR 277.70 million at the end of 2007. This represents a net increase of 22.6% in cash and cash equivalents over the balance of EUR 226.44 million at the beginning of the reporting period. The Vienna Insurance Group received a total of EUR 763.91 million in interest and dividends in 2007.

## BUSINESS DEVELOPMENT IN DETAIL

### Premium revenue

In 2007, the life insurance area contributed 42.5% of total Group premiums, the property/casualty area 53.1% and health insurance 4.4%.

### Gross premiums written by business segment

in million EUR	2005	2006	2007
Property/casualty	2,563.32	3,067.15	3,671.17
Life	2,156.43	2,516.46	2,934.17
Health	288.09	297.90	306.60
<b>Total</b>	<b>5,007.84</b>	<b>5,881.51</b>	<b>6,911.93</b>

### Gross premiums written by geographical segment

in million EUR	2005	2006	2007
Austria	3,170.97	3,434.73	3,695.37
Czech Republic	891.51	1,048.00	1,130.47
Slovakia	330.94	387.68	494.52
Poland	74.07	335.06	543.14
Romania	136.17	236.89	413.49
Other CEE*	127.04	198.37	383.77
Other markets**	277.14	240.78	251.17
<b>Total</b>	<b>5,007.84</b>	<b>5,881.51</b>	<b>6,911.93</b>

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

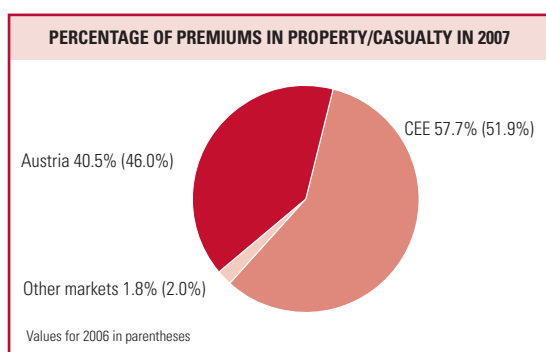
\*\* Other markets: Germany, Liechtenstein

### Property/casualty insurance

The Group companies of the Vienna Insurance Group generated EUR 3,671.17 million in premiums in the property/casualty area in 2007 (2006: EUR 3,067.15 million), an increase of 19.7%.

The main contributions to this rise in premiums came from Vienna Insurance Group companies in Slovakia (+20.4%), Poland (+50.4%) and Other CEE markets

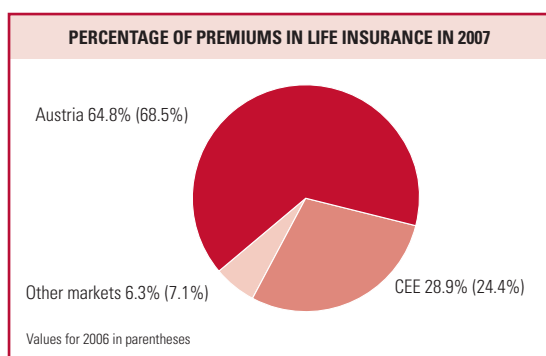




segment (+119.9%). The percentage of premiums generated in the CEE region has already reached 57.7% in the property/casualty area, as compared to only 51.9% in 2006.

**Double-digit premium growth in life insurance**

The Group companies of the Vienna Insurance Group wrote total premiums of EUR 2,934.17 million in the life insurance area, equal to an increase of 16.6% compared to the previous year. Of this amount, premium revenues of EUR 847.31 million were accounted for by Group companies in the CEE region, representing an outstanding 38.3% increase. This means that the percentage of premiums generated in the CEE region by insurance companies in the life insurance class has grown to nearly 29%.



Already EUR 292.33 million of the premiums written in the life insurance area were coming from the Czech Republic.

**Health insurance premiums increase by 2.9%**

Even in the health insurance business, only carried on in Austria to a relevant extent by Wiener Städtische AG, a leading health insurer, premiums written by the Vienna Insurance Group increased by 2.9%, to EUR 306.60 million.

**Profit before taxes**

**Profit before taxes by business segment**

in million EUR	2005	2006	2007
Property/casualty	145.47	175.69	265.07
Life	73.41	132.47	157.20
Health	21.45	12.81	15.03
<b>Total</b>	<b>240.34</b>	<b>320.97</b>	<b>437.30</b>

**Profit before taxes by geographical segment**

in million EUR	2005	2006	2007
Austria	144.52	209.06	286.80
Czech Republic	60.09	59.12	73.81
Slovakia	24.98	27.66	30.30
Poland	1.50	7.73	18.78
Romania	0.54	2.75	4.56
Other CEE*	1.16	2.83	10.25
Other markets**	7.54	11.82	12.80
<b>Total</b>	<b>240.34</b>	<b>320.97</b>	<b>437.30</b>

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

All of the insurance classes in which the Vienna Insurance Group is active made solid contributions to the outstanding growth in Group profit. Profit before taxes reached EUR 437.30 million in 2007, representing an increase of 36.2% compared to the previous year.

**Growth driven by property/casualty insurance in 2007**

The portion of the profit before taxes of the Vienna Insurance Group that came from the property/casualty insurance area rose by EUR 89.38 million, or 50.9% greater than 2006, to EUR 265.07 million.

**Life insurance at nearly EUR 160 million**

The portion of the total profit of the Vienna Insurance Group contributed by the life insurance area also rose by an outstanding 18.7%, to EUR 157.20 million.

**Profit growth of 17.3% in the health insurance area**

The health insurance area contributed EUR 15.03 million to the total profit of the Vienna Insurance Group.



**OUTLOOK**

**VIENNA INSURANCE GROUP GOALS FOR 2008**

**The Vienna Insurance Group is on course for success**

In 2007, the Vienna Insurance Group considerably strengthened its position as the leading insurance group in Austria and a top player in Central and Eastern Europe. By rigorously implementing its strategy of targeted acquisitions and organic growth, and identifying and reacting in timely fashion to current trends and developments in the CEE markets, the Group rose to become number 1 in the CEE region in the non-life insurance area. The goal is to become the overall number 1 in this region. The companies in the Vienna Insurance Group are recording a high rate of growth in premiums in all CEE markets that is significantly above the level of the market.

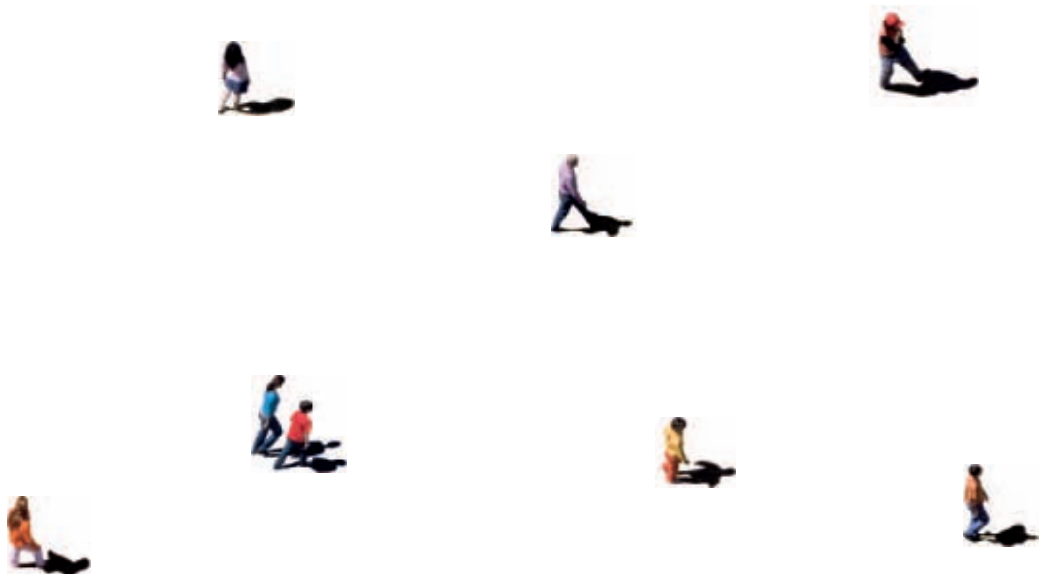
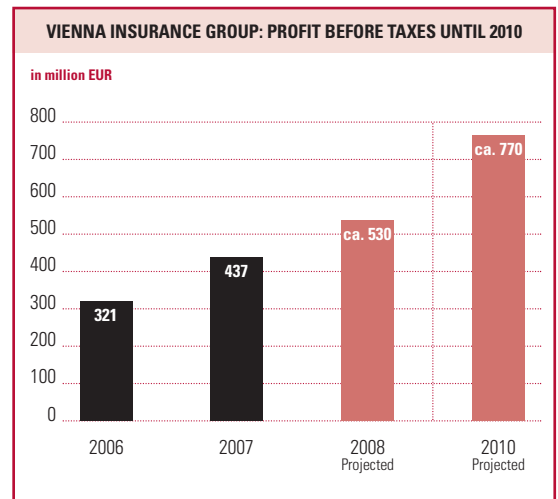
**The Vienna Insurance Group increases its presence in the CEE**

The Vienna Insurance Group further expanded its geographical presence in Central and Eastern Europe in 2007 by entering into the markets of Turkey, Albania, Macedonia, and the three Baltic states of Estonia, Latvia and Lithuania. The highly dynamic economies in these new markets open up further potential for growth. As one of the leading insurers in the CEE region, the Vienna Insurance Group has a great deal of integration and market know-how in this region. Selective follow-up acquisitions are possible in 2008. Existing market positions will be developed further through

organic growth, and new distribution channels will be used to create a stimulus for additional growth.

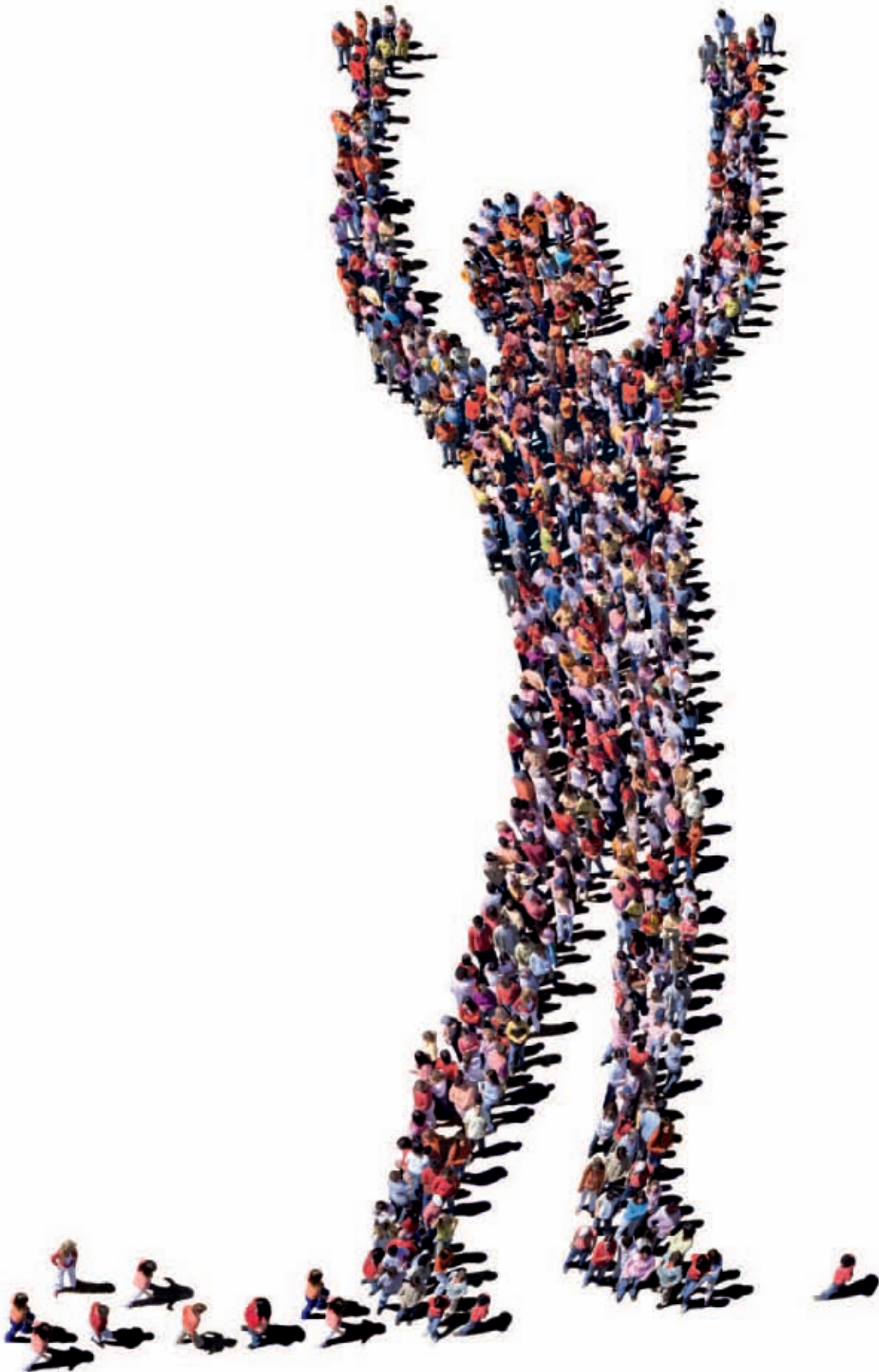
**Financial targets of the Vienna Insurance Group**

The Vienna Insurance Group has ambitious plans for the coming years. By consistently adhering to its strategy, the Vienna Insurance Group aims to achieve a premium volume of EUR 10 billion in 2010. This corresponds to an annual increase of approximately 14% when compared to the current level. Profit before taxes is expected to grow at an average annual rate of approximately 21%, thereby continuing to surpass the rate of growth in premiums. Profit before taxes is expected to reach EUR 770 million by 2010.



# A POWERFUL INCREASE

## THE FIGURES SPEAK FOR THEMSELVES



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

ASSETS	31.12.2007	31.12.2006
<b>in EUR '000</b>		
<b>A. Intangible assets</b>		
I. Goodwill	422,300	339,576
II. Purchased insurance portfolios	30,629	49,022
III. Other intangible assets	71,576	72,849
<b>Total intangible assets</b>	<b>524,505</b>	<b>461,447</b>
<b>B. Investments</b>		
I. Land and buildings	2,868,725	2,175,573
II. Ownership interests*	970,770	532,223
III. Financial investments	16,331,894	14,552,572
a) Loans and other investments	1,858,350	1,601,828
b) Other securities	14,473,544	12,950,744
Financial investments held to maturity	373,273	306,234
Financial investments available for sale	12,958,608	11,760,935
Trading assets**	1,141,663	883,575
<b>Total investments</b>	<b>20,171,389</b>	<b>17,260,368</b>
<b>C. Investments of unit- and index-linked life insurance</b>	<b>3,065,985</b>	<b>2,340,578</b>
<b>D. Reinsurers' share in underwriting provisions</b>	<b>1,186,664</b>	<b>963,314</b>
<b>E. Receivables</b>	<b>1,200,283</b>	<b>983,703</b>
<b>F. Deferred tax assets</b>	<b>33,861</b>	<b>23,543</b>
<b>G. Other assets</b>	<b>284,686</b>	<b>224,058</b>
<b>H. Cash and cash equivalents</b>	<b>277,700</b>	<b>226,443</b>
<b>Total ASSETS</b>	<b>26,745,073</b>	<b>22,483,454</b>

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

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

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2007	31.12.2006
in EUR '000		
<b>A. Shareholders' equity</b>		
I. Share capital	109,009	109,009
II. Capital reserves	1,035,029	1,035,029
III. Retained earnings	1,057,693	775,701
IV. Other reserves	136,374	292,670
V. Minority interests	277,458	70,799
<b>Total shareholders' equity</b>	<b>2,615,563</b>	<b>2,283,208</b>
<b>B. Subordinated liabilities</b>	<b>442,910</b>	<b>413,200</b>
<b>C. Underwriting provisions</b>		
I. Unearned premiums	960,354	765,602
II. Mathematical reserve	12,502,836	10,477,880
III. Provision for outstanding insurance claims	3,008,951	2,644,255
IV. Provision for profit-independent premium refunds	43,126	36,792
V. Provision for profit-dependent premium refunds	557,762	687,725
VI. Other underwriting provisions	19,100	16,167
<b>Total underwriting provisions</b>	<b>17,092,129</b>	<b>14,628,421</b>
<b>D. Underwriting provisions of unit- and index-linked life insurance</b>	<b>2,948,522</b>	<b>2,238,861</b>
<b>E. Non-underwriting provisions</b>		
I. Provisions for pensions and similar obligations	404,618	526,384
II. Provision for taxes	126,029	76,859
III. Other provisions	264,155	232,391
<b>Total non-underwriting provisions</b>	<b>794,802</b>	<b>835,634</b>
<b>F. Liabilities</b>	<b>2,688,674</b>	<b>1,856,439</b>
<b>G. Deferred tax liabilities</b>	<b>80,765</b>	<b>121,528</b>
<b>H. Other liabilities</b>	<b>81,708</b>	<b>106,163</b>
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>26,745,073</b>	<b>22,483,454</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2007 TO 31 DECEMBER 2007

	2007	2006
<b>in EUR '000</b>		
<b>Premiums</b>		
<b>Premiums written – Gross</b>	<b>6,911,931</b>	<b>5,881,510</b>
Premiums written – Reinsurers' share	-843,335	-792,859
<b>Premiums written – Retention</b>	<b>6,068,596</b>	<b>5,088,651</b>
Change due to provisions for premiums – Gross	-139,443	-59,528
Change due to provisions for premiums – Reinsurers' share	12,540	9,555
<b>Net earned premiums</b>	<b>5,941,693</b>	<b>5,038,678</b>
<b>Financial Result</b>		
Investment income	1,439,900	1,046,583
Investment and interest expenses	-444,126	-335,135
<b>Total financial result</b>	<b>995,774</b>	<b>711,448</b>
<b>Other income</b>	<b>51,960</b>	<b>61,412</b>
<b>Claims and insurance benefits</b>		
Expenses for claims and insurance benefits – Gross	-5,523,539	-4,661,011
Expenses for claims and insurance benefits – Reinsurers' share	492,032	447,691
<b>Total expenses for claims and insurance benefits</b>	<b>-5,031,507</b>	<b>-4,213,320</b>
<b>Operating expenses</b>		
Commission and other acquisition expenses	-1,194,072	-1,026,090
Administrative expenses	-334,223	-293,798
Reinsurance commissions	183,185	183,488
<b>Total operating expenses</b>	<b>-1,345,110</b>	<b>-1,136,400</b>
<b>Other expenses</b>	<b>-182,384</b>	<b>-145,852</b>
<b>Result from shares in affiliated and associated companies</b>	<b>6,870</b>	<b>5,001</b>
<b>Profit before taxes</b>	<b>437,296</b>	<b>320,967</b>
<b>Tax expenses</b>	<b>-88,425</b>	<b>-56,646</b>
<b>Profit for the period</b>	<b>348,871</b>	<b>264,321</b>
Attributable to Wiener Städtische shareholders	312,618	260,902
Minority interests in net income for the period	36,253	3,419
<b>Earnings per Share</b>		
basic = diluted earnings per share (in EUR)	2.98	2.48

# CONSOLIDATED FINANCIAL STATEMENTS

## SEGMENT REPORTING

### CONSOLIDATED BALANCE SHEET BY PRIMARY SEGMENTS (LINES OF BUSINESS)

ASSETS	Property/Casualty		Life		Health		Total	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
<i>in EUR '000</i>								
<b>A. Intangible assets</b>	493,996	432,037	23,519	22,425	6,990	6,985	524,505	461,447
<b>B. Investments</b>	3,253,425	3,897,850	16,047,231	12,398,131	870,733	964,387	20,171,389	17,260,368
<b>C. Investments of unit- and index-linked life insurance</b>	0	0	3,065,985	2,340,578	0	0	3,065,985	2,340,578
<b>D. Reinsurers' share of underwriting provisions</b>	952,499	846,265	232,078	115,074	2,087	1,975	1,186,664	963,314
<b>E. Receivables</b>	759,713	652,908	420,574	314,774	19,996	16,021	1,200,283	983,703
<b>G. Other assets</b>	191,071	157,131	91,504	66,129	2,111	798	284,686	224,058
<b>H. Cash and cash equivalents</b>	159,522	180,774	111,800	43,884	6,378	1,785	277,700	226,443
<b>Subtotal</b>	<b>5,810,226</b>	<b>6,166,965</b>	<b>19,992,691</b>	<b>15,300,995</b>	<b>908,295</b>	<b>991,951</b>	<b>26,711,212</b>	<b>22,459,911</b>
Consolidated deferred tax assets							33,861	23,543
<b>Total ASSETS</b>							<b>26,745,073</b>	<b>22,483,454</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	Property/Casualty		Life		Health		Total	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
<i>in EUR '000</i>								
<b>B. Subordinated liabilities</b>	190,751	184,600	252,159	228,600	0	0	442,910	413,200
<b>C. Underwriting provisions</b>	3,738,667	3,184,577	12,585,461	10,725,843	768,001	718,001	17,092,129	14,628,421
<b>D. Underwriting provisions of unit- and index-linked insurance</b>	0	0	2,948,522	2,238,861	0	0	2,948,522	2,238,861
<b>E. Non-underwriting provisions</b>	449,832	565,999	300,365	184,171	44,605	85,464	794,802	835,634
<b>F. Liabilities</b>	605,458	1,317,591	1,861,729	336,598	221,487	202,250	2,688,674	1,856,439
<b>H. Other liabilities</b>	75,701	94,722	5,755	11,336	252	105	81,708	106,163
<b>Subtotal</b>	<b>5,060,409</b>	<b>5,347,489</b>	<b>17,953,991</b>	<b>13,725,409</b>	<b>1,034,345</b>	<b>1,005,820</b>	<b>24,048,745</b>	<b>20,078,718</b>
Consolidated deferred tax liabilities							80,765	121,528
Consolidated shareholders' equity							2,615,563	2,283,208
<b>Total LIABILITIES AND SHAREHOLDERS' EQUITY</b>							<b>26,745,073</b>	<b>22,483,454</b>

The amounts indicated for each business segment have been adjusted for internal segment transactions. As a result, the asset and liability balances cannot be used to infer the shareholders' equity allocated to each area of operations.

# CONSOLIDATED FINANCIAL STATEMENTS

## SEGMENT REPORTING

### CONSOLIDATED INCOME STATEMENT BY SEGMENT

LINES OF BUSINESS	Property/Casualty		Life		Health		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>in EUR '000</b>								
Premiums written – Gross	3,671,168	3,067,151	2,934,166	2,516,459	306,597	297,900	<b>6,911,931</b>	<b>5,881,510</b>
Net earned premiums	2,746,753	2,264,704	2,889,442	2,477,454	305,498	296,520	<b>5,941,693</b>	<b>5,038,678</b>
Net investment income, not incl. affiliated and associated companies	147,789	113,926	831,679	583,481	16,306	14,041	<b>995,774</b>	<b>711,448</b>
Other income	35,262	39,761	16,663	21,349	35	302	<b>51,960</b>	<b>61,412</b>
Claims and insurance benefits	-1,764,361	-1,517,786	-3,000,226	-2,434,563	-266,920	-260,971	<b>-5,031,507</b>	<b>-4,213,320</b>
Operating expenses	-774,998	-625,762	-531,420	-474,555	-38,692	-36,083	<b>-1,345,110</b>	<b>-1,136,400</b>
Other expenses	-126,045	-99,492	-55,301	-45,352	-1,038	-1,008	<b>-182,384</b>	<b>-145,852</b>
Result from shares in affiliated and associated companies	670	340	6,364	4,655	-164	6	<b>6,870</b>	<b>5,001</b>
<b>Profit before taxes</b>	<b>265,070</b>	<b>175,691</b>	<b>157,201</b>	<b>132,469</b>	<b>15,025</b>	<b>12,807</b>	<b>437,296</b>	<b>320,967</b>

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>in EUR '000</b>								
Premiums written – Gross	3,695,374	3,434,731	1,130,465	1,047,998	494,524	387,683	543,137	335,058
Net earned premiums	3,304,487	3,100,390	918,955	827,572	398,756	281,397	483,902	262,776
Net investment income, not incl. affiliated and associated companies	840,812	600,095	46,002	40,057	26,094	17,979	21,805	18,200
Other income	13,784	12,999	13,616	23,937	2,084	3,411	2,922	5,889
Claims and insurance benefits	-3,258,253	-2,895,490	-631,354	-595,844	-297,592	-190,100	-269,573	-134,504
Operating expenses	-577,929	-576,013	-218,883	-190,098	-84,333	-70,066	-207,040	-135,783
Other expenses	-43,665	-36,613	-53,186	-47,578	-33,060	-15,415	-13,531	-8,725
Result from shares in affiliated and associated companies	7,565	3,687	-1,340	1,075	347	456	298	-123
<b>Profit before taxes</b>	<b>286,801</b>	<b>209,055</b>	<b>73,810</b>	<b>59,121</b>	<b>30,296</b>	<b>27,662</b>	<b>18,783</b>	<b>7,730</b>

	Romania		Other CEE		Other markets		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>in EUR '000</b>								
Premiums written – Gross	413,490	236,891	383,770	198,373	251,171	240,776	<b>6,911,931</b>	<b>5,881,510</b>
Net earned premiums	314,936	193,524	300,317	161,428	220,340	211,591	<b>5,941,693</b>	<b>5,038,678</b>
Net investment income, not incl. affiliated and associated companies	13,756	6,290	28,603	10,960	18,702	17,867	<b>995,774</b>	<b>711,448</b>
Other income	9,751	4,863	5,729	4,431	4,074	5,882	<b>51,960</b>	<b>61,412</b>
Claims and insurance benefits	-208,509	-117,301	-199,780	-103,028	-184,446	-177,053	<b>-5,031,507</b>	<b>-4,213,320</b>
Operating expenses	-113,912	-71,335	-114,224	-64,201	-28,789	-28,904	<b>-1,345,110</b>	<b>-1,136,400</b>
Other expenses	-11,461	-13,287	-10,399	-6,668	-17,082	-17,566	<b>-182,384</b>	<b>-145,852</b>
Result from shares in affiliated and associated companies	0	0	0	-94	0	0	<b>6,870</b>	<b>5,001</b>
<b>Profit before taxes</b>	<b>4,561</b>	<b>2,754</b>	<b>10,246</b>	<b>2,828</b>	<b>12,799</b>	<b>11,817</b>	<b>437,296</b>	<b>320,967</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2007 (2006)

	2007	2006
<b>in EUR '000</b>		
<b>Cash and cash equivalents as of 1 January</b>	<b>226,443</b>	<b>290,347</b>
Cash Flow from operating activities	2,020,978	1,645,358
Cash Flow from investing activities	-1,959,038	-1,474,789
Cash Flow from financing activities	-62,801	-247,317
<b>Cash and cash equivalents before change in consolidation scope and foreign exchange differences</b>	<b>225,582</b>	<b>213,599</b>
Change in scope of consolidation and foreign exchange differences	52,118	12,844
<b>Cash and cash equivalents as of 31 December</b>	<b>277,700</b>	<b>226,443</b>

## CHANGE IN GROUP SHAREHOLDERS' EQUITY

for the period from 1 January to 31 December 2007 (2006)

	2007	2006
<b>in EUR '000</b>		
<b>Equity as of 1 January</b>	<b>2,283,208</b>	<b>2,059,332</b>
Exchange rate	8,726	24,480
Change in scope of consolidation/ownership interests	259,295	3,040
Unrealised gains and losses from financial instruments available for sale	-182,682	4,482
Profit for the period	348,871	264,321
Dividend payment	-101,855	-72,447
<b>Equity as of 31 December</b>	<b>2,615,563</b>	<b>2,283,208</b>

## NET INVESTMENT INCOME\*

for the period from 1 January to 31 December 2007 (2006)

	Property/Casualty		Life		Health		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>in EUR '000</b>								
<b>Detail income</b>								
Current income	145,814	222,464	821,963	540,289	30,413	37,472	998,190	800,225
Income from write-ups	10,548	9,549	25,816	21,858	2,210	996	38,574	32,403
Income from the disposal of investments	84,726	36,751	308,414	166,715	9,996	10,489	403,136	213,955
<b>Total</b>	<b>241,088</b>	<b>268,764</b>	<b>1,156,193</b>	<b>728,862</b>	<b>42,619</b>	<b>48,957</b>	<b>1,439,900</b>	<b>1,046,583</b>
<b>Detail expenses</b>								
Depreciation on investments	42,939	49,933	102,040	56,357	10,990	18,880	155,969	125,170
Exchange rate	-206	1,694	1,502	660	3	-5	1,299	2,349
Losses from the disposal of investments	8,441	3,471	58,053	37,462	4,580	7,244	71,074	48,177
Interest expenses	26,086	43,341	87,814	31,732	7,834	6,459	121,734	81,532
Other expenses	16,039	56,399	75,105	19,170	2,906	2,338	94,050	77,907
<b>Total</b>	<b>93,299</b>	<b>154,838</b>	<b>324,514</b>	<b>145,381</b>	<b>26,313</b>	<b>34,916</b>	<b>444,126</b>	<b>335,135</b>

\* excluding shares in affiliated and associated companies

# INFORMATIONS

## VIENNA INSURANCE GROUP BY REGION (Status as of 31 December 2007):

	Premium volume total (EUR '000)	Life (EUR '000)	Non-life (EUR '000)	Market position	Market share	Employees
<b>Austria</b>	<b>3,695,374</b>	<b>1,901,642</b>	<b>1,793,732</b>	<b>1</b>	<b>24.3%</b>	<b>6,138</b>
<b>Czech Republic</b>	<b>1,130,465</b>	<b>292,326</b>	<b>838,140</b>	<b>2</b>	<b>25.9%</b>	<b>4,638</b>
<b>Slovakia</b>	<b>494,524</b>	<b>197,665</b>	<b>296,859</b>	<b>2</b>	<b>29.2%</b>	<b>1,697</b>
<b>Poland</b>	<b>543,137</b>	<b>218,799</b>	<b>324,338</b>	<b>6</b>	<b>4.9%</b>	<b>1,359</b>
<b>Romania</b>	<b>413,490</b>	<b>13,602</b>	<b>399,888</b>	<b>1</b>	<b>27.7%</b>	<b>2,767</b>
<b>Other CEE</b>	<b>383,770</b>	<b>124,916</b>	<b>258,854</b>	<b>–</b>	<b>–</b>	<b>3,596</b>
Bulgaria	83,426	9,051	74,375	1	18.1%	826
Croatia	83,742	40,794	42,948	4	7.6%	865
Serbia	45,253	18,608	26,645	4	7.6%	771
Turkey	48,660	0	48,660	13	2.2%	228
Ukraine	26,032	1,103	24,929	6	2.4%	668
Hungary	96,657	55,360	41,297	9	2.6%	238
<b>Other markets</b>	<b>251,171</b>	<b>185,217</b>	<b>65,954</b>	<b>–</b>	<b>–</b>	<b>112</b>
Germany	121,935	55,981	65,954	–	–	101
Liechtenstein	129,236	129,236	0	–	–	11

The CEE markets of Albania, Estonia, Georgia, Latvia, Lithuania, Macedonia, Russia and Belarus were not yet included in the scope of consolidation in 2007. Branch offices in Italy and Slovenia also belong to Wiener Städtische AG.

### Overview of Vienna Insurance Group Share Information

Initial listing (Vienna)	17 October 1994
Number of common shares	105 million
Free float	approx. 30%
ISIN	AT0000908504
Stock exchange listings	Vienna and Prague
Securities symbol	VIG
Bloomberg	VIG AV
Reuters	VIGR.VI
Rating – Standard & Poor's	A+, stable outlook

### Financial Calendar\* of WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP

2008 Annual General Meeting	16 April 2008
Ex-dividend day	28 April 2008
Dividend payment date	28 April 2008
Results for the 1st quarter of 2008	20 May 2008
Results for the 1st half of 2008	21 August 2008
Results for the first three quarters of 2008	11 November 2008

\* preliminary schedule

### Investor Relations

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This is a short version of the annual report 2007. The complete annual report of the Vienna Insurance Group can be downloaded as a pdf file from our website ([www.viennainsurancegroup.com](http://www.viennainsurancegroup.com)) under Investor Relations.

In cases of doubt, the German version is authoritative.

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# Welcome to the family of VIENNA INSURANCE GROUP



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# SUCCESS BREEDS SUCCESS

