

21 August 2007

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

**Clear expansion of market positions in CEE**

**Profit (before taxes) increased by approx. 50 percent to EUR 215.40 million**

**CEE premiums up 33 percent**

**At more than 40 percent, CEE companies make unique contribution to Group premiums**

**More than 50 percent of premiums in property/casualty from CEE for the first time in any half-year period**

**Planned dividend increase for 2007 by at least 25 percent**

*"In all CEE markets that we operate in, we post a sustained high level of premium growth", Günter Geyer, CEO, comments on the positive result achieved by the Vienna Insurance Group in the first half of the current year. "In the CEE countries above all, we have achieved growth rates in the upper double-digit range and are on a constant upward trend. The share of the CEE companies in the total premium volume of the Vienna Insurance Group has surpassed the 40 percent mark in all, and for the first time in a half-year period is at over 50 percent in the property/casualty segment. By this organic growth, the Vienna Insurance Group has clearly and unmistakably expanded its leadership among the domestic insurers operating in CEE even further. Our Group profit (before taxes), which has increased by half, compared to the first half of 2006, makes it possible to already announce an increase of the dividend for our shareholders to more than one euro per share."*

### I. OVERVIEW OF KEY GROUP DATA FOR THE 1st HALF OF 2007

With **consolidated premiums written** (without other insurance participations) of **EUR 3.49 billion** in the aggregate, the **Vienna Insurance Group** in the 1st half of 2007 achieved an increase of **15.3 percent** as compared to the same period of the previous year.

The **Group's profit (before taxes, consolidated)** was increased by **EUR 72.05 million**, to a total of **EUR 215.40 million**. This translates to an excellent plus of **50.3 percent** as compared to the same period of the previous year.

At **96.0 percent**, the **combined ratio of the Group after reinsurance** (not considering investment income) is significantly improved from the previous year (97.9 percent) in spite of storm damage (1st quarter: Kyrill).

The **financial result** was **EUR 550.15 million** in the 1st half of the current year and was up by **more than half (up 54.1 percent)** from the same period of the previous year.

The **expenses for claims incurred** in the **non-life segment** were at **EUR 996.73 million** and despite storm damage rose sub-proportionally relative to the premiums, namely by **12.4 percent**. The **expenses for claims and insurance benefits** from the **life segment** amounted to **EUR 1.42 billion (up 22.9 percent)**.

The total **investments** of the **Vienna Insurance Group** increased from EUR 19.60 billion as of 31 December 2006 to **EUR 21.74 billion** as of 30 June 2007. This translates to a **10.9 percent** increase.

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

In the first six months of the current year, the **Vienna Insurance Group** markedly increased premiums written both in the property/casualty segment and in the life segment.

In total, the **Group's income in terms of premiums written** amounted to **EUR 3.49 billion**, and was thus up **15.3 percent** from the same period of the previous year.

In the **CEE countries**, premiums amounted to **EUR 1.41 billion**, surpassing the previous year's value by an excellent **32.8 percent**.

In the **non-CEE countries** (Austria, Germany, Liechtenstein), the Group companies achieved a premium income of **EUR 2.08 billion** in the 1st half of the current financial year, which translates to a **5.9 percent** growth. **Austria** accounted for a **premium volume** of **EUR 1.96 billion**, which means an increase of **5.8 percent**.

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

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

In **property/casualty insurance**, the **premiums written** by the **Vienna Insurance Group** increased by a total of **14.8 percent**, attaining **EUR 1.98 billion**, in the 1st half of 2007.

In the **CEE countries**, the **one billion euro mark** in premiums written was attained for the first time in a half-year period in this segment - with the Group companies posting a **premium volume in the amount of EUR 1.04 billion** and an excellent **28.2 percent** boost compared to the corresponding period of the previous year. This brings the share of premium income generated from this region to an unprecedented 50 percent in a half-year period.

In the **non-CEE countries**, **premiums written** in the amount of **EUR 940.70 million** were achieved in this segment (up **2.9 percent** as compared to the 1st half of 2006). Of this, **EUR 907.04 million (plus 2.8 percent)** were achieved in **Austria**, and **EUR 33.67 million (plus 6.0 percent)** in the **other markets** (Germany, Liechtenstein).

## Life insurance

In the life sector, the **premium volume of the Group companies** increased by a total of **17.7 percent**, to attain **EUR 1.36 billion**. As in the first quarter of 2007, this business segment thus also posted the highest increase in the first half of 2007.

Premium increase was extremely successful in the **CEE markets: premium income** in the amount of **EUR 373.11 million** meant that an excellent **47.2 percent** premium growth was achieved.

In the **non-CEE countries**, the **premium income** in the life insurance business was at **EUR 988.84 million**, thus rising by **9.4 percent** as compared to the 1st half of 2006. The Group companies in **Austria** generated a premium volume of **EUR 895.71 million**. This translates to a **9.6 percent** growth. The **other markets** (Germany, Liechtenstein) posted an increase by **8.1 percent** to **EUR 93.14 million**.

## Health insurance

In the first half of 2007, the income from **premiums written** in the health insurance segment of the **Vienna Insurance Group** reached a total of **EUR 155.00 million** (up **2.8 percent** from the 1st half of 2006). The products from this business segment are only offered to a relevant extent by Wiener Städtische Versicherung AG as one of the leading health insurers in Austria.

## 2. GEOGRAPHIC RESULTS

### Austria

In Austria, the **Vienna Insurance Group**, according to the recent VVO (Austrian Association of Insurance Companies) figures for the year 2006, both as a **Group** and as the **individual company Wiener Städtische** is **clearly number one on the market**. As a **Group** it has a market share of **22.9 percent**, and as **Wiener Städtische** it has a market share of **15.3 percent**. In addition, Wiener Städtische **ranks first** in the **life** segment, with a market share of **15.8 percent**.

The merger of Union Versicherungs-AG and BA-CA Versicherung AG to form **Bank Austria Creditanstalt Versicherung Aktiengesellschaft** was entered in the commercial register as of 17 August 2007.

In the 1st half of 2007, **premiums written** in Austria were at a total of **EUR 1.96 billion**, translating to a **5.8 percent** increase as compared to the same period of the previous year.

At **EUR 138.53 million**, **profit (before taxes)** was boosted by a significant **35.9 percent** in the first six months of the current year.

### Czech Republic

In the **Czech Republic**, the Group companies of the **Vienna Insurance Group** generated an excellent market result in the 1st half of 2007 and increased their market share to approx. **27 percent**.

In the **non-life segment**, the **Vienna Insurance Group** currently ranks **number one** on the market and, with a plus of **5.9 percent**, even generated double the growth achieved by the overall Czech

market (market growth: 2.7 percent). One out of three cars in the Czech Republic is already insured by the Vienna Insurance Group.

In total, premiums written in the amount of **EUR 577.12 million** were achieved in the first half of 2007, which translates to an **8.3 percent** increase.

**Profit (before taxes)** in the 1st half of 2007 was **EUR 35.32 million**, which amounts to an increase of **92.5 percent**.

## **Slovakia**

In **Slovakia**, the **Vienna Insurance Group** ranks a clear **first on the market** (as of the second quarter of 2007) both in **motor liability insurance** (42.1 percent) and in **motor own damage insurance** (37.6 percent). Overall, it ranks **second on the market** in the first half of the year, with a **market share of 28 percent**.

In the first half of 2007, the Group companies, posting **22.1 percent** growth and **premiums written** in the amount of **EUR 243.76 million**, generated an excellent result as compared to the same period of the previous year.

**Profit (before taxes)** was increased by an excellent **48.0 percent** to **EUR 17.64 million** in the 1st half of 2007.

## **Other CEE**

In the following countries, the **Vienna Insurance Group** holds the **top position** on the insurance market (in each case according to the available data material): **Bulgaria** (market share: 20.8 percent); **Georgia** (market share: 33.6 percent); **Romania** (market share: 17.7 percent).

In **Bulgaria**, the **future merger of Bulgarski Imoti Life and Bulgarski Imoti Non-Life into Bulstrad Life and Bulstrad Non-Life** was announced in the first half of 2007. The Bulgarian Group companies are **number one** not only overall but also in the **non-life segment** - with a market share of close to **20 percent**.

In **Romania**, a stake of 30 percent in **SC Asigurarea Romaneasca Asirom S.A. (Asirom)** was acquired by the end of July. Without this participation, the Group companies of the Vienna Insurance Group hold the **top position** on that insurance market with a **market share of 17.7 percent**.

In **Poland**, the **Vienna Insurance Group** with its Group companies is already among the **top five insurance companies in the non-life segment**.

The **result of the other Group companies** of the **Vienna Insurance Group** in the first half of 2007 includes the following countries: **Bulgaria, Croatia, Poland, Romania, Serbia and Hungary**.<sup>1</sup>

The **premium income** of other Group companies of the **Vienna Insurance Group in CEE** increased to total of **EUR 587.71 million** (plus **78.8 percent**). Of this, **EUR 247.56 million (up 94.0 percent)** in **premium income** were achieved by the Vienna Insurance Group in **Poland** and a total of

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<sup>1</sup> Not included: the companies of the Vienna Insurance Group in Georgia, Ukraine, Russia, Belarus and the acquisitions in Turkey and Albania.

**EUR 192.32 million (up 78.9 percent) in premium income** were achieved by the **Vienna Insurance Group in Romania**.

In total, **profit (before taxes)** in this segment in the first half of the current year was at **EUR 17.37 million**, with the result thus more than tripling.

#### **Other markets**

The Group companies in **Germany and Liechtenstein** generated **premiums written** in the amount of **EUR 126.81 million (plus 7.5 percent)** in the 1st half of 2007.

**Profit (before taxes)** was at **EUR 6.54 million**.

### **III. INCREASE OF THE DIVIDEND FOR 2007 PLANNED**

In view of the consistently positive business development of the Group in the first six months of the current year and the **increase in profits of more than 50 percent**, the target for the **Group profit (before taxes) for the year 2007 of up to EUR 410 million** will be exceeded, from today's perspective. This will render it possible to **raise the dividend for the year 2007 by at least 25 percent to more than one euro per share** - subject to the consent of the competent corporate bodies.

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 and Bank Austria Creditanstalt 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 approval by the authorities

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## Consolidated Balance Sheet (IFRS) 30 June 2007

| Assets (in EUR '000)                                    | 30/06/2007        | 31/12/2006        | +/- %       |
|---|-------------------|-------------------|-------------|
| A. Intangible assets                                    | 495,632           | 461,447           | 7.4         |
| B. Investments  | 18,912,106        | 17,260,368        | 9.6         |
| C. Investments of unit- and index-linked life insurance | 2,824,852         | 2,340,578         | 20.7        |
| D. Reinsurers' share in underwriting provisions         | 1,188,175         | 963,314           | 23.3        |
| E. Receivables  | 1,219,640         | 983,703           | 24.0        |
| F. Deferred tax assets                                  | 38,405            | 23,543            | 63.1        |
| G. Other assets   | 240,671           | 224,058           | 7.4         |
| H. Cash and cash equivalents                            | 235,361           | 226,443           | 3.9         |
| <b>Total Assets</b>                                     | <b>25,154,842</b> | <b>22,483,454</b> | <b>11.9</b> |

| Liabilities and Shareholders' Equity (in EUR '000) | 30/06/2007        | 31/12/2006        | +/- %       |
|--|-------------------|-------------------|-------------|
| A. Shareholders' equity                            | 2,323,533         | 2,283,208         | 1.8         |
| B. Subordinated liabilities                        | 433,447           | 413,200           | 4.9         |
| C. Underwriting provisions                         | 16,670,766        | 14,628,421        | 14.0        |
| D. Unit- and index-linked underwriting provisions  | 2,701,068         | 2,238,861         | 20.6        |
| E. Non-underwriting provisions                     | 782,555           | 835,634           | -6.4        |
| F. Liabilities                                     | 2,045,183         | 1,856,439         | 10.2        |
| G. Deferred tax liabilities                        | 126,092           | 121,528           | 3.8         |
| H. Other liabilities                               | 72,198            | 106,163           | -32.0       |
| <b>Total Liabilities and Shareholders' Equity</b>  | <b>25,154,842</b> | <b>22,483,454</b> | <b>11.9</b> |

## Consolidated Income Statement (IFRS) 1 Jan. 2007 - 30 June 2007

| (in EUR mn)   | 6M 2007         | 6M 2006         | +/- %       |
|---|-----------------|-----------------|-------------|
| <i>Gross premiums written</i>                             | 3,493.14        | 3,029.30        | 15.3        |
| A. Net earned premiums                                    | <b>2,829.11</b> | <b>2,411.35</b> | <b>17.3</b> |
| B. Net investment income                                  | 550.15          | 356.97          | 54.1        |
| C. Other income   | 20.65           | 29.03           | -28.9       |
| D. Claims and insurance benefits                          | -2,420.59       | -2,045.41       | 18.3        |
| E. Operating expenses                                     | -677.41         | -526.33         | 28.7        |
| F. Other expenses   | -89.56          | -86.36          | 3.7         |
| Result from shares in affiliated and associated companies | 3.04            | 4.09            | -25.7       |
| <b>Profit before taxes</b>                                | <b>215.40</b>   | <b>143.35</b>   | <b>50.3</b> |
| Tax expense   | -41.15          | -24.52          | 67.8        |
| <b>Profit for the period</b>                              | <b>174.25</b>   | <b>118.83</b>   | <b>46.6</b> |
| Minority interests  | -13.63          | -4.74           | 187.3       |
| <b>Net profit after minorities</b>                        | <b>160.63</b>   | <b>114.09</b>   | <b>40.8</b> |

|                       |              |              |
|-----------------------|--------------|--------------|
| <b>Combined Ratio</b> | <b>96.0%</b> | <b>97.9%</b> |
|-----------------------|--------------|--------------|

## Consolidated Income Statement (IFRS) - Quarterly Data

| (in EUR mn)   | Q2 2007         | Q2 2006         | +/- %       |
|---|-----------------|-----------------|-------------|
| <i>Gross premiums written</i>                             | 1,474.77        | 1,277.14        | 15.5        |
| <b>A. Net earned premiums</b>                             | <b>1,364.76</b> | <b>1,163.99</b> | <b>17.2</b> |
| B. Net investment income                                  | 345.77          | 196.21          | 76.2        |
| C. Other income   | 11.78           | 13.22           | -10.9       |
| D. Claims and insurance benefits                          | -1,235.84       | -996.43         | 24.0        |
| E. Operating expenses                                     | -329.75         | -262.92         | 25.4        |
| F. Other expenses   | -44.15          | -46.46          | -5.0        |
| Result from shares in affiliated and associated companies | 2.10            | 2.84            | -25.9       |
| <b>Profit before taxes</b>                                | <b>114.67</b>   | <b>70.44</b>    | <b>62.8</b> |
| Tax expense   | -22.59          | -12.05          | 87.4        |
| <b>Profit for the period</b>                              | <b>92.08</b>    | <b>58.38</b>    | <b>57.7</b> |
| Minority interests  | -7.43           | -2.67           | 178.7       |
| <b>Net profit after minorities</b>                        | <b>84.65</b>    | <b>55.72</b>    | <b>51.9</b> |
| <b>Combined Ratio</b>                                     | <b>95.7%</b>    | <b>97.6%</b>    |             |

## Segment Reporting 1 Jan. 2007 - 30 June 2007

### Split by Business Segments:

| (in EUR mn)                           | P&C           |              | Life         |              | Health       |             | Total         |               |
|---------------------------------------|---------------|--------------|--------------|--------------|--------------|-------------|---------------|---------------|
|                                       | 6M 2007       | 6M 2006      | 6M 2007      | 6M 2006      | 6M 2007      | 6M 2006     | 6M 2007       | 6M 2006       |
| <i>Gross written premiums</i>         | 1,976.18      | 1,721.46     | 1,361.95     | 1,157.08     | 155.00       | 150.77      | 3,493.14      | 3,029.30      |
| A. Net earned premiums                | 1,331.95      | 1,118.32     | 1,344.28     | 1,144.58     | 152.89       | 148.44      | 2,829.11      | 2,411.35      |
| B. Net investment income <sup>1</sup> | 93.30         | 56.82        | 445.83       | 292.17       | 14.06        | 12.07       | 553.19        | 361.06        |
| C. Other income                       | 11.91         | 14.43        | 8.74         | 14.61        | 0.00         | 0.00        | 20.65         | 29.03         |
| D. Claims and insurance benefits      | -861.48       | -755.45      | -1,423.85    | -1,158.40    | -135.26      | -131.56     | -2,420.59     | -2,045.41     |
| E. Operating expenses                 | -377.33       | -294.46      | -279.62      | -212.27      | -20.46       | -19.61      | -677.41       | -526.33       |
| F. Other expenses                     | -64.26        | -60.64       | -24.72       | -25.22       | -0.58        | -0.51       | -89.56        | -86.36        |
| <b>G. Profit before taxes</b>         | <b>134.09</b> | <b>79.03</b> | <b>70.66</b> | <b>55.47</b> | <b>10.66</b> | <b>8.84</b> | <b>215.40</b> | <b>143.35</b> |

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

## Segment Reporting 1 Jan. 2007 - 30 June 2007

### Split by Regions:

| (in EUR mn)                           | Austria       |               | Czech Republic |              | Slovakia     |              |
|---------------------------------------|---------------|---------------|----------------|--------------|--------------|--------------|
|                                       | 6M 2007       | 6M 2006       | 6M 2007        | 6M 2006      | 6M 2007      | 6M 2006      |
| <i>Gross written premiums</i>         | 1,957.75      | 1,850.42      | 577.12         | 532.66       | 243.76       | 199.56       |
| A. Net earned premiums                | 1,611.24      | 1,524.14      | 445.82         | 392.38       | 189.91       | 139.63       |
| B. Net investment income <sup>1</sup> | 478.74        | 312.99        | 21.60          | 17.45        | 12.19        | 7.88         |
| C. Other income                       | 4.40          | 11.86         | 5.51           | 4.11         | 1.22         | 3.61         |
| D. Claims and insurance benefits      | -1,617.83     | -1,431.61     | -310.44        | -285.86      | -126.76      | -87.62       |
| E. Operating expenses                 | -308.42       | -294.07       | -108.53        | -84.16       | -40.91       | -31.18       |
| F. Other expenses                     | -29.61        | -21.36        | -18.63         | -25.57       | -18.00       | -20.41       |
| <b>G. Profit before taxes</b>         | <b>138.53</b> | <b>101.95</b> | <b>35.32</b>   | <b>18.35</b> | <b>17.64</b> | <b>11.92</b> |

| (in EUR mn)                           | Other CEE    |             | Other       |             | Total         |               |
|---------------------------------------|--------------|-------------|-------------|-------------|---------------|---------------|
|                                       | 6M 2007      | 6M 2006     | 6M 2007     | 6M 2006     | 6M 2007       | 6M 2006       |
| <i>Gross written premiums</i>         | 587.71       | 328.71      | 126.81      | 117.95      | 3,493.14      | 3,029.30      |
| A. Net earned premiums                | 470.16       | 251.33      | 111.98      | 103.88      | 2,829.11      | 2,411.35      |
| B. Net investment income <sup>1</sup> | 29.54        | 13.41       | 11.13       | 9.33        | 553.19        | 361.06        |
| C. Other income                       | 6.94         | 6.86        | 2.58        | 2.60        | 20.65         | 29.03         |
| D. Claims and insurance benefits      | -268.35      | -152.87     | -97.21      | -87.45      | -2,420.59     | -2,045.41     |
| E. Operating expenses                 | -206.25      | -102.97     | -13.30      | -13.95      | -677.41       | -526.33       |
| F. Other expenses                     | -14.67       | -10.84      | -8.65       | -8.19       | -89.56        | -86.36        |
| <b>G. Profit before taxes</b>         | <b>17.37</b> | <b>4.91</b> | <b>6.54</b> | <b>6.23</b> | <b>215.40</b> | <b>143.35</b> |

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