

**ANNUAL REPORT 2007**  
**WIENER STÄDTISCHE AG**





# KEY FIGURES FOR WIENER STÄDTISCHE AG

<b>in million EUR</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Gross premiums written</b>	<b>1,777</b>	<b>1,939</b>	<b>2,215</b>	<b>2,474</b>	<b>2,579</b>
Property/Casualty	795	867	944	1,008	1,126
Health	271	280	288	298	307
Life	711	792	983	1,168	1,146
<b>Financial result</b>	<b>263</b>	<b>293</b>	<b>420</b>	<b>384</b>	<b>458</b>
<b>Profit from ordinary activities</b>	<b>31</b>	<b>69</b>	<b>120</b>	<b>152</b>	<b>179</b>
<b>Total capital assets</b>	<b>7,301</b>	<b>7,828</b>	<b>9,923</b>	<b>10,824</b>	<b>11,741</b>
Capital assets	7,000	7,382	9,188	9,784	10,505
Capital assets of unit- and index-linked life insurance	301	446	734	1,039	1,236
<b>Underwriting provisions (excluding unit- and index-linked life insurance)</b>	<b>6,064</b>	<b>6,409</b>	<b>6,910</b>	<b>7,554</b>	<b>8,166</b>
<b>Underwriting provisions of unit- and index-linked life insurance</b>	<b>282</b>	<b>444</b>	<b>728</b>	<b>979</b>	<b>1,191</b>
<b>Equity capital</b>	<b>770</b>	<b>816</b>	<b>1,787</b>	<b>1,857</b>	<b>1,927</b>
<b>Number of employees</b>	<b>3,729</b>	<b>3,670</b>	<b>3,692</b>	<b>3,743</b>	<b>3,762</b>
Internal	1,799	1,723	1,688	1,706	1,740
External (including trainees)	1,930	1,947	2,004	2,037	2,022

# VIENNA INSURANCE GROUP ANNUAL REPORT 2007

## Separate financial statements of WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP

### CONTENTS

- 2 Map of Austria with business offices
- 5 Letter from the Chairman of the Managing Board
- 6 Managing Board of Wiener Städtische AG

### Management report to the separate financial statements of Wiener Städtische AG

- 8 Company portrait
- 12 Products
- 14 Business development and result of operations
- 16 Risk report
- 18 Outlook
- 19 Proposed distribution of profits

### Wiener Städtische AG separate financial statements

- 22 Balance sheet
- 28 Income statement
- 35 Notes to the separate financial statements
- 47 Statement by the Managing Board
- 48 Profit participation
- 53 Auditor's report
- 54 Report of the Supervisory Board

### Concluding section

- 56 Provincial advisory boards
- 58 Provincial head offices
- 59 Business offices
- 62 Glossary
- 65 Address – Notes – General information

# YOU CAN RELY ON OUR APPROACH

WIENER STÄDTISCHE AG HAS BEEN HELPING CUSTOMERS SINCE 1824.



# LETTER FROM THE CHAIRMAN

## LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

Dear shareholders,

the year just ended was a successful year for Wiener Städtische AG. Our EUR 2.58 billion in premiums written and almost EUR 180 million in profits from ordinary activities show once again the outstanding commitment of Wiener Städtische AG's employees to the growth of the most successful insurance company in Austria.



*Dr. Günter Geyer,  
General Manager*

Wiener Städtische AG's history, which reaches back to the year 1824, has made it the largest insurance company in Austria. In addition to its operating activities in Austria and branch offices in Italy and Slovenia, Wiener Städtische AG also functions as the holding company for the "Vienna Insurance Group" of companies that now operates in 23 countries.

The history of our shares is also a success. Reflecting its position as the leading Austrian insurance company, Wiener Städtische has been listed on the Vienna Stock Exchange since 1994 and has been a component of the ATX index since September 2005. The internationalisation of the Vienna Insurance Group has been proceeding rapidly in recent years. The new trading name for our shares, the "Vienna Insurance Group", now also clearly

expresses this internationalisation. The Vienna Insurance Group's shares are now also listed on the Prague Stock Exchange, thereby making them available to a greater number of investors.

Last year, the Ringturm building was turned into an impressive work of art for the second time. The first wrapping of the Ringturm by Christian Ludwig Attersee during the 2006 Mozart anniversary year was followed in 2007 by the Austrian artist Robert Hammerstiel, who painted four subjects to symbolise life in its cycles: childhood, youth, family and old age.

Wiener Städtische AG's success is based on the commitment, motivation, expertise and qualifications of our employees. I would like to express my sincere thanks all of the employees that contributed to Wiener Städtische's success for their achievement and dedication. Our goal for the future is to continue following our path to success.

Sincerely,

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

Günter Geyer

***The history of  
Wiener Städtische  
is a history of  
success – for share-  
holders, customers  
and employees.***

## MANAGING BOARD OF WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP



**Dr. Günter Geyer, General Manager**  
**Chairman of the Managing Board of**  
**WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP**

*Areas of responsibility:* Group management, strategic planning, Group matters, public relations, human resource, international human resource development, investor relations, international labour law, Group marketing



**Dkfm. Karl Fink, General Manager**  
**Member of the Managing Board of**  
**WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP**

*Areas of responsibility:* sponsoring, corporate- and large risk-business (underwriting/claims), reinsurance, supervision of companies in which an ownership interest is held through TBIH/Kardan



**Mag. Robert Lasshofer, Deputy General Manager**  
**Member of the Managing Board of**  
**WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP**

*Areas of responsibility:* marketing, sales, advertising, provincial head offices and call center of Wiener Städtische AG Austria (incl. branch offices Slovenia and Italy)



**Ing. Martin Diviš \*, MBA**  
**General Manager of Kooperativa pojišť'ovna a.s., VIENNA INSURANCE GROUP,**  
**Czech Republic (starting 7 May 2008)**

*Areas of responsibility (associated):* property management Central and Eastern Europe, general liability (underwriting/claims), investments Central and Eastern Europe



**Dr. Rudolf Ertl**  
**Member of the Managing Board of**  
**WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP**

*Areas of responsibility:* information technology and process optimisation, legal protection (claims), company law, property management



**Dr. Peter Hagen**  
Member of the Managing Board of  
**WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP**

*Areas of responsibility:* general liability (underwriting/claims), legal protection (underwriting), motor vehicle insurance (underwriting), non-life insurance (claims/underwriting, excluding legal protection and corporate business)



**Dr. Judit Havasi\***  
Member of the Managing Board of  
**Union VIENNA INSURANCE GROUP Biztosító, Ungarn**

*Areas of responsibility (associated):* international human resource development, international labour law, legal protection (claims), company law Central and Eastern Europe, finance and accounting Central and Eastern Europe



**Mag. Peter Höfinger\***  
Member of the Managing Board of  
**DONAU Versicherung AG VIENNA INSURANCE GROUP, Österreich**

*Areas of responsibility (associated):* corporate- and large risk-business (underwriting/claims), reinsurance, non-motor vehicle property insurance (underwriting/claims, excluding legal protection and corporate business)



**Dr. Martin Simhandl**  
Member of the Managing Board of  
**WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP**

*Areas of responsibility:* ownership interest management, investments, finance and accounting, life and casualty insurance, health insurance

## EXTENDED BOARD OF WIENER STÄDTISCHE AG

**Robert Bilek**

Human Resources,  
Human Resources Development

**Mag. Hermann Fried**

Personal Insurance

**Dr. Wolfgang Petschko**

Non-Life and Corporate Business  
(underwriting and claims)

**Dr. Christine Dornaus**

Ownership Interest Management,  
Loans

**Mag. Helene Kanta**

Company Law

**Dr. Michael Schlögl**

Motor Vehicle Insurance  
(underwriting and claims)

\* Deputy Member of the Managing Board WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP

# COMPANY PORTRAIT

## MANAGEMENT REPORT

### COMPANY PORTRAIT

#### Wiener Städtische AG

As an individual company, Wiener Städtische AG is the largest insurance company in Austria. The company, which is steeped in tradition and has roots going back to 1824, is active in all classes of the Austrian insurance market nationwide. Wiener Städtische presents itself to its customers as an innovative, composite insurer offering the best possible insurance coverage for all situations in life.

#### Distribution

In sales, Wiener Städtische AG follows a rigorous multi-channel strategy and uses a variety of distribution channels. The company's own field sales force forms the main channel of distribution. Great efforts have been made to expand the field sales force in recent years and raise the qualifications of the field sales employees to an above-average level. In addition to the field sales force, brokers, insurance agents and cooperation with banks naturally also play an important role in the distribution strategy. Premium growth rates have been significantly above the market average in recent years, proving that the path chosen is a highly successful one.

#### Local presence, customers and products

Proximity to customers and high-quality service are hallmarks of Wiener Städtische AG, which uses close to 2,000 counsellors in approximately 170 offices to offer its comprehensive insurance solutions throughout Austria. Wiener Städtische AG is the leading company in the Austrian insurance market, both in the corporate customer segment, which in Austria comprises primarily a large number of dynamic small and medium-sized companies, and in the private customer segment. The product range is highly flexible. The customer chooses from core products that can be complemented with appropriate modules and adapted to individual needs. Great value is also placed on the rapid development of new insurance product solutions.

#### Dialogue with customers

Dialogue with customers is important, as it allows the Company to follow current issues and react to the needs

of the market. Representatives of major customers and members of the management board regularly discuss regional and international issues in provincial advisory board meetings. During the provincial advisory board meetings in 2007, nursing care insurance was identified as an important issue during advisory board discussions, thereby validating Wiener Städtische AG's involvement in this important area.

#### Call centre

Wiener Städtische AG has an extremely well-trained team in its call centre available to customers at the service number 050 350 350 to answer all questions regarding provisions for risk and capital formation. The services provided by call centre employees range from providing product information, providing information on current fund values for unit-linked life insurance products, taking claim reports by telephone, making simple policy changes and sending requested documents (e.g. Green Card insurance, tax office confirmation, etc.), all the way to complaint management. The central common hotline offers a combination of different types of service expertise for all classes.

#### Vienna Insurance Group share information

The shares of WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP, listed in the Prime Market segment of the Vienna Stock Exchange, have been trading under the international name Vienna Insurance Group and ticker symbol VIG since 1 February 2008. In order to further increase the shares' attractiveness to investors and appropriately expand the Group's presence in the CEE region's capital market as well, in addition to the Vienna Stock Exchange, the shares of the Vienna Insurance Group have also been listed on the Prague Stock Exchange since the beginning of February 2008.

#### "A+" rating with stable outlook reconfirmed by Standard & Poor's

In November 2007, the internationally renowned rating agency Standard & Poor's reconfirmed the excellent rating assigned to WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP. Wiener Städtische AG was again awarded an A+ rating with continued stable outlook.

#### New Wiener Städtische AG website

On the website of Wiener Städtische AG [www.wiener-staedtische.at](http://www.wiener-staedtische.at) you can find further information of the company. A more modern layout and numerous new features make the Company's webpages more attractive and user friendly.

*As an individual company, Wiener Städtische AG is the largest insurance company in Austria.*



### Employees

A functioning company is founded on capable, committed employees. Well-qualified and motivated employees are an essential factor in the success of Wiener Städtische AG. Basic and advanced training of all employees and the exchange of knowledge are therefore of central importance for ensuring fast, competent and efficient customer support satisfying the highest standards.

As at 31 December 2007, Wiener Städtische AG had a total of 3,762 employees, representing an increase of 19 employees in 2007. The number of trainees increased from 117 to a total of 124 in 2007, making Wiener Städtische AG once again by far the greatest employer of trainees in the Austrian insurance sector. The Company had 1,898 field employees in 2007, and the number of office employees rose by 34 to 1,740 in 2007.

Sexual equality in particular is not just a catchword, but an everyday reality in Wiener Städtische AG. Equal opportunity is understood to mean not only the availability of family-friendly facilities, such as a company kindergarten in Vienna, or ready opportunities for part-time work, but also true equal opportunity for the sexes in terms of career opportunities. Positions are filled solely on the basis of a candidate's qualifications.

Wiener Städtische AG has held the opinion for years that people with certain handicaps perform their work just as efficiently as people with no disabilities. In 2007, by providing employment in Austria for 116 persons with disabilities, Wiener Städtische AG went far beyond the legal requirements.

### Participation in "Daughters' Day"

Daughters' Day is an event organised by the City of Vienna, in cooperation with the Vienna Federal Economic Chamber and the Vienna Schools Inspectorate, to open up new job perspectives to girls between the ages of 11 and 16. The aim is to introduce the girls to occupations that are not typically associated with women, i.e., outside the range of everyday role models. 2007 was already the third time that Wiener Städtische AG participated in this initiative. The participating girls were taken through four stations where they could gain a better picture of the occupational life of a woman insurance administrator. The girls had the opportunity to talk with women field employees, visit customer offices and the call centre, and to become acquainted with the field employee computer program. During the event, the girls were also given extensive information about the possibility of a joining Wiener Städtische AG as a trainee.

### Sponsoring

The Company has an especially strong commitment to social sponsoring. For many years, Wiener Städtische has provided support as a partner in numerous projects and initiatives organised by a variety of relief organisations, such as Caritas, Volkshilfe and Hilfswerk. Nursing care is an example of these cooperative efforts. As a vis-

***Well-qualified and motivated employees form the basis of Wiener Städtische AG's success.***



## COMPANY PORTRAIT

ible sign of its commitment to persons requiring nursing care, the logo "nursing care = Wiener Städtische" has been added to hundreds of cars used by relief organisations. With Wiener Städtische's support these relief organisations can, for example, help persons in need of

care with urgently needed items of assistance (special mattresses or hospital beds), finance attendants for terminally ill patients (hospice workers), or even lend a hand by providing advice and offering family member caregivers the ability to take time off.

Wiener Städtische sponsors selected projects in the area of health care. For example,

as part of the "100 Questions and Answers ..." book series published by the Vienna Cancer Support Society (Krebshilfe), support has already been provided for publications on the topics of breast cancer, nutrition, leukaemia and smoking. In addition, numerous projects of the Vorarlberg Cancer Support Society projects relating to the subject of sun protection are also once again being sponsored. In 2007, Wiener Städtische provided the Red Cross with an emergency ambulance, including a transportation system, for small children.

### **"Vienna Friends of Nature – Natural Gas Cars" project**

The Friends of Nature (Naturfreunde) is a large recreational and environmental organisation with the motto "We live nature" that invites people to experience the beauty of nature, and actively participate in sports and

environmental protection. As part of an innovative environmental project, Fiat Austria, in cooperation with the City of Vienna and Wien Energie, have provided two natural gas-powered cars (Fiat Panda Natural Power) to the Vienna Friends of Nature for a period of four years. Wiener Städtische is paying the motor vehicle insurance premiums as part of this initiative.

### **Preserving Vienna's "Würfeluhr" outdoor clocks**

At the end of November 2007, Mayor Dr. Michael Häupl, City Councillor DI Rudolf Schicker and Wiener Städtische General Manager Dr. Günter Geyer presented to the media, in front of the Ringturm building in Vienna, the first new "Würfeluhr" outdoor clock bearing the Wiener Städtische logo. Under a private-public partnership, Wiener Städtische will sponsor Vienna's 75 Würfeluhr clocks with a contribution of EUR 550,000. Starting as of March 2008, the outdoor clocks with the Wiener Städtische logo will be completely restored to ensure that the time is displayed reliably and accurately once again. The restoration will take place in close collaboration with the City of Vienna. The world-famous Würfeluhr outdoor clocks have been providing the time in Vienna since around 1900. At first glance, the clocks appear to be shaped like a cube (Würfel), but upon closer inspection are seen to be a polygon. With their four large clock faces, the clocks are visible from all sides and have become part of the city landscape in Vienna. The clocks also act as meeting points and landmarks for the citizens of Vienna and visitors coming from all over the world.

### **Partner of the Leopold Museum**

With support from Wiener Städtische, the Leopold Museum presented works from the Czech Kooperativa

***A Wiener Städtische initiative ensures the preservation of 75 "Würfeluhr" outdoor clocks in Vienna.***



collection under the title "Grund, Mucha, Čapek ..." from 8 November 2007 to 4 February 2008. The relatively new collection includes paintings, as well as drawings, sculptures and other works of art. This was the first showing of the collection in Vienna. The showing presents the work of Czech artists ranging from the baroque era to the present, including works from the Biedermeier period as well as modern art from the early 20th century.

**Hammerstiel wraps the Ringturm**

2007 marked the second time that the Ringturm building was wrapped by an artist, transforming it into an impressive work of art to be enjoyed by the population and visitors to Vienna. The first wrapping of the Ringturm was by Christian Ludwig Attensee during the 2006 Mozart anniversary year, and was followed this time by the artist Robert Hammerstiel. Each of these projects was accompanied by an exhibition supported by Wiener Städtische.

**Architecture in the Ringturm**

Designed by the renowned architect Erich Boltenstern, the Ringturm has been a place for people to meet and exchange ideas since its opening in 1955. It now houses the headquarters of Wiener Städtische. The former cash hall of the Ringturm was converted into a modern events centre by Boris Podrecca and has regularly hosted the exhibition series "Architecture in the Ringturm" since 1998. Free entrance has allowed architecture to be made widely accessible to the public. The "Architecture in the Ringturm" exhibition series has concentrated primarily on Central and Eastern European architecture in recent years, including, for example, exhibitions on Romania, Croatia, Bulgaria and Boris Podrecca in 2007. Wiener Städtische views these exhibitions as an opportunity to expose the public to the unique architectural features of the region and the interrelationships between East and West.

**Advertising**

Practically everyone knows Wiener Städtische's slogan "We wish we had your worries". This slogan has formed the centre point of the Company's campaign since 2000 – because customer support and service take centre stage at Wiener Städtische AG.

**Innovative advertising campaigns**

From pension products and health insurance to our "Limited Edition", Wiener Städtische AG markets its range of products using original themes, together with a healthy portion of humour and tongue-in-cheek. All of Wiener Städtische AG's products communicate the central idea of the Company: "We wish we had your worries".

**Awards for a successful advertising campaign**

Wiener Städtische's advertising campaign received many awards in 2007 due to its popularity with juries and the public. Wiener Städtische won the Golden KURIER Advertising Cupid award in 2007 for the advertising theme "I'm not a pension plan". Experts and readers of the Kurier newspaper evaluated and made their selection from a total of 600 themes.

Wiener Städtische also scored highly in the selection of the best Austrian commercials in the Top-Spot Gala, an event organised by the Austrian public broadcaster ORF (Österreichischer Rundfunk). The TV audience awarded 3rd place to Wiener Städtische's "Chocolate finger" commercial on our Premium Pension (Prämienpension) product.

*The Ringturm was wrapped again in 2007, this time by artist Robert Hammerstiel.*



# PRODUCTS

## PRODUCTS

### Motor vehicle insurance

#### Direct claims settlement

Wiener Städtische AG is the first Austrian insurance company to offer all new customers purchasing motor vehicle liability, partial or full collision, parked car damage, or legal expenses insurance fast and easy direct claims settlement for property damage, even if its customer is not the party at fault. These customers no longer have to turn to the insurance company of the other party to the accident. This new service allows Wiener Städtische AG to relieve its customers of the headaches often associated with the lengthy clarification of detailed questions. The deductible for full collision insurance is also waived if the customer is not at fault.

of detailed questions. The deductible for full collision insurance is also waived if the customer is not at fault.

#### Faster movement through merit levels

Since 1 March 2007, Wiener Städtische has been rewarding accident-free driving with an annual premium reduction in merit levels 09 through 03. The merit saver, which safeguards the merit level of a customer in merit levels 00 and 01, is included in new policies free of charge for extremely good drivers and applies to the initial monitoring period in the merit/demerit system.

#### Trend toward environmentally friendly vehicles

The number of licences issued for natural gas powered or hybrid vehicles continues to grow. Wiener Städtische AG has been offering an environmental bonus to owners of these vehicles since 2006, thereby making the purchase of an environmentally friendly vehicle highly attractive. In this way, Wiener Städtische AG is able to make an active contribution to the reduction of CO<sub>2</sub>

emissions and the protection of the environment. Wiener Städtische AG also deducts additional environmental bonuses of 10% from motor vehicle liability and collision premiums.

### Life insurance

#### State-supported pension plan

Wiener Städtische AG was the first Austrian insurance company to recognise the benefits of state-supported pension plans, and reacted as early as 2003 by introducing its Premium Pension (Prämienpension) insurance product. In addition to an old-age pension, the Premium Pension product also offers term coverage and supplemental term coverage for accidental death.

The Premium Pension product offers a capital guarantee for a single payment payout upon entering retirement. For policies purchased since 2006, Wiener Städtische AG guarantees the annuity table that is used when the policy is purchased. This removes the uncertainty surrounding the size of the future pension due to the increase in life expectancies.

#### Wiener Städtische's new "Limited Edition" product: East-West Success

Wiener Städtische has created a new investment product together with Erste Bank: East-West Success, Wiener Städtische AG's latest addition to its successful "Limited Edition" investment series. This new product combines a dynamic investment vehicle with a guarantee, security and tax savings. The investment can be made in the form of a single premium of EUR 5,000 or more, regular monthly premiums of EUR 50 or more, or both. This means that the policyholder can invest, save, or do both at the same time. Two-thirds of the capital is invested in shares, one-third in real estate – half in Eastern and half in Western Europe. The policyholder therefore benefits greatly, both from the above-average economic growth in Eastern Europe, as well as the Western "blue chips".

*Products that satisfy customer needs play an important role in Wiener Städtische AG's success.*



**Health insurance**

**Top-Med special class insurance**

Wiener Städtische AG's special class insurance offers customers the best possible medical care. As a special class patient, the policyholder is entitled to a one or two-bed room in a contracting hospital and may freely choose between physicians to select the best experts for his/her treatment. Wiener Städtische AG also assumes all costs for outpatient operations. In the area of prevention, Wiener Städtische AG offers customers that purchase a new special class insurance policy the option of enrolling in a smoking cure, receiving a nutritional consultation, or receiving an initial traditional Chinese medicine consultation. The policyholder may make a one-time choice between these options free of charge.

**Health Flex**

The statutory social insurance system does not provide sufficient coverage to independent contractors. The benefits offered by the statutory health and casualty insurance plan often do not cover the actual loss of earnings in the event of illness. If income remains below the minimum income limit for social insurance, the automatic

protection under the social insurance system is also lost in many areas (pension insurance, health insurance).

Coverage under Wiener Städtische's new "Health Flex" product provides independent contractors with sick benefits of either EUR 20 or EUR 40 per day in the event of illness or accident-related loss of work. Health Flex also provides accident disability benefits of up to EUR 50,000, starting from a disability level of 1%.

**Extra Care**

Wiener Städtische AG is offering a unique new product, "Extra Nursing Care Benefits" (Extra-Pflegegeld) with assistance benefits that offer the option of up to tripling the government nursing care allowance. Since the government nursing care allowance only covers basic care, private supplementary insurance is becoming increasingly important for maintaining an existing standard of living in the event that nursing care is needed.

***Wiener Städtische AG products are known for being target group-specific, flexible and innovative.***



# BUSINESS DEVELOPMENT AND RESULT OF OPERATIONS

## BUSINESS DEVELOPMENT AND RESULT OF OPERATIONS 2007

Wiener Städtische AG earned a **profit from ordinary activities** (in accordance with UGB provisions) of EUR 179.01 million in financial year 2007, representing an increase of 18.1% over the value in 2006 (EUR 151.55 million).

### Key business development figures

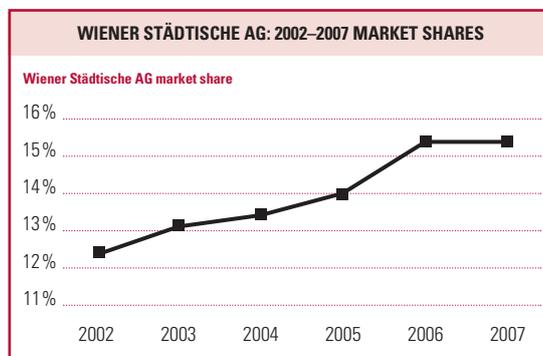
in EUR millions	2005	2006	2007
Gross premiums written	2,215.18	2,474.01	2,578.79
Gross expenses for insurance claims	1,940.73	2,114.57	2,186.10
Gross administrative expenses	434.56	456.35	466.69
Result from ordinary activities	120.18	151.55	179.01
Investments (incl. investments for unit-linked and index-linked life insurance)	9,922.60	10,823.77	11,741.37

**Wiener Städtische AG's profit from ordinary activities rose by 18.1% in 2007.**

**Gross premiums** for all classes were EUR 2,578.79 million in 2007. This represents an increase of 4.2% compared to 2006. Approximately 44% of the gross premiums written by Wiener Städtische AG in 2007 came from the property/casualty area, approximately 44%

from life insurance, and approximately 12% from health insurance.

**Gross expenses for insurance claims** (including the change in the actuarial reserve) rose by 3.4% over the previous year to EUR 2,186.10 million.

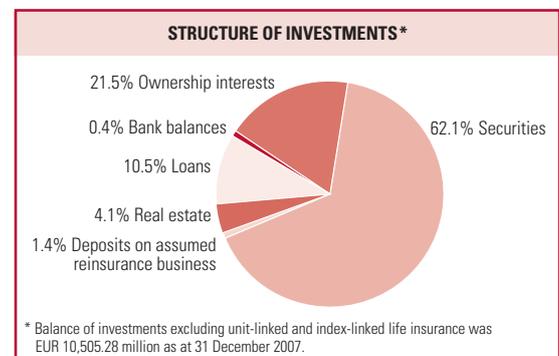


**Administrative expenses** increased by 2.3% to EUR 466.69 million, thereby growing significantly slower than Wiener Städtische's premium growth rate of 4.2%.

**Earned premiums from indirect business** rose by EUR 58.17 million to EUR 144.82 million in 2007. Property/casualty insurance premiums represented EUR 110.21 million of this amount, health insurance EUR 0.22 million and life insurance EUR 34.39 million.

The **profit from indirect business** was EUR 4.80 million in 2007 (2006: EUR 7.98 million), consisting of a loss of EUR –1.04 million in the property/casualty area, a profit of EUR 0.18 million from health insurance, and a profit of EUR 5.66 million from life insurance.

**Investments** had a balance of EUR 11,741.37 million (+8.5%) as at 31 December 2007, of which EUR 1,236.08 million (+18.9%) was attributable to investments for



## BUSINESS DEVELOPMENT AND RESULT OF OPERATIONS

unit-linked and index-linked life insurance. The balance of investments excluding unit-linked and index-linked life insurance rose by 7.4% to EUR 10,505.28 million.

### Financial result

The financial result for 2007 rose by 19.4% compared to the previous year, to EUR 457.73 million. This was due to increased investments and distributions from special funds, ownership interests and shares.

### Financial result

in EUR millions	2005	2006	2007
Financial result	419.88	383.50	457.73
Investments (incl. investments for unit-linked and index- linked life insurance)	9,922.60	10,823.77	11,741.37

### Property/casualty insurance

2007 was a highly successful year for Wiener Städtische AG in the property/casualty class.

Premiums written increased significantly in 2007, rising approximately 11.8% compared to the previous year to EUR 1,126.49 million. Particular note needs to be given here to the substantial premium increase in Wiener Städtische AG's non-motor vehicle classes, where premiums increased by 14.8% over the previous year to EUR 753.46 million. The motor vehicle classes also recorded a significant increase of 6.1%, raising premiums to EUR 373.03 million.

Due to a large number of storms, expenses for insurance claims rose by 11.8% in 2007 to EUR 734.14 million. Gross administrative expenses were EUR 251.72 million in 2007, representing an increase of 7.6%. The combined ratio after reinsurance was an outstanding 92.9%. The profit from ordinary activities for the property/casualty area rose 25.5% over 2006 to EUR 120.87 million.

### Key figures for property/casualty insurance

in EUR millions	2005	2006	2007
Gross premiums written	943.66	1,007.92	1,126.49
Gross expenses for insurance claims	562.81	656.76	734.14
Gross administrative expenses	217.52	233.95	251.72
Result from ordinary activities	74.59	96.34	120.87

### Life insurance

Premiums written in the life insurance area declined by 1.8% compared to 2006, to EUR 1,145.70 million. This is primarily due to increased volatility in the single-premium product area. Earned premiums consisted of EUR 693.34 million (+1.8%) from life insurance policies with regular premium payments and EUR 452.36 million (-7.2%) from single-premium products.

### Key figures for life insurance

in EUR millions	2005	2006	2007
Gross premiums written	983.15	1,168.18	1,145.70
Gross expenses for insurance claims*	1,134.87	1,207.94	1,194.58
Gross administrative expenses	180.60	184.28	174.57
Result from ordinary activities	37.02	49.34	52.30

\* including change in the actuarial reserve

Gross expenses for insurance claims decreased by 1.1% in 2007 compared to the previous year. Gross administrative expenses even dropped by 5.3%. The profit from ordinary activities rose by approximately 6.0% over 2006, to EUR 52.30 million in 2007.

### Health insurance

Premiums of EUR 306.60 million were written in the health insurance area in the financial year just ended. This represented an increase of 2.9% compared to 2006.

Expenses for insurance claims were EUR 257.38 million in 2007, corresponding to an increase of 3.0% over the previous year. This already includes the transfer to the ageing reserve. The ageing reserve ensures funding for future payments regardless of demographic changes. Administrative expenses rose by 6.0% in 2007, to EUR 40.41 million. Profit from ordinary activities reached EUR 5.84 million in the health insurance area.

### Key figures for health insurance

in EUR millions	2005	2006	2007
Gross premiums written	288.37	297.91	306.60
Gross expenses for insurance claims*	243.05	249.87	257.38
Gross administrative expenses	36.44	38.12	40.41
Result from ordinary activities	8.57	5.87	5.84

\* including change in the actuarial reserve



# RISK REPORT

## RISK REPORTING

Wiener Städtische AG's core competence is dealing professionally with risk. The Group's primary business consists of assuming risks from its customers under a variety of insurance packages. One of the primary responsibilities of risk management is to ensure that the obligations assumed under insurance policies can be satisfied at all times.

Wiener Städtische AG is exposed to a number of other risks in addition to the underwriting risks of its insurance policy portfolio. A risk management process is used to identify, analyse, evaluate, report, control and monitor these risks. The risk control measures used are avoidance, reduction, diversification, transfer and acceptance of risks and opportunities.

**The overall risk of the Group can be divided into the following risk categories:**

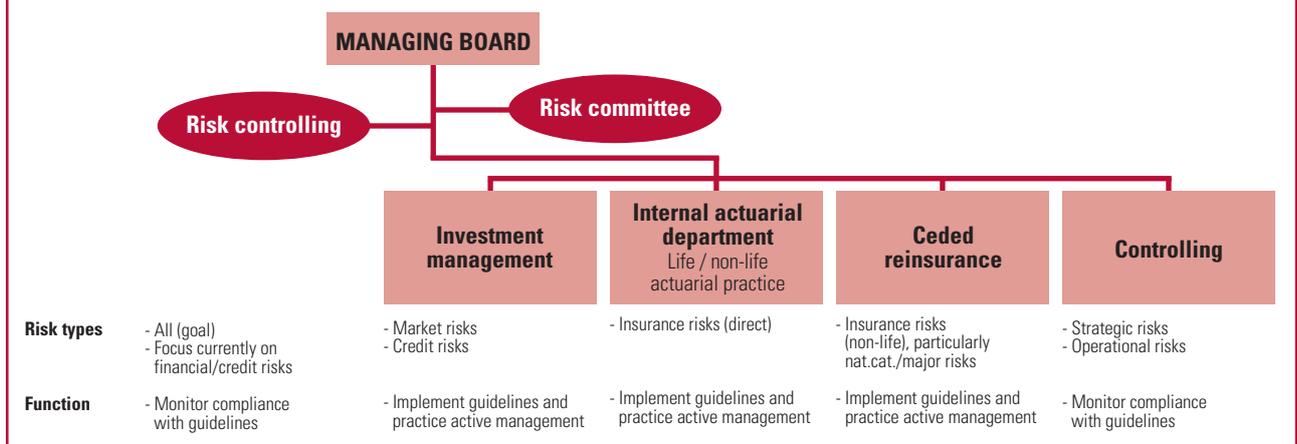
- **Underwriting risks:** The core business of Wiener Städtische AG is the transfer of risk from policyholders to the insurance company.
- **Credit risk:** This risk quantifies the potential loss due to deterioration in the situation of a contracting party by whom money is owed.

- **Market risk:** Market risk is understood to mean the risk of changes in the value of investments caused by unforeseen fluctuations in interest rate curves, share prices and exchange rates, and the risk of changes in the market value of real estate and ownership interests.
- **Strategic risks:** These can arise due to changes in the economic environment, case law, and the regulatory environment.
- **Operational risks:** These may result from deficiencies or errors in business processes, controls or projects caused by technology, staff, organisation or external factors.
- **Liquidity risk:** Liquidity risk depends on the matching of the investment portfolio to insurance commitments.
- **Concentration risk:** Concentration risk is a single direct or indirect position or an associated group of positions with the potential to significantly endanger the insurance company, core business or key performance measures. Concentration risk results from an individual position, the aggregation of positions through common owners, guarantors or managers, or from sector concentrations.

Effective risk and opportunities management requires ERM (Enterprise Risk Management) and a risk policy and risk strategy set by management. ERM enables managers to deal effectively with uncertainty and the risks and opportunities it involves, and strengthens their ability to create value. Taking all relevant potential future events into account improves the utilisation and proactive realisation of opportunities. Reliable information on risks improves the allocation of capital.

*Efficient risk management systems serve to identify, monitor and control a variety of risks.*

## AREAS INVOLVED IN RISK MONITORING AND CONTROL



ERM provides a procedure for identifying and selecting alternative reactions to risks.

The Wiener Städtische AG risk management department is an independent organisational unit. Every employee contributes to the effectiveness of risk management at Wiener Städtische AG. Great importance is placed on the day-to-day implementation of a suitable risk-monitoring culture. Transparent and verifiable processes form an essential element of this Company-wide risk culture. Deviations from set target values and the admission and reporting of errors can take place in our Company, and are used to promote the active problem-solving abilities of our employees.

Risk management at Wiener Städtische AG is governed by a number of internal guidelines. **Underwriting risks** in property/casualty insurance are primarily managed using actuarial models for setting rates and monitoring the progress of claims, and guidelines for the assumption of insurance risks. The most important underwriting risks in life and health insurance are primarily biometric ones, such as life expectancy, occupational disability, illness and the need for nursing care. To manage these underwriting risks, Wiener Städtische AG has formed reserves to ensure that future payments can be made.

Wiener Städtische AG limits its potential liability from its insurance business by passing on some of the risks it assumes to the international reinsurance market. It spreads this reinsurance coverage over a large number of different international reinsurance companies that Wiener Städtische AG believes have adequate creditworthiness, in order to minimise the risk (credit risk) due to the insolvency of one reinsurer.

Wiener Städtische AG monitors the various **market risks** in its security portfolio using fair value valuations, value-at-risk (VaR) calculations, sensitivity analyses and stress tests.

**Liquidity risk** is limited by matching the investment portfolio to insurance commitments. **Operational and strategic risks** which might be caused by deficiencies or errors in business processes, controls and projects or changes in the business environment are also monitored continuously.

***Risk management at Wiener Städtische AG is governed by a number of guidelines.***



# OUTLOOK

## EXPECTED ECONOMIC GROWTH IN 2008

### Austria

According to the Austrian Institute of Economic Research (WIFO), gross domestic product (GDP) is expected to grow by 2.2% in 2008. This rate of growth is below the level of the previous year due to the instability in financial markets caused by the US real estate crisis and the strong appreciation of the euro. In an international comparison, the Austrian economy is expected to continue growing more strongly than the rest of the Eurozone.

WIFO projects an annual inflation rate of 2.6% for 2008 (2.2% in 2007). Higher energy and food prices are the main factors responsible for the increase in inflation. In contrast, the unemployment rate is expected to remain constant at approximately 4.2% (as defined by

the EU). Domestic consumption is also expected to remain unchanged versus the previous year, based on WIFO's projected growth rate of 1.9% for 2008.

## THE 2008 INSURANCE MARKET

### Austria

According to information from the Austrian Association of Insurance Companies (Verband der Versicherungsunternehmen Österreichs – VVO), the Austrian insurance market grew by 1.9% in 2007. The relatively small increase in premiums in that year was due to weak growth in the life and motor vehicle insurance areas.

Volatility in single-premium products led to a drop in premium growth in the life insurance area, while increased competition in the motor vehicle insurance area led to a reduction in premium revenues.

According to an analysis by VVO, the rate of growth in premiums is expected to increase by a total of 1.9% in 2008. VVO is projecting a premium increase of 1% in the life insurance area in 2008. This low rate of growth for life insurance is expected due to the volatility of single-premium products. Regular premiums are expected to increase by 4.6% in 2008. Annual growth rates of 5.5% are expected to return between 2008 and 2011.

Property/casualty insurance grew by 3.1% in 2007 according to VVO, with an increase of 2.4% expected for 2008.

VVO projects premium growth of 3.1% in the health insurance area in 2008 (3.2% in 2007).

### Wiener Städtische expects premiums to grow

Wiener Städtische AG expects premiums to grow faster than the overall market in 2008. Wiener Städtische AG is bringing EURO GARANTIE 2008, a new product in its successful "Limited Edition" series, onto the market in the run-up to the European Football Championship. In addition to traditional term insurance with regular premiums, a single-premium product is also offered that combines an index-linked investment with life insurance. In addition to the product's profit participation, a special "goal bonus" is being offered in connection with the 2008 European Football Championship.

Wiener Städtische AG's combined ratio is expected to remain significantly below 100%. The storm losses at the beginning of 2008 had a small net effect on Wiener Städtische's earnings. Financial markets are also expected to stabilise in the second half of 2008. No developments that might prevent Wiener Städtische AG from achieving its targets have been identified to date.

**Wiener Städtische AG is following a clear strategy of strengthening distribution in order to expand on its leading position in the property/casualty and life insurance areas.**

# PROPOSED DISTRIBUTION OF PROFITS

## PROPOSED DISTRIBUTION OF PROFITS

WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP ended financial year 2007 with net retained profits of EUR 196,255,109.16. The following distribution of profits is proposed for the Annual General Meeting:

The 105 million shares are to receive a dividend of EUR 1.10 per share, resulting in a total distribution of EUR 115,500,000.00.

The net retained profits of EUR 80,755,109.16 remaining for financial year 2007 after payment of the dividend are to be carried forward.

The Managing Board:



**Dr. Günter Geyer**



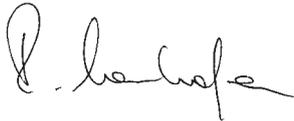
**Dkfm. Karl Fink**



**Dr. Rudolf Ertl**



**Dr. Peter Hagen**



**Mag. Robert Lasshofer**



**Dr. Martin Simhandl**

Vienna, 12 March 2008



# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

## WIENER STÄDTISCHE AG

Separate financial statements prepared in accordance with the  
Austrian Corporate Code (UGB) and the Austrian Insurance Supervision Act (VAG)

31 December 2007

<b>Reporting period</b>	<b>1.1.2007–31.12.2007</b>
<b>Balance sheet comparison date</b>	<b>31.12.2006</b>
<b>Income statement comparison date</b>	<b>1.1.2006–31.12.2006</b>
<b>Currency</b>	<b>EUR</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

## BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

ASSETS	PROPERTY/CASUALTY	
<b>in EUR</b>		
<b>A. Intangible Assets</b>		
I. Expenses for acquisition of an insurance portfolio		6,300,000.00
II. Other intangible assets		17,269,873.05
TOTAL INTANGIBLE ASSETS		<b>23,569,873.05</b>
<b>B. Investments</b>		
I. Land and buildings		128,293,245.24
II. Investments in affiliated companies and ownership interests		
1. Shares in affiliated companies <i>of which reorganisation surplus</i>	1,350,547,230.73 0.00	
2. Bonds and other securities of affiliated companies and loans to affiliated companies	26,847,167.25	
3. Ownership interests <i>of which reorganisation surplus</i>	97,614,151.35 0.00	
4. Bonds and other securities of and loans to companies in which an ownership interest is held	2,965,616.68	1,477,974,166.01
III. Other investments		
1. Shares and other non-fixed-interest securities	98,775,769.91	
2. Bonds and other fixed-interest securities	36,191,330.14	
3. Shares in joint investments	0.00	
4. Mortgage receivables	35,696,725.68	
5. Policy prepayments	0.00	
6. Other lendings	26,959,780.87	
7. Bank balances	3,634,488.24	
8. Other investments	0.00	201,258,094.84
IV. Deposits on assumed reinsurance business		1,188,428.07
TOTAL INVESTMENTS		<b>1,808,713,934.16</b>
<b>C. Investments for unit-linked and index-linked life insurance</b>		<b>0.00</b>
<b>D. Receivables</b>		
I. Receivables from direct insurance business		
1. from policyholders	74,125,170.37	
2. from insurance intermediaries	46,132,069.02	
3. from insurance companies	6,637,333.14	126,894,572.53
II. Receivables from reinsurance business		54,526,391.88
III. Other receivables		150,293,013.43
TOTAL RECEIVABLES		<b>331,713,977.84</b>
<b>E. Prorated interest</b>		<b>1,287,396.34</b>
<b>F. Other assets</b>		
I. Property, plant and equipment (not incl. land and buildings) and inventories		16,252,037.73
II. Bank current account balances and cash on hand		36,834,485.77
III. Further other assets		70,615,845.95
TOTAL OTHER ASSETS		<b>123,702,369.45</b>
<b>G. Prepaid expenses</b>		
I. Deferred tax assets		41,880,587.44
II. Other prepaid expenses		21,376,491.98
TOTAL PREPAID EXPENSES		<b>63,257,079.42</b>
<b>H. Offsetting items between departments</b>		<b>467,011,654.45</b>
<b>Total assets</b>		<b>2,819,256,284.71</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

HEALTH		LIFE		TOTAL BUSINESS IN 2007		2006
in EUR '000						
0.00		0.00		6,300,000.00		7,700
0.00		140,014.39		17,409,887.44		16,480
<b>0.00</b>		<b>140,014.39</b>		<b>23,709,887.44</b>		<b>24,180</b>
59,750,718.99		241,200,650.04		429,244,614.27		446,616
196,618,607.08 <i>8,883,755.76</i>		511,782,115.70 <i>0.00</i>		2,058,947,953.51 <i>8,883,755.76</i>		1,386,374 <i>8,884</i>
50,803,041.02		349,079,293.26		426,729,501.53		240,510
53,456,181.78 <i>0.00</i>		51,344,677.61 <i>8,957,022.00</i>		202,415,010.74 <i>8,957,022.00</i>		338,570 <i>8,957</i>
2,102,371.31	302,980,201.19	86,788,375.96	998,994,462.53	91,856,363.95	2,779,948,829.73	39,832
165,516,454.63		2,654,020,428.62		2,918,312,653.16		2,950,975
254,786,058.25		3,153,690,228.69		3,444,667,617.08		3,361,153
0.00		55,266,798.61		55,266,798.61		70,976
47,453,545.87		157,405,338.49		240,555,610.04		270,747
0.00		19,425,465.25		19,425,465.25		19,331
52,869,044.38		346,208,222.79		426,037,048.04		463,063
37,263,930.76		17,228.37		40,915,647.37		58,388
0.00	557,889,033.89	0.00	6,386,033,710.82	0.00	7,145,180,839.55	2,194
	1,104,232.97		148,617,021.74		150,909,682.78	135,580
	<b>921,724,187.04</b>		<b>7,774,845,845.13</b>		<b>10,505,283,966.33</b>	<b>9,784,309</b>
	<b>0.00</b>		<b>1,236,082,523.13</b>		<b>1,236,082,523.13</b>	<b>1,039,459</b>
7,418,520.43		27,396,632.45		108,940,323.25		95,671
0.00		286,669.33		46,418,738.35		42,744
564,510.92	7,983,031.35	502,054.02	28,185,355.80	7,703,898.08	163,062,959.68	14,979
	4,687.00		8,684,457.44		63,215,536.32	57,909
	3,208,808.25		18,078,939.87		171,580,761.55	197,353
	<b>11,196,526.60</b>		<b>54,948,753.11</b>		<b>397,859,257.55</b>	<b>408,656</b>
	<b>6,443,387.46</b>		<b>94,282,194.58</b>		<b>102,012,978.38</b>	<b>102,359</b>
0.00		241,983.26		16,494,020.99		13,619
888,124.89		21,225,939.60		58,948,550.26		60,634
1,826,800.00		6,865,173.43		79,307,819.38		55,924
<b>2,714,924.89</b>		<b>28,333,096.29</b>		<b>154,750,390.63</b>		<b>130,177</b>
8,430,827.39		9,568,529.54		59,879,944.37		62,563
2,039.51		5,791,086.32		27,169,617.81		25,633
<b>8,432,866.90</b>		<b>15,359,615.86</b>		<b>87,049,562.18</b>		<b>88,196</b>
<b>21,227,422.87</b>		<b>-488,239,077.32</b>		<b>0.00</b>		<b>0</b>
<b>971,739,315.76</b>		<b>8,715,752,965.17</b>		<b>12,506,748,565.64</b>		<b>11,577,336</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

## BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

EQUITY AND LIABILITIES	PROPERTY/CASUALTY	
<b>in EUR</b>		
<b>A. Shareholders' equity</b>		
I. Share capital		
1. Par value		58,375,471.47
II. Capital reserves		
1. Committed reserves		746,343,172.18
III. Revenue reserves		
1. Free reserves		141,089,167.61
IV. Risk reserve as per with § 73a VAG, taxed portion		12,293,254.25
V. Net retained profits <i>of which brought forward</i>		124,708,506.32 44,007,216.31
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,082,809,571.83</b>
<b>B. Untaxed reserves</b>		
I. Risk reserve as per § 73a VAG		19,406,564.75
II. Valuation reserve for impairment losses		22,908,907.11
<b>TOTAL RESERVES</b>		<b>42,315,471.86</b>
<b>C. Subordinated liabilities</b>		
		<b>150,000,000.00</b>
<b>D. Underwriting provisions, retention</b>		
I. Unearned premiums		
1. Overall account	130,370,433.12	
2. Reinsurer portion	-25,556,230.03	104,814,203.09
II. Actuarial provision		
1. Overall account	0.00	
2. Reinsurer portion	0.00	0.00
III. Provision for outstanding insurance claims		
1. Overall account	1,046,454,501.31	
2. Reinsurer portion	-277,165,779.16	769,288,722.15
IV. Provision for profit-independent premium refunds		
1. Overall account	17,176,477.00	
2. Reinsurer portion	-1,661,003.15	15,515,473.85
V. Reserve for profit-dependent premium refunds and policyholder profit participation		
1. Overall account	196,539.72	
2. Reinsurer portion	0.00	196,539.72
VI. Equalisation provision		143,402,728.00
VII. Other underwriting provisions		
1. Overall account	8,357,378.67	
2. Reinsurer portion	-1,260,398.00	7,096,980.67
<b>TOTAL TECHNICAL PROVISIONS</b>		<b>1,040,314,647.48</b>
<b>E. Underwriting provisions for unit-linked and index-linked life insurance</b>		
		<b>0.00</b>
<b>Amount carried forward</b>		<b>2,315,439,691.17</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

HEALTH		LIFE		TOTAL BUSINESS IN 2007		2006	
in EUR '000							
	17,931,004.41		32,702,775.38		109,009,251.26	109,009	
	43,968,805.39		363,750,635.04		1,154,062,612.61	1,154,063	
	6,921,770.40		76,958,978.73		224,969,916.74	194,970	
	3,011,694.71		28,114,182.51		43,419,131.47	34,967	
	8,031,108.42		63,515,494.42		196,255,109.16	157,888	
	1,232,601.34		26,548,769.96		71,788,587.61	66,698	
	<b>79,864,383.33</b>		<b>565,042,066.08</b>		<b>1,727,716,021.24</b>	<b>1,650,897</b>	
	9,208,223.29		14,825,539.49		43,440,327.53	43,440	
	10,733,851.09		122,011,551.92		155,654,310.12	162,507	
	<b>19,942,074.38</b>		<b>136,837,091.41</b>		<b>199,094,637.65</b>	<b>205,947</b>	
	<b>0.00</b>		<b>150,000,000.00</b>		<b>300,000,000.00</b>	<b>300,000</b>	
	1,535,282.43		52,822,081.66		184,727,797.21	179,867	
	0.00	1,535,282.43	-113,391.91	52,708,689.75	-25,669,621.94	159,058,175.27	-20,065
	703,680,009.00		6,174,063,721.25		6,877,743,730.25	6,349,216	
	-1,892,685.00	701,787,324.00	-20,159,653.67	6,153,904,067.58	-22,052,338.67	6,855,691,391.58	-24,879
	43,520,159.00		45,426,198.74		1,135,400,859.05	1,037,686	
	-194,341.00	43,325,818.00	-466,609.60	44,959,589.14	-277,826,729.76	857,574,129.29	-231,171
	14,720,000.00		0.00		31,896,477.00	29,698	
	0.00	14,720,000.00	0.00	0.00	-1,661,003.15	30,235,473.85	-2,381
	3,601,112.52		104,396,560.97		108,194,213.21	95,111	
	0.00	3,601,112.52	-14,000.00	104,382,560.97	-14,000.00	108,180,213.21	-10
		0.00		0.00		143,402,728.00	131,065
	944,014.62		3,307,136.73		12,608,530.02	11,043	
	0.00	944,014.62	0.00	3,307,136.73	-1,260,398.00	11,348,132.02	-1,055
	<b>765,913,551.57</b>		<b>6,359,262,044.17</b>		<b>8,165,490,243.22</b>	<b>7,554,125</b>	
	<b>0.00</b>		<b>1,191,203,424.96</b>		<b>1,191,203,424.96</b>	<b>978,561</b>	
	<b>865,720,009.28</b>		<b>8,402,344,626.62</b>		<b>11,583,504,327.07</b>	<b>10,689,530</b>	

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

## BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

EQUITY AND LIABILITIES	PROPERTY/CASUALTY
<b>in EUR</b>	
<b>Amount brought forward</b>	<b>2,315,439,691.17</b>
<b>F. Non-underwriting provisions</b>	
I. Provisions for severance pay	0.00
II. Provisions for pensions	0.00
III. Provisions for taxes	43,506,275.00
IV. Other provisions	78,244,478.83
TOTAL OTHER PROVISIONS	<b>121,750,753.83</b>
<b>G. Deposits on ceded reinsurance business</b>	<b>11,879.77</b>
<b>H. Other liabilities</b>	
I. Liabilities from direct insurance business	
1. to policyholders	38,326,403.81
2. to insurance intermediaries	21,529,214.37
3. to insurance companies	22,862,593.50
II. Liabilities from reinsurance business	25,400,808.66
III. Liabilities to banks	134,142,566.58
IV. Other liabilities	126,301,314.87
TOTAL LIABILITIES	<b>368,562,901.79</b>
<b>I. Deferred income</b>	<b>13,491,058.15</b>
<b>Total equity and liabilities</b>	<b>2,819,256,284.71</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

HEALTH		LIFE		TOTAL BUSINESS IN 2007		2006
						in EUR '000
<b>865,720,009.28</b>		<b>8,402,344,626.62</b>		<b>11,583,504,327.07</b>		<b>10,689,530</b>
0.00		79,976,362.71		79,976,362.71		78,595
0.00		147,944,535.00		147,944,535.00		261,536
4,468,800.00		824,000.00		48,799,075.00		35,467
11,441,581.00		8,962,459.10		98,648,518.93		78,357
<b>15,910,381.00</b>		<b>237,707,356.81</b>		<b>375,368,491.64</b>		<b>453,955</b>
<b>1,104,232.97</b>		<b>18,641,826.68</b>		<b>19,757,939.42</b>		<b>22,886</b>
5,776,707.58		17,202,398.59		61,305,509.98		91,131
0.00		875,342.34		22,404,556.71		22,682
259,427.56	6,036,135.14	494,486.86	18,572,227.79	23,616,507.92	107,326,574.61	9,037
	324.51		1,973,416.40		27,374,549.57	17,190
	75,283,088.70		6,968,245.78		216,393,901.06	103,840
	7,433,476.68		27,514,280.81		161,249,072.36	132,515
	<b>88,753,025.03</b>		<b>55,028,170.78</b>		<b>512,344,097.60</b>	<b>376,395</b>
	<b>251,667.48</b>		<b>2,030,984.28</b>		<b>15,773,709.91</b>	<b>34,570</b>
<b>971,739,315.76</b>		<b>8,715,752,965.17</b>		<b>12,506,748,565.64</b>		<b>11,577,336</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2007

PROPERTY/CASUALTY INSURANCE	2007		2006
	in EUR		in EUR '000
<b>Underwriting account</b>			
<b>1. Earned premiums</b>			
Premiums written			
Overall account	1,126,490,377.81		1,007,918
Ceded reinsurance premiums	-327,069,603.99	799,420,773.82	-251,639
Change due to deferred premiums <sup>1</sup>			
Overall account	-10,861,134.99		955
Reinsurer portion	6,061,875.23	-4,799,259.76	589
<b>TOTAL PREMIUMS</b>	<b>794,621,514.06</b>		<b>757,823</b>
<b>2. Investment income from technical business</b>		<b>57,146.61</b>	<b>58</b>
<b>3. Other underwriting income</b>		<b>4,913,928.60</b>	<b>3,618</b>
<b>4. Expenses for insurance claims</b>			
Payments for insurance claims			
Overall account	645,652,524.58		555,812
Reinsurer portion	-167,030,565.74	478,621,958.84	-102,518
Change in the provision for outstanding insurance claims			
Overall account	88,491,707.99		100,951
Reinsurer portion	-47,552,179.28	40,939,528.71	-45,787
<b>TOTAL INSURANCE CLAIMS</b>	<b>-519,561,487.55</b>		<b>-508,458</b>
<b>5. Increase in underwriting provisions</b>			
Other underwriting provisions			
Overall account	410,168.12	410,168.12	820
<b>TOTAL INCREASE IN UNDERWRITING PROVISIONS</b>		<b>-410,168.12</b>	<b>-820</b>
<b>6. Expenses for profit-independent premium refunds</b>			
Overall account	9,531,125.97		9,800
Reinsurer portion	-997,799.00	8,533,326.97	119
<b>TOTAL EXPENSES FOR PROFIT-INDEPENDENT PREMIUM REFUNDS</b>		<b>-8,533,326.97</b>	<b>-9,919</b>
<b>7. Administrative expenses</b>			
Commissions and other acquisition costs		203,824,075.57	188,151
Other administrative expenses		47,893,800.53	45,798
Reinsurance commissions and profit commissions from reinsurance cessions		-46,512,774.69	-43,564
<b>TOTAL OPERATING EXPENSES</b>		<b>-205,205,101.41</b>	<b>-190,385</b>
<b>8. Other underwriting expenses</b>		<b>-9,296,585.94</b>	<b>-9,158</b>
<b>9. Change in the equalisation provision</b>		<b>-12,337,758.00</b>	<b>-6,224</b>
<b>Underwriting result (amount carried forward)</b>		<b>44,248,161.28</b>	<b>36,535</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

PROPERTY/CASUALTY INSURANCE	2007	2006
	in EUR	in EUR '000
<b>Underwriting result (amount brought forward)</b>	<b>44,248,161.28</b>	<b>36,535</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from ownership interests	22,602,879.95	36,635
Income from land and buildings	7,823,276.86	7,511
Income from other investments	39,026,232.91	20,969
Gains from divestiture of investments	27,610,522.38	16,088
Other investment and interest income	14,418,852.92	14,440
<b>TOTAL INVESTMENT INCOME</b>	<b>111,481,765.02</b>	<b>95,643</b>
<b>2. Investment and interest expenses</b>		
Expenditure for asset management	3,463,231.58	3,119
Write-downs of investments	11,891,399.58	12,877
Interest expenses	15,857,208.41	16,919
Losses on divestiture of investments	45,777.69	138
Other investment expenses	3,636,861.15	2,624
<b>TOTAL INVESTMENT EXPENSES</b>	<b>-34,894,478.41</b>	<b>-35,677</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-57,146.61</b>	<b>-58</b>
<b>4. Other non-underwriting income</b>	<b>297,698.40</b>	<b>477</b>
<b>5. Other non-underwriting expenses</b>	<b>-201,090.62</b>	<b>-581</b>
<b>Result from ordinary activities, property/casualty insurance</b>	<b>120,874,909.06</b>	<b>96,339</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2007

HEALTH INSURANCE	2007		2006
	in EUR		in EUR '000
<b>Underwriting account</b>			
<b>1. Earned premiums</b>			
Premiums written			
Overall account	306,597,076.28		297,910
Ceded reinsurance premiums	-981,847.65	305,615,228.63	-984
Change due to deferred premiums			
Overall account	-117,288.72	-117,288.72	-396
<b>TOTAL PREMIUMS</b>		<b>305,497,939.91</b>	<b>296,530</b>
<b>2. Investment income from technical business</b>		<b>8,692,948.74</b>	<b>9,081</b>
<b>3. Other underwriting income</b>		<b>32,731.90</b>	<b>300</b>
<b>4. Expenses for insurance claims</b>			
Payments for insurance claims			
Overall account	207,485,262.70		203,679
Reinsurer portion	-898,502.50	206,586,760.20	-709
Change in provision for outstanding insurance claims			
Overall account	868,868.00		930
Reinsurer portion	-42,322.00	826,546.00	-8
<b>TOTAL INSURANCE CLAIMS</b>		<b>-207,413,306.20</b>	<b>-203,892</b>
<b>5. Increase in underwriting provisions</b>			
Actuarial provision			
Overall account	49,021,425.00		45,262
Reinsurer portion	-80,865.00	48,940,560.00	-183
<b>TOTAL INCREASE IN UNDERWRITING PROVISIONS</b>		<b>-48,940,560.00</b>	<b>-45,079</b>
<b>6. Expenditure for profit-independent premium refunds</b>		<b>-10,748,650.22</b>	<b>-12,074</b>
<b>7. Administrative expenses</b>			
Commissions and other acquisition costs		25,468,609.23	24,590
Other administrative expenses		14,938,874.31	13,530
Reinsurance commissions and profit commissions from reinsurance cessions		-115,814.43	-115
<b>TOTAL OPERATING EXPENSES</b>		<b>-40,291,669.11</b>	<b>-38,005</b>
<b>8. Other underwriting expenses</b>		<b>-994,746.41</b>	<b>-993</b>
<b>Underwriting result (amount carried forward)</b>		<b>5,834,688.61</b>	<b>5,868</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

HEALTH INSURANCE	2007	2006
	in EUR	in EUR '000
<b>Underwriting result (amount brought forward)</b>	<b>5,834,688.61</b>	<b>5,868</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from ownership interests	9,558,570.47	11,838
Income from land and buildings	5,723,432.41	5,820
Income from other investments	24,266,724.32	31,877
Gains from divestiture of investments	2,366,872.46	261
Other investment and interest income	2,590,804.34	1,807
<b>TOTAL INVESTMENT INCOME</b>	<b>44,506,404.00</b>	<b>51,603</b>
<b>2. Investment and interest expenses</b>		
Expenses for asset management	2,226,289.64	1,886
Write-downs of investments	27,420,093.55	29,444
Interest expenses	6,002,063.16	5,704
Losses on divestiture of investments	3,441.97	5,277
Other investment expenses	161,566.94	211
<b>TOTAL INVESTMENT EXPENSES</b>	<b>-35,813,455.26</b>	<b>-42,522</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-8,692,948.74</b>	<b>-9,081</b>
<b>4. Other non-underwriting income</b>	<b>523.73</b>	<b>2</b>
<b>5. Other non-underwriting expenses</b>	<b>0.00</b>	<b>-2</b>
<b>Result from ordinary activities, health insurance</b>	<b>5,835,212.34</b>	<b>5,868</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2007

LIFE INSURANCE	2007		2006
	in EUR		in EUR '000
<b>Underwriting account</b>			
<b>1. Earned premiums</b>			
Premiums written			
Overall account	1,145,704,838.65		1,168,183
Ceded reinsurance premiums	-4,897,864.79	1,140,806,973.86	-7,466
Change due to deferred premiums			
Overall account	4,130,606.20		-669
Reinsurer portion	-211,477.54	3,919,128.66	89
<b>TOTAL PREMIUMS</b>	<b>1,144,726,102.52</b>		<b>1,160,137</b>
<b>2. Investment income from technical business</b>		<b>372,449,046.20</b>	<b>314,457</b>
<b>3. Unrealised gains on investments shown under balance sheet asset item C</b>		<b>14,785,501.55</b>	<b>43,040</b>
<b>4. Other underwriting income</b>		<b>96,959.06</b>	<b>204</b>
<b>5. Expenses for insurance claims</b>			
Payments for insurance claims			
Overall account	538,406,548.99		494,321
Reinsurer portion	-2,255,808.01	536,150,740.98	-2,856
Change in the provision for outstanding insurance claims			
Overall account	8,433,418.12		1,023
Reinsurer portion	266,990.40	8,700,408.52	-3
<b>TOTAL INSURANCE CLAIMS</b>	<b>-544,851,149.50</b>		<b>-492,485</b>
<b>6. Increase in underwriting provisions</b>			
Actuarial provision			
Overall account	647,744,295.00		712,593
Reinsurer portion	-689,546.38	647,054,748.62	-1,263
<b>TOTAL INCREASE IN UNDERWRITING PROVISIONS</b>	<b>-647,054,748.62</b>		<b>-711,330</b>
<b>7. Expenses for profit-dependent premium refunds and policyholder profit participation</b>			
Overall account	72,014,000.00		61,010
Reinsurer portion	-14,000.00	72,000,000.00	-10
<b>TOTAL PROFIT PARTICIPATION</b>	<b>-72,000,000.00</b>		<b>-61,000</b>
<b>8. Administrative expenses</b>			
Commissions and other acquisition costs		136,663,220.76	147,578
Other administrative expenses		37,902,801.22	36,700
Reinsurance commissions and profit commissions from reinsurance cessions		-848,610.20	-645
<b>TOTAL OPERATING EXPENSES</b>	<b>-173,717,411.78</b>		<b>-183,633</b>
<b>9. Unrealised losses on investments shown under balance sheet asset item C</b>		<b>-37,180,097.78</b>	<b>-15,234</b>
<b>10. Other underwriting expenses</b>		<b>-4,827,338.25</b>	<b>-4,376</b>
<b>Underwriting result (amount carried forward)</b>		<b>52,426,863.40</b>	<b>49,780</b>

# WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

LIFE INSURANCE	2007	2006
	in EUR	in EUR '000
<b>Underwriting result (amount brought forward)</b>	<b>52,426,863.40</b>	<b>49,780</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from ownership interests	55,706,158.37	14,593
Income from land and buildings	13,359,873.77	13,320
Income from other investments	414,557,154.64	321,653
Gains from divestiture of investments	53,657,037.91	30,579
Other investment and interest income	16,458,853.09	16,690
<b>TOTAL INVESTMENT INCOME</b>	<b>553,739,077.78</b>	<b>396,835</b>
<b>2. Investment and interest expenses</b>		
Expenditure for asset management	6,454,170.80	6,456
Write-downs of investments	142,006,246.95	49,377
Interest expenses	24,805,334.52	21,796
Losses on divestiture of investments	961,798.24	897
Other investment expenses	7,062,481.07	3,852
<b>TOTAL INVESTMENT EXPENSESE</b>	<b>-181,290,031.58</b>	<b>-82,378</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-372,449,046.20</b>	<b>-314,457</b>
<b>4. Other non-underwriting income</b>	<b>54,583.65</b>	<b>166</b>
<b>5. Other non-underwriting expenses</b>	<b>-182,143.74</b>	<b>-607</b>
<b>Result from ordinary activities, life insurance</b>	<b>52,299,303.31</b>	<b>49,339</b>

## INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2007

PROPERTY/CASUALTY + HEALTH + LIFE = TOTAL BUSINESS	2007	2006
	in EUR	in EUR '000
<b>Underwriting result, property/casualty</b>	<b>44,248,161.28</b>	<b>36,535</b>
<b>Underwriting result, health</b>	<b>5,834,688.61</b>	<b>5,868</b>
<b>Underwriting result, life</b>	<b>52,426,863.40</b>	<b>49,780</b>
<b>TOTAL UNDERWRITING RESULT</b>	<b>102,509,713.29</b>	<b>92,183</b>
<b>Non-underwriting account</b>		
<b>1. Investment and interest income</b>		
Income from ownership interests	87,867,608.79	63,066
Income from land and buildings	26,906,583.04	26,651
Income from other investments	477,850,111.87	374,499
Gains from divestiture of investments	83,634,432.75	46,928
Other investment and interest income	33,468,510.35	32,937
<b>TOTAL INVESTMENT INCOME</b>	<b>709,727,246.80</b>	<b>544,081</b>
<b>2. Investment and interest expenses</b>		
Expenses for asset management	12,143,692.02	11,461
Write-downs of investments	181,317,740.08	91,698
Interest expenses	46,664,606.09	44,419
Losses on divestiture of investments	1,011,017.90	6,312
Other investment expenses	10,860,909.16	6,687
<b>TOTAL INVESTMENT EXPENDITURE</b>	<b>-251,997,965.25</b>	<b>-160,577</b>
<b>3. Investment income transferred to the underwriting account</b>	<b>-381,199,141.55</b>	<b>-323,596</b>
<b>4. Other non-underwriting income</b>	<b>352,805.78</b>	<b>645</b>
<b>5. Other non-underwriting expenses</b>	<b>-383,234.36</b>	<b>-1,190</b>
<b>6. Result from ordinary activities</b>	<b>179,009,424.71</b>	<b>151,546</b>
<b>7. Taxes on income</b>	<b>-22,943,125.94</b>	<b>-12,826</b>
<b>8. Net income</b>	<b>156,066,298.77</b>	<b>138,720</b>
<b>9. Release of reserves</b>		
Release of valuation reserve for impairment losses	6,852,332.78	4,896
Release of other untaxed reserves	0.00	1,925
<b>TOTAL RELEASE OF RESERVES</b>	<b>6,852,332.78</b>	<b>6,821</b>
<b>10. Transfer to reserves</b>		
Transfer to risk reserve as per § 73a VAG	8,452,110.00	2,426
Transfer to free reserves	30,000,000.00	51,924
<b>TOTAL TRANSFER TO RESERVES</b>	<b>-38,452,110.00</b>	<b>-54,350</b>
<b>11. Profit for the year</b>	<b>124,466,521.55</b>	<b>91,191</b>
<b>12. Retained profits brought forward</b>	<b>71,788,587.61</b>	<b>66,698</b>
<b>Net retained profits</b>	<b>196,255,109.16</b>	<b>157,889</b>

## I. GENERAL INFORMATION ON ACCOUNTING POLICIES

The annual financial statements were prepared **in accordance with Austrian generally accepted accounting principles** and the general standard of presenting a fair and true view of the net assets, financial position and results of operations.

The **precautionary principle** was satisfied in that only profits that had been realised as at the balance sheet date were reported and all identifiable risks and impending losses are recorded in the balance sheet. As a rule, figures are shown in thousands of euros (EUR '000). Figures from the previous year are indicated as such or shown in parentheses.

## II. ACCOUNTING PRINCIPLES

**Land** is valued at cost, **buildings** at cost less depreciation and any write-downs. As a rule, repair costs for residential buildings not rented to Company employees are spread over ten years.

### Investments for unit-linked and index-linked life insurance

are valued in accordance with the current cost principle. Unit-linked life insurance investments are made in the following funds: Zukunftsvorsorge Aktienfonds (T), Fair Invest Balanced (T), Global & Stabil-World Fond (T), Crystal Roof Rubin (T), Crystal Roof Smaragd (T), Crystal Roof Safir (T), C-Quadrat Leonardo „Sprinting“ (T), PIA Traderent (T), RT Active Global Trend (T), RT-PIF dynamisch (T), RT-PIF traditionell (T), SparTrust Corporate (T), Golden Roof Branchen (T), C-Quadrat Leonardo „Walking“ (T), C-Quadrat Leonardo „Jogging“ (T), PIA Master Fonds traditionell (T), PIA Master Fonds dynamisch (T), PIA Master Fonds progressiv (T), PIA Select Europe Stock (T), PIA America Stock (T), PIA Euro Corporate Bond (T), PIA Euro Cash (T), PIA Dollar Bond (T), ESPA Portfolio Bond (T), Golden Roof Welt (T), ESPA Select Stock (T), Schoellerbank Aktienfonds (T), Schoellerbank Euro Alternativ (T), Schoellerbank Anleihefonds (T), Schoellerbank Kurzinvest (T), Schoellerbank Realzins Plus (T), RT Vorsorge Rentenfonds, RT Vorsorge Rentenfonds (T), RT VIF Versicherung International Fonds (T), PIA Euro Bond, Constantia Euro Bond, PIA Dollar Cash, Dekarent International, MLIIF US Flexible Equity (T), MLIIF European Opportunities (T), MLIIF Japan Opportunities (T), Fidelity Euro Bond Fund, JPMorgan America Equity USD Fund, JPMorgan US Small Cap Growth, Vontobel USD Bond (T), UBS Lux Bond Fund US (T), Invesco Japanese Equity Fund, Vontobel Emerging Markets Equity (T), MLIIF Emerging Markets Fund (T), CS EF (Lux) - Small Cap USA (T), Fidelity Japan Smaller Companies Fund, Fidelity International Fund, Fidelity European Growth Fund, Fidelity Japan Fund, CS Money Market CHF (Lux) (T), MLIIF Euro Bond (T), JPMorgan - Europe Small Cap Fund, Invesco Pan European Equity Fund (T), CS Bond Fund (Lux) USD (T), CS Bond Fund (Lux) Euro (T), JPMorgan Emerging Markets Debt Fund, Morgan Stanley Emerging Markets USD Fund (T), BAWAG PSK Global Bond, ESPA Cash

Euro-Plus (T), ESPA Stock Vienna, ESPA Stock Europe, ESPA Bond Emerging Markets, Fidelity Global USD Fund, Fidelity Growth EUR Fund, Fidelity Moderate EUR Fund, Morgan Stanley Japanese Value Equity Fund (T), Invesco Japanese Small/Mid Cap Equity, Invesco Emerging Markets Bond, Invesco Pan European Small Cap Equity, Morgan Stanley Emerging Markets USD Fund (T), Templeton Growth Fund, Kapital & Wert Premium Dynamisch (T), Success Absolute (T), Success relative (T), Gutmann Vorsorge Fonds, WSTV ESPA Dynamisch, WSTV ESPA Progressiv, WSTV ESPA Traditionell, Constantia Vorsorge Aktien (T), Kapital & Wert Premium Ausgewogen (T), Schoellerbank USD Rentenfonds (T), Schoellerbank Vorsorgefonds (T), RT Osteuropa Aktienfonds (T), Ringturm Absolute Return Bond Fund (T), All World (T), Schoellerbank Aktienfonds währungsgesichert (T), Schoellerbank Aktienfonds, Schoellerbank USD Rentenfonds, Schoellerbank Anleihefond, Schoellerbank Euro Alternativ (T), Schoellerbank Kurzinvest, Schoellerbank Realzins plus, Unico i-tracker MSCI World, VPI World Invest, RT Euro Cash Plus (T), Raiffeisen Euro Rent (T), Franklin Temp. Inv. Fond, DWS Flexpension 2014, DWS Flexpension 2015, DWS Flexpension 2016, DWS Flexpension 2017, DWS Flexpension 2018, DWS Flexpension 2019, DWS Flexpension 2020, DWS Flexpension 2021, DWS Flexpension 2022, DWS Vermögensbildungsfond I, DekaTeam EM Bond, Activest Total Return D, Axa World Funds, C-Quadrat ARTS Best Momentum (T), C-Quadrat ARTS TR Global, C-Quadrat ARTS Total Return Special (T), C-Quadrat Triathlon, Dit Global Strategies Fund, Fidelity Funds European Fund, Fidelity Funds Global Property Fund, Fidelity Funds Latin America Fund, Fidelity Funds Pacific Fund, Fidelity Funds World Fund, Franklin Templeton Bric Fund (T), JP Morgan Global Total Return Fund, MLIIF Global Allocation Fund, MLIIF World Mining Fund, Nord Concept, RT Osteuropa Absolute Return Fonds (T), Schoellerbank Vorsorge, Schoellerbank Zinsstruktur plus, Schoellerbank Global Pension, Schoellerbank USD Rentenfonds (T), Superior 3 Ethik Fonds, Cominvest Fondis, Constantia European Property (T), Dexia Bond Euro Inflation Linked C, Ecofin Index Aktien (T), E + S Erfolgs-Invest, MMT Global Selection, Tradecom Fondstrader, VPI World Select, All Asia, All Europe (T), All Pharma, All Technology (T), All Trends (T), Baring Global Umbrella Fund Eastern Europe, BW Renta International Universal, ESPA Cash Euro (T), Ethna Aktiv, Fortis L Fund Equity Energy Europe, Gartmore Continental European, HSBC Global Indian Equity, Invesco PRC Equity, iShares eb.rexx Jumbo Pfandbriefe, Lyxor ETF DJ Buywrite, Merc.Sel.Tr. Gold+ Min. USD Fund, MLIIF New Energy, MLIIF World Mining Capitalisation, Pictet FCP Biotech, Pictet Security, Pictet Water, Raiffeisen Osteuropa (T), Schoellerbank USD Kurzinvest (T), Top Vario Mix (T).

All other **securities, including shares in affiliated companies and ownership interests**, are strictly valued according to the lower of cost or market value principle.

The Company invests in fixed-interest securities, real estate, ownership interests, shares and structured investment products taking into account the overall risk position of the Company and the investment strategy provided for this purpose. The risk inherent in the specified categories and market risks are taken into account when determining volumes and limits for open transactions.

The investment strategy is laid down in the form of investment guidelines that are continuously monitored for compliance by the central risk controlling and internal audit departments. The central risk controlling department reports regularly to the tactical and strategic investment committee. The internal audit department reports regularly to the Managing Board.

As a rule, investments are largely low-risk. The strategic investment committee decides on potentially riskier investments based on the inherent risk of each individual investment after performing a full analysis of all related risks and liquidity at risk and considering all assets currently in the portfolio and the effects of the individual investments on the overall risk position.

All known financial risks are evaluated regularly and specific limits or reserves are used to limit exposure. Security price risk is reviewed periodically using value-at-risk and stress tests. Default risk is measured using both internal and external rating systems.

An important goal of investment and liquidity planning is to guarantee that the return on investment remains continuously above the minimum rate of return for the life insurance class and that adequate amounts of liquid, value-protected financial investments are maintained for all classes. Liquidity planning therefore takes into account the trend in insurance payments and the vast majority of investment income is generally reinvested.

Under the balance sheet asset item "shares and other non-fixed interest securities", the Company reported assets with non-guaranteed interest payments and the partial or total repayment of whose principal might be defaulted on with a book value of EUR 56,056,000 (EUR 7,210,000) and a fair value of EUR 56,813,000 (EUR 7,653,000) as at 31 December. An interest rate swap running until 12 January 2017 with a notional amount of EUR 120 million was entered into for the supplementary capital bond issued on 12 January 2005 that became a variable supplementary capital bond after the first year (AT0000342704). Another interest rate swap running until 15 December 2010 with a notional amount of EUR 25,565,000 also exists for variable-interest securities held in the portfolio.

As a rule, **mortgage receivables and other lendings**, including those to affiliated companies and companies in which an ownership interest is held, are valued at the nominal value of the outstanding receivables. Discounts deducted from loan principal are spread over the term of the loan and shown under deferred income on the liabilities side of the balance sheet.

Valuation allowances of adequate size are formed for doubtful **receivables** and deducted from their nominal values. Property, plant and equipment (not including land and buildings) are valued at cost less depreciation. Low-cost assets are written off in full in the year of acquisition. No asset **write-ups** were performed.

**Unearned premiums** for property/casualty insurance are essentially calculated by prorating over time after applying a cost deduction of EUR 20,300,000 (EUR 18,588,000). Unearned premiums for life insurance are formed according to the amounts prescribed in the business plan. No cost deduction is applied. Unearned premiums for health insurance are calculated by prorating over time without applying a cost deduction.

The **actuarial reserve** is calculated using the formulas and calculation bases contained in business plans approved by or submitted to the supervisory authorities.

For losses reported by the balance sheet reporting date, the **provision for outstanding insurance claims** in the property and casualty direct business, as well as for life insurance, is calculated by individual evaluation of as yet unsettled loss events, supplemented by lump-sum safety amounts for non-ascertainable losses of larger amount. For losses incurred but not reported, lump-sum provisions are formed measured by past experience.

In health insurance, provisions for outstanding insurance claims are calculated with lump-sum percentages of payments for insurance claims made during the fiscal year. The percentage rates were unchanged compared to the previous year.

In the indirect business, the provisions for outstanding insurance claims are primarily based on reports by ceding companies as of the balance sheet reporting date, 31 December 2007 or 31 December 2006. The reported amounts were supplemented by additional amounts if considered necessary in light of past experience.

The **equalisation reserve** is calculated in accordance with the directive of the Federal Finance Minister, Federal Gazette (BGBl.) no. 545/1991, in the version appearing in Federal Gazette II no. 66/1997.

The **provision for profit-dependent premium refunds and policyholder profit participation** contains the amounts earmarked for policyholders based on business plans and the standing rules for premium reimbursements and over which no disposition had been made as of the balance sheet reporting date.

The **provisions for severance pay, pensions, and retirement bonuses** are determined under actuarial principles as of the balance sheet reporting date in keeping with the partial value method, using the Austrian Accounting Association's accounting principles for pension insurance [AVÖ 1999-P] (Employees) and applying a discount rate of 4%. Interest expenses for personnel provisions of EUR 9,486,000 (EUR 17,300,000) are disclosed in the item investment and interest expense. A portion of the direct payment commitments, amounting to EUR 207,230,000 (EUR 81,879,000), is being carried as group insurance after an insurance policy was concluded in accordance with the provisions of Sec. 18 (f to j) of the Austrian Insurance Supervision Act (VAG).

Amounts denominated in a **foreign currency** are converted into Euros at the relevant average exchange rate.

In life insurance and in property/casualty insurance, **the technical items of the accepted reinsurance business** and the associated retrocessions are in part shown on the annual financial statements with a one-year delay.

The following explanations are provided regarding **off-balance sheet liabilities**: There are Comfort Letters in a total amount of EUR 8,209,000 (EUR 8,209,000) in connection with a real estate purchase and the raising of a loan. Statements of liability in a total amount of EUR 191,000 (EUR 211,000) were given in connection with repayments of a loan. A bank guarantee in an amount of EUR 2,133,000 (EUR 0) relates to the acquisition of real property.

Liabilities to affiliated companies amount overall to EUR 881,000 (EUR 1,090,000).

### III. NOTES TO BALANCE SHEET ITEMS

**Intangible assets** acquired from affiliated companies are included at a book value of EUR 0 (EUR 61,000).

**Basic values for improved and unimproved properties** as of 31 December 2007 amounted to EUR 89,144,000 (EUR 90,515,000).

The **book value of real estate used by the company** is EUR 69,819,000 (EUR 64,924,000).

**Other loans** not secured by insurance policies are subdivided as follows: Loans to the Republic of Austria, in the amount of EUR 138,908,000 (EUR 205,437,000), loan receivables from other public-sector corporate bodies in the amount of EUR 50,543,000 (EUR 61,771,000) and loan receivables from other borrowers in the amount of EUR 236,586,000 (EUR 195,914,000).

#### The fair values of investments are:

Items under Sec. 81c (2) VAG Amounts in EUR '000	Market value on 31.12.2007	Market value on 31.12.2006
Land and buildings	647,452	624,863
Shares of affiliated companies	3,105,943	2,238,050
Bonds and other securities of and loans to affiliated companies	427,233	240,510
Ownership interests	338,301	533,768
Bonds and other securities of and loans to other companies in which an ownership interest exists	91,856	39,832
Shares and other non-fixed-interest securities	3,278,221	3,468,849
Bonds and other fixed-interest bonds	3,495,178	3,461,650
Shares in joint investments	55,682	71,145
Mortgage receivables	240,556	270,747
Policy pre-payments	19,425	19,331
Other loans	426,037	463,063
Bank balances	40,916	58,388
Other investments	0	2,194
Deposits on assumed reinsurance business	150,910	135,580
	<b>12,317,710</b>	<b>11,627,970</b>

Hidden assets declined in the reporting year by EUR 31,235,000, to a total of EUR 1,812,426,000 (EUR 1,843,661,000). The fair value of shares in affiliated companies and/or shares in companies in which an ownership interest existed is equal to the stock market value or other available market value. If no stock market or other available market value exists, the purchase price is used as the fair value, if need be reduced by any write-downs or a proportionate share of the separately disclosed shareholders' equity, whichever is greater. For shares and other securities, stock market values or book values (purchase prices, if need be reduced by any write-downs) are used as the fair value. The remaining investments were valued at their nominal values, if need be reduced by any write-downs.

The fair values of land and buildings were determined according to the recommendation of the Austrian Association of Insurance Companies. The valuation was based predominantly on appraisals from 2007 and 2004.

The fair values for the 2007 appraisals amount to EUR 270,212,000; 2006: EUR 24,230,000; 2005: EUR 74,130,000; 2004: EUR 206,911,000; 2003: EUR 71,969,000.

In the **health insurance** segment, **actuarial reserves** are calculated under Sec. 18c VAG in all portfolio groups in accordance with actuarial principles.

In the individual insurance area, actuarial reserves are calculated only for each individual policy. This also applies to new business in the group insurance area affected by the 1994 changes to the Insurance Policy Act (VVG). For the remaining group policies, a flat rate actuarial reserve is formed. The calculation of the actuarial reserve takes into account the fact that, in the event of early policy termination of contract or the death of the insured, the actuarial reserve for the respective policy is forfeited in favour of the community of the insured.

As actuarial bases for calculating actuarial reserves, loss frequencies chiefly derive from analyses of the company's own loss portfolio. Mortalities were mainly taken from the Austrian 2000/2002 general mortality tables. In line with the premium calculation, the actuarial reserve is largely calculated with a discount rate of 3% per annum.

In **life insurance**, **actuarial reserves are calculated** using the principles and calculation bases contained in business plans approved by or submitted to the supervisory authorities.

Actuarial reserves are calculated for each individual case, with the prospective method being used almost exclusively here.

The main probability tables used are as following:

For endowment insurance policies	DM 24/26
	ÖVM* 80/82
	ÖVM/ÖVF 90/92
For annuity insurance policies	ÖVM/ÖVF 00/02
	EROM/EROF
	AVÖ 1996 R
	AVÖ 2005 R

\* ÖVM = Austrian Insurance Brokers Circle

For a large portion of the portfolio, the actuarial reserve is calculated with a discount rate of 3% p.a. As of 1995, a discount rate of 4% p.a. was used for specific tariff rates, and between 1 July 2000 and 31 December 2003, a discount rate of 3.25% p.a. was used. For policies with an inception date after 1 January 2004, the discount rate is 2.75% p.a., for policies beginning after 23 September 2005, the rate is 2.25% on employer group policies. For insurance policies entered into after 1 January 2006, the discount rate is 2.25%.

Of the amount contained in the item **Other Liabilities**, EUR 22,706,000 (EUR 21,808,000) is accounted for by **tax liabilities** and EUR 4,436,000 (EUR 4,163,000) by **liabilities in connection with social security**.

**The following balance sheet items are accounted for by affiliated companies and companies in which an ownership interest is held:**

Amounts in EUR '000	Affiliated companies		Companies which an ownership interest is held	
	2007	2006	2007	2006
Mortgage receivables	66,831	72,465	4,755	3,799
Deposits on assumed reinsurance business	122,433	21,278	8,273	93,973
Receivables from direct insurance business	3,724	3	1,635	1,499
Receivables from reinsurance business	13,161	6,736	720	4,081
Other receivables	114,599	128,685	776	3,454
Deposits on ceded reinsurance business	0	588	0	0
Liabilities from direct insurance business	4,782	3,877	854	1,205
Liabilities from reinsurance business	8,802	2,162	0	0
Other liabilities	75,386	71,468	2,347	1,675

**Liabilities from the use of tangible assets not shown on the balance sheet** for the following fiscal year amount to EUR 9,594,000 (EUR 7,216,000) and EUR 75,862,000 (EUR 62,945,000) for the subsequent five years.

The book values of intangible assets, land and buildings, as well as of investments in affiliated companies and ownership interests, have evolved as follows:

Amounts in EUR '000	Intangible assets	Land and buildings	Shares of affiliated companies	Bonds and other securities of, and loans to, affiliated companies	Ownership interests	Bonds and other securities of, and loans to, companies in which an ownership interest is held
As at 31 December 2006	24,180	446,616	1,386,375	240,511	338,570	39,832
Additions	3,464	10,994	669,773	141,474	48,199	100,472
Divestitures	0	12,981	34,864	46,799	143,690	42,541
Transfer entries	0	0	37,664	91,714	-37,664	-5,907
Write-downs	3,934	15,384	0	170	3,000	0
As at 31 December 2007	23,710	429,245	2,058,948	426,730	202,415	91,856

#### IV. NOTES TO INCOME STATEMENT ITEMS

The written premiums, earned premiums, expenses for insurance claims, operating expenses and reinsurance balance in property and casualty insurance in 2007 are broken down as follows:

Overall account	Written premiums	Earned premiums	Expenses for insurance claims	Operating expenses	Reinsurance balance
Beträge in TEUR					
<b>Direct business</b>					
Fire and fire consequential loss insurance	212,474	203,490	107,251	38,302	-57,186
Liability insurance	98,466	98,768	53,238	25,468	-8,978
Householders' comprehensive insurance	71,691	71,493	33,872	19,170	-1,277
Motor vehicle liability insurance	215,293	216,332	143,734	41,129	-4,787
Legal protection insurance	24,888	24,844	10,870	6,178	-7
Marine, aviation and transport insurance	27,254	27,568	9,492	6,554	-11,203
Other insurance	23,425	23,379	42,688	4,707	20,369
Other motor vehicle insurance	121,452	121,353	81,949	26,374	-1,533
Other property insurance	134,411	133,326	121,773	34,642	9,790
Accident insurance	86,225	84,874	46,252	20,539	-2,300
	<b>1,015,579</b>	<b>1,005,428</b>	<b>651,118</b>	<b>223,063</b>	<b>-57,112</b>
<b>(Prior year's values)</b>	<b>953,088</b>	<b>955,348</b>	<b>630,492</b>	<b>210,389</b>	<b>-57,251</b>
<b>Indirect business</b>					
Marine aviation and transit insurance	1,018	1,013	260	300	-66
Other insurance policies	109,893	109,188	82,766	28,355	-2,734
	<b>110,911</b>	<b>110,201</b>	<b>83,026</b>	<b>28,655</b>	<b>-2,801</b>
<b>(Prior year's values)</b>	<b>54,829</b>	<b>53,525</b>	<b>26,271</b>	<b>23,560</b>	<b>-1,929</b>
<b>Total direct and indirect business</b>	<b>1,126,490</b>	<b>1,115,629</b>	<b>734,144</b>	<b>251,718</b>	<b>-59,912</b>
<b>(Prior year's values)</b>	<b>1,007,917</b>	<b>1,088,873</b>	<b>656,763</b>	<b>233,949</b>	<b>-59,180</b>

## Written premiums for health insurance in 2007 are broken down as follows:

Amounts in EUR '000	2007	2006
<b>Direct business</b>		
Individual policies	214,736	207,945
Group policies	91,639	89,775
<b>Indirect business</b>		
Individual policies	0	0
Group policies	222	190
	<b>306,597</b>	<b>297,910</b>

## Written premiums for life insurance in 2007 are broken down as follows:

Amounts in EUR '000	2007	2006
<b>Direct business</b>	1,111,624	1,135,185
<b>Indirect business</b>	34,081	32,998
	<b>1,145,705</b>	<b>1,168,183</b>

## For life insurance, premiums in the direct business are made up as follows:

Amounts in EUR '000	2007	2006
Individual policies	929,471	1,034,984
Group policies	182,153	100,201
	<b>1,111,624</b>	<b>1,135,185</b>
Single premium policies	452,362	487,225
Policies with regular premium payments	659,262	647,960
	<b>1,111,624</b>	<b>1,135,185</b>
Policies with profit participation	689,382	769,183
Policies without profit participation	4,210	4,776
Unit-linked life insurance policies	372,500	321,124
Index-linked life insurance policies	45,532	40,102
	<b>1,111,624</b>	<b>1,135,185</b>

Of the premiums written, EUR 135,835,000 (EUR 114,850,000) is accounted for by a trade in services with the Federal Republic of Germany. The exception contained in Sec. 81o (6) VAG was applied.

The **reinsurance balance for life insurance** in 2007 was EUR 2,537,000 (EUR 3,605,000) negative. The **reinsurance balance for health insurance** in 2007 was EUR 113,000 posi-

tive (EUR 12,000 negative). Earned premiums for the property and casualty **indirect business**, in the amount of EUR 110,201,000 (EUR 53,525,000), were in part shown on the income statement with a one-year delay. Of the earned premiums in the life insurance **indirect business** amounting to EUR 34,392,000 (EUR 32,934,000), EUR 105,000 (EUR 200,000) was shown on the income statement with a one-year delay.

**Of the income from ownership interests and income from other investments shown on the income statement, affiliated companies account for the following amounts:**

Amounts in EUR '000	2007	2006
<b>Income from ownership interests</b>		
Property and casualty insurance	19,613	29,595
Health insurance	6,689	7,000
Life insurance	54,034	11,086
<b>Total</b>	<b>80,336</b>	<b>47,681</b>
<b>Income from other investments</b>		
Property and casualty insurance	2,078	2,074
Health insurance	2,275	1,580
Life insurance	14,879	10,930
<b>Total</b>	<b>19,232</b>	<b>14,584</b>

The total **investment earnings** in life insurance and health insurance were transferred to the technical account because investment income in these two areas constitutes a compo-

nent of the underwriting calculations. In property and casualty insurance, only interest earned on deposits for the indirect business was transferred to the technical account.

**The items Expenses for insurance claims, Operating expenses, Other underwriting expenses and Investment expense contain:**

Amounts in EUR '000	2007	2006
Wages and salaries	129,211	133,836
Expenses for severance payments and payments to company employee pension plans	4,994	6,210
Expenditures for retirement plans	17,772	12,808
Expenditures for statutory social contributions and income-related contribution and mandatory contributions	47,686	41,594
Other social contributions	2,050	2,164

In the 2007 business year, in the direct insurance business **commissions** were paid amounting to EUR 181,525,000 (EUR 187,792,000).

**Losses from divestiture of investments** during the 2007 business year amounted to EUR 1,011,000 (EUR 6,312,000).

**The valuation reserve shown on the balance sheet as at 31 December 2007 and releases over the fiscal year are broken down by asset item as follows:**

Amounts in EUR '000	Status on 31.12.2006	Transfer entry 2007	Release 2007	Status on 31.12.2007
Land and buildings	123,853	0	6,241	117,612
Shares in affiliated companies	6,963	3,016	0	9,979
Ownership interests	3,626	-3,016	0	610
Shares and other non-fixed-income securities	26,123	0	51	26,072
Intangible assets	1,942	0	561	1,381

Due to the forming and releasing of untaxed reserves, income tax expenses during the fiscal year increased by EUR 1,713,000 (EUR 1,224,000).

## V. PROFIT PARTICIPATION

The overview regarding the calculation of the profit participation is provided in the Notes on pages 48 to 52.

## VI. SIGNIFICANT PARTICIPATIONS

### Affiliated companies in which a direct ownership interest is held:

	Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statements
Andel Investment Praha s.r.o., Prague	100.00	32,514	3,523	2007
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	75.00	374	18	2007
ASIGURAREA ROMANESCA – ASIROM S.A., Bucharest	98.46	32,609	3,893	2006
Bank Austria Creditanstalt Versicherung AG, Vienna	42.93	115,474	34,945	2007
BENEFIA Towarzystwo Ubezpieczeń Majatkowych S.A. Vienna Insurance Group, Warsaw	100.00	19,033	855	2007
BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A., Vienna Insurance Group, Warsaw	100.00	6,463	27	2007
BML Versicherungsmakler GmbH, Vienna	100.00	232,185	14,503	2007
BULGARSKI IMOTI LIFE AG Insurance Company, Sofia	98.35	3,782	27	2007
Bulgarski Imoti Non-Life AG Insurance Company, Sofia	98.30	5,455	326	2007
Business Insurance Application Consulting GmbH, Vienna	100.00	2,148	231	2007
CENTER Hotelbetriebs GmbH, Vienna	55.00	-188	-254	2007
Central Point IT-Solutions GmbH, Vienna	38.00	111	0	2006
COMPENSA Holding GmbH, Coburg	100.00	19,706	-677	2007
Cosmopolitan Life Vienna Insurance Group – dionicko drustvo za osiguranje, Zagreb	100.00	5,011	105	2007
DBR Friedrichscarrée GmbH & Co KG, Stuttgart	100.00	16,617	486	2007
DBR Friedrichscarrée Liegenschaften-Verwaltungs GmbH, Stuttgart	100.00	24	0	2007
DBR-Liegenschaften GmbH & Co KG, Stuttgart	100.00	17,119	1,050	2007
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	100.00	23	0	2007
DIRECT-LINE Direktvertriebs-GmbH, Vienna	100.00	144	1	2007
DONAU Versicherung AG Vienna Insurance Group, Vienna	38.47	110,590	31,704	2007
EXPERTA Schadenregulierungs-Gesellschaft m.b.H., Vienna	25.00	669	269	2006
„Grüner Baum“ Errichtungs- und Verwaltungsges.m.b.H., Innsbruck	33.40	-6	41	2007
Geschlossene Aktiengesellschaft Ukrainische Versicherungsgesellschaft "KNAZHA", Kiev	80.16	5,856	-309	2007
GESCHLOSSENE AKTIENGESELLSCHAFT JUPITER LEBENSVERSICHERUNG VIENNA INSURANCE GROUP, Kiev	73.00	3,048	38	2007
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	76.00	239	83	2007
HUMANOCARE gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH, Vienna	100.00	292	225	2006
HUMANOCARE Management-Consult GmbH, Vienna	75.00	126	53	2006

	Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statements
IC Globus Insurance Company with Added Liability "Globus", Kiev	51.00	1,022	210	2007
InterRisk Versicherungs-AG, Vienna Insurance Group, Wiesbaden	100.00	25,070	5,650	2007
Joint Belarus–Austrian Insurance Company Kupala, Minsk	94.50	708	9	2006
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	100.00	1,955	226	2007
KONTINUITA poisťovňa, a.s., Bratislava	33.00	9,490	215	2007
KOOPERATIVA poisťovňa a.s., Bratislava	94.23	145,989	28,585	2007
Kooperativa pojišťovna, a.s., Prague	89.65	306,273	40,812	2007
Kvarner Vienna Insurance Group dionicko društvo za osiguranje, Rijeka	98.75	20,956	1,870	2007
LVP Holding GmbH, Vienna	100.00	85,728	8,838	2007
Neutorgasse 2–8 Projektverwertungs GmbH, Vienna	90.00	–1,978	–2,013	2006
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	98.48	98,947	9,451	2007
PFG Holding GmbH, Vienna	60.05	124,941	915	2007
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	49.47	41	–1	2007
Projektbau Holding GmbH, Vienna	60.00	41,338	–3	2007
Realitätenverwaltungs- und Restaurantbetriebs-Gesellschaft m.b.H., Vienna	98.00	419	14	2006
Ringturm Kapitalanlagegesellschaft m.b.H., Vienna	100.00	4,197	283	2006
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	25.00	474	194	2006
Royal Polska Towarzystwo Ubezpieczeń na Życie S.A., Warsaw	100.00	8,483	366	2007
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	100.00	5,238	–73	2007
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	66.70	10,972	–462	2007
TBIH Financial Services Group, Amsterdam	60.00	211,353	9,664	2006
Towarzystwo Ubezpieczeń InterRisk Spolka Akcyjna, Warsaw	99.93	44,356	7,499	2007
Towarzystwo Ubezpieczeń „Compensa” Spolka Akcyjna Vienna Insurance Group, Warsaw	61.60	46,346	1,565	2007
Towarzystwo Ubezpieczeń na Życie Compensa Spolka Akcyjna Vienna Insurance Group, Warsaw	68.13	31,332	825	2007
Towarzystwo Ubezpieczeń Polski Związek Motorowy Spolka Akcyjna, Warsaw	91.30	3,108	–25	2006
UNION Vienna Insurance Group Biztosító Zrt., Budapest	100.00	33,353	2,162	2007
UNITA VIENNA INSURANCE GROUP S.A., Bucharest	45.00	26,445	–4,141	2007
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	100.00	3,620	–276	2006
Vienna International Underwriters GmbH, Vienna	100.00			founded 2007
Vienna-Life Lebensversicherung Aktiengesellschaft, Bendorf	100.00	9,972	684	2007
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	100.00	2,890	–1	2007
„WIENER STÄDTISCHE OSIGURANJE” akcionarsko društvo za osiguranje, Belgrade	100.00	9,811	–1,017	2007
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna	100.00	1,531	272	2007
ZASO Victoria Non-Life, Minsk	30.00	208	9	2006

## More than 20% ownership, where a direct ownership interest exists:

	Share of capital in %
FUTURELAB Holding GmbH (Konzernbilanz), Vienna	41.64
Geschlossene Aktiengesellschaft Strachowaja kompanija „MSK - Life“, Moscow	25.00
Humanomed Krankenhaus Management Gesellschaft m.b.H., Vienna	25.00
IMPERIAL-Székesfehérvár Ingatlankezelési Kft., Budapest	25.00
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	30.46
PKB Privatkliniken Beteiligungs-GmbH (Konzernabschluss), Vienna	25.00
Privatklinik Villach Gesellschaft m.b.H. & Co. KG, Klagenfurt	23.29
Ruster Hotel Bau- und Betriebsgesellschaft m.b.H. & Co. KG, Vienna	47.86
„Schwarzatal“ Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna	34.68
Wüstenrot Versicherungs-Aktiengesellschaft, Salzburg	31.60

Use was made of the exception provided by Sec. 241 (2) and (3) UGB.

## VII. MISCELLANEOUS INFORMATION

The company's share capital is equal to EUR 109,009,251.26. It is subdivided into 105,000,000 no-par-value shares with voting rights, with each share having an equal percentage of the share capital.

The Managing Board is authorised until 23 May 2010, to increase the share capital – if need be in several tranches – by a nominal amount of EUR 16,982,187.89 through the issuance of 16,357,600 registered or bearer shares against cash or contribution in kind. With the Supervisory Board's approval, the Managing Board shall decide on the content of the rights associated with the shares and the other conditions of their issuance. Preference shares with no voting rights may be issued in connection therewith, with rights equal to those of preference shares already in existence. The issue price of ordinary shares and preference shares may differ in amount.

On 24 May 2005, a General Meeting of Shareholders authorised the Managing Board, with Supervisory Board approval, to issue convertible bonds in bearer form on one or more occasions up to 23 May 2010, and to grant bearers of convertible bonds conversion rights for up to 20 million no-par-value bearer shares with voting rights, in accordance with conditions to be determined by the Managing Board. The capital stock is thus conditionally

increased, in accordance with Sec. 159 (2) No. 1 Stock Corporation Act, by up to EUR 20,763,666.91 through the issuance of up to 20 million no-par-value bearer shares with voting rights. The conditional capital increase will be carried out only in the event that owners of the convertible bonds issued on the basis of the resolution of the General Meeting of Shareholders of 24 May 2005 make use of the right of subscription or exchange granted to them. The Managing Board has thus far not adopted a resolution regarding the issuance of convertible bonds based on the authorisation granted on 24 May 2005.

On 12 January 2005, the company issued a 2005 – 2022 supplementary capital bond pursuant to Sec. 73c (2) VAG, for a total face amount of EUR 180 million. Over the first 12 years of its term (fixed interest period), interest shall amount to 4.625% p.a. of the face amount, after which the loan will bear variable interest.

Also on 12 January 2005, the company issued a 2005 supplementary capital bond pursuant to Sec. 73c (2) VAG, for a total face amount of EUR 120 million. The term of this bond is unlimited. During the first year of its term, the interest was 4.25% of the face amount, after which the bond's interest becomes variable.

A determination of the legality of the transaction was made by the auditors in accordance with Sec. 73b (2) no. 4 VAG.

**The Supervisory Board is made up of the following persons:**

**Chairman:**

Präsident Komm.-Rat Dkfm. Klaus **Stadler**

**Deputy Chairman:**

Komm.-Rat Dr. Karl **Skyba**

**Members:**

Generalabt Propst Bernhard **Backovsky**

Peter **Haunschmidt** (until 25 May 2007)

Mag. Alois **Hochegger**

Dipl.-Ing. Guido **Klestil**

Senator Prof. Komm.-Rat Walter **Nettig**

Hofrat Dkfm. Heinz **Öhler**

Mag. Reinhard **Ortner** (beginning 25 May 2007)

Dr. Johann **Sereinig**

Mag. Dr. Friedrich **Stara**

**Employee representatives:**

Peter **Grimm**

Heinz **Neuhauser**

Franz **Urban**

Gerd **Wiehart**

Peter **Winkler**

**During the business year, the following persons were members of the Managing Board:**

**Chairman:**

Dr. Günter **Geyer**

**Members:**

Dr. Rudolf **Ertl**

Dkfm. Karl **Fink**

Dr. Peter **Hagen**

Mag. Robert **Lasshofer**

Dr. Martin **Simhandl**

**During the business year, the following persons were appointed to trustees pursuant to Sec. 22 (1) VAG:**

Mag. Oskar **Ulreich**

Deputy:

Mag. Nicole **Plankenbüchler**

## NOTES

The **average number of employees** (including cleaning staff) was 3,828 (3,817). Of the average of 3,753 (3,718) white-collar employees, 2,030 (2,021) were engaged in generating business, with personnel expenditures of EUR 98,130,000 (EUR 93,044,000), and 1,723 (1,697) in operations, with personnel expenditures of EUR 103,584,000 (EUR 103,567,000).

No loans to **members of the Managing Board** were outstanding as of 31 December 2007 (EUR 0).

No loans were made in 2007 to **Members of the Supervisory Board**.

There were **no liabilities** on behalf of Managing Board and Supervisory Board members as of 31 December 2007.

Of the expenses for severance payments and pensions amounting in total to EUR 22,766,000 (EUR 19,017,000), EUR 10,019,000 (EUR 14,156,000) in 2007 was accounted for by severance payment and pension expenditures for **Managing Board members and senior executives pursuant to Sec. 80 (1) Stock Corporation Act**.

The **company's Managing Board** performs tasks in connection with the company's operational management, especially

management of the company in its capacity as parent company of the Vienna Insurance Group. In addition, tasks are in part also performed in affiliated and/or related companies. In exchange for these services, in 2007 the company paid members of the Managing Board gross compensation in the amount of EUR 4,853,000 (EUR 5,453,000; in 2006, a special compensation was also paid, in a total gross amount of EUR 9 million, for the value which was added to the consolidated group over the years 2001 to 2004, including the successful capital increase at the end of 2005). Charges of EUR 210,000 (EUR 160,000) are passed on to subsidiaries and/or related companies. The total payments in 2007 to prior members of the Managing Board (including survivors) amounted to EUR 1,042,000 (EUR 974,000).

In 2007, the compensation of Members of the Supervisory Board amounted to EUR 226,000 (EUR 157,000).

WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP is included in the consolidated financial statements prepared by the Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung, with head offices in Vienna. The published consolidated financial statements are available for inspection at this company's business premises at Schottenring 30, 1010 Vienna.

## STATEMENT BY THE MANAGING BOARD

### STATEMENT BY THE MANAGING BOARD

The Managing Board hereby states that the Annual Financial Statements prepared in accordance with the rules of company law and the Insurance Supervision Act (VAG) fairly present the net assets, financial position and results of operations of WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP.

The Board further states that the management report presents business developments and the company's results in such a way as to provide a fair view of the net assets, financial position and results of operations, and that the report describes the significant risks and uncertainties to which the company is exposed.

The Managing Board:



**Dr. Günter Geyer**



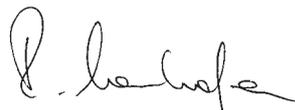
**Dkfm. Karl Fink**



**Dr. Rudolf Ertl**



**Dr. Peter Hagen**



**Mag. Robert Lasshofer**



**Dr. Martin Simhandl**

Vienna, 12 March 2008

## PROFIT PARTICIPATION

**Profit sharing is calculated in accordance with the following principles:**

### HEALTH INSURANCE

As at 31 December 2007, all insurance policies entered into at rates that include an adjustment clause received a special profit share, insofar as their premium was not increased in the 2007 premium adjustment to the extent required by underwriting.

The profit-sharing amount corresponds to the single premium respectively necessary for this measure, which serves to provide relief to older insureds under health-insurance policies.

The Financial Markets Authority (FMA) regulation on participation in profits in the health insurance sector (GBVKVU) of 12 June 2007, § 7, provides that the regulation must be applied to policies the actuarial basis of which was submitted after 30 June 2007 and which provide for contingent profit participation. This does not apply to any rate tariff at WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP.

### LIFE INSURANCE

Under the regulation on participation in profits in the health insurance sector of 20 October 2006 (GBVVU), expenditures for profit-dependent premium refunds and policyholder profit participation plus any direct credits must amount to at least 85% of the assessment base.

The assessment base pursuant to Sec. 3 (1) GBVVU for life insurance policies eligible for profit participation is calculated as follows:

Amounts in EUR '000

Earned premiums	693,438
Expenses for insurance claims, including changes to underwriting reserves	-824,788
Operating expenses	-67,042
Other underwriting and non-underwriting income/expenses	-4,813
Investment and interest income and expenses	287,320
Taxes and changes to the reserves	-4,842
Assessment base as at 31/12/2007	79,273

In principle, the income and expenses listed were determined directly. Insofar as this was not possible, under the provisions of Sec. 3 (2) GBVVU they were allocated as far as possible to the sources generating them.

In 207, expenses for profit-dependent premium reimbursement and policyholder profit participation, plus direct credits, amounted to EUR 75,701,000 (EUR 64,034,000), i.e., 95.5% (88.1%) of the assessment base.

### Profit Class A

1. All insurance policies in Profit Class A that belong to Settlement Class 92, will receive profit shares in the following amounts in accordance with the insurance terms and conditions underlying these policies:

a) an interest bonus, in the amount of 1.5% of the actuarial reserve specified in the business plan at the commencement of the current insurance year.

b) a total bonus amounting to 2.5‰ of the sum insured on death for policies with a proper adjustment letter, but amounting to 1‰ for all other policies.

c) a final bonus upon maturity of the endowment sum in the year 2009 in the amount of an interest bonus according to item a) of the total matured capital.

2. All insurance policies in Profit Class A that belong to Settlement Class 96 (insurance policies against a single premium) will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

a) an interest bonus, in the amount of 1.5% of the actuarial reserve specified in the business plan at the commencement of the current insurance year.

b) a final bonus upon maturity of the endowment sum in the year 2009 in the amount of an interest bonus according to item a) of the total matured capital.

3. All insurance policies in Profit Class A – excluding policies in Settlement Classes 92 and 96 – will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

a) an interest bonus, in the amount of 1.5% of the actuarial reserve specified in the business plan at the commencement of the current insurance year.

b) a total bonus amounting to 3.5‰ of the sum insured on death for policies with a proper adjustment letter, but amounting to 2‰ for all other policies.

c) a final bonus upon maturity of the endowment sum in the year 2009 in the amount of an interest bonus according to item a) of the total matured capital.

### Profit Class B

All insurance policies that belong to Profit Class B will receive profit commissions to the extent of 15% of the annual premium in accordance with the insurance terms and conditions underlying the policies

Ordinary life insurance policies with an insured sum of at least EUR 726.73 and an insurance term of at least 12 years, which are

part of Profit Class B, will receive in addition a final bonus of 20% of the sum insured on maturity of the sum insured in 2009 in the event of survival. The special bonuses approved in the years 1983 and 1984 will be offset against this final bonus.

### **Profit Class D**

In accordance with the insurance terms and conditions underlying the policies, all insurance policies in Profit Class D will receive bonuses in the following amounts:

- a) an interest bonus, in the amount of 0.5% of the actuarial reserve specified in the business plan at the commencement of the current insurance year.
- b) a total bonus amounting to 2‰ of the sum insured on death for policies with a proper adjustment letter, but amounting to 1‰ for all other policies.
- c) a final bonus upon maturity of the endowment capital in the year 2009 in the amount of a simple interest bonus according to item a) of the total matured capital for single-premium policies, also in the amount of a single interest bonus according to item a) of the total matured capital for policies with regular premium payments and a premium payment term of under 20 years and/or in the amount of a double interest bonus for policies with a premium payment term of 20 years or more.

### **Profit Classes F, H, I, J, L, X, Y and S**

1. All insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2004 will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies::

- a) an interest bonus, in the amount of 1.75% of the contractual actuarial reserve at the commencement of the current insurance year.
- b) a total or additional bonus amounting to 1‰ of the sum insured on death or of the endowment value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2005 to the extent of an interest bonus as per Item a) on the contractual actuarial reserve.

2. All insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2006, will receive profit shares in the following amounts in accordance with the insurance terms and conditions underlying these policies:

- a) an interest bonus, in the amount of 2.25% of the contractual actuarial reserve at the commencement of the current insurance year.
- b) a total or additional bonus amounting to 1‰ of the sum insured on death or of the endowment value or of the survival sum.
- c) a final bonus upon maturity of the endowment capital in the year 2009 in the amount of a simple interest bonus according to Item a) of the contractual actuarial reserve for single-premi-

um policies, also in the amount of a single interest bonus according to Item a) of the contractual actual reserve for policies with regular premium payments and a premium payment term of under 15 years and/or in the amount of a double interest bonus for policies with a premium payment term of 15 years or more. For annuity contracts, the corresponding final bonus will be allocated only if the payout is made in the form of an annuity.

d) Special bonus as additional final bonus upon maturity of the endowment capital for policies with regular premium payments in the amount of interest bonus then respectively valid. For annuity contracts, the corresponding final bonus will be allocated only if the payout is made in the form of an annuity.

3. All insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2007, will receive profit shares in the following amounts in accordance with the insurance terms and conditions underlying these policies:

- a) an interest bonus, in the amount of 2.25% of the contractual actuarial reserve at the commencement of the current insurance year.
- b) a total or additional bonus amounting to 1‰ of the sum insured on death or of the annuity capital value or of the survival sum plus an administration cost bonus of 0.15% of the sum insured on death or of the annuity capital value or of the survival sum for each year of the insurance term and/or period of deferment, distributed over the last five years of the insurance term and/or period of deferment.
- c) a final bonus upon maturity of the endowment capital in the year 2009 in the amount of a simple interest bonus according to Item a) of the contractual actuarial reserve for single-premium policies, or in the amount of a double interest bonus according to Item a) of the contractual actual reserve for policies with regular premium payments. For annuity contracts, the corresponding final bonus will be allocated only if the payout is made in the form of an annuity.

4. All insurance policies in Profit Classes F, H, I, J, L, X, Y and S – excluding policies that belong to Settlement Classes 2004, 2006 and 2007 – will receive profit shares in the following amounts in accordance with the insurance terms and conditions underlying these policies:

- a) an interest bonus, in the amount of 1.25% of the contractual actuarial reserve at the commencement of the current insurance year.
- b) a total or additional bonus amounting to 1‰ of the sum insured on death or of the annuity capital value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2009 to the extent of an interest bonus as per Item a) on the contractual actuarial reserve.

## PROFIT PARTICIPATION

### Profit Class WVN

1. All whole life endowment insurance policies that belong to Profit Class WVN, which belong to Settlement Class 2004, will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) an interest bonus amounting to 1.75% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 25% of the risk premium included in the total premium for the current insurance year.

2. All whole life endowment insurance policies that belong to Profit Class WVN, which belong to Settlement Class 2006, will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) an interest bonus amounting to 2.25% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 25% of the risk premium included in the total premium for the current insurance year.

3. All whole life endowment insurance policies that belong to Profit Class WVN – excluding policies that belong to Settlement Classes 2004 and 2006 – will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) an interest bonus amounting to 1.5% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 25% of the risk premium included in the total premium for the current insurance year.

### Profit Class FLV

All policies in Profit Class FLV will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) Contracts against regular premium payment: a bonus amounting to 3% of the premium that is set for the insurance year commencing in 2009.
- b) policies against a single premium: a bonus amounting to 3% of the single premium of the master insurance policy on commencement of the insurance year falling in the year 2009.

The premium commissions that in the actuarial reserve fund of traditional life insurance (guarantee fund) are invested are not subject to profit participation in the traditional sense. A total interest of 4.5% p.a. will be credited to the corresponding actuarial reserve in 2009.

### Profit Class BU with profit participation

In accordance with the insurance terms and conditions underlying the policies, all occupational disability insurance policies in Profit Class BU with profit participation will receive profit commissions amounting to 35% of the insurance premium, which bears interest of 4.5% and is paid out on expiry of the policy period.

### Profit Class BU with premium bonus

In accordance with the insurance terms and conditions underlying the policies, all occupational disability insurance policies and additional occupational disability insurance policies against regular premium payments which belong to Profit Class BU with premium bonus, will receive a premium bonus amounting to 35% of the insurance premium or additional insurance premium, which is set for the insurance year commencing in 2009.

### Profit Class K/ DD additional insurance

1. In accordance with the insurance terms and conditions underlying the policies, all term insurance policies in Profit Class K with a constant sum insured against regular premium payments, which belong to Settlement Class 99, will receive a premium bonus amounting to 65% of the premium, which is set for the insurance year commencing in 2009.

2. In accordance with the insurance terms and conditions underlying the policies, all term insurance policies against regular premium payments in Profit Class K which belong to Settlement Class 05 in the following amount:

- a) 65% of the premium prescribed for the insurance year starting in 2009 for tariffs 3GP, 3FP, H3P, H3G, K3P and/or K3G
- b) 20% of the premium prescribed for the insurance year starting in 2009, for all remaining tariffs.

3. In accordance with the insurance terms and conditions underlying the policies, all term insurance policies and additional term insurance policies in Profit Class K with a constant sum insured against renewable premium payment – excluding policies in Settlement Classes 99 and 05 – will receive a premium bonus amounting to 25% of the premium, which is set for the insurance year commencing in 2009.

4. In accordance with the insurance terms and conditions underlying the policies, all dread disease additional insurance policies against regular premium payments for capital payment and premium waiver in the event of serious illnesses or a requirement for extensive nursing care will receive a premium bonus amounting to 10% of the additional insurance premium, which is set for the insurance year commencing in 2009.

### Profit Class R

1. All insurance policies in Profit Class R (including contracts of Profit Series 87 and 99) – excluding policies in Profit Classes with annuity payments already being paid – will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) an interest bonus amounting to 1.5% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 1‰ of the endowment value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2009 to the extent of an interest bonus as per Item a) on the total matured capital.

2. For insurance policies with annuity payments already being paid which belong to Settlement Class 2000 and are in the second year of ongoing annuity payment at the earliest, the annuities already being paid will receive an increase from 1 January 2009 of 1.25% of the annuity last paid. No increase takes place in the event of a bonus annuity agreement for policies that matured prior to 1 September 2004 or after 1 January 2008. For annuity policies which matured after 1 September 2004 and/or prior to 1 January 2008 with a bonus annuity agreement, the increase is 0.5% of the annuity last paid. For policies that matured prior to 1 September 2004 or after 1 January 2008, the bonus interest rate is 4.5%; for policies that matured after 1 September 2004 and/or prior to 1 January 2008, it is 4.0%.

3. For insurance policies with annuity payments already being paid which belong to Settlement Class 2004 and are in the second year of ongoing annuity payment at the earliest, the annuities already being paid will receive an increase from 1 January 2009 of 1.75% of the annuity last paid. No increase takes place in the event of a bonus annuity agreement for policies that matured prior to 1 September 2004 or after 1 January 2008. For annuity policies which matured after 1 September 2004 and/or prior to 1 January 2008 with a bonus annuity agreement, the increase is 0.5% of the annuity last paid. For policies that matured prior to 1 September 2004 or after 1 January 2008, the bonus interest rate is 4.5%; for policies that matured after 1 September 2004 and/or prior to 1 January 2008, it is 4.0%.

4. For insurance policies with annuity payments already being paid which belong to Settlement Class 2006 and are in the second year of ongoing annuity payment at the earliest, the annuities already being paid will receive an increase from 1 January 2009 of 2.25% of the annuity last paid. No increase takes place in the event of a bonus annuity agreement for policies that matured after 1 January 2008. For annuity policies which matured prior to 1 January 2008 with a bonus annuity agreement, the increase is 0.5% of the annuity last paid. For policies that matured after 1 January 2008, the bonus interest rate is 4.5%; for policies that matured prior to 1 January 2008, it is 4.0%.

5. For insurance policies with annuity payments already being paid which do not belong to Settlement Classes 2000, 2004 and 2006 and are in the second year of ongoing annuity payment at the earliest, the annuities already being paid will receive an increase from 1 January 2009 of 1.5% of the annuity last paid. No increase takes place in the event of a bonus annuity agreement for policies that matured prior to 1 September 2004 or after 1 January 2008. For annuity policies which matured after 1 September 2004 and/or prior to 1 January 2008 with a bonus annuity agreement, the increase is 0.5% of the annuity last paid. For policies that matured prior to 1 September 2004 or after 1 January 2008, the bonus interest rate is 4.5%; for policies that matured after 1 September 2004 and/or prior to 1 January 2008, it is 4.0%.

### Profit Class Z

1. All additional pension insurance policies in Profit Class Z – excluding policies with annuity payments already being paid – will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) a bonus amounting to 1.625% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 1‰ of the endowment value.
- c) a final bonus on maturity of the endowment sum in 2009 to the extent of an interest bonus as per Item a) on the entire actuarial reserve.

2. For insurance policies with annuity payments already being paid which belong to Profit Class Z and are in the second year of

## PROFIT PARTICIPATION

ongoing annuity payment, the annuities already being paid will receive an increase at the earliest from 1 January 2009 of 1.5% of the annuity last paid.

### **Profit Class FPZ**

1. In accordance with the insurance terms and conditions underlying the policies, all insurance policies in Profit Class FPZ in the "Single" policy form will receive profit commissions amounting to 25% of the risk premium on commencement of the current insurance year – so long as the first annuity payment has not yet become payable. These will be allocated to an investment fund for the acquisition of fund units.

2. The insurance policies in Profit Class FPZ are subject to the provisions of Profit Class Z from the moment of liquidation.

### **Settlement Class**

#### **Old age funds, unit-linked life insurance and index-linked life insurance**

The premium commissions on premium-advantaged old age funds, unit-linked life insurance and index-linked life insurance that in the actuarial reserve fund of traditional life insurance (guarantee fund) are invested are not subject to profit participa-

tion in the traditional sense. A total interest of 4.5% p.a. will be credited to the corresponding actuarial reserve in 2009.

### **Profit Class BKV**

In accordance with the insurance terms and conditions underlying the policies, all policies in Profit Class BKV which belong to Settlement Class 2006 will receive profit commissions to the following extent :

1. an interest bonus amounting to 2.25% of the contractual actuarial reserve as of at the respective balance sheet reporting date.

2. For insurance policies with annuity payments already being paid and are in the second year of ongoing annuity payment at the earliest, the annuities already being paid will receive an increase from 1 January 2009 of 2.25% of the annuity last paid. No increase takes place in the event of a bonus annuity agreement for policies that matured after 1 January 2008. For annuity policies which matured prior to 1 January 2008 with a bonus annuity agreement, the increase is 0.5% of the annuity last paid. For policies that matured after 1 January 2008, the bonus interest rate is 4.5%; for policies that matured prior to 1 January 2008, it is 4.0%.

## UNQUALIFIED AUDIT CERTIFICATE

We have audited the enclosed Annual Financial Statements of

**WIENER STÄDTISCHE Versicherung AG**  
**VIENNA INSURANCE GROUP, Wien,**

for the business year from 1 January to 31 December 2007, including the accounting. The accounting, preparation and content of these annual financial statements and of the management report in accordance with Austrian company law are the responsibility of the company's legal representatives. Our responsibility is to issue an opinion regarding these annual financial statements on the basis of our audit and to issue a statement regarding whether the status report is in keeping with the annual statements.

We have performed our audit in accordance with the statutory regulations and generally accepted accounting principles applicable in Austria. These principles require the audit to be planned and implemented so as to permit a sufficiently certain judgment

to be made about whether the annual financial statements are free of material misstatements and a conclusion can be drawn about whether the management report is in accord with the Annual Financial Statements. In determining the audit activities, account is taken of information concerning the business and concerning the company's economic and legal environment, as well as of expectations regarding possible errors. Within the scope of the audit, evidence of amounts and other data in the bookkeeping and the financial statements was largely evaluated on the basis of spot checks. The audit further an assessment of the accounting principles applied and the key estimates made by the company's legal representatives, along with an evaluation of the overall view presented by the financial statements for the year. We are of the opinion that our audit represents a sufficiently certain basis for our opinion.

Our audit did not lead to any qualification. Based on the information obtained over the course of the audit, the Annual Financial Statements in our judgment comply with statutory requirements and fairly reflect the company's net worth, financial position and results of operations in accordance with generally accepted accounting principles applicable in Austria. The management report is in accord with the Annual Statements.

**KPMG Austria GmbH**  
**Wirtschaftsprüfungs- und Steuerberatungsgesellschaft**



**Mag. Michael Schlenk**  
**Wirtschaftsprüfer**



**Mag. Thomas Smrekar**  
**Wirtschaftsprüfer**

Vienna, 12 March 2008

## REPORT BY THE SUPERVISORY BOARD

### REPORT BY THE SUPERVISORY BOARD

The Supervisory Board reports that it has taken the opportunity, both as a whole and through its Chairman and Vice Chairman on a regular basis, to carry out a comprehensive review of the company's management. For this purpose, there were detailed presentations and discussions as part of the Supervisory Board and Supervisory Board committee meetings, as well as repeated discussions with members of the Managing Board, which on the basis of appropriate supporting documents provided exhaustive clarifications and evidence regarding the Group's management and financial status. In these conversations, the company's strategy, business development and risk management were also discussed.

The Supervisory Board formed four committees from among its members. The responsibilities and composition of these committees can be viewed on the company's website.

In 2007, an ordinary General Meeting of Shareholders and four meetings of the Supervisory Board were held. Furthermore, two meetings of the Board of Auditors were held. The committee on urgent matters was contacted ten times. The Supervisory Board was notified at its next meeting regarding all resolutions adopted by these committees. The auditor participated in meetings of the Audit Committee and the Supervisory Board dealing with the approval and preparation of the Annual Financial Statements and with the audit of the Annual Financial Statements and the Consolidated Annual Financial Statements, as well as at the General Meeting of Shareholders. In 2007, two meetings of the committee for Managing Board matters were also held.

No items on the agenda were discussed by the Supervisory Board and at committee meetings without participation by members of the Managing Board. No member of the Supervisory Board was present during fewer than one-half of the sessions of the Supervisory Board.

The Audit Committee of the Supervisory Board received from management, inspected and carefully reviewed the 2007 Annual Financial Statements and the management report. Moreover, the Supervisory Board's Audit Committee subjected the 2007 Consolidated Financial Statements and consolidated management report to a detailed examination. In the course of this examination, the Managing Board's proposal for distribution of profits was also discussed. As a result of this audit and discussion, a unanimous resolution was passed to recommend unqualified acceptance to the Supervisory Board. The committee Chairman reported to the Supervisory Board on the resolutions adopted by the committee.

The Supervisory Board thereafter took up the 2007 Annual Financial Statements along with the management report, the 2007 Consolidated Financial Statements as well as with the consolidated management report, and the proposal regarding distribution of profits submitted by the Managing Board, discussing and examining them in detail. The result of this discussion and examination was the Supervisory Board's unanimous resolution to raise no objection to the documents submitted, to approve the Annual Financial Statements and Consolidated Financial Statements prepared by the Managing Board and to state its agreement with the Managing Board's proposal regarding the appropriation of earnings.

The 2007 Annual Financial Statements thus have been approved in accordance with Sec. 125 (2) Stock Corporation Act.

The Supervisory Board further communicates to the General Meeting of Shareholders that the 2007 Annual Financial Statements and management report, and the Consolidated Financial Statements and consolidated management report, have been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, and that the audit reports were discussed by the audit committee and the entire Supervisory Board jointly with KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. In its conclusive result, the audit gave rise to no objections. The Supervisory Board declares for its part that it has nothing further to add to the audit reports of the auditor.

The Supervisory Board thus proposes to the General Meeting of Shareholders

that it pass a resolution regarding the appropriation of earnings in accordance with the Managing Board's proposal and that it grant the Managing Board and Supervisory Board formal discharge.

Vienna, March 2008

The Supervisory Board:



KR Dkfm. Klaus Stadler  
(Chairman)



# ADVISORY COUNCILS

## ADVISORY COUNCILS

The following people belong to the advisory councils in the individual federal provinces designated in the Articles of Association for advising the Managing Board (Position at 31 December 2007):

### Provincial advisory council for Vienna

Komm.-Rat Ing. Leopold **Abraham**  
Martin **Bachlechner**  
Dr. Peter **Bosek**  
Dr. Ilse **Brandner-Radinger**  
Dr. Ismail H. **Ergener**  
Liane **Garnhaft**  
Mag. Norbert **Gertner**  
Oberstleutnant Michael **Hafner**  
Komm.-Rat Mag. Dr. Erich **Haider**  
Mag. Franz **Hauberl**  
Komm.-Rat Franz **Häussler**  
Komm.-Rat Brigitte **Jank**  
Komm.-Rat Helmut **Jonas**  
Hans **Judmann**  
Komm.-Rat Willibald **Keusch**  
DDr. Michael **Landau**  
Mag. Josef **Leopold**  
Dr. Michael **Ludwig**  
Dr. Ernst **Nonhoff**  
Mag. Friedrich **Primetzhofner**  
Komm.-Rat Dkfm. Dr. Carl Ludwig **Richard**  
Günter **Wandl**  
Mag. Udo **Weinberger**  
Ing. Wilhelm **Wohatschek**

### Provincial advisory council for Lower Austria

Mag. Gertrude **Baumgartner**  
Bernhard **Clermont**  
Konsistorialrat Dr. Burkhard **Ellegast**  
Wilhelm **Gelb**  
Mag. Helmut **Guth**  
Konsistorialrat Prälat Berthold **Heigl**  
Mag. Dr. Herwig **Hofstätter**  
Mag. Herbert **Kaufmann**  
Hans **Knoll**  
Otto **Korten**  
Werner **Magyer**  
Bernhard **Müller**  
Komm.-Rat Josef **Panis**  
Dipl.-Ing. Rudolf **Schraml**  
Mag. Elisabeth **Schubrig**  
Mag. Matthias **Stadler**  
Dr. Dietmar **Steinbrenner**  
Dipl.-Ing. Karl Th. **Trojan**  
Ing. Gerhard **Zinner**

### Provincial advisory council for Upper Austria

Dr. Othmar **Bruckmüller**  
Mag. Herbert **Brunsteiner**  
Dr. Franz **Dobusch**  
Mag. Robert **Ebner**  
Walter **Ernhard**  
Mag. Othmar **Friedl**  
Mag. Alois **Froschauer**  
Ing. Mag. Peter **Halatschek**  
Norbert **Haudum**  
Heinz **Hillinger**  
Manfred **Hochhauser**  
Dr. Hermann **Kepplinger**  
Komm.-Rat Dr. Richard **Kirchwegger**  
Dr. Markus **Limberger**  
Dr. Josef **Peischer**  
Komm.-Rat Dr. Ludwig **Scharinger**  
Mag. Wolfgang **Schneckenreither**  
Roland **Stiebler**  
Komm.-Rat Ernst **Strauss**  
Reinhard **Winterauer**

### Provincial advisory council for Styria

Mag. Herbert **Beiglböck**  
Herbert **Gritzner**  
Dipl.-Ing. Manfred **Heinrich**  
Karl **Hofmeister**  
Mag. Dr. Franz **Huber**  
Kurt **Leitner**  
Mag. Dr. Karl-Franz **Maier**  
Ernst **Meixner**  
Mag. Dr. Wolfgang **Messner**  
Mag. Paul **Nussbaumer**  
Mag. Dr. Arno **Pichler**  
Hermann **Retter**  
Ulrike **Retter**  
Heinz **Robinson**  
Alois **Samer**  
Horst **Schachner**  
Gerald **Stoiser**  
Mag. Josef **Wallner**  
Ing. Manfred **Wegscheider**

### Provincial advisory council for Carinthia and Eastern Tyrol

Ingo **Appé**  
Gerald **Dietrich**  
Dkfm. Helmut **Eder**  
Dr. Dipl.-Ing. Hermann **Egger**  
Dr. Horst **Felsner**  
Komm.-Rat Dr. Reinhard **Iro**  
Komm.-Rat Rudolf **Kandussi**  
Franz **Kreuzer**  
Ing. Franz **Liposchek**

Helmut **Manzenreiter**  
 Dr. Claudia **Mischensky**  
 Komm.-Rat Franz **Mlinar**  
 Dipl.-Ing. Hans Michael **Offner**  
 Ing. Josef **Podesser**  
 Dr. Herwig **Rettenbacher**  
 Mag. Hans **Schönegger**  
 Dipl.-Ing. Oskar **Seidler**  
 Dr. Michael **Stattmann**  
 Josef **Winkler**  
 Dr. Alfred **Wurzer**

### Provincial advisory council for Salzburg

Ingeborg **Altmann**  
 Dipl.-Ing. Günther **Auer**  
 Wolfgang **Bell**  
 Franz **Blum**  
 Dr. Reiner **Brettenthaler**  
 Dipl.-Ing. Günter **Fleischmann**  
 Mag. Johannes **Lassacher**  
 Ing. Johann **Myslik**  
 Ferdinand **Saller**  
 Günter **Schied**  
 Dr. Harald **Seiss**  
 Hermann **Steinlechner**  
 Dr. Christian **Stöckl**  
 Hofrat Professor Dr. Walter **Thaler**

### Provincial advisory council for Tyrol

Dipl.-Ing. Martin **Baltes**  
 Dr. Christian **Bernard**  
 Univ. Prof. Dr. Manfred **Gantner**  
 Dr. Hannes **Gruber**  
 Hannes **Gschwentner**  
 Dr. Markus **Jochum**  
 Ing. Walter **Kircher**  
 Dipl.-Vw. Hansjörg **Mölk**  
 MMag. Hermann **Nagiller**  
 Mag. Jakob **Ringler**  
 Dr. Elmar **Schmid**  
 Komm.-Rat Karl **Schranz**  
 Prälat Prof. Mag. Raimund **Schreier**  
 Dr. Elisabeth **Zanon**

### Provincial advisory council for Vorarlberg

Mag. Wilfried **Berchtold**  
 Jürgen **Gabrieli**  
 Mag. Christoph **Greussing**  
 Werner **Gunz**  
 Dipl.-Ing. Guntram **Jäger**  
 Edgar **Mayer**  
 Dr. Peter **Mennel**  
 Ing. Wilhelm **Muzyczyn**

Dipl.-Ing. Peter **Oksakowski**  
 Komm.-Rat Kuno **Riedmann**  
 Hugo **Rogginer**  
 Dkfm. Franz **Salzmann**  
 Dr. Walter **Thöny**

### Provincial advisory council for Burgenland

Mag. Mario **De Martin De Gobbo**  
 Mag. Hannes **Frech**  
 Komm.-Rat Oswald **Hackl**  
 Komm.-Rat Erich **Horvath**  
 Christian **Illedits**  
 Komm.-Rat Michael **Koch**  
 Mag. Hans **Lukits**  
 Hans **Niessl**  
 Ing. Josef **Orovits**  
 Ing. Frank **Pfnier**  
 Wirkl. Konsistorialrat Matthias **Reiner**  
 Ingrid **Salamon**  
 Ernst **Schmid**  
 Komm.-Rat Erwin **Schneeberger**  
 Mag. Rudolf **Simandl**  
 Gerhard **Steier**  
 Georg **Stiegelmar**  
 Dr. Csaba **Szekely**  
 Hofrat Dr. Robert **Tauber**  
 Josef **Wein**

### Advisory council for funeral insurance

The following people belong to the advisory council designated in the Articles of Association and established for advising the Managing Board on funeral matters and funeral insurance (Position at 31 December 2007):

Dr. Christian **Fertinger**  
 Komm.-Rat Wilhelm **Fuchs**  
 Friedrich **Grunde**  
 Mag. Hermine **Heuer**  
 Franc **Kelher**  
 Peter **Kotzbauer**  
 Othmar **Lechner**  
 Hansjörg **Lein**  
 Klaus **Pichler**  
 Gerfried **Redlich**  
 Eduard **Schreiner**  
 Peter **Skyba**  
 Dr. Helmut **Stadler**  
 Otto **Trafella**  
 Monsignore Mag. Karl **Wagner**  
 Mag. Gregor **Zaki**

# PROVINCIAL HEAD OFFICES

## PROVINCIAL HEAD OFFICES

### Provincial head office for Vienna

1020 Wien, Obere Donaustraße 49-53  
Tel.: +43 (0) 50 350-40000,  
Fax: +43 (0) 50 350 99-40000  
E-Mail: [ld-wien@staedtische.co.at](mailto:ld-wien@staedtische.co.at)  
Komm.-Rat Max **Windhager**, Provincial Director

### Provincial head office for Lower Austria

3100 St. Pölten, Europaplatz 2  
Tel.: +43 (0) 50 350-41000,  
Fax: +43 (0) 50 350 99-41000  
E-Mail: [ld-noe@staedtische.co.at](mailto:ld-noe@staedtische.co.at)  
Helmut **Maurer**, Provincial Director

### Provincial head office for Upper Austria

4020 Linz, Untere Donaulände 40  
Tel.: +43 (0) 50 350-42000,  
Fax: +43 (0) 50 350 99-42000  
E-Mail: [ld-ooe@staedtische.co.at](mailto:ld-ooe@staedtische.co.at)  
Mag. Günther **Erhartmaier**, Provincial Director

### Provincial head office for Styria

8020 Graz, Gürtelturmplatz 1  
Tel.: +43 (0) 50 350-43000,  
Fax: +43 (0) 50 350 99-43000  
E-Mail: [ld-stmk@staedtische.co.at](mailto:ld-stmk@staedtische.co.at)  
Dr. Gerald **Krainer**, Provincial Director

### Provincial head office for Carinthia and Eastern Tyrol

9010 Klagenfurt, St. Veiter-Ring 13  
Tel.: +43 (0) 50 350-44000,  
Fax: +43 (0) 50 350 99-44000  
E-Mail: [ld-ktn@staedtische.co.at](mailto:ld-ktn@staedtische.co.at)  
Erich **Obertautsch**, Provincial Director

### Provincial head office for Salzburg

5020 Salzburg, Max-Ott-Platz 3  
Tel.: +43 (0) 50 350-45000,  
Fax: +43 (0) 50 350 99-45000  
E-Mail: [ld-sbg@staedtische.co.at](mailto:ld-sbg@staedtische.co.at)  
Mag. Hans **Vierziger**, Provincial Director

### Provincial head office for Tyrol

6020 Innsbruck, Südtiroler Platz 4  
Tel.: +43 (0) 50 350-46000,  
Fax: +43 (0) 50 350 99-46000  
E-Mail: [ld-tirol@staedtische.co.at](mailto:ld-tirol@staedtische.co.at)  
Ida **Wander**, Provincial Director

### Provincial head office for Vorarlberg

6800 Feldkirch, Waldfriedgasse 2  
Tel.: +43 (0) 50 350-47000,  
Fax: +43 (0) 50 350 99-47000  
E-Mail: [ld-vlbg@staedtische.co.at](mailto:ld-vlbg@staedtische.co.at)  
Burkhard **Berchtel**, Provincial Director

### Provincial head office for Burgenland

7000 Eisenstadt, Kalvarienbergplatz 7  
Tel.: +43 (0) 50 350-48000,  
Fax: +43 (0) 50 350 99-48000  
E-Mail: [ld-bgld@staedtische.co.at](mailto:ld-bgld@staedtische.co.at)  
Mag. Gerold **Stagl**, Provincial Director

# BRANCH OFFICES WIENER STÄDTISCHE AG

Wiener Städtische is available throughout Austria at the cost of a local call 24 hours a day, 7 days a week:  
phone: +43 (0) 50 350 – direct dial • fax: +43 (0) 50 350 99 – direct dial

Name	Province	Direct dial	Address	City	e-mail	Admission office
<b>Headquarters</b>	Vienna	20000	Schottenring 30	1010 Wien	mail-us@staedtische.co.at	
<b>Provincial head office for Vienna</b>	Vienna	40000	Obere Donaustraße 49–53	1020 Wien	ld-wien@staedtische.co.at	
Agency management	Vienna	40000	Esslinggasse 13/EG	1010 Wien	agenturmanagement@staedtische.co.at	
Office "Vorsorge"	Vienna	22380	Zelinkagasse 14	1010 Wien	vorsorge@staedtische.co.at	
Office "Vorsorge der österreichischen Gemeindebediensteten"	Vienna	50300	Obere Donaustraße 49–53	1020 Wien	vorsorge@staedtische.co.at	
Vienna, Donaustadt	Vienna	51400	Bernoullistraße 1	1220 Wien	donaustadt@staedtische.co.at	
Vienna, Floridsdorf	Vienna	51300	Am Spitz 10	1210 Wien	floridsdorf@staedtische.co.at	
Vienna, Landstraße	Vienna	50800	Rochusgasse 3–5	1030 Wien	landstrasse@staedtische.co.at	
Vienna, Liesing	Vienna	51700	Breitenfurter Straße 393	1230 Wien	liesing@staedtische.co.at	
Vienna, Ottakring	Vienna	51100	Thaliastraße 44	1160 Wien	ottakring@staedtische.co.at	
<b>Provincial head office for Lower Austria</b>	Lower Austria	41000	Europaplatz 2	3100 St. Pölten	ld-noe@staedtische.co.at	
Amstetten	Lower Austria	53900	Waidhofner Straße 31	3300 Amstetten	amstetten@staedtische.co.at	
Aspang	Lower Austria	53400	Mönichkirchner Straße 3	2870 Aspang	aspang@staedtische.co.at	
Baden	Lower Austria	53000	Bahngasse 9	2500 Baden	baden@staedtische.co.at	
Bruck/Leitha	Lower Austria	52900	Fischamender Straße 54	2460 Bruck/Leitha	bruck_leitha@staedtische.co.at	
Gänserndorf	Lower Austria	52500	Bahnstraße 15	2230 Gänserndorf	gaenserndorf@staedtische.co.at	
Gföhl	Lower Austria	64300	Hauptplatz 1	3542 Gföhl	gfoehl@staedtische.co.at	
Gmünd	Lower Austria	54900	Schremser Straße 3	3950 Gmünd	gmueund@staedtische.co.at	
Groß Enzersdorf	Lower Austria	52600	Bischof-Berthold-Platz 4	2301 Groß Enzersdorf	gr.enzersdorf@staedtische.co.at	
Herzogenburg	Lower Austria	53600	St. Pöltner Straße 26	3130 Herzogenburg	herzogenburg@staedtische.co.at	
Hollabrunn	Lower Austria	51900	Bahnstraße 12	2020 Hollabrunn	hollabrunn@staedtische.co.at	
Horn	Lower Austria	54600	Schützenplatz 2	3580 Horn	horn@staedtische.co.at	
Klosterneuburg	Lower Austria	54200	Am Renninger 2	3400 Klosterneuburg	klosterneuburg@staedtische.co.at	
Korneuburg	Lower Austria	52100	Wiener Ring 16	2100 Korneuburg	korneuburg@staedtische.co.at	
Krems	Lower Austria	54500	Ringstraße 11	3500 Krems	krems@staedtische.co.at	
Laa/Thaya	Lower Austria	52300	Stadtplatz 38	2136 Laa/Thaya	laa.thaya@staedtische.co.at	
Lilienfeld	Lower Austria	53700	Babenbergerstraße 36	3180 Lilienfeld	lilienfeld@staedtische.co.at	
Melk	Lower Austria	54100	Hauptstraße 9	3390 Melk	melk@staedtische.co.at	
Mistelbach	Lower Austria	52200	Hauptplatz 3	2130 Mistelbach	mistelbach@staedtische.co.at	
Mödling	Lower Austria	52800	Klostergasse 14	2340 Mödling	moedling@staedtische.co.at	
Neulengbach	Lower Austria	53500	Hauptplatz 27	3040 Neulengbach	neulengbach@staedtische.co.at	
Neunkirchen	Lower Austria	53100	Wiener Straße 52	2620 Neunkirchen	neunkirchen@staedtische.co.at	
Poysdorf	Lower Austria	52400	Brunngasse 4	2170 Poysdorf	poysdorf@staedtische.co.at	
Retz	Lower Austria	52000	Hauptplatz 21	2070 Retz	retz@staedtische.co.at	
Scheibbs	Lower Austria	53800	Rathausplatz 11	3270 Scheibbs	scheibbs@staedtische.co.at	
Schwechat	Lower Austria	52700	Wiener Straße 9	2320 Schwechat	schwechat@staedtische.co.at	
Stockerau	Lower Austria	51800	Hauptstraße 4	2000 Stockerau	stockerau@staedtische.co.at	
Ternitz	Lower Austria	53200	Hans-Czettel-Platz 1	2630 Ternitz	ternitz@staedtische.co.at	
Tulln	Lower Austria	54400	Königstetter Straße 60	3430 Tulln	tulln@staedtische.co.at	
Waidhofen/Thaya	Lower Austria	54700	Bahnhofstraße 8	3830 Waidhofen/Thaya	waidhofen.thaya@staedtische.co.at	
Waidhofen/Ybbs	Lower Austria	54000	Riedmüllerstraße 3	3340 Waidhofen/Ybbs	waidhofen.ybbs@staedtische.co.at	
Wolkersdorf	Lower Austria	65100	Wiener Straße 1	2120 Wolkersdorf	wolkersdorf@staedtische.co.at	
Wr. Neustadt	Lower Austria	53300	Ferdinand-Porsche-Ring 2	2700 Wr. Neustadt	wr.neustadt@staedtische.co.at	
Zistersdorf	Lower Austria	65500	Schlossgasse 2	2225 Zistersdorf	zistersdorf@staedtische.co.at	
Zwettl	Lower Austria	54800	Neuer Markt 13	3910 Zwettl	zwettl@staedtische.co.at	

## BRANCH OFFICES WIENER STÄDTISCHE AG

Name	Province	Direct dial	Address	City	e-mail	Admission office
<b>Provincial head office for Upper Austria</b>	Upper Austria	42000	Untere Donaulände 40	4020 Linz	ld-ooe@staedtische.co.at	
Bad Ischl	Upper Austria	56900	Karl-Wiesinger-Straße 2	4820 Bad Ischl	bad_ischl@staedtische.co.at	
Bad Leonfelden	Upper Austria	65200	Böhmerstraße 7	4190 Bad Leonfelden	bad_leonfelden@staedtische.co.at	
Braunau/Inn	Upper Austria	57300	Ringstraße 47	5280 Braunau/Inn	braunau@staedtische.co.at	
Eferding	Upper Austria	55500	Bahnhofstraße 19	4070 Eferding	eferding@staedtische.co.at	
Enns	Upper Austria	56000	Stadlgasse 2a	4470 Enns	enns@staedtische.co.at	
Freistadt	Upper Austria	55700	Zemannstraße 25	4240 Freistadt	freistadt@staedtische.co.at	
Gmunden	Upper Austria	56800	Schiffslände 1	4810 Gmunden	gmunden@staedtische.co.at	
Grieskirchen	Upper Austria	56600	Roßmarkt 30	4710 Grieskirchen	grieskirchen@staedtische.co.at	
Kirchdorf/Krems	Upper Austria	56200	Linzer Straße 2	4560 Kirchdorf/Krems	kirchdorf@staedtische.co.at	
Kremsmünster	Upper Austria	56100	Rathausplatz 7	4550 Kremsmünster	kemsmuenster@staedtische.co.at	
Leonding	Upper Austria	55400	Michaelsbergstraße 5	4060 Leonding	leonding@staedtische.co.at	
Linz, Kleinmünchen	Upper Austria	55100	Zeppelinstraße 4	4032 Linz, Kleinmünchen	linz_kleinmuenchen@staedtische.co.at	
Linz, Rainerstr.	Upper Austria	55000	Rainerstraße 22	4020 Linz	linz_rainerstrasse@staedtische.co.at	
Linz, Urfahr	Upper Austria	55200	Freistädter Straße 16	4040 Linz, Urfahr	linz_urfahr@staedtische.co.at	
Mondsee	Upper Austria	61100	Herzog-Odilo-Straße 14	5310 Mondsee	mondsee@staedtische.co.at	
Perg	Upper Austria	55800	Dr.-Schober-Straße 25	4320 Perg	perg@staedtische.co.at	
Ried/Innkreis	Upper Austria	57200	Thurnerstraße 16	4910 Ried/Innkreis	ried@staedtische.co.at	
Rohrbach	Upper Austria	55600	Pfarrgasse 4	4150 Rohrbach	rohrbach@staedtische.co.at	
Schärding	Upper Austria	56700	Linzer Straße 29	4780 Schärding	schaerding@staedtische.co.at	
Scharnstein	Upper Austria	56400	Hauptstraße 22	4644 Scharnstein	scharnstein@staedtische.co.at	
Schörfing	Upper Austria	57100	Marktplatz 12	4861 Schörfing	schoerfling@staedtische.co.at	
Schwänenstadt	Upper Austria	56500	Salzburger Straße 1	4690 Schwänenstadt	schwänenstadt@staedtische.co.at	
Steyr, Bahnhofstraße	Upper Austria	55900	Bahnhofstraße 8	4400 Steyr	steyr@staedtische.co.at	
Steyr, L.-Werndl-Straße	Upper Austria	55900	Leopold-Werndl-Straße 10	4400 Steyr	steyr@staedtische.co.at	
Traun	Upper Austria	55300	Kremstalerstraße 20	4050 Traun	traun@staedtische.co.at	
Vöcklabruck	Upper Austria	57000	Linzerstraße 61	4840 Vöcklabruck	voecklabruck@staedtische.co.at	
Vorchdorf	Upper Austria	64200	Lambacherstraße 7	4655 Vorchdorf	vorchdorf@staedtische.co.at	
Wels	Upper Austria	56300	Bauernstraße 9	4600 Wels	wels@staedtische.co.at	
<b>Provincial head office for Styria</b>	Styria	43000	Gürtelturmplatz 1	8020 Graz	ld-stmk@staedtische.co.at	
Bad Aussee	Styria	59900	Kirchengasse 31	8990 Bad Aussee	bad_aussee@staedtische.co.at	
Bad Radkersburg	Styria	58500	Emmenstraße 21–27	8490 Bad Radkersburg	bad_radkersburg@staedtische.co.at	
Bruck/Mur	Styria	58800	Am Grazer Tor 1	8600 Bruck/Mur	bruck_mur@staedtische.co.at	
Deutschlandsberg	Styria	58600	Frauentalerstraße 44	8530 Deutschlandsberg	deutschlandsberg@staedtische.co.at	
Feldbach	Styria	58200	Bismarckstrasse 18	8330 Feldbach	feldbach@staedtische.co.at	
Fürstenfeld	Styria	58100	Realschulstraße 2a	8280 Fürstenfeld	fuerstenfeld@staedtische.co.at	
Gleisdorf	Styria	57900	Businesspark 4	8200 Gleisdorf	gleisdorf@staedtische.co.at	
Gratkorn	Styria	57700	Grazer Straße 50	8101 Gratkorn	gratkorn@staedtische.co.at	
Graz, Andritz	Styria	65400	Andritzer Reichstraße 26	8045 Graz	graz_andritz@staedtische.co.at	
Graz, Eggenberg	Styria	57400	Karl-Morre-Straße 32	8020 Graz, Eggenberg	graz_eggenberg@staedtische.co.at	
Graz, Joanneumring	Styria	57500	Joanneumring 6	8020 Graz	graz_stadtbuero@staedtische.co.at	
Graz, Seiersberg	Styria	57600	Kärntnerstraße 525–527	8054 Seiersberg	graz_seiersberg@staedtische.co.at	
Gröbming	Styria	59800	Poststraße 336	8962 Gröbming	groebming@staedtische.co.at	
Hartberg	Styria	58000	Ressavarstraße 12–14	8230 Hartberg	hartberg@staedtische.co.at	
Judenburg	Styria	59400	Jägersteig 2	8750 Judenburg	judenburg@staedtische.co.at	
Kalsdorf	Styria	58300	Hauptstraße 123	8401 Kalsdorf	kalsdorf@staedtische.co.at	
Kapfenberg	Styria	58900	Mariazellerstraße 1	8605 Kapfenberg	kapfenberg@staedtische.co.at	
Kindberg	Styria	59000	Hauptstraße 44	8650 Kindberg	kindberg@staedtische.co.at	
Knittelfeld	Styria	59300	Hauptplatz 15	8720 Knittelfeld	knittelfeld@staedtische.co.at	
Leibnitz	Styria	58400	Bahnhofstraße 9	8430 Leibnitz	leibnitz@staedtische.co.at	
Leoben	Styria	59200	Franz-Josef-Straße 1	8700 Leoben	leoben@staedtische.co.at	
Liezen	Styria	59700	Werkstraße 30	8940 Liezen	liezen@staedtische.co.at	

## BRANCH OFFICES WIENER STÄDTISCHE AG

Name	Province	Direct dial	Address	City	e-mail	Admission office
Murau	Styria	59600	Anna-Neumann-Straße 9	8850 Murau	murau@staedtische.co.at	
Mürzzuschlag	Styria	59100	Kirchengasse 10	8680 Mürzzuschlag	muerzzuschlag@staedtische.co.at	
Rottenmann	Styria	59500	Hauptstraße 2	8786 Rottenmann	rottenmann@staedtische.co.at	
Voitsberg	Styria	58700	Hauptplatz 1	8570 Voitsberg	voitsberg@staedtische.co.at	
Weiz	Styria	57800	Marburgerstraße 47	8160 Weiz	weiz@staedtische.co.at	
<b>Provincial head office for Carinthia and Eastern Tyrol</b>	Carinthia	44000	St.-Veiter-Ring 13	9010 Klagenfurt	ld-ktn@staedtische.co.at	
Feldkirchen	Carinthia	60500	Dr.-Arthur-Lemisch-Straße 1	9560 Feldkirchen	feldkirchen@staedtische.co.at	
Ferlach	Carinthia	60100	Hauptplatz 5	9170 Ferlach	ferlach@staedtische.co.at	
Hermagor	Carinthia	60600	Hauptstraße 33	9620 Hermagor	hermagor@staedtische.co.at	
Lienz	Eastern Tyrol	60800	Andreas-Hofer-Straße 1a	9900 Lienz	lienz@staedtische.co.at	
Spittal/Drau	Carinthia	60700	Bahnhofstraße 2	9800 Spittal/Drau	spittal_drau@staedtische.co.at	
St. Veit/Glan	Carinthia	60200	Platz am Graben 3	9300 St. Veit/Glan	st.veit_glan@staedtische.co.at	
Villach	Carinthia	60400	Moritschstraße 5	9500 Villach	villach@staedtische.co.at	
Völkermarkt	Carinthia	60000	Klagenfurter Straße 12	9100 Völkermarkt	voelkermarkt@staedtische.co.at	
Wolfsberg	Carinthia	60300	Wiener Straße 5	9400 Wolfsberg	wolfsberg@staedtische.co.at	
<b>Provincial head office for Salzburg</b>	Salzburg	45000	Max-Ott-Platz 3	5020 Salzburg	ld-sbg@staedtische.co.at	
Abtenau	Salzburg	61300	Au 87	5441 Abtenau	abtenau@staedtische.co.at	
Bad Gastein	Salzburg	61700	Bahnhofplatz 7	5640 Bad Gastein	gastein@staedtische.co.at	
Bischofshofen	Salzburg	61400	Mohshammer-Platz 14	5500 Bischofshofen	bischofshofen@staedtische.co.at	
Hallein	Salzburg	61200	SalzachtalBundesstr. Süd 6	5400 Hallein	hallein@staedtische.co.at	
Mattighofen	Upper Austria	61000	Stadtplatz 18	5230 Mattighofen	mattighofen@staedtische.co.at	
Saalfelden	Salzburg	61900	Bahnhofstraße 12/Top 4	5760 Saalfelden	saalfelden@staedtische.co.at	
Salzburg, Lasserstraße	Salzburg	60900	Lasserstraße 32	5020 Salzburg	salzburg@staedtische.co.at	
Seekirchen	Salzburg	65300	Bahnhofstraße 5	5201 Seekirchen	seekirchen@staedtische.co.at	
St. Johann/Pongau	Salzburg	5600	Hans Kappacherstraße 1	5600 St. Johann/Pongau	st.johann_pongau@staedtische.co.at	
Tamsweg	Salzburg	61500	Kirchengasse 13	5580 Tamsweg	tamsweg@staedtische.co.at	
Zell am See	Salzburg	61800	Brucker Bundesstraße 67	5700 Zell am See	zell.see@staedtische.co.at	
<b>Provincial head office for Tyrol</b>	Tyrol	46000	Südtiroler Platz 4	6020 Innsbruck	ld-tirol@staedtische.co.at	
Imst	Tyrol	62700	Pfarrgasse 32	6460 Imst	imst@staedtische.co.at	
Kitzbühel	Tyrol	62400	Im Gries 27–31	6370 Kitzbühel	kitzbuehel@staedtische.co.at	
Kufstein	Tyrol	62300	Arkadenplatz 6	6330 Kufstein	kufstein@staedtische.co.at	
Landeck	Tyrol	62800	Malser Straße 11	6500 Landeck	landeck@staedtische.co.at	
Reutte	Tyrol	62900	Mühlerstraße 19	6600 Reutte	reutte@staedtische.co.at	
Schwaz	Tyrol	62100	Swarovskistraße 25a	6130 Schwaz	schwaz@staedtische.co.at	
St. Johann	Tyrol	62500	Kaiserstraße 32	6380 St. Johann	st.johann_tirol@staedtische.co.at	
Telfs	Tyrol	62600	Anton-Auer-Straße 5	6410 Telfs	telfs@staedtische.co.at	
Wörgl	Tyrol	62200	Steinbacherstraße 1	6300 Wörgl	wörgl@staedtische.co.at	
<b>Provincial head office for Vorarlberg</b>	Vorarlberg	47000	Waldfriedgasse 2	6800 Feldkirch	ld-vlbg@staedtische.co.at	
Bludenz	Vorarlberg	63000	Färberstraße 10	6700 Bludenz	bludenz@staedtische.co.at	
Bregenz	Vorarlberg	63400	Rheinstraße 42	6900 Bregenz	bregenz@staedtische.co.at	
Dornbirn	Vorarlberg	63200	Moosmahdstraße 2–8	6850 Dornbirn	dornbirn@staedtische.co.at	
Rankweil	Vorarlberg	63100	Sigmund-Nachbaur-Straße 1	6830 Rankweil	rankweil@staedtische.co.at	
<b>Provincial head office for Burgenland</b>	Burgenland	48000	Kalvarienbergplatz 7	7000 Eisenstadt	ld-bgl@staedtische.co.at	
Güssing	Burgenland	63900	Hauptplatz 10	7540 Güssing	güssing@staedtische.co.at	
Jennersdorf	Burgenland	64000	Eisenstädter Straße 1	8380 Jennersdorf	jennersdorf@staedtische.co.at	
Mattersburg	Burgenland	63600	Schubertstraße 42	7210 Mattersburg	mattersburg@staedtische.co.at	
Neusiedl/See	Burgenland	63500	Altenburgerstraße 20/Top 1	7100 Neusiedl/See	neusiedl_see@staedtische.co.at	
Oberpullendorf	Burgenland	63700	Hauptstraße 22	7350 Oberpullendorf	oberpullendorf@staedtische.co.at	
Oberwart	Burgenland	63800	Waldmüllergasse 6	7400 Oberwart	oberwart@staedtische.co.at	

# GLOSSARY

## **Actuarial reserve**

A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance areas. In the health insurance area, this is also referred to as an ageing reserve.

## **Annuity tables**

Annuity tables are the most important calculation tool used in life and health insurance. The annuity tables used by insurers are based on the mortality tables derived from the population census. These are revised every ten years to take into account changing conditions, such as medical advances and improved living conditions. For example, due to medical advancements, improved life circumstances or similar.

## **Associated companies**

The parent company and its subsidiaries are considered to be associated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company directly or indirectly holds more than half of all voting rights, a controlling agreement exists, or it is possible to appoint the majority of the members of the Managing Board or other executive bodies of the subsidiary (§ 244 UGB).

## **Capital investments**

Assets such as securities, loans, real estate and company participations that are predominantly used to cover the commitments from the insurance business.

## **Ceded reinsurance premiums**

Share of the premiums to which the reinsurer is entitled in return for reinsuring certain risks.

## **Claim rate**

Ratio of expenses for the insurance incidents in comparison to capped premiums.

## **Combined ratio**

Ratio for evaluation of the business development in the indemnity and accident insurance. All actuarial expenses, after deducting the reinsurance shares except for the change of fluctuation provision in percent of the capped premiums after deducting the reinsurance shares (=sum of net cost rate and net loss ratio). Does not include any financial revenues.

## **Consolidation**

The financial assets of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intercompany capital combinations, interim profit/loss, payables and receivables, and income and expenses between group companies are eliminated.

## **Consolidation circle**

Consists of the parent company and all subsidiaries included in the consolidated financial statements.

## **Consolidated financial statement**

Annual financial statement prepared by the parent company that presents the net assets, financial position, results of operations and cash flow of the corporate group. Refer to consolidation.

## **Cost rate**

Ratio of expenses for the insurance operation in comparison to capped premiums.

## **Delayed claims**

A loss that has occurred during the current business year but will not be reported until the following year.

## **Direct business**

In-house acquired business, including co-insurance shares assumed, less surrendered co-insurance shares.

## **Earned premiums**

The portion of premiums written which is allocated to the current fiscal year.

## **EBT**

Earnings before tax: Total of all actuarial earnings, financial results and other non-actuarial expenses and earnings before tax.

## **Equity capital**

Consists of capital stock and reserves

## **Expenses for insurance incidents**

Paid insurance benefits plus the change in provisions for losses that have already occurred, but are not yet processed, plus the costs for claim settlement, loss investigation (e.g. fees for expert witnesses, legal fees) and loss prevention.

**Expenses for the insurance operations**

Commissions, personnel costs, cost of materials and other expenses for selling and managing insurance policies.

**Financial Market Authority (FMA)**

Refer to insurance supervisory authority.

**Financial result**

Balances from revenue and expenses for capital investments and interest. This includes, for example, income from securities, loans, real estate and equity interests, as well as bank interest, and expenses incurred in the financial area, such as scheduled depreciation on owned real estate, unscheduled writedowns of securities to listed market prices, bank fees, etc.

**Fluctuation provision**

One of the actuarial provisions. It is built up in years with below average loss ratio and used in years with above average loss ration.

**Fund-linked life insurance**

In this special form of life insurance, the benefit amount depends on the change in value of the financial assets combined in one fund. The policy holder carries the capital investment risk, since he has the opportunity of directly participating in an above average value increase of the fund, but at the same time must take the risk of value losses into account.

**GBVU**

Regulation of the Financial Market Authority (FMA) on the profit-sharing in the life insurance policy (Gewinnbeteiligungs-Verordnung - GBVU) of 20 October 2006.

**Gross/net**

In insurance terminology, "gross/net" means before or after reinsurance has been deducted ("net" is also used to mean "for own account"). In connection with income from equity interests, the term "net" is used when related expenses have already been deducted from income (e.g., write-offs and losses from sale). Therefore, (net) income from equity interests equals the profit or loss from these interests.

**Hidden reserves**

The actual value (market value) of an asset item in the balance sheet is above the book value (created for example by a price increase of securities).

**IFRS**

International Financial Reporting Standards: International financial reporting principles for the consolidated balance sheet reporting.

**Index-linked life insurance**

Life insurance where the income depends upon the development of the underlying stock indices.

**Indirect business**

Transactions accepted as reinsurance (active reinsurance)

**Insurance benefits**

Refer to expenses for insurance incidents

**Loss provision**

Provision for not yet processed (= already occurred, but not yet or only partially paid) insurance incidents.

**NKS divisions**

NKS divisions are "non-vehicle insurance divisions" in the indemnity and accident insurance.

**Premium**

Agreed fee paid in exchange for assumption of risk by an insurance company.

**Premium carried forward**

The portion of the premium income that represents the remuneration for the insurance period after the balance sheet date, i.e. money that has not yet been earned on the balance sheet date. Premiums carried forward are reported in the balance sheet under actuarial provisions.

**Premium refund (profit-dependent)**

The policyholder's profit participation in the profit of the insurance class in question (life/health/property and casualty).

## GLOSSARY

### **Premium refund (profit-independent)**

Contractually accorded refund of premiums to the policyholder.

### **Premiums written**

The premiums billed to the policy holders without tax, expense and fee shares.

### **Profit participation**

See premium refund (profit-dependent).

### **Reinsurance**

Insurance policy for insurance companies. An insurance company insures a portion of its risk through another insurance company, the reinsurer.

### **Reinsurance companies**

Company that will assume the risks from a primary insurer or another reinsurer (retrocession) for an agreed premium,

### **Risks/risk**

Insured individuals, objects, hazards or interests

### **Retained earnings**

Retained earnings are the company earnings that have not been distributed as dividends or transferred to the following year as profit carried forward.

### **Secondary market rate of return**

The secondary market rate of return indicates the average rate of return of fixed-interest rate securities in

circulation with an agreed maturity of more than four years. The SMR mirrors the interest rate level of the capital market

### **Single premium payment**

If the policyholder fulfills the obligation to pay the premium at the beginning of the policy period by making a lump sum payment for the entire insurance period.

### **UGB**

Austrian Corporate Code

### **Underwriting provisions**

These consist of the provision for outstanding claims, actuarial reserve, unearned premiums, provisions for profitdependent and profit-independent premium refunds, the equalisation provision, and other underwriting reserves.

### **VAG**

The Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz) includes provisions governing the organisation and supervision of insurance companies.

### **VersVG**

Insurance Contract Law, regulated the general insurance contract law.

### **VVO**

Austrian Insurance Association: Umbrella association of the Austrian insurance companies in Austrian Federal Chamber of Commerce.

# ADDRESS · NOTES · GENERAL INFORMATION

## Postal address

WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP  
Schottenring 30  
1010 Vienna

## Serviceline (24h)

Phone number – Austria: 050 350 350  
Phone number – International: +43 50 350 350

## Internet

[www.wienerstaetische.com](http://www.wienerstaetische.com)

## General secretariat

WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP  
Contact person: Gabor Lehel  
Schottenring 30  
1010 Vienna

Tel.: +43 (0) 50 350-21034  
Fax: +43 (0) 50 350 99-21034  
e-mail: [g.lehel@staetische.co.at](mailto:g.lehel@staetische.co.at)

## Notes

This annual report also includes forward-looking statements based on current assumptions and estimates that are made by the Management of the WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP to the best of its knowledge. Information offered using the words “expectation” or “target” or similar formulations indicate such forward-looking statements. The projections that are related to the future development of the company represent estimates that were made on the basis of the information available as of the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialise or if risks arise at a level that was not anticipated.

Note regarding rounding: Calculation differences may arise when rounded amounts and percentages are summed automatically.

The annual report was prepared with the greatest possible diligence in order to ensure that the information provided in all parts is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Our aim was to keep the Annual Report as easy to read and as fluent as possible. For this reason, we have dispensed with formulations such as “he/she”, “his/her”, etc. It should be understood that the text always refers to women and men equally without discrimination.

In cases of doubt, the German version is authoritative.

Editorial deadline: 12 March 2008

## General Information:

Editor and media owner:  
WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP  
Company register: 75687 f  
DPR Number: 0016705

Project coordination: Mag. Elisabeth Karner  
Design and production: Demner, Merlicek & Bergmann  
Printing: Gutenberg GmbH, Wiener Neustadt  
Managing Board photos: Petra Spiola  
English translation: Bowne Translation Services

Environmentally friendly paper: manufactured from 100% chlorine-free bleached pulp

16BG001/AGE07



# THE NUMBER 1

