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## The Vienna Insurance Group in the 1st quarter of 2007:

**Profit (before taxes) boosted by 38 percent to EUR 101 million**

**The EUR 2 billion mark in Group premiums reached for the first time already after three months**

**Sustained high level of premium growth in CEE of approx. 37 percent**

## The Vienna Insurance Group 2007 to 2009:

**Profit target for 2007 raised by 28 percent compared to results of 2006**

**Profit target 2009 brought forward to 2008**

**Planned profit for 2009 set at more than half a billion EUR**

*"This is the first time in our history that we surpass the EUR 2 billion premium mark in one quarter. This effectively demonstrates the dynamics of our business, which especially in CEE consistently posts high growth levels", Günter Geyer, CEO, comments on the record result achieved by the Vienna Insurance Group in the first quarter of the current year. "This pleasant development allows us to significantly adjust our prognoses for the profits for the current year and for the coming years. We intend to increase our profit for 2007 by more than one fourth. For the year 2008, we can for the first time announce a target of EUR 470 to 480 million and therefore we want to achieve the result planned for 2009 already one year earlier. Our profit target for 2009 is considerably above half a billion euros."*

## I. OVERVIEW OF KEY GROUP DATA FOR THE 1st QUARTER OF 2007<sup>1</sup>

With **consolidated premiums written** (without other insurance participations) of **EUR 2.02 billion** in the aggregate, the **Vienna Insurance Group** in the 1st quarter of 2007 achieved an increase of **15.2 percent** as compared to the same period of the previous year.

<sup>1</sup> In the 1st quarter of 2007 Union Versicherung was fully consolidated for the first time (before: quota consolidation).

(Including other insurance participations, non-consolidated premiums written from direct business in the 1st quarter of 2007 were EUR 2.06 billion – 13.4 percent up from the 1st quarter of 2006).

The **Group's profit (before taxes, consolidated)** rose by **EUR 27.82 million**, to a total of **EUR 100.73 million**. This translates to a significant increase of **38.2 percent** as compared to the 1st quarter of 2006.

At **96.4 percent**, the **combined ratio of the Group after reinsurance** (not considering investment income) is markedly improved from the 1st quarter of 2006, when it was **98.3 percent**. This combined ratio considerably below 100 percent was reached despite claims caused by the winter storm Kyrill.

The **financial result** was **EUR 205.32 million** in the 1st quarter of the current year and was thus up by **more than one fourth (up 26.7 percent)** from the same period of the previous year.

The **expenses for claims incurred** rose by **12.9 percent**, attaining **EUR 1.18 billion**. Thus, they show an under proportional development compared to the premium growth (despite Kyrill).

The total **investments** of the **Vienna Insurance Group** increased from EUR 19.60 billion as of 31 December 2006 to **EUR 21.60 billion** as of 31 March 2007. This translates to a **10.2 percent** growth.

## **II. DATA FOR THE GROUP FOR THE 1st QUARTER OF 2007, CLASSED BY SEGMENTS (consolidated)**

The **Vienna Insurance Group** in the first three months of 2007 posted significant premium growth in all insurance lines, with the highest increases being generated in the life sector.

In total, the **Group's income in terms of premiums written** amounted to **EUR 2.02 billion**, and was thus up **15.2 percent** from the same period of the previous year.

In the **CEE countries**, premiums in the amount of **EUR 751.53 million** were generated, surpassing the previous year's value by an excellent **37.3 percent**.

In the **non-CEE countries** (Austria, Germany, Liechtenstein), the Group companies achieved a premium income of **EUR 1.27 billion** in the 1st quarter of the current financial year, which translates to a **5.1 percent** growth. **Austria** accounted for a **premium volume** of **EUR 1.20 billion (up 5.2 percent)**.

### **1. BUSINESS SEGMENT RESULTS**

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

In **property/casualty insurance**, the **premiums written** by the **Vienna Insurance Group** rose by a total of **15.5 percent**, attaining **EUR 1.19 billion**, in the 1st quarter of 2007.

In the **CEE countries**, the Group companies posted a **premium volume in the amount of EUR 571.39 million** and thus generated a **32.8 percent** growth as compared to the corresponding quarter of the previous year.

In the **non-CEE countries**, **premiums written** in the amount of **EUR 613.88 million** were achieved in this segment, translating to an increase of **3.0 percent** as compared to the 1st quarter 2006. Of this, **EUR 595.68 million (plus 2.9 percent)** were achieved in **Austria**, and **EUR 18.20 million (plus 6.3 percent)** in the **other markets** (Germany, Liechtenstein).

### **Life insurance**

In the life sector, the **premium volume of the Group companies** rose by a **total of 16.2 percent**, to attain **EUR 753.17 million**. This business segment could thus post the highest increase.

A particularly satisfactory premium increase was achieved in the **CEE markets: premium income** in the amount of **EUR 180.14 million** meant that an excellent **54.1 percent** premium expansion was achieved.

In the **non-CEE countries** the **premium income** in the life insurance business amounted to **EUR 573.03 million**, thus surpassing the 1st quarter of 2006 by **7.9 percent**. The Group companies in **Austria** expanded their premium volume to **EUR 520.65 million**, which translates to an **8.3 percent** growth, while the **other markets** (Germany, Liechtenstein) posted an increase by **3.8 percent** to **EUR 52.38 million**.

### **Health insurance**

In the health insurance segment, the **Vienna Insurance Group** achieved a total of **EUR 79.93 million** in **premiums written**, which constitutes a **2.9 percent** increase from the 1st quarter of 2006. The products from this business segment are only sold to a relevant extent by Wiener Städtische AG as one of the leading health insurers.

## **2. GEOGRAPHIC RESULTS**

### **Austria**

In the 1st quarter of 2007, **premiums written** in Austria were at a total of **EUR 1.20 billion**, thus being up **5.2 percent** from the same period of the previous year.

As compared to the corresponding quarter of the previous year, the Group in the first three months of the current year posted an increase in **profit (before taxes)** in Austria in the amount of **14.1 percent** to **EUR 62.49 million**.

### **Czech Republic**

In the **Czech Republic** in the 1st quarter of 2007 a premium volume of **EUR 312.59 million** in the aggregate was achieved, and thus an **11.2 percent** increase.

**Profit (before taxes)** in the 1st quarter of 2007 was **EUR 18.34 million**, which amounts to an increase of **178.8 percent**, as the considerable acts of God of the year 2006 did not repeat themselves.

## Slovakia

The business volume was also vigorously expanded by the Group companies in Slovakia, which at a **premium income** in the amount of **EUR 141.35 million** posted an increase of **21.0 percent** as compared to the same period of the previous year.

**Profit (before taxes)** was increased by an excellent **58.1 percent** to **EUR 9.97 million** in the 1st quarter.

## Other CEE

The other Group companies of the Vienna Insurance Group in CEE expanded their business volume by a striking **99.3 percent**, posting **premiums** in the amount of **EUR 297.59 million**. Of this, a total of **EUR 121.41 million (up 149.1 percent)** was achieved by the **Vienna Insurance Group in Poland** and a total of **EUR 106.23 million (up 75.3 percent)** by the **Vienna Insurance Group in Romania**.

In this segment, **profit (before taxes)** in the first quarter of the current year was at **EUR 6.65 million**, thus more than quadrupling the result.

The term "Other CEE countries" as used by the Vienna Insurance Group includes Bulgaria, Croatia, Poland, Romania, Serbia and Hungary.<sup>2</sup>

## Other markets

The Group companies in **Germany and Liechtenstein** posted **premiums written** in the amount of **EUR 70.58 million (plus 4.4 percent)** in the 1st quarter of 2007.

**Profit (before taxes)** amounted to **EUR 3.28 million**.

## III. NEW PROFIT TARGETS FOR THE YEARS 2007 TO 2009

In view of the excellent business development of the Group in the first three months of the current year and the remarkable **38 percent boost in profits**, the Management raises the target for the **Group profit (before taxes)** for the **year 2007 to the new target figure of up to EUR 410 million**. This means an increase of approx. **28 percent** as compared to the results of the year 2006.

For the **financial year 2008**, a Group profit (before taxes) in the amount of **EUR 470 to 480 million** is expected. This means that the Vienna Insurance Group intends to achieve the profit planned for 2009 one year earlier, i.e. **in 2008**.

**For the year 2009** the target for the **Group profit (before taxes)** will be increased to **EUR 520 to 530 million**, thus considerably surpassing the **half a billion Euro** mark. This corresponds to an average annual increase of the Group result from 2006 to 2009 of close to **20 percent**.

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<sup>2</sup> Not included: the companies of the Vienna Insurance Group in Georgia, Ukraine, Russia, Belarus and the recently announced acquisitions in Turkey and Albania.

The Vienna Insurance Group is the leading Austrian insurance group in Central and Eastern Europe. Among the international competitors, the Vienna Insurance Group is among the market leaders.

Outside its Austrian home market, the Vienna Insurance Group operates (through subsidiaries) in Albania\*, Belarus, Bulgaria, Croatia, the Czech Republic, Georgia, Germany, Hungary, Liechtenstein, Macedonia\*, Poland, Romania, Russia, Serbia, Slovakia, Turkey\* and Ukraine. Branch offices are maintained in Italy and Slovenia.

Alongside WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, the Vienna Insurance Group in Austria includes Donau Versicherung, Bank Austria Creditanstalt Versicherung and Union Versicherung. The Group also has ownership interests in Wüstenrot Versicherung and Sparkassen Versicherung.

The Vienna Insurance Group is among the market leaders in Austria, the Czech Republic, Slovakia, Romania, Bulgaria, Albania\* and Georgia.

\*subject to due diligence and approval by the authorities

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**Consolidated Balance Sheet (IFRS) 31 March 2007**

<b>Assets (in EUR '000)</b>	<b>31/03/2007</b>	<b>31/12/2006</b>	<b>+/- %</b>
A. Intangible assets	454,599	461,447	-1.5
B. Investments	18,938,722	17,260,368	9.7
C. Investments of unit- and index-linked life insurance	2,657,138	2,340,578	13.5
D. Reinsurers' share in underwriting provisions	1,211,513	963,314	25.8
E. Receivables	1,291,797	983,703	31.3
F. Deferred tax assets	23,885	23,543	1.5
G. Other assets	249,326	224,058	11.3
H. Cash and cash equivalents	190,884	226,443	-15.7
<b>Total Assets</b>	<b>25,017,864</b>	<b>22,483,454</b>	<b>11.3</b>

<b>Liabilities and Shareholders' Equity (in EUR '000)</b>	<b>31/03/2007</b>	<b>31/12/2006</b>	<b>+/- %</b>
A. Shareholders' equity	2,426,963	2,283,208	6.3
B. Subordinated liabilities	433,448	413,200	4.9
C. Underwriting provisions	16,564,184	14,628,421	13.2
D. Unit- and index-linked underwriting provisions	2,538,278	2,238,861	13.4
E. Non-underwriting provisions	786,409	835,634	-5.9
F. Liabilities	2,052,295	1,856,439	10.6
G. Deferred tax liabilities	134,923	121,528	11.0
H. Other liabilities	81,364	106,163	-23.4
<b>Total Liabilities and Shareholders' Equity</b>	<b>25,017,864</b>	<b>22,483,454</b>	<b>11.3</b>

**Consolidated Income Statement (IFRS) 1 Jan. 2007 - 31 March 2007**

<b>(in EUR mn)</b>	<b>3M 2007</b>	<b>3M 2006</b>	<b>+/- %</b>
<i>Gross premiums written</i>	<i>2,018.37</i>	<i>1,752.16</i>	<i>15.2</i>
A. Net earned premiums	<b>1,464.35</b>	<b>1,247.36</b>	<b>17.4</b>
B. Net investment income	204.38	160.76	27.1
C. Other income	8.87	15.82	-43.9
D. Claims and insurance benefits	-1,184.75	-1,048.97	12.9
E. Operating expenses	-347.66	-263.41	32.0
F. Other expenses	-45.40	-39.90	13.8
Result from shares in affiliated and associated companies	0.94	1.26	-25.2
<b>Profit before taxes</b>	<b>100.73</b>	<b>72.91</b>	<b>38.2</b>
Tax expense	-18.56	-12.47	48.9
<b>Profit for the period</b>	<b>82.17</b>	<b>60.45</b>	<b>35.9</b>
Minority interests	-6.20	-2.08	198.3
<b>Net profit after minorities</b>	<b>75.98</b>	<b>58.37</b>	<b>30.2</b>

<b>Combined Ratio</b>	<b>96.4%</b>	<b>98.3%</b>
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## Segment Reporting 1 Jan. 2007 - 31 March 2007

### Split by Business Segments:

(in EUR mn)	P&C		Life		Health		Total	
	3M 2007	3M 2006	3M 2007	3M 2006	3M 2007	3M 2006	3M 2007	3M 2006
<i>Gross written premiums</i>	1,185.28	1,026.35	753.17	648.12	79.93	77.69	2,018.37	1,752.16
A. Net earned premiums	667.35	548.57	720.58	624.55	76.42	74.24	1,464.35	1,247.36
B. Net investment income <sup>1</sup>	33.08	23.66	168.09	133.90	4.16	4.45	205.32	162.01
C. Other income	4.45	6.27	4.42	9.55	0.00	0.00	8.87	15.82
D. Claims and insurance benefits	-422.64	-368.56	-699.03	-620.69	-63.07	-59.72	-1,184.75	-1,048.97
E. Operating expenses	-195.13	-149.22	-141.74	-103.66	-10.79	-10.53	-347.66	-263.41
F. Other expenses	-30.63	-27.33	-14.54	-12.32	-0.23	-0.25	-45.40	-39.90
<b>G. Profit before taxes</b>	<b>56.48</b>	<b>33.39</b>	<b>37.77</b>	<b>31.33</b>	<b>6.48</b>	<b>8.19</b>	<b>100.73</b>	<b>72.91</b>

### Split by Regions:

(in EUR mn)	Austria		Czech Republic		Slovakia	
	3M 2007	3M 2006	3M 2007	3M 2006	3M 2007	3M 2006
<i>Gross written premiums</i>	1,196.26	1,137.41	312.59	281.02	141.35	116.82
A. Net earned premiums	869.65	827.58	219.66	189.57	93.89	67.83
B. Net investment income <sup>1</sup>	167.15	138.74	12.57	8.47	5.83	4.19
C. Other income	1.45	7.45	3.01	2.53	0.53	2.05
D. Claims and insurance benefits	-800.13	-747.86	-155.91	-144.97	-55.82	-43.53
E. Operating expenses	-163.28	-160.03	-50.05	-37.03	-22.64	-16.38
F. Other expenses	-12.36	-11.12	-10.93	-11.98	-11.82	-7.85
<b>G. Profit before taxes</b>	<b>62.49</b>	<b>54.78</b>	<b>18.34</b>	<b>6.58</b>	<b>9.97</b>	<b>6.31</b>

(in EUR mn)	Other CEE		Other		Total	
	3M 2007	3M 2006	3M 2007	3M 2006	3M 2007	3M 2006
<i>Gross written premiums</i>	297.59	149.34	70.58	67.58	2,018.37	1,752.16
A. Net earned premiums	219.15	102.86	62.00	59.53	1,464.35	1,247.36
B. Net investment income <sup>1</sup>	15.59	6.07	4.18	4.54	205.32	162.01
C. Other income	2.58	2.24	1.31	1.55	8.87	15.82
D. Claims and insurance benefits	-119.81	-61.24	-53.07	-51.37	-1,184.75	-1,048.97
E. Operating expenses	-105.00	-43.70	-6.69	-6.28	-347.66	-263.41
F. Other expenses	-5.85	-4.73	-4.45	-4.22	-45.40	-39.90
<b>G. Profit before taxes</b>	<b>6.65</b>	<b>1.50</b>	<b>3.28</b>	<b>3.75</b>	<b>100.73</b>	<b>72.91</b>

<sup>1</sup> including result from associated and affiliated companies