

ANNUAL REPORT 2008
WIENER STÄDTISCHE AG



KEY FIGURES FOR WIENER STÄDTISCHE AUSTRIA

in million EUR	2004	2005	2006	2007	2008
Gross premiums written	1,939	2,215	2,474	2,579	2,584
Property/Casualty	867	944	1,008	1,126	1,202
Health	280	288	298	307	314
Life	792	983	1,168	1,146	1,068
Financial result	293	420	384	458	441
Profit from ordinary activities	69	120	152	179	215
Total capital assets	7,828	9,923	10,824	11,741	13,648
Capital assets	7,382	9,188	9,784	10,505	12,408
Capital assets of unit- and index-linked life insurance	446	734	1,039	1,236	1,240
Underwriting provisions (excluding unit- and index-linked life insurance)	6,409	6,910	7,554	8,166	8,358
Underwriting provisions of unit- and index-linked life insurance	444	728	979	1,191	1,177
Equity capital	816	1,787	1,857	1,927	3,138
Number of employees	3,670	3,692	3,743	3,762	3,954
Internal	1,723	1,688	1,706	1,740	1,795
External (including trainees)	1,947	2,004	2,037	2,022	2,159

WIENER STÄDTISCHE AG

Separate financial statements of
Wiener Städtische Versicherung AG Vienna Insurance Group

CONTENTS

- 3 Letter from the Chairman of the Managing Board
- 5 Management of Wiener Städtische Austria

Company portrait

- 8 Wiener Städtische Austria
- 9 2008 Events, Products
- 12 Advertising
- 13 Social commitment
- 15 Employees

Management report to the separate financial statements of Wiener Städtische AG

- 16 Business development and result of operations
- 19 Risk report
- 21 Outlook
- 22 Proposed distribution of profits

Wiener Städtische AG separate financial statements

- 24 Balance sheet
- 32 Income statement
- 39 Notes to the separate financial statements
- 53 Profit participation
- 54 Auditor's report
- 55 Report of the Supervisory Board

Statement by the Managing Board

Service

- 58 Provincial advisory boards
- 60 Provincial head offices
- 61 Contacts
- 63 Business offices
- 69 Glossary
- 72 Address – Notes – General information

LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

Dear Shareholders,

The past year 2008 was a turbulent year in Austria as well, marked by an intensification of the current economic crisis. Sustainable, well-considered action is particularly important in uncertain economic times, such as those we are currently experiencing.



Dr. Günter Geyer
General Manager

Wiener Städtische can look back on more than 180 years of experience and success in the insurance business, guaranteeing stability and consistency even in difficult times. As Austria's leading insurer, the Company possesses experienced management and a sound capital endowment, offering our insurance customers a high degree of security.

In the year just ended, the Company wrote total premiums of EUR 2.58 billion in Austria (including branch offices in Italy and Slovenia). With significant Group influences included, Wiener Städtische Austria earned a single entity result from ordinary activities of EUR 215.12 million in 2008.

In addition to its operating activities in Austria and branch offices in Italy and Slovenia, Wiener Städtische Austria is also the "Vienna Insurance Group", the parent company of a group of companies now operating in 23 countries. Past years have seen Wiener Städtische develop from a successful local insurance company into an insurance group operating internationally. The dynamic expansion of previous years, and the size that the Company has now attained, require that steps be taken to introduce a new, forward looking structure.

With an eye towards the future, management has been making changes to adjust to these new structures since the beginning of 2009. Henceforth, for example (subject to General Annual Meeting approval of an amendment to the articles of association), agendas for the Group will be handled by a committee specific thereto (V.I.G. Committee) and agendas for Wiener Städtische Austria, including branch offices in Italy and Slovenia, will be handled by a special committee for the latter (Wiener Städtische Austria Committee).

Wiener Städtische's core responsibility is to continue to manage the insurance business in Austria as successfully as in the past. Management and employees will require all of their energy and commitment to achieve this goal in the more competitive environment that now exists.

Finally, there is one thing that is perfectly clear to me and to all of us. The success of Wiener Städtische is due to the motivation and expertise of our employees on behalf of our customers. I would therefore like to express my heartfelt thanks for their outstanding performance in the previous year. Our goal is to use all our efforts to continue down our successful path in the future.

Sincerely,

Günter Geyer

**Our goal for the future
is to continue down our path
of success as Number 1
in the insurance market.**



from left to right: Martin Diviš, Peter Hagen, Peter Höfinger, Erich Leiß, Christine Dornaus, Günter Geyer, Robert Lasshofer, Judit Havasi, Martin Simhandl, Karl Fink

MANAGEMENT OF WIENER STÄDTISCHE AUSTRIA

With the approval of the Supervisory Board, the Vienna Insurance Group plans to make adjustments to its top management structures to take account of the strong expansion experienced by the Group over the past years. Subject to the approval of the change in the articles of association by the Annual General Meeting on 24 April 2009, the entire Managing Board will be expanded.

Subject to the coming into effect of the change in the articles of association, which provides for an increased number of members of the Managing Board, four new members* have been appointed in addition to the Board's current members. As a result, the entire Managing Board of Wiener Städtische Versicherung AG Vienna Insurance Group will consist of ten members as of May 2009. Two committees will deal, on the one hand, with Group matters (Vienna Insurance Group Committee) and, on the other, with the management of Wiener Städtische Versicherung in Austria (Wiener Städtische Austria Committee).

MANAGING BOARD

VIENNA INSURANCE GROUP COMMITTEE

Dr. Günter Geyer

General Manager

Chairman of the Managing Board

Dkfm. Karl Fink

General Manager

Member of the Managing Board

Ing. Martin Diviš, MBA*

Member Designate of the Managing Board

Dr. Peter Hagen

Member of the Managing Board

Mag. Peter Höfinger

Member of the Managing Board

Dr. Martin Simhandl

Member of the Managing Board

WIENER STÄDTISCHE AUSTRIA COMMITTEE

Dr. Günter Geyer

General Manager

Chairman of the Managing Board

Mag. Robert Lasshofer

Deputy General Manager

Member of the Managing Board

Dr. Christine Dornaus*

Member Designate of the Managing Board

Dr. Judit Havasi*

Member Designate of the Managing Board

Erich Leiß*

Member Designate of the Managing Board

WIENER STÄDTISCHE AUSTRIA COMMITTEE:



Dr. Günter Geyer

General Manager

Chairman of the Managing Board

Vienna Insurance Group Committee and Wiener Städtische Austria Committee

Vienna Insurance Group Committee areas of responsibility: Group management, strategic planning, Group matters, legal matters, marketing, human resources, public relations

Wiener Städtische Austria Committee areas of responsibility: management of the Company, strategic planning, public relations, internal communications, sponsoring, event coordination



Mag. Robert Lasshofer

Deputy General Manager

Member of the Managing Board

Wiener Städtische Austria Committee

Areas of responsibility: marketing, sales, advertising, primary distribution, secondary distribution, provincial head offices Austria



Dr. Christine Dornaus

Member Designate of the Managing Board

Wiener Städtische Austria Committee

Areas of responsibility: securities and funds, ownership interest management, loans, real estate and real estate-related holdings, finance and accounting



Dr. Judit Havasi

Member Designate of the Managing Board

Wiener Städtische Austria Committee

Areas of responsibility: human resources, human resources development, company law, life and casualty insurance, health insurance



Erich Leiß

Member Designate of the Managing Board

Wiener Städtische Austria Committee

Areas of responsibility: general liability insurance (underwriting/claims), legal protection insurance (underwriting/claims), non-life insurance – private business (underwriting), motor vehicle insurance (underwriting/claims), non-life insurance (claims), business organisation, information technology

SUBSTITUTE MEMBER OF THE MANAGING BOARD:

Franz Fuchs

Mag. Roland Gröll

EXTENDED BOARD OF WIENER STÄDTISCHE AG:

Robert Bilek

human resources, human resources development

Mag. Hermann Fried

personal insurance

Mag. Helene Kanta

company law

Dr. Wolfgang Petschko

corporate business (underwriting)

DI Dr. Michael Schlögl

motor vehicle insurance (underwriting)

COMPANY PORTRAIT

WIENER STÄDTISCHE AUSTRIA

Wiener Städtische Austria's roots go back to the year 1824. As a single entity within the Group, it is the leading insurance company in Austria. Wiener Städtische operates nationwide in the Austrian insurance market, offering innovative products to provide its customers with modern insurance solutions in the property/casualty, life insurance and health insurance classes, and optimal insurance coverage for all situations in life.

Close customer relationships

The management of Wiener Städtische believes that establishing close relationships with customers creates a key competitive advantage. Close relationships ensure that customers receive insurance and old-age provision solutions to satisfy their individual needs. For this reason, Wiener Städtische routinely aims at dialogue with its customers. Representatives

of major customers discuss regional and national issues with members of the Managing Board at provincial advisory board meetings. In 2008, discussions at these advisory board meetings mainly revolved around pensions and nursing care, and our timely "Business Class International" product. The provincial advisory boards

also displayed great interest in the Vienna Insurance Group's acquisition of the Austrian company Sparkassen Versicherung AG Vienna Insurance Group* and the related cooperative distribution arrangement with the Erste Group.

Multi-channel distribution

Wiener Städtische uses a large number of well-established distribution channels, relying on a combination of its own sales force, brokers, agents and bank distribution. Multi-channel distribution is used to ensure optimal exploitation of cross-selling potential and avoid dependency on any one channel of distribution. The Company's most important channel is its sales force in the field, the effectiveness of which is continually strengthened by customer-oriented improvements in distribution and settlement processes. Wiener Städtische's close collaboration with the Erste Group also gives it a strong position in terms of bank distribution.

**Wiener Städtische
is quick and flexible
in responding
to customer needs.**

Nationwide presence

With more than 3,000 advisors in around 170 offices, Wiener Städtische is represented in all the provinces of Austria. Both in the corporate customer segment, in Austria primarily made up of a large number of dynamic small and medium-sized companies, and in the private customer segment Wiener Städtische AG is the leading company on the Austrian insurance market.

Product range

Wiener Städtische's product range is characterised by its great flexibility. Customers may choose from among a wide variety of core products, which can be added to with suitable modules and adapted to individual needs. In all its business segments, Wiener Städtische offers first-class products that provide quick and innovative solutions to meet any customer requirements.

Rapid claims processing

Speed and flexibility are particularly important for claims settlement. Wiener Städtische therefore also makes it possible for losses to be reported online. This allows customers to benefit from fast processing and avoid delays in the post. As soon as the loss is reported, a claim number and the name of the representative handling the claim are provided.

Call centre

At Wiener Städtische's call centre, around 100 employees are available 24 hours a day, seven days a week. A highly trained team of representatives is available to answer questions both by telephone (+43 (0)50 350 350) as well as by e-mail (kundenservice@staedtsche.co.at). The services provided by the call centre team range from product information, information on current fund values for unit-linked life insurance products, telephone claims reporting, simple changes to policies (e.g. changes to address and collection information) and sending requested documents (e.g. "Green Card" insurance, revenue office confirmation, etc.), all the way to complaint management.

* New company name subject to approval by the appropriate executive bodies of the Company and registration of the amendment to the articles of association by the local authorities.

2008 EVENTS

Vienna: 4th Daughters' Day at Wiener Städtische

For the 4th time, "Daughters' Day", an event initiated by the Municipality of Vienna, was held at Wiener Städtische on 24 April 2008. The event is intended to open up new job perspectives to girls between 11 and 16 years of age. 42 girls successfully completed four stations, set up in the form of a puzzle rally race, which gave them a detailed look at professional women employed in the insurance industry. "What is the training like?", "What are the chances for promotion?", "How is an insurance quote calculated?", "How do you handle a motor vehicle licensing request?" All these questions and more were answered during talks with successful field sales employees, trainees, and employees at the call centre and customer service office.

Styria and Carinthia: "Topping-out ceremonies" for new provincial headquarters

The topping-out ceremony for the new provincial headquarters of Wiener Städtische and Donau Versicherung in Styria took place on 6 June 2008 in Graz. Graz employees will move into the new building, with room for 150 workspaces, in June 2009, exactly one year later. The five-storey building, with around 4,000 m² of floor space, was designed by architect Prof. Boris Podrecca. With its architecturally top-quality façade, the building has generous space for events, a flexible office design and modern customer service areas.

The topping-out ceremony for the new Carinthian provincial headquarters of Wiener Städtische and Donau Versicherung took place on 2 October 2008 in Klagenfurt. Around 200 guests gathered to take part in the festivities. Alterations to the new provincial headquarters are scheduled to be completed in May 2009. The existing office building is undergoing a general renovation and a new storey is being added to provide an additional 700 m² of space. The conversion will create a total of around 190 state-of-the-art workspaces for the employees of both companies.

PRODUCTS

Wiener Städtische follows social and economic developments very carefully and offers products that provide innovative, flexible solutions. It maintains a continual dialogue with its customers in order to keep abreast of current issues and react quickly to the needs of the market. The company believes in offering first-class products that meet customer needs at fair prices and transparent terms, just as much as in providing friendly customer service, detailed and understandable information, and advice tailored to individual needs.

Further details on the products described are available on Wiener Städtische's website at www.wienerstaetische.at.

Sales initiatives in 2008

Energy bonus for home builders and renovators

In 2008, Wiener Städtische offered an energy bonus, in the form of a 35-euro premium credit, to homeowner insurance customers who built or renovated their houses in an energy-saving manner. The energy bonus applies to all privately owned homes with an energy consumption of up to 70kWh per m².

2008 European Championship – Vandalism insurance for private and business customers

Wiener Städtische developed a reasonably priced, single-premium product specifically for the 2008 European Soccer Championship, offering customers comprehensive insurance protection against damages due to vandalism during a term precisely coordinated with the length of the 2008 European Soccer Championship. The vandalism insurance could be purchased as supplementary coverage under an existing Wiener Städtische household policy or under the fire insurance portion of a commercial, residential building, or homeowner policy.

Limited Edition EURO GARANTIE 2008 – goal bonus for a one-time investment

In the year of the European Soccer Championship, Wiener Städtische brought to market a new single-premium product, a combination of index-linked investment and life insurance. The product guarantees a minimum payout of EUR 159 per unit at the end of a 12-year term (for each 100 nominal amount). In addition, for each payment of EUR 5,000, one additional euro would be paid for each goal scored in the first or second half of any game played in the 2008 European Soccer Championship. A total of 73 goals were scored during regular play time in the European Championship.

Limited Edition GARANT 2008

The single-premium product Limited Edition GARANT 2008, a product in Wiener Städtische's Limited Edition Series, represented an extraordinary investment opportunity offering a minimum payout of 160% of invested capital after twelve years. Unlike a savings account, no investment tax need be paid, because in addition to being an investment opportunity, GARANT 2008 is also a life insurance policy. Although the product's main feature is its capital guarantee, there is also the possibility of receiving an even greater payout at the end of its term, depending on the performance of financial markets. It has a term of twelve years, and requires a minimum single premium payment of EUR 5,000.

Youth and student insurance

Take it easy

Under the name "Take it easy", Wiener Städtische is offering young people easy, low-cost entry into essential insurance and old-age provision products in the life insurance, health insurance and property insurance areas. These entry-level products

are so designed as to be affordable for people with low income as well. The highlighted entry-level product, "easy living" (household insurance), is specifically designed for this target group. In addition to fire, storm, water pipe and burglary insurance (including bicycle coverage of up to EUR 500), basic coverage also includes personal and sports

liability insurance and personal legal protection insurance. "Easy living" can be purchased by young persons and young adults between 15 and 27 years of age, and by students of any age.

Safe driving

Wiener Städtische - Donau Leasing GmbH bonus card

The newly established company Wiener Städtische - Donau Leasing GmbH has been an exclusive partner to Wiener Städtische's motor vehicle leasing business since 1 February 2009. Customers are offered flexible financing options very much in line with their specific needs, as well as TOP Wiener Städtische insurance protection. When a customer of Wiener Städtische - Donau-Leasing signs a vehicle lease agreement, he or she gets a bonus card offering a number of additional automobile services.

"Schutz & Hilfe"

supplementary motor vehicle passenger accident insurance

A driver and passenger accident policy insures the driver and passengers against death or disability due to an accident. Since May 2008, the "Schutz & Hilfe" product has made it possible to obtain supplementary coverage under such policies. This supplementary coverage guarantees the insured access to advisory services and financial support in the event of inability to work over a longer period of time following a traffic accident. The reason that this supplementary package is being offered for driver and passenger accident insurance is that the probability of surviving serious traffic accidents has increased due to improved vehicle engineering and better medical care, and Wiener Städtische desires to offer its customers a product that appropriately reflects these changes.

Environmental bonus for natural gas and hybrid vehicles

Interest in natural gas and hybrid vehicles has risen significantly in recent years. Natural gas vehicles are thus being promoted with an environmental bonus, a ten percent discount in vehicle liability and own-damage premiums. This discount also applies to hybrid vehicles and vehicles with other alternative drive systems, such as fuel cells. Wiener Städtische is offering this environmental bonus as a partner in the "klima:aktiv mobil" program of the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, and has received the coveted award for expertise in climate protection as a result. Wiener Städtische's promotion of differential premium rates for environmentally friendly vehicles is intended to support the adoption of these forward-looking technologies.

Wiener Städtische supports vehicle scrapping bonus

Wiener Städtische is supporting the newly introduced scrapping bonus designed to stimulate and strengthen new car purchases in Austria by providing a one-time credit for six months' worth of motor vehicle liability insurance premiums. This means an average additional saving of around EUR 300 for new car buyers. All the buyer need do is present the scrapping certificate when purchasing motor vehicle insurance for the new car. Wiener Städtische's initiative promotes the purchase of new cars and provides support to car dealers. Purchasing a lower-emission new car is environmentally friendly and, because of the improved technical equipment in new cars, also improves traffic safety.

**Wiener Städtische
offers custom solutions
for all customer needs.**

Home security

More security with Mighty Dot

As part of a cooperative arrangement with Mighty Dot Austria, Wiener Städtische is making a special "security" offer to all household and homeowner policyholders. Mighty Dots are invisible microdots that can be used to mark household items, such as laptops, computers, TVs and DVDs, bicycles, mopeds and even jewellery. The police can use a special scanning device to immediately identify a stolen item that has been marked. Warning stickers applied to doors and windows also scare away burglars. Starting in August 2008, customers can use a coupon to buy a Mighty Dot security set for EUR 50 (instead of EUR 144). The initiative will run until July 2009.

"Life Style * Pflege" nursing care system

"Life Style * Pflege" is a new modular system of supplementary coverage offered under household and homeowner policies. The new modular system expands the range of nursing care-related solutions offered by Wiener Städtische under its household and homeowner insurance area as well, and consists of the following two elements:

- "Life Style * Pflege" investment provision: Customers can use this module to provide for potential household conversion work needed in the event that nursing care is required.
- "Life Style * Pflege" property coverage: This module permits custom-tailored expansion of coverage, such as increased protection for electronic medical equipment, higher compensation limits for replacement housing after an insured loss event, and extra coverage for transport to a new living arrangement, such as a nursing home.

Old-age provision

United Funds of Success GARANTIE for risk-conscious investors

Wiener Städtische's "United Funds of Success GARANTIE" product, a unit-linked life insurance policy that guarantees 85% of the maximum fund value achieved, has been offered since June 2008. Erste Bank provides the guarantee for this product, and the fund is managed by Erste-Sparinvest KAG. Capital accumulated under the "UFOS Garantie" product is invested in the "WSTV ESPA Garantie" fund. Unlike other funds, "WSTV ESPA Garantie" calculates its maximum value guarantee on a daily basis. 85% of the maximum unit value achieved to date, calculated on a daily basis, is guaranteed for the remainder of the term, regardless of future movements of the unit value. The fund therefore satisfies the desire of Austrians to provide for their old age and choose a guaranteed high-return investment.

Ringturm ProfitCard

The Ringturm ProfitCard, jointly developed under a mutual distribution agreement with the Erste Group exclusively for Wiener Städtische, is a special product offered to Wiener Städtische customers whose life insurance policy is expiring. It is a par-

ticularly attractive product for reinvesting amounts paid out under term insurance policies. This short-term investment product requires a minimum investment of EUR 2,000, pays a lucrative rate of interest, and has a lock-in period of six months for each payment. The ProfitCard is especially well suited for achieving short-term savings goals.

"Prämienpension" bonus pension plan

Customers can use Wiener Städtische's bonus pension product, Prämienpension, to design a flexible, profitable and secure old-age pension plan custom-tailored to their needs. The government grant of 9.5% applies to annual savings of up to EUR 2,164 in 2008 and EUR 2,214 in 2009. In addition to an old-age pension, Prämienpension also offers a capital guarantee and term life protection. The policyholder may draw a pension starting at age 41 after a minimum term of 15 years.

Health care

Personal online medical records management with Fitnessmanager

At the beginning of 2009, Wiener Städtische began offering its customers the opportunity to manage their personal medical records online using the integrated Fitnessmanager service. This service allows secure and orderly documentation and management of all personal medical data, such as vaccination information, surgical reports and findings, or even entire personal medical histories, which are then available electronically at any time needed. Applications to register for LifeSensor medical records file can be submitted using a link provided especially for Wiener Städtische customers.

**The new
Ringturm ProfitCard
offers a lucrative
rate without a long
lock-in-period.**

The integrated Fitnessmanager service is a special feature of the LifeSensor electronic medical records package that enables users to easily create personal fitness plans and document and save their training progress. This allows a detailed overview of performance improvements and training achievements, thereby providing professional assistance to those who would like to improve their level of fitness.

PodDoktor: our virtual health tips service

Wiener Städtische's PodDoktor, our "doctor's surgery in your ear", provides regular audio articles on current health issues in collaboration with the NetDoktor health care portal. The service has been offered since the beginning of 2008 at www.poddoktor.at, and many well-known doctors have already provided information on topics of current interest, from information on the flu season, tips for stress-free holidays and how to stop smoking, all the way to permanent weight loss and fit-

ness suggestions. The number of visitors to the service's website has more than doubled over the course of the year, rising from around 8,000 visitors in January 2008 to more than 17,000 in January 2009. These figures confirm the great interest that exists in this unique service in the insurance area.

TOP MED Junior

Around 280,000 children receive hospital medical treatment each year in Austria. In the first years of life, these hospital stays are due mainly to illness, while accidents are the primary reason for youth. Each day, around 140 children end up in hospital due to accidents. Wiener Städtische therefore offers its customers affordable custom-tailored TOP insurance protection for children and youth requiring hospital treatment due to illness or accident. In addition, the insured have the option of transferring to the TOP MED private patient product on their 18th birthday with no need for another medical examination.

"Extra Pflege" nursing care

Wiener Städtische, with around 22,000 policies sold, is the leading provider of nursing care provision products. Nursing care remains a highly charged topic, and Wiener Städtische's "Extra Pflege" is an optimal product for this area. Private products that provide for future nursing care needs therefore fill an important gap in the old-age security system.

"Besser Leben" better living plan

Since 1999 Wiener Städtische began offering its "Besser Leben" policy, an affordable "better living" wellness and health care module that can be added to an existing health or life insurance policy. "Besser Leben" is a proactive contribution to a healthy lifestyle. Customers can select one service from the extensive catalogue of services immediately after purchasing the policy and every two years thereafter. The services include preventative checkups in 18 health care facilities, visits to wellness centres, and leisure and fitness packages at around 250 first-class hotels and fitness clubs in Austria and abroad. As of February 2008, customers may also choose one of the optional features: weight control classes, back wellness programme, mobility test, muscle function diagnostic test, personal training plan and supervision, driver safety training, and many sports and fitness packages.

ADVERTISING

Wiener Städtische engages new advertising agency Young & Rubicam

After nine years of working with the Demner, Merlicek & Bergmann advertising agency, Wiener Städtische Austria has now awarded its creative account to Young & Rubicam Vienna GmbH. Young & Rubicam were the winners in a two-stage selection process against ten competitors, primarily as a result of their persuasive ideas for innovative advertising campaigns. Young & Rubicam took over responsibility for managing Wiener Städtische's advertising starting at the start of 2009, and will present a completely new campaign based on the established Wiener Städtische slogan "We wish your problems were ours".

A look back at the year 2008

2008 Campaign

The focus of the 2008 advertising campaign was the "Prämienpension" bonus pension product. In the "Badminton" TV spot, Lisa and her mother once again showed, in a humorous way, that sometimes it is better to remain on one's own. The key message was: "It's not that easy to find the right partner in life. Thank goodness there's Prämienpension from Wiener Städtische."

The campaign was seen on TV, infoscreens, "City Lights", rolling boards and billboards.

"Let's all live to be 100" was the billboard of the month for July 2008

"Let's all live to be 100" was the motto of the advertising campaign with our cooperation partner Vöslauer. A billboard campaign in the summer of 2008, magazine and newspaper advertisements, and the visual presence of Wiener Städtische on 1.5 litre Vöslauer bottles were all part of the joint campaign.

According to GAMA (GewistAußenwerbeMedienAnalyse), the billboard with the headline "Let's all live to be 100" was the July 2008 billboard of the month. Top results such as 35% advertising recall (monthly average 21%), 22% advertising efficiency (monthly average 13%) and 58% recognition (monthly average 39%) speak for themselves.

“7 Days 4 Fitness”

“Another one every day!” - Austria’s fitness studios used this motto to invite all health-conscious Austrians for a fitness test between 19 and 25 October 2008.

Participants were able to get an up-close look at as many as seven different fitness activities over this period - at no charge. All they needed was the “7 Days 4 Fitness” passport, which could be downloaded from www.fitness.at or requested by telephone.

For the second time in a row, Wiener Städtische was the main sponsor of the “7 Days 4 Fitness” initiative. A press conference to kick things off took place on 2 October on the 20th floor of the Ringturm building. Another goal of this initiative was to present models of holistic programs that promote and maintain health rather than just ensure financial security in the event of a customer’s illness.

Vienna’s Würfeluhr clocks

As part of a private-public partnership, Wiener Städtische has taken over sponsorship of Vienna’s 75 Würfeluhr clocks. The 72 outdoor clocks, completely restored, have once again been displaying the time reliably and accurately, along with the Wiener Städtische logo, since March 2008. The redesign took place in close coordination with the municipal administration of the City of Vienna. True to its slogan “We wish your problems were ours”, Wiener Städtische’s support for the Würfeluhr clocks helps to ensure the continued existence of these Vienna landmarks.

New illuminated information signs at bridges along the Danube Canal

The recreational area along the Danube Canal is becoming increasingly popular among recreational users, tourists and night owls. To make it easier for walkers to get their bearings when strolling along the Danube Canal, Vienna Municipal Department 29, Bridge and Foundation Construction, initiated a new project that was made possible by support from Wiener Städtische. Information signs have been installed at the Danube Canal bridges along the former towpath on the banks of the canal. These signs provide information on the bridges and the local area, with an emphasis on linking the past with the present, and are also illuminated at night. This makes it easier for those who are out and about until the late night hours to read the information, and it also makes the area under the bridges brighter and friendlier. A total of 23 bridge information signs have been produced and installed.

SOCIAL COMMITMENT

Social commitment has a long tradition in Wiener Städtische that can be traced all the way back to its roots in 1824. The Company supports many social projects, is highly involved in sponsoring art and culture, and also supports initiatives in the area of health care. The examples presented here are only a sample of the many activities pursued in 2008.

The social angle

“Die Zweite Sparkasse” expands its branch network

Wiener Städtische has been a cooperation partner of the “Die Zweite Sparkasse” since the spring of 2007. This makes it the first insurance company in Austria to address the topic of micro-insurance, cooperating with the “Die Zweite Sparkasse” for the benefit of socially disadvantaged groups in Austria. In addition to the bank products offered, such as a basic account with bank card for indebted individuals who no longer have access to bank services, Wiener Städtische offers customers insurance packages tailored to their needs.

This project was made possible by an initiative of Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung, Wiener Städtische’s principal shareholder. The Wiener Städtische insurance package provides “Die Zweite Sparkasse” account holders with casualty insurance as well as the right to obtain no-cost legal advice once per quarter. Account holders can also purchase household insurance for a monthly premium of only 3 euros. A recent addition is an expansion of casualty insurance to automatically cover children of the account holder living in the same household.

In this way, Wiener Städtische is making an important contribution to the security of individuals who would otherwise have no place to turn with their economic and social problems. Already existing branches of “Die Zweite Sparkasse” in Vienna, Innsbruck and Salzburg were joined in 2008 by new branches in Klagenfurt and Graz.

Wiener Städtische supports Caritas and Volkshilfe campaigns

Wiener Städtische has partnered with Caritas for a number of years to provide support for numerous projects and initiatives. The Caritas nursing care campaign, under the motto “With one another – for one another”, was likewise made possible in 2008 with Wiener Städtische’s assistance, now for the third time. The main objective of the campaign is an equitable, respectful relationship between those in need of nursing care and others. This is expressed by the campaign motto “With one another – for one another”. Establishing such a relationship is admittedly not easy, but for that reason it results in bringing sustained, stable relief to both sides. A variety of activities, including “open house days”, presentations and discussions, have made the topic of “aging with dignity” a subject of discussion throughout Austria.

Fighting poverty is another matter of great concern to Wiener Städtische, which since 2006 has been supporting the anti-poverty campaign conducted by the relief organisation Volkshilfe. Over 460,000 people live in acute poverty in Austria, including more than 100,000 children and young people. Margit Fischer, wife of the Austrian president, has been involved in the campaign to fight poverty in Austria since 2004. Since Volkshilfe and Margit Fischer initiated their joint activities, numerous individuals in distress have been provided with financial assistance. 1,500 billboards were used across Austria during the 2008/09 winter to make people aware of Volkshilfe's fundraising campaign.

Universal Children's Day

Wiener Städtische is also involved in the promotion of child welfare, for example, through its support for Universal Children's Day, which focuses public attention on a different issue each year. Some of the topics addressed in the past, for example, have been children's rights, equal opportunity and assistance with social integration. In this way, attention is focused on the needs, concerns and problems of children.

Art and culture

Ringturm once again becomes the "Tower of Art"

Once again in 2008, – and now for the third time – the Ringturm was transformed into a "Tower of Art". The Company's headquarters were adorned by motifs of the Austrian artist Hubert Schmalix, a giant monument to the art of painting. With these annual artistic transformations of the Ringturm, Wiener Städtische aims to create the broadest public awareness of the creations of the country's culture, of Austrian artists and their works.

"Architecture in the Ringturm" exhibition series

Designed by the renowned architect Erich Boltenstern, the Ringturm, headquarters of the Vienna Insurance Group, has been a place for people to meet and exchange ideas since its opening in 1955. The former cash hall of the Ringturm, which was converted into a modern exhibition centre by Boris Podrecca, has regularly hosted the "Architecture in the Ringturm" exhibition series since 1998. Free admission to this series has made architecture accessible to a wide public. Over recent years, "Architecture in the Ringturm" has concentrated primarily on Central and Eastern European architecture. V.I.G. sees these exhibitions as an opportunity to provide the public with exposure to the unique architectural features of the region and the interrelationships between East and West.

The "Architecture in the Ringturm" series presented the following exhibitions in 2008: "Boris Podrecca: Architecture", "Slovenia: Master and Scene" and "Poland Architecture". From 21 January 2009 to 20 March 2009, interested visitors could view the most recent exhibition: "Vienna Residential Construction – Innovative. Social. Ecological."

Wiener Städtische – primary sponsor of Wiener Stadthalle in its anniversary year 2008

Wiener Städtische has promoted many artistic and cultural projects down through the decades. In 2008, it was the partner and primary sponsor of the Wiener Stadthalle, which opened in June 1958 and has thus for fifty years been one of Vienna's most attractive event venues.

LEO children's studio – a world of their own for little artists

On 16 November 2008, the new LEO children's studio opened in the Leopold Museum and, beginning on 23 November 2008, every Sunday between 2 and 5 p.m. has been the time to go "Off to the LEO!" In partnership with the Vienna Leopold Museum, Wiener Städtische is providing support for this project as well, which is specifically aimed at its littlest visitors, because sponsoring children and youth is particularly dear to Wiener Städtische. In the new studio, children can hear exciting stories about artists and their work, bring their creativity to life, and give free rein to their fantasies. Activities include painting, drawing, sculpture, printing and pasting.

Long Night of the Churches

Wiener Städtische provided support for the "Long Night of the Churches", which took place on 30 May 2008. In addition to the focal point of the event in Vienna, a wide program of events also took place throughout Austria. Many thousands of visitors enjoyed a night of varied activities ranging from church tours to places not otherwise open to viewing, all the way to classical and modern music, talks, prayers and church services.

Wiener Städtische sponsors Vereinigte Bühnen Wien theatre company

Wiener Städtische has been a sponsoring partner of the Vienna theatre company Vereinigte Bühnen Wien (VBW) since 1997. Since 2002/2003, the focus has been on sponsoring well-loved musical productions in the Ronacher and Raimund Theatres, such as "Mozart", "Wake up", "Elisabeth", "Barbarella" and, most recently, "Rebecca". In the 2008/09 season, Wiener Städtische is providing support for the VBW's new musical "Rudolf", which was first co-produced outside of Austria, and is now being presented, in revised form, in its first German-language production at Vienna's Raimund Theatre.

Other projects and institutions sponsored by Wiener Städtische in 2008 included, for example, the Theatre in Josefstadt, the Burgtheater, the Volkstheater, the Bregenz Festival, the Carinthian Summer Festival, the Innsbruck Summer Dance Festival and St. Margarethen Opera Festival. Wiener Städtische's commitment to sponsorship of the arts and culture, while helping to make artistic projects a reality, also contributes to preserving the nation's cultural legacy.

Health care

“Pink Ribbon” streetcar

In 2008, the month of October was once again devoted to breast cancer prevention and the pink ribbon campaign. Breast Health Month was led off by a press conference held under the motto “Early detection saves lives” that discussed what precautions could be taken and the possibilities for breast cancer prevention. In addition, from October to December 2008, a “pink ribbon” streetcar rode through Vienna in order to draw attention to the importance of early detection. As one of the leading Austrian providers of private health and nursing care insurance, Wiener Städtische regards it as a matter of great concern that people receive the best medical treatment possible, and consequently it supports these initiatives.

The mobile phone as first-aid coach

Even though prompt first aid can save lives, according to a study by the opinion research institute “market” only 28% of Austrians would intervene in a helpful manner in an emergency. Incomplete knowledge and self-doubt could, in the worst case, lead to a loss of life. For this reason, the Samaritan association “Der Samariter” is offering a new, innovative service for mobile phone users: Easy, understandable first-aid instructions for emergency situations can be downloaded onto any java-enabled mobile phone. Whether it is a heart attack, sports or traffic accident, mobile phones can provide precise, succinct instructions to help first aiders save lives. The public-interest campaign, initiated by Austrian broadcaster ORF and the Austrian Samaritan relief organisation Arbeiter-Samariter-Bund Österreich with the support of Wiener Städtische, aims to provide life-saving first aid applications to mobile phone owners in Austria.

Running as preventative medicine - the Vienna City Marathon

Wiener Städtische once again in 2008 was a sponsoring partner of the biggest running event in Austrian sports. The 25th Vienna City Marathon, under the motto “run vienna – enjoy classic”, drew to Vienna many running enthusiasts from around the world. Wiener Städtische has been a sponsor of the Vienna City Marathon – a running event known far beyond the borders of Austria – right from the outset. Many Wiener Städtische employees also make their way to the starting line each year. Health, physical well-being and fitness are inextricably tied in together. Wiener Städtische makes a key contribution to the maintenance of physical health and is a committed partner promoting active sports throughout Austria. In addition to the Vienna City Marathon, Wiener Städtische also supports the half marathon in Carinthia and the Austrian Women’s Race in Vienna. The Business Run is also sponsored in Vienna and Graz.

EMPLOYEES

Employees are the key to success. Wiener Städtische therefore places great importance on training. The Group’s own human resources development company, Horizont GmbH, is one of the resources used to ensure the expertise and continuous advanced training of its employees. The advanced training courses offered include both job-specific as well as personal development seminars. During program planning, particular attention is placed on the service orientation and quality of employees’ advisory activities.

As of 31 December 2008, Wiener Städtische had a total of 3,954 employees (including 139 interns), representing an increase of 192 employees in 2008. 2,020 of these employees were field sales representatives in 2008, which is 122 more than the year before. The number of office employees rose by 55 to 1,795 in financial year 2008.

For years now, the Company has taken the view that people with certain disabilities can perform their work just as efficiently as people with no disabilities. Wiener Städtische went beyond the legal requirements in 2008 by providing positions for 110 disabled employees in Austria. Wiener Städtische also sets great importance on sponsoring committed young people and therefore trains an above-average number of interns each year. There were a total of 139 interns in 2008, 15 more than in the previous year.

**Employees
are the key
to success.**

Wiener Städtische is an equal-opportunity employer. Positions are filled exclusively on the basis of a candidate’s qualifications, without regard to sex, family background or religious affiliation. When it comes to equality of the sexes, this is not just a catchword, but an everyday reality in Wiener Städtische. Female office employees significantly outnumber the men. Out of a total of 1,795 office employees in 2008, 701 were men and 1,094 women. The high proportion of female employees has automatically led to a high proportion of female managers.

MANAGEMENT REPORT

WIENER STÄDTISCHE AUSTRIA BUSINESS DEVELOPMENT IN 2008

As a single entity within the Group, Wiener Städtische is the largest insurance company in Austria. It operates in the property/casualty, life insurance and health insurance areas. In addition to its operations in the Austrian market, Wiener Städtische also operates through branch offices in Italy and Slovenia. Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung holds the majority of the voting rights in Wiener Städtische Versicherung AG Vienna Insurance Group.

Wiener Städtische Austria key figures

in EUR millions	2006	2007	2008
Gross premiums written	2,474.01	2,578.79	2,583.65
of which property/casualty	1,007.92	1,126.49	1,201.57
of which life	1,168.18	1,145.70	1,067.80
of which health	297.91	306.60	314.28
Gross expenses for insurance claims *	2,114.57	2,186.10	1,906.97
Gross administrative expenses	456.35	466.69	489.76
Result from ordinary activities	151.55	179.01	215.12
of which property/casualty	96.34	120.87	168.72
of which life	49.34	52.30	36.98
of which health	5.87	5.84	9.42
Investments **	10,823.77	11,741.37	13,648.30

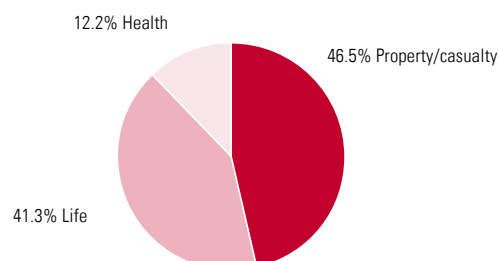
* incl. the change in the actuarial reserve

** incl. investments for unit-linked and index-linked life insurance

Premium growth in property/casualty and health insurance

Wiener Städtische generated a total premium volume of EUR 2,583.65 million in financial year 2008, representing an increase of 0.2% over 2007. EUR 2,402.82 million of these total premiums were generated from direct business and EUR 180.83 million from indirect business. Of the gross premiums written, EUR 2,236.59 million were retained by Wiener Städtische, and EUR 347.06 million ceded to reinsurance companies. EUR 1,201.57 million, or 46.5%, of the total premiums were generated by property and casualty insurance, EUR 1,067.80 million, or 41.3%, were contributed by life insurance, and EUR 314.28 million (12.2%) were generated by health insurance.

PREMIUMS BY SEGMENTS



Expenses for insurance claims

Including the change in actuarial reserve, expenses for insurance claims in 2008 fell by 12.8% compared to the previous year, to EUR 1,906.97 million.

Operating expenses

Administrative expenses rose by 4.9%, from EUR 466.69 million to EUR 489.76 million.

Combined ratio far below 100%

Wiener Städtische's combined ratio of 93.5% net (after reinsurance) is, once again in 2008, significantly below 100%. The combined ratio is a figure showing the ratio of administrative expenses and insurance payments to earned premiums in the property and casualty area.

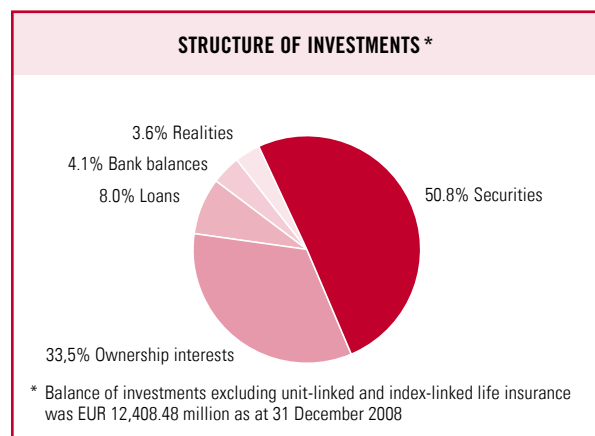
Financial result

The financial result for 2008 decreased by 3.6% compared to the previous year, to EUR 441.45 million. Wiener Städtische Austria's financial result was influenced to a significant degree by Group effects resulting from its "holding function" for the Vienna Insurance Group. For example, Wiener Städtische Austria's financial result included proceeds from sales carried out in 2008 (BA-CA Versicherung, Unita) and dividend payments from Group companies (e.g. Donau, Kooperativa).

Investments

The balance of investments was EUR 13,648.30 million (+16.2%) as of 31 December 2008, including investments of EUR 1,239.82 million (+0.3%) attributable to unit-linked and index-linked life insurance. The balance of investments not attributable to unit-linked and index-linked life insurance rose 18.1%, to EUR 12,408.48 million.

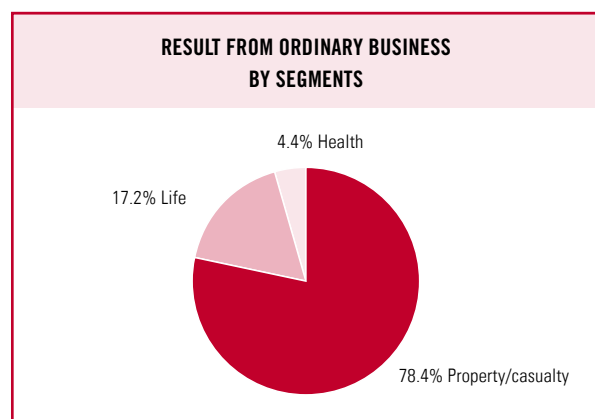
Investments at the end of 2008 (not including investments for unit-linked and index-linked life insurance) consisted of 50.8% securities, 33.5% ownership interests, 8.0% loans, 3.6% real estate and 4.1% bank balances.



Result from ordinary activities

Wiener Städtische earned a result from ordinary activities of EUR 215.12 million in 2008, calculated according to the requirements of the Austrian Commercial Code (UGB). This corresponds to an increase of 20.2% over the value of the previous year (EUR 179.01 million). 78.4% of the result from ordinary activities came from the property and casualty area, 17.2% from life insurance, and 4.4% from health insurance.

Both the result from ordinary activities and the financial result of Wiener Städtische Austria were influenced to a significant degree by Group effects resulting from its "holding function" for the Vienna Insurance Group. For example, Wiener Städtische Austria's financial result included proceeds from sales carried out in 2008 (BA-CA Versicherung, Unita) and dividend payments from Group companies (e.g. Donau, Kooperativa).



Business development in detail

Property and casualty insurance

Wiener Städtische generated EUR 1,201.57 million in premiums (direct and indirect business) in the property and casualty area, an increase of 6.7% over the previous year.

This was primarily due to the non-motor vehicle classes, where Wiener Städtische increased its direct premiums by 5.6% over the previous year, to EUR 711.38 million. The motor vehicle classes generated an increase in direct premiums of 0.2%, to EUR 342.38 million. As a result, Wiener Städtische grew more strongly than the Austrian insurance market in the area of property and casualty insurance.

In the non-motor vehicle classes, particularly satisfying growth rates were recorded in industrial fire insurance (+11.5% to EUR 148.62 million from direct business), general liability insurance (+7.7% to EUR 106.03 million from direct business) and casualty insurance (+5.5% to EUR 81.83 million from direct business).

The increase in fire insurance premiums was due both to increased demand for the Business Class product, as well as increased participation in insurance programs in the international area. Wiener Städtische has also been successful in accompanying corporate clients to other countries, where it assists them with insurance-related problems and questions. The Vienna Insurance Group's presence throughout Central and Eastern Europe ensures that these customers can rely on extensive support.

The small and medium-sized business segment was particularly successful in terms of new business in the general liability insurance area, although the large-customer segment also recorded significant rates of premium growth.

The increase in casualty insurance premiums was due to a good level of new business for the Top-400 product.

In the motor vehicle classes, in an increasingly competitive and stagnating market environment Wiener Städtische Austria consistently recorded growth rates above the market average over the past two years, continuing in 2008 to grow at a rate in excess of the average for the sector. Successful DM initiatives in the area of motor vehicle own-damage insurance, remediation measures for poorly performing customer relationships, customer loyalty measures in the form of increased service orientation, and new distribution channels (e.g. the carplus distribution organisation that opened up a new area of potential via dealers) formed the basis for this growth. A disciplined discount policy was also a decisive factor in this favourable outcome.

The general liability, household, transport, glass breakage and motor vehicle liability insurance classes posted an increase in their underwriting results relative to the year before. The positive underwriting result from indirect business increased further compared to 2007.

Overall, compensation for damages (after re-insurance and including claims processing expenses) declined to 66.4%. Due to the large number of storms (Emma, Paula, etc.), expenses for insurance claims rose by 21.7% in 2008, to EUR 893.22 million. Gross administrative expenses in 2008 were EUR 284.55 million (+13.0%).

The result from operating activities for the property/casualty area was EUR 168.72 million for the whole of 2008, representing an increase of 39.6% compared to the previous year.

Key figures for property/casualty insurance

in EUR millions	2006	2007	2008
Gross premiums written	1,007.92	1,126.49	1,201.57
Gross expenses for insurance claims	656.76	734.14	893.22
Gross administrative expenses	233.95	251.72	284.55
Result from ordinary activities	96.34	120.87	168.72

Life insurance

Wiener Städtische recorded life insurance premiums of EUR 1,067.80 million, representing a decrease of 6.8% compared to 2007. This was primarily due to increased volatility in the area of single-premium products. This negative growth was to be expected given the current economic situation and the adverse effects of the financial crisis. Of the earned premiums, EUR 670.42 million (+1.7%) was attributable to life insurance with regular premium payments and EUR 364.53 million (–19.4%) to single-premium products.

Key figures for life insurance

in EUR millions	2006	2007	2008
Gross premiums written	1,168.18	1,145.70	1,067.80
Gross expenses for insurance claims *	1,207.94	1,197.58	765.45
Gross administrative expenses	184.28	174.57	159.67
Result from ordinary activities	49.34	52.30	36.98

* incl. the change in the actuarial reserve

Gross expenses for insurance claims were EUR 765.45 million in 2008. Gross administrative expenses decreased by 8.5%, to EUR 159.67 million.

The result from ordinary activities for the life insurance area was EUR 36.98 million for the whole of 2008, representing a decrease of approximately 29.3% compared to 2007.

Health insurance

EUR 314.28 million in premiums were written in the health insurance area during the financial year just ended, corresponding to an increase of 2.5% over 2007.

Expenses for insurance claims were EUR 248.57 million in 2008, equalling a reduction of 3.4% as compared to the previous year. This figure already includes the transfer to the ageing reserve. The ageing reserve ensures funding for future insurance payments, regardless of demographic changes. Administrative expenses rose by 12.7% in 2008, to EUR 45.53 million. The result from operating activities rose to EUR 9.42 million in the health insurance area, representing an increase of 61.3%.

Key figures for health insurance

in EUR millions	2006	2007	2008
Gross premiums written	297.91	306.60	314.28
Gross expenses for insurance claims *	249.87	257.38	248.57
Gross administrative expenses	38.12	40.41	45.53
Result from ordinary activities	5.87	5.84	9.42

* incl. the change in the actuarial reserve

Employees

Calculated for the year as a whole, the number of Wiener Städtische employees rose by 192 compared to 2007. At the end of 2008, Wiener Städtische had a total of 3,954 employees for the year as whole, including 2,159 sales employees and 1,795 administrative employees. 170 Wiener Städtische administrative employees handled Group matters for the Vienna Insurance Group. There were 139 interns as of the end of 2008.

Number of employees

	2006	2007	2008
Office employees	1,706	1,740	1,795
Field sales representatives (incl. interns)	2,037	2,022	2,159
Total	3,743	3,762	3,954

RISK REPORTING

Wiener Städtische's risk management system is firmly anchored in the management culture of the Company, and is based on a clearly defined, conservative risk policy, extensive risk expertise, a highly developed set of risk management tools, and risk-based Managing Board decisions. The Company's primary business consists of consciously 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.

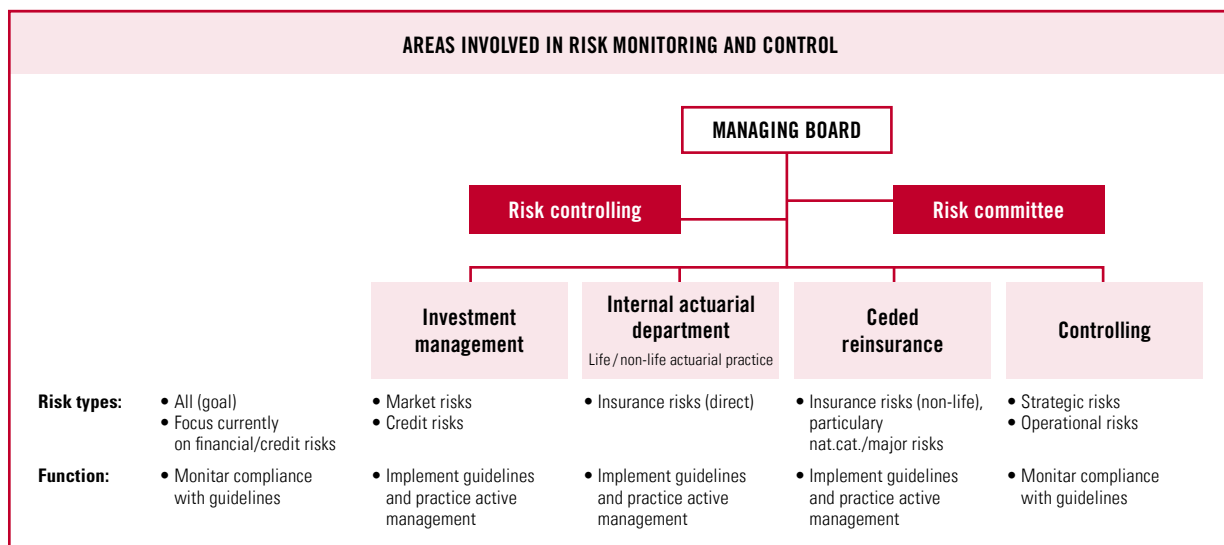
Wiener Städtische is exposed to a number of other risks in addition to the underwriting risk of its insurance portfolio. A risk management process is used to identify, analyse, evaluate, report, control and monitor these risks. The risk control measures used are avoidance, reduction, diversification,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

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

- **Underwriting risks:** Wiener Städtische's core business consists of the transfer of risk from policyholders to the Company.
- **Credit risk:** This risk quantifies the potential loss due to deterioration of the situation of a counterparty against which claims exist.
- **Market risk:** Market risk is the risk of changes in the value of investments due to 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:** Strategic risks can arise due to changes in the economic environment, case law, or 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 goodness of fit between the investment portfolio and insurance obligations.
- **Concentration risk:** Concentration risk is a single direct or indirect position or a group of related positions with the potential to significantly endanger the Company, its core business or key performance measures. Concentration risk is caused by an individual position, a collection of positions with common owners, guarantors or managers, or by sector concentrations.

Effective risk and opportunities management requires that an enterprise risk management system (ERM) be used and a risk policy and risk strategy be 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. ERM provides a procedure for identifying and selecting alternative reactions to risks.



The Wiener Städtische risk management department is an independent organisational unit. Every employee contributes to the effectiveness of risk management in Wiener Städtische. The highest importance is placed on the day-to-day implementation of an appropriate risk monitoring culture. Transparent and verifiable processes form an essential element of this Company-wide risk culture. Deviations from assigned 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 is governed by a number of internal guidelines at Wiener Städtische. Property and casualty underwriting risks are primarily

managed using actuarial models for setting tariffs and monitoring the progress of claims, as well as guidelines regarding the assumption of insurance risks. The most important underwriting risks in life and health insurance are primarily biometric risks, such as life expectancy, occupational disability, illness and the need for nursing care. Wiener Städtische AG has formed reserves for future insurance payments to manage these underwriting risks.

**Dealing professionally
with risk is part
of Wiener Städtische's
core competence.**

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

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

Liquidity risk is limited by matching the investment portfolio to insurance obligations. 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.

OUTLOOK

Economic development Austria 2009

The Austrian economy is being hit by the full effect of the international financial crisis in 2009, falling into a recession. The European Commission is forecasting a 1.2% decrease in economic output. Admittedly this decrease in gross domestic product still leaves Austria a rate that is 0.9% better than the expected development in the EU-15 countries. Nevertheless Austria's growth advantage is melting away compared to the recent past.

The economic research institute "Wirtschaftsforschungsinstitut (WIFO)" expects the collapse of the capital goods and automobile industries in Austria's trading partner Germany to have a particularly negative effect on Austrian economic output. Exports to the Central and Eastern European region will also slow considerably. In addition, the tourism sector, which has been a major driver of economic growth in the past, will also react negatively to weak international growth. Moreover, WIFO also predicts that rising uncertainty will make it more difficult for private households to raise further debt for new housing construction and consumption, and that the financial crisis will limit the ability of companies to obtain risk capital.

The Austrian federal government has approved a package of measures to cushion the effects of the economic crisis. A EUR 2.2 billion tax reform aimed at strengthening personal consumption, along with two economic stimulus packages, are expected to result in a total economic stimulus of around EUR 6 billion.

The inflation rate, on the other hand, will amount to only 1.2%. This 2 percentage point reduction is due to large decreases in commodity prices.

The 2009 insurance market Austria

According to information from the Austrian Association of Insurance Companies (Versicherungsverband Österreich - VVO), the Austrian insurance market grew by 2.5% in 2008. This moderate increase in premiums is based on a 3.5% increase from single-premium products, which most recently were showing a decline. Current premium income in the life insurance area grew by 1.8% in 2008. As a result, the life insurance area recorded total growth of 2.2%. Premiums in the non-life segment also experienced only moderate growth, 2.7%.

Given the expected economic downturn, VVO expects growth of only 1.8% in the property/casualty segment in 2009. Income growth is expected to slow from 3.5% to 3.1% in the health insurance segment. Income from life insurance products with regular premiums is expected to increase slightly, by 2.8%, while the VVO expects a 5.0% decrease in premiums from single-premium products, stemming from the economic turbulence. As a result, growth for the life insurance segment as a whole is expected to be only 0.8%.

Growth for the Austrian insurance market as a whole is projected to be 1.5%.

Wiener Städtische Austria 2009

Based on the difficult financial market situation and its effects on the development of the entire Austrian economy, Wiener Städtische expects moderate growth in premiums in 2009. The Company has as its main objective to further improve the combined ratio in the non-life area.

Wiener Städtische will concentrate on its core business in 2009, i.e., on its business operations in Austria, focusing on insurance products that are tailored to customers' needs and to changed economic circumstances. Increased attention will be placed in the future on the increased need of customers for security with regard to financial investments.

Wiener Städtische aims to continue operating its insurance business in Austria as successfully as in past years. By concentrating on its core business, further strengthening distribution, and implementing a broad range of product innovations, Wiener Städtische will continue to be the leading insurance company in Austria in the future as well.

PROPOSED DISTRIBUTION OF PROFITS

Wiener Städtische Versicherung AG Vienna Insurance Group ended financial year 2008 with net retained profits of EUR 274,252,807.54. The following distribution of profits is proposed for the Annual General Meeting:

The 128 million shares are to receive a dividend of EUR 1.10 per share. 4 May 2009 was set as the payment and ex-dividend date for this dividend.

Furthermore the 128 million shares are to receive a loyalty bonus of EUR 0.90 per share. 27 October 2009 was set as the payment and ex-dividend date for this loyalty bonus.

Hence, this will result in a total distribution of EUR 256,000,000.00

The net retained profits of EUR 18,252,807.54 remaining for financial year 2008 after the distribution are to be carried forward.

Managing Board:



Dr. Günter Geyer



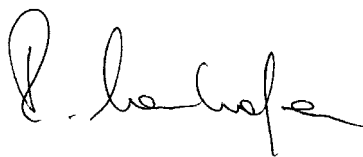
Dkfm. Karl Fink



Dr. Peter Hagen



Mag. Peter Höfinger



Mag. Robert Lasshofer



Dr. Martin Simhandl

Vienna, 16 March 2009

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 2008

Reporting Period	1.1.2008 – 31.12.2008
Balance sheet comparison date	31.12.2007
Income statement comparison date	1.1.2007 – 31.12.2007
Currency	EUR

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

ASSETS		Property/Casualty
in EUR		
A. Intangible Assets		
I. Expenses for acquisition of an insurance portfolio		4,900,000.00
II. Other intangible assets		16,982,078.73
TOTAL INTANGIBLE ASSETS		21,882,078.73
B. Investments		
I. Land and buildings		76,786,161.37
II. Investments in affiliated companies and ownership interests		
1. Shares in affiliated companies	3,106,850,355.99	
<i>of which reorganisation surplus</i>	<i>0.00</i>	
2. Bonds and other securities of affiliated companies		
and loans to affiliated companies	94,026,100.83	
3. Ownership interests	201,398,011.08	
<i>of which reorganisation surplus</i>	<i>0.00</i>	
4. Bonds and other securities of and loans		
to companies in which an ownership interest is held	2,807,940.98	3,405,082,408.88
III. Other investments		
1. Shares and other non-fixed-interest securities	38,135,249.95	
2. Bonds and other fixed-interest securities	152,619,655.02	
3. Shares in joint investments	0.00	
4. Mortgage receivables	31,668,061.82	
5. Policy prepayments	0.00	
6. Other lendings	39,751,646.43	
7. Bank balances	4,070,109.55	266,244,722.77
IV. Deposits on assumed reinsurance business		1,095,867.05
TOTAL INVESTMENTS		3,749,209,160.07
C. Investments for unit-linked and index-linked life insurance		0.00
Amount carried forward		3,771,091,238.80

Health		Life		Total business in 2008		2007
						in EUR '000
	0.00		0.00		4,900,000.00	6,300
	0.00		97,759.88		17,079,838.61	17,410
	0.00		97,759.88		21,979,838.61	23,710
	60,256,023.39		307,486,468.26		444,528,653.02	429,245
70,367,181.01		618,213,034.23		3,795,430,571.23		2,058,948
0.00		8,883,755.76		8,883,755.76		8,884
44,855,033.17		262,586,246.93		401,467,380.93		426,729
22,109,222.26		130,997,868.86		354,505,102.20		202,415
0.00		8,957,022.00		8,957,022.00		8,957
2,102,371.31	139,433,807.75	26,246,915.88	1,038,044,065.90	31,157,228.17	4,582,560,282.53	91,856
342,520,033.00		2,226,060,730.27		2,606,716,013.22		2,918,312
160,878,334.72		3,237,404,691.03		3,550,902,680.77		3,444,668
0.00		53,939,828.19		53,939,828.19		55,267
42,788,101.95		163,265,894.96		237,722,058.73		240,556
0.00		19,846,165.64		19,846,165.64		19,425
64,433,672.24		272,870,124.52		377,055,443.19		426,037
58,919,495.14	669,539,637.05	321,983,015.88	6,295,370,450.49	384,972,620.57	7,231,154,810.31	40,916
	1,221,918.97		147,913,673.89		150,231,459.91	150,910
	870,451,387.16		7,788,814,658.54		12,408,475,205.77	10,505,284
	0.00		1,239,818,850.21		1,239,818,850.21	1,236,083
	870,451,387.16		9,028,731,268.63		13,670,273,894.59	11,765,077

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

ASSETS		Property/Casualty	
in EUR			
Amount brought forward			3,771,091,238.80
D. Receivables			
I. Receivables from direct insurance business			
1. from policyholders	93,770,630.11		
2. from insurance intermediaries	79,826,451.83		
3. from insurance companies	25,058,463.79	198,655,545.73	
II. Receivables from reinsurance business		97,140,872.59	
III. Other receivables		133,333,082.15	
TOTAL RECEIVABLES			429,129,500.47
E. Prorated interest			7,722,825.67
F. Other assets			
I. Property, plant and equipment (not incl. land and buildings) and inventories		14,805,641.08	
II. Bank current account balances and cash on hand		28,489,533.20	
III. Further other assets		86,171,871.53	
TOTAL OTHER ASSETS			129,467,045.81
G. Prepaid expenses			
I. Deferred tax assets		58,126,028.90	
II. Other prepaid expenses		22,720,358.58	
TOTAL PREPAID EXPENSES			80,846,387.48
H. Offsetting items between departments			216,061,979.25
Total assets			4,634,318,977.48

Health		Life		Total business in 2008		2007
						in EUR '000
870,451,387.16		9,028,731,268.63		13,670,273,894.59		11,765,077
3,570,268.32		35,255,534.67		132,596,433.10		108,940
0.00		188,464.70		80,014,916.53		46,419
605,753.97	4,176,022.29	632,485.05	36,076,484.42	26,296,702.81	238,908,052.44	7,704
	0.00		8,388,323.67		105,529,196.26	63,215
	3,247,423.57		21,151,164.66		157,731,670.38	171,581
7,423,445.86		65,615,972.75		502,168,919.08		397,859
4,094,423.71		91,251,344.72		103,068,594.10		102,013
	0.00		218,814.39		15,024,455.47	16,494
	2,161,188.55		91,284,039.85		121,934,761.60	58,948
	4,688,800.00		17,880,745.96		108,741,417.49	79,308
6,849,988.55		109,383,600.20		245,700,634.56		154,750
	1,252,591.83		6,531,824.75		65,910,445.48	59,880
	19.89		16,161,664.35		38,882,042.82	27,170
1,252,611.72		22,693,489.10		104,792,488.30		87,050
223,963,249.00		-440,025,228.25		0.00		0
1,114,035,106.00		8,877,650,447.15		14,626,004,530.63		12,506,749

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

EQUITY AND LIABILITIES		Property/Casualty	
in EUR			
A. Shareholders' equity			
I. Share capital			
1. Par value			82,253,688.41
II. Capital reserves			
1. Committed reserves			1,859,512,981.64
III. Revenue reserves			
1. Free reserves			141,089,325.42
IV. Risk reserve as per § 73a VAG, taxed portion			15,301,745.25
V. Net retained profits			200,603,765.31
<i>of which brought forward</i>			44,208,506.32
TOTAL SHAREHOLDERS' EQUITY			2,298,761,506.03
B. Untaxed reserves			
I. Risk reserve as per § 73a VAG			19,406,564.75
II. Valuation reserve for impairment losses			11,070,098.38
TOTAL RESERVES			30,476,663.13
C. Subordinated liabilities			
I. Hybrid bond			0.00
II. Supplementary capital bond			150,000,000.00
TOTAL SUBORDINATED LIABILITIES			150,000,000.00
D. Underwriting provisions, retention			
I. Unearned premiums			
1. Overall account	120,254,050.09		
2. Reinsurer portion	-22,103,907.06	98,150,143.03	
II. Actuarial provision			
1. Overall account	0.00		
2. Reinsurer portion	0.00		0.00
III. Provision for outstanding insurance claims			
1. Overall account	1,196,062,161.15		
2. Reinsurer portion	-411,444,938.63	784,617,222.52	
IV. Provision for profit-independent premium refunds			
1. Overall account	16,121,545.50		
2. Reinsurer portion	-1,492,905.27	14,628,640.23	
V. Reserve for profit-dependent premium refunds and policyholder profit participation			
1. Overall account	196,912.47		
2. Reinsurer portion	0.00	196,912.47	
VI. Equalisation provision			180,161,910.00
VII. Other underwriting provisions			
1. Overall account	9,477,220.99		
2. Reinsurer portion	-1,133,225.63	8,343,995.36	
TOTAL TECHNICAL PROVISIONS			1,086,098,823.61
Amount carried forward			3,565,336,992.77

Health		Life		Total business 2008		2007
						in EUR '000
	17,931,004.41		32,702,775.38		132,887,468.20	109,009
	43,968,805.39		363,750,635.04		2,267,232,422.07	1,154,063
	6,921,770.40		76,958,978.73		224,970,074.55	224,970
	3,325,210.71		27,226,449.51		45,853,405.47	43,419
	5,079,314.19		68,569,728.04		274,252,807.54	196,255
	2,031,108.42		34,515,494.42		80,755,109.16	71,789
	77,226,105.10		569,208,566.70		2,945,196,177.83	1,727,716
	9,208,223.29		14,825,539.49		43,440,327.53	43,440
	9,600,714.22		128,377,933.40		149,048,746.00	155,654
	18,808,937.51		143,203,472.89		192,489,073.53	199,094
	125,000,000.00		125,000,000.00		250,000,000.00	0
	0.00		150,000,000.00		300,000,000.00	300,000
	125,000,000.00		275,000,000.00		550,000,000.00	300,000
1,698,813.04		48,504,984.60		170,457,847.73		184,728
0.00	1,698,813.04	-70,448.12	48,434,536.48	-22,174,355.18	148,283,492.55	-25,670
743,117,915.00		6,312,468,893.16		7,055,586,808.16		6,877,744
-2,048,904.00	741,069,011.00	-16,765,417.13	6,295,703,476.03	-18,814,321.13	7,036,772,487.03	-22,052
44,376,643.00		38,688,861.59		1,279,127,665.74		1,135,401
-161,075.00	44,215,568.00	-577,609.60	38,111,251.99	-412,183,623.23	866,944,042.51	-277,827
14,840,000.00		0.00		30,961,545.50		31,896
0.00	14,840,000.00	0.00	0.00	-1,492,905.27	29,468,640.23	-1,661
0.00		84,801,846.30		84,998,758.77		108,194
0.00	0.00	-25,000.00	84,776,846.30	-25,000.00	84,973,758.77	-14
	0.00		0.00		180,161,910.00	143,403
803,719.88		2,407,883.90		12,688,824.77		12,609
0.00	803,719.88	0.00	2,407,883.90	-1,133,225.63	11,555,599.14	-1,260
	802,627,111.92		6,469,433,994.70		8,358,159,930.23	8,165,491
	1,023,662,154.53		7,456,846,034.29		12,045,845,181.59	10,392,301

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

EQUITY AND LIABILITIES		Property/Casualty
in EUR		
Amount brought forward		3,565,336,992.77
E. Underwriting provisions for unit-linked and index-linked life insurance		0.00
F. Non-underwriting provisions		
I. Provisions for post-employment benefits		0.00
II. Provisions for pensions		0.00
III. Provisions for taxes		70,158,573.84
IV. Other provisions		74,690,649.81
TOTAL OTHER PROVISIONS		144,849,223.65
G. Deposits on ceded reinsurance business		9,330.13
H. Other liabilities		
I. Liabilities from direct insurance business		
1. to policyholders	80,879,098.03	
2. to insurance intermediaries	19,588,184.24	
3. to insurance companies	9,005,112.52	109,472,394.79
II. Liabilities from reinsurance business		87,193,155.68
III. Liabilities to banks		7,010,377.18
IV. Other liabilities		532,085,553.36
TOTAL LIABILITIES		735,761,481.01
I. Deferred income		188,361,949.92
Total equity and liabilities		4,634,318,977.48

Health		Life		Total business 2008		2007
						in EUR '000
1,023,662,154.53		7,456,846,034.29		12,045,845,181.59		10,392,301
0.00		1,176,948,533.17		1,176,948,533.17		1,191,203
0.00		58,154,794.23		58,154,794.23		79,976
0.00		99,373,937.00		99,373,937.00		147,945
6,011,924.04		5,694,190.71		81,864,688.59		48,799
11,674,303.10		8,497,729.71		94,862,682.62		98,649
17,686,227.14		171,720,651.65		334,256,102.44		375,369
1,221,918.97		15,007,591.49		16,238,840.59		19,758
3,363,763.97		23,937,003.29		108,179,865.29		61,305
0.00		1,778,206.33		21,366,390.57		22,404
263,621.28		2,429.88		9,271,163.68		23,617
3,627,385.25		25,717,639.50		138,817,419.54		27,375
0.00		2,229,512.37		89,422,668.05		216,394
58,999,125.69		12,420,137.54		78,429,640.41		161,249
8,795,383.36		14,976,627.41		555,857,564.13		
71,421,894.30		55,343,916.82		862,527,292.13		512,344
42,911.06		1,783,719.73		190,188,580.71		15,774
1,114,035,106.00		8,877,650,447.15		14,626,004,530.63		12,506,749

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2008

PROPERTY/CASUALTY INSURANCE		2008	2007
		in EUR	in EUR '000
Underwriting account			
1. Earned premiums			
Premiums written			
Overall account	1,201,570,731.26		1,126,490
Ceded reinsurance premiums	-341,602,277.92	859,968,453.34	-327,070
Change due to deferred premiums			
Overall account	10,009,755.99		-10,861
Reinsurer portion	433,868.78	10,443,624.77	6,062
TOTAL PREMIUMS		870,412,078.11	794,621
2. Investment income from technical business		63,621.00	57
3. Other underwriting income		5,021,744.40	4,914
4. Expenses for insurance claims			
Payments for insurance claims			
Overall account	742,136,672.11		645,652
Reinsurer portion	-185,439,005.73	556,697,666.38	-167,031
Change in the provision for outstanding insurance claims			
Overall account	151,085,101.64		88,492
Reinsurer portion	-136,181,162.44	14,903,939.20	-47,552
TOTAL INSURANCE CLAIMS		-571,601,605.58	-519,561
5. Increase in underwriting provisions			
Other underwriting provisions			
Overall account	918,100.00	918,100.00	410
TOTAL INCREASE IN UNDERWRITING PROVISIONS		-918,100.00	-410
6. Expenses for profit-independent premium refunds			
Overall account	6,214,263.96		9,531
Reinsurer portion	-1,615,962.07	4,598,301.89	-998
TOTAL EXPENSES FOR PROFIT-INDEPENDENT PREMIUM REFUNDS		-4,598,301.89	-8,533
7. Administrative expenses			
Commissions and other acquisition costs		230,978,587.43	203,824
Other administrative expenses		53,574,513.57	47,894
Reinsurance commissions and profit commissions from reinsurance cessions		-49,029,937.41	-46,513
TOTAL OPERATING EXPENSES		-235,523,163.59	-205,205
8. Other underwriting expenses		-6,123,672.38	-9,297
9. Change in the equalisation provision		-36,759,182.00	-12,338
UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)		19,973,418.07	44,248

PROPERTY/CASUALTY INSURANCE	2008	2007
	in EUR	in EUR '000
Underwriting result (amount brought forward)	19,973,418.07	44,248
Non-underwriting account		
1. Investment and interest income		
Income from ownership interests	34,727,137.75	22,603
Income from land and buildings	4,848,798.70	7,823
Income from other investments	36,412,518.56	39,026
Gains from divestiture of investments	141,813,245.04	27,611
Other investment and interest income	16,186,031.90	14,419
TOTAL INVESTMENT INCOME	233,987,731.95	111,482
2. Investment and interest expenses		
Expenditure for asset management	3,947,799.65	3,463
Write-downs of investments	9,473,458.30	11,891
Interest expenses	24,079,285.04	15,857
Losses on divestiture of investments	285,051.80	46
Other investment expenses	48,374,378.24	3,637
TOTAL INVESTMENT EXPENSES	-86,159,973.03	-34,894
3. Investment income transferred to the underwriting account	-63,621.00	-57
4. Other non-underwriting income	2,006,437.18	297
5. Other non-underwriting expenses	-1,023,930.00	-201
Result from ordinary activities, property/casualty insurance	168,720,063.17	120,875

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2008

HEALTH INSURANCE	2008		2007
	in EUR		in EUR '000
Underwriting account			
1. Earned premiums			
Premiums written			
Overall account	314,279,535.22		306,597
Ceded reinsurance premiums	-920,445.00	313,359,090.22	-982
Change due to deferred premiums			
Overall account	-23,235.87	-23,235.87	-117
TOTAL PREMIUMS	313,335,854.35		305,498
2. Investment income from technical business	2,126,613.85		8,693
3. Other underwriting income	37,956.49		33
4. Expenses for insurance claims			
Payments for insurance claims			
Overall account	211,995,033.73		207,485
Reinsurer portion	-692,313.49	211,302,720.24	-899
Change in provision for outstanding insurance claims			
Overall account	856,484.00		869
Reinsurer portion	33,266.00	889,750.00	-42
TOTAL INSURANCE CLAIMS	-212,192,470.24		-207,413
5. Increase in underwriting provisions			
Actuarial provision			
Overall account	35,720,728.48		49,022
Reinsurer portion	-168,041.00	35,552,687.48	-81
TOTAL INCREASE IN UNDERWRITING PROVISIONS	-35,552,687.48		-48,941
6. Expenditure for profit-independent premium refunds	-12,359,121.00		-10,748
7. Administrative expenses			
Commissions and other acquisition costs		29,312,198.14	25,469
Other administrative expenses		16,220,603.12	14,939
Reinsurance commissions and profit commissions from reinsurance cessions		-116,049.45	-116
TOTAL OPERATING EXPENSES	-45,416,751.81		-40,292
8. Other underwriting expenses	-560,531.79		-995
UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)	9,418,862.37		5,835

HEALTH INSURANCE	2008	2007
	in EUR	in EUR '000
Underwriting result (amount brought forward)	9,418,862.37	5,835
Non-underwriting account		
1. Investment and interest income		
Income from ownership interests	4,549,049.07	9,558
Income from land and buildings	4,045,392.44	5,723
Income from other investments	24,309,984.95	24,267
Gains from divestiture of investments	5,037,751.40	2,367
Other investment and interest income	5,848,323.70	2,591
TOTAL INVESTMENT INCOME	43,790,501.56	44,506
2. Investment and interest expenses		
Expenses for asset management	2,511,713.61	2,226
Write-downs of investments	27,661,499.50	27,420
Interest expenses	8,868,386.76	6,002
Losses on divestiture of investments	598,509.65	3
Other investment expenses	2,023,778.19	162
TOTAL INVESTMENT EXPENSES	-41,663,887.71	-35,813
3. Investment income transferred to the underwriting account	-2,126,613.85	-8,693
4. Other non-underwriting income	537.84	0
5. Other non-underwriting expenses	-34.41	0
Result from ordinary activities, health insurance	9,419,365.80	5,835

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2008

LIFE INSURANCE	2008		2007
	in EUR		in EUR '000
Underwriting account			
1. Earned premiums			
Premiums written			
Overall account	1,067,795,439.54		1,145,705
Ceded reinsurance premiums	-4,535,718.96	1,063,259,720.58	-4,898
Change due to deferred premiums			
Overall account	4,561,784.56		4,131
Reinsurer portion	-42,943.79	4,518,840.77	-212
TOTAL PREMIUMS	1,067,778,561.35		1,144,726
2. Investment income from technical business	291,487,577.70		372,449
3. Unrealised gains on investments shown under balance sheet asset item C	31,569,288.25		14,786
4. Other underwriting income	218,201.18		97
5. Expenses for insurance claims			
Payments for insurance claims			
Overall account	721,058,977.50		538,407
Reinsurer portion	-1,637,997.63	719,420,979.87	-2,256
Change in the provision for outstanding insurance claims			
Overall account	-6,607,192.19		8,433
Reinsurer portion	-111,000.00	-6,718,192.19	267
TOTAL INSURANCE CLAIMS	-712,702,787.68		-544,851
6. Increase in underwriting provisions			
Actuarial provision			
Overall account	50,993,699.26		647,745
Reinsurer portion	-645,082.75	50,348,616.51	-690
TOTAL INCREASE IN UNDERWRITING PROVISIONS	-50,348,616.51		-647,055
7. Expenses for profit-dependent premium refunds and policyholder profit participation			
Overall account	65,025,000.00		72,014
Reinsurer portion	-25,000.00	65,000,000.00	-14
TOTAL PROFIT PARTICIPATION	-65,000,000.00		-72,000
8. Administrative expenses			
Commissions and other acquisition costs		118,307,697.27	136,663
Other administrative expenses		41,365,990.64	37,903
Reinsurance commissions and profit commissions from reinsurance cessions		-707,286.05	-849
TOTAL OPERATING EXPENSES	-158,966,401.86		-173,717
9. Unrealised losses on investments shown under balance sheet asset item C	-363,921,619.70		-37,180
10. Other underwriting expenses	-2,245,860.76		-4,828
UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)	37,868,341.97		52,427

LIFE INSURANCE	2008	2007
	in EUR	in EUR '000
Underwriting result (amount brought forward)	37,868,341.97	52,427
Non-underwriting account		
1. Investment and interest income		
Income from ownership interests	20,112,729.45	55,706
Income from land and buildings	17,722,638.88	13,360
Income from other investments	308,643,032.89	414,557
Income from write-ups	11,583,403.99	0
Gains from divestiture of investments	204,696,796.16	53,657
Other investment and interest income	18,119,754.02	16,459
TOTAL INVESTMENT INCOME	580,878,355.39	553,739
2. Investment and interest expenses		
Expenditure for asset management	7,128,240.42	6,454
Write-downs of investments	240,151,480.43	142,006
Interest expenses	28,113,269.25	24,805
Losses on divestiture of investments	8,108,507.28	962
Other investment expenses	5,889,280.31	7,063
TOTAL INVESTMENT EXPENSES	-289,390,777.69	-181,290
3. Investment income transferred to the underwriting account	-291,487,577.70	-372,449
4. Other non-underwriting income	76,298.83	54
5. Other non-underwriting expenses	-965,920.88	-182
Result from ordinary activities, life insurance	36,978,719.92	52,299

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2008

PROPERTY/CASUALTY + HEALTH + LIFE = TOTAL BUSINESS	2008	2007
	in EUR	in EUR '000
Underwriting result, property/casualty	19,973,418.07	44,248
Underwriting result, health	9,418,862.37	5,835
Underwriting result, life	37,868,341.97	52,427
Total underwriting result	67,260,622.41	102,510
Non-underwriting account		
1. Investment and interest income		
Income from ownership interests	59,388,916.27	87,867
Income from land and buildings	26,616,830.02	26,906
Income from other investments	369,365,536.40	477,850
Income from write-ups	11,583,403.99	0
Gains from divestiture of investments	351,547,792.60	83,635
Other investment and interest income	40,154,109.62	33,469
TOTAL INVESTMENT INCOME	858,656,588.90	709,727
2. Investment and interest expenses		
Expenses for asset management	13,587,753.68	12,143
Write-downs of investments	277,286,438.23	181,317
Interest expenses	61,060,941.05	46,664
Losses on divestiture of investments	8,992,068.73	1,011
Other investment expenses	56,287,436.74	10,862
TOTAL INVESTMENT EXPENDITURE	-417,214,638.43	-251,997
3. Investment income transferred to the underwriting account	-293,677,812.55	-381,199
4. Other non-underwriting income	2,083,273.85	351
5. Other non-underwriting expenses	-1,989,885.29	-383
6. Result from ordinary activities	215,118,148.89	179,009
7. Taxes on income	-25,791,582.82	-22,943
8. Net income	189,326,566.07	156,066
9. Release of reserves		
Release of valuation reserve for impairment losses	6,605,564.12	6,852
TOTAL RELEASE OF RESERVES	6,605,564.12	6,852
10. Transfer to reserves		
Transfer to risk reserve as per § 73a VAG	2,434,274.00	8,452
Transfer to free reserves	157.81	30,000
TOTAL TRANSFER TO RESERVES	-2,434,431.81	-38,452
11. Profit for the year	193,497,698.38	124,466
12. Retained profits brought forward	80,755,109.16	71,789
Net retained profits	274,252,807.54	196,255

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, with the exception of the less strict measurement of bonds and other fixed interest securities as provided for in § 81h(1) VAG and use of the measurement options provided in § 81h(2a) VAG for units of special funds. 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: Acatis Aktien Global Fonds (T); Activest Total Return D; All America Miteigentumsfonds (T); All Asia Miteigentumsanteile gem. § 20 InvFG (T); All Europe Thesaurierungs-Anteile; Allianz dit Bondspezial FCP (A); ALL JAPAN (T) Miteigentumsanteile; All Pharma Miteigentumsfonds gemäß § 20 InvFG (T); All Technology (T); All Trends (T); ALL WORLD (T) MITEIGENTUMSANTEILE; AXA World Funds II Continental European Opportunities Equiti; Baring German Growth Trust (T); Baring Global Umbrella Fund Eastern Europ Class; BAWAG PSK GLOBAL BOND FOND; Berenberg-Balkan-Baltikum-Universal Fonds (A); BlackRock Global Funds-Emerging Markets Fund A2; BlackRock Global Funds-Euro Bond Fund (A2); BlackRock Global Funds-European Opportunity Fund A2; BlackRock Global Funds-Global Allocation Hedge A2; BlackRock Global Funds-Japan Opportunity Fund A2; BlackRock Global Funds Latin American Fund (T); BlackRock Global Funds New Energy Fund (T); BlackRock Global Funds US Flexible Equity Fund (A); BlackRock Global Funds World Energy Fund (T); BlackRock Global Funds - World Gold Fund; BlackRock Global Funds World Gold Fund Hedged; BlackRock Global Funds-World Mining Fund-A2- EUR; BW Renta International Universal Fonds; Cominvest Fonds; CONSTANTIA EURO BOND EUR FONDS; Constantia European Property (T); C-QUADRAT Active World Balanced FONDS; C-QUADRAT Active World Dynamic (T) ANTEILE; C-QUADRAT Active World Equity; C-Quadrat ARTS Best Momentum (T); C-Quadrat ARTS Total Return Global – AMI; C-Quadrat ARTS Total Return Special (T); C-Quadrat Triathlon Miteigentumsfonds gem. Para 20

a InvFG; CRYSTAL ROOF RUBIN FUND (T); CRYSTAL ROOF SAFIR (T); CRYSTAL ROOF SMARAGD FUND (T); CS BOND FUND (LUX) EURO (T); CS BOND FUND (LUX) USD (T); CS EF(LUX)SMALL CAP USD FUND (T); CS MONEY MARKET CHF FUND (LUX) (T); DEKAR-ENT INTERN. FONDS; Dexia Bond Euro Inflation Linked C; Dexia Sustainable European Balanced Medium (T); dit-Gl. Mkt. Bond – Units; DkLT Em Bd Units CF Distribution; DWS Flex Pens 2014 Fonds (new); DWS Flexpension 2015; DWS Flexpension 2016; DWS Flexpension 2017; DWS Flexpension 2018; DWS Flexpension 2021; DWS Flexpension 2022; DWS Flexpension 2023; DWS Flexpension Sicav 2019; DWS Flexpension Sicav 2020; DWS Invest European Equities (T); DWS Invest Global Agribusiness (T); DWS Invest Top 50 Asia (T); DWS Osteuropa FCP Units Capitalisation (T); DWS Select Invest Anteile (A); DWS Top 50 Euro Anteile; DWS &Top Dividende Anteile; DWS VERMOEGENSBIILDUNGS-FOND I (A); Ecofin Index Aktien --- Thesaurierungs-Anteile; E+S Erfolgs-Invest Miteigentumsfonds gem. Para 20 InvFG; ESPA Bond Emerging Markets; Espa Cash Euro Midterm (A); ESPA CASH EURO-PLUS (T) (SPARFONDS); ESPA PORTFOLIO BOND (T); ESPA SELECT STOCK (T); ESPA Stock Europe Emerging (T); ESPA STOCK VIENNA FONDS; Ethna Aktiv E Units; FAIR INVEST BALANCED Miteigentumsanteile in Wertpapieren (T); FI Alpha Renten Global; FIDELITY EURO BOND FUND; FIDELITY EUROPEAN GROWTH FUND (A); Fidelity Funds European Fund; Fidelity Funds Global Property Fund; FIDELITY FUNDS INTERNATIONAL USD-FUND; Fidelity Funds SICAV - Latin America Fund; Fidelity Funds SICAV - Pacific Fund; Fidelity Funds World Fund; FIDELITY GLOBAL FPS USD FUND; FIDELITY GROWTH FPS EUR FUND; FIDELITY JAPAN JPY FUND; FIDELITY JAPAN SMALL.COMP.JPY FUND; FIDELITY MODERATE FPS EUR FUND; First Private Europa Aktien ULM (T); Franklin Templeton Investment Funds- Templeton Bric Fund T; Gartmore Continental European Shs A1; Global Advantage Emerging Markets High Value (T); GOLDEN ROOF BRANCHEN (T); GOLDEN ROOF WELT (T); Gutmann Vorsorge Fonds; Henderson Horizon Continental European Equity F; HSBC Global Indian Equity; Invesco Funds - Invesco Pan European Equiti (A); Invesco Funds Pan European Small Cap Equity (A); Invesco Funds Ser. 4 Invesco Japanese Small/Mid Cap Equity 4; Invesco Funds Series 1 Japanese Equity (A); Invesco Funds Series 2 - Invesco Emerging Markets Bond (A); Invesco Funds Series 5 PRC Equity Fund; IP Inter Portfolio Fonds M2009 (30.10.09) (T); iShares DJ Euro Stoxx SD 30; iShares eb.rexx Jumbo Pfandbriefe; JPMORGAN AMERICA EQUITY A Dis-USD FUNDS; JPMorgan-Emerging Markets Debt A INC EUR; JP MORGAN FLEMING EUROPE SMALL CAP FUND; JPMorgan Global Total Return Fund; JPMorgan JF India Fund (A); JP MORGAN US Small Growth Cap A Dist USD; Julius Baer Multistock Black Sea Fund (A); Kapital u Wert Premium Ausgewogen (T) Anteile; Kapital u Wert Premium Dynamisch (T) Anteile; Lyxor ETF DJ Buywrite - Parts de Capitalisation/Distribution; MERRILL LYNCH INT.US Flex. Equity A2 Fund(NULL); M & G 1 Global Basic Accum.Shs.Class A; MLIIF World Mining Shs A2 Capitalisation; MMT Global Selection; MORGAN STANLEY EMERGING MKTS USD FUND(T); MORGAN STANLEY EM.MKTS.DEBT USD FUND (T); Morgan Stanley Investment Funds SICAV; MORGAN STANLEY JAPANESE VALUE EQUITY FUND (T); Nord Concept

Anteile; OP Food Anteile (A); PIA AMERICA STOCK FONDS (T); PIA DOLLAR BOND FONDS (T); PIA DOLLAR CASH FONDS; PIA EURO BOND FONDS; PIA EURO CASH FONDS (T); PIA EURO CORPORATE BOND FONDS (T); PIA MASTER FONDS DYNAMISCH (T); PIA MASTER FONDS PROGRESSIV (T); PIA MASTER FONDS TRADITIONELL (T); PIA SELECT EUROPE STOCK (T); PIA TRADER-ENT (T); PICTET FUNDS FCP-BIOTECH ANT. –P; Pictet Funds (LUX) SiCAV Security; Pictet Funds (LUX) Sicav Water; Pioneer Euro Aggregate Bond; Pioneer Global Ecology; Raiffeisen Euro Rent (T); Real Invest Austria (T); RT Absolute Return Bond Fund (T); RT ACTIVE GLOBAL TREND (T) (v.RT BlueChipsfonds); RT Euro Cash Plus (T) Fonds; RT Osteuropa Absolute Return Miteigentumsfonds (T); RT Osteuropa Aktienfonds Miteigentumsanteile (T); RT PIF DYNAMISCH FONDS(T); RT PIF TRADITIONELL FONDS(T); RT VIF VERSICHERUNG INT. FONDS THESAURIEREND; RT VORSORGE RENTENFONDS Miteigentumsanteile; RT VORSORGE-RENTENFONDS (T); RT Zukunftsvorsorge-Aktienfonds (T); Schoellerbank Aktienfonds (Ausschütter); SCHOELLERBANK Aktienfonds WÄHR. (T); Schoellerbank Aktienfonds währungsgesichert; Schoellerbank Anleihefond; Schoellerbank Euro Alternativ; Schoellerbank Global Dynamic (T); Schoellerbank Kurzinvest (Ausschütter); Schoellerbank Liquid (A); Schoellerbank Realzins Plus (A); Schoellerbank USD Kurzinvest Anteile (A); Schoellerbank USD Kurzinvest (T); Schoellerbank USD Rentenfonds (A); Schoellerbank USD Rentenfonds (Ausschütter, EUR Notierung); Schoellerbank Vorsorgefonds; Schoellerbank Vorsorgefonds (T) Miteigentumsanteile; Schoellerbank Zinsstruktur Plus Miteigentumsf.gem. Para 20; Schoellerb.Global Pension Fonds; Schöllerbank Global Pension; Schöllerb.Zinsstruk.Plus; SKWB (Lemberger) USD Rentenfonds (T); SKWB SCHOELLERBANK AKTIENFONDS (T); SKWB SCHOELLERBANK ANLEIHEFONDS (T); SKWB SCHOELLERBANK EURO ALTERNATIV (T); SKWB SCHOELLERBANK KURZINVEST (T); SKWB SCHOELLERBANK REALZINS PLUS T; SKWB SCHOELLERBANK USD RENTENFONDS (T); SPAR TRUST CORPORATE (T); Spezial Plus Miteigentumsfonds in Wertpapieren (T); StarCapital Universal Bondvalue UI; StarCap Priamos Units A EUR Distr.(A); SUCCESS ABSOLUTE (T); SUCCESS RELATIVE FONDS (T); Superior 3 Ethik Miteigentumsfonds gem. § 20 InvFG; Templeton Emerging Markets FD-A YDIS; Templeton Growth Fund EURO; Threadneedle European Select Fund; Top Vario Mix (T); TRADECOM FONDSTRADER; UBS LUX BOND FUND-US (T); UBS (Lux) Strategy Fund FCP Balanced (T); VONTOBEL FUND EMERGING MARKETS EQUITY B-USD CAP; VONTOBEL FUND US DOLLAR BOND B-USD-CAP; Vontobel Global Trend New Power (A); VPI Word Invest Miteigentumsanteile § 20 InvFG; VPI World Select TM Miteigentumsfonds gem.Par.20 InvFG; WSTV ESPA DYNAMISCH; WSTV ESPA Garantie Miteigentumsfonds gemäß § 20a InvFG; WSTV ESPA PROGRESSIV; WSTV ESPA TRADITIONELL.

Shares and other non-fixed-interest securities (with the exception of units of special funds that exclusively or predominantly hold bonds or other fixed interest securities), and shares in affiliated companies are measured according to the strict lower-of-cost-or-market principle (*strenges Niederstwertprinzip*). Starting in 2008, bonds and other fixed-interest securities have been measured using the less strict lower-of-cost-or-market principle (*gemildertes Niederstwertprinzip*) provided for in § 81h(1) VAG. Measurement using the less strict lower-of-cost-or-market principle resulted in write-downs of EUR 153,015,000 not being performed.

The measurement options provided in § 81h(2a) VAG were used to measure **units in special funds** that exclusively or predominantly hold bonds or other fixed interest securities. EUR 103,900,000 in write-downs were not performed for units of special funds due to use of this less strict measurement principle. Measurement of two selected ownership interests was performed by calculating net asset value taking into account stock exchange price discounts.

The **Company's investment** in fixed-interest securities, real estate, ownership interests, shares and structured investment products takes 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 7,210,000 (EUR 56,056,000) and a fair value of EUR 7,948,000 (EUR 56,813,000) as at 31 December 2008. 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. Previous write-downs of land and buildings were reversed based on the findings of the tax audit. No other write-ups were performed.

Unearned premiums for property/casualty insurance are essentially calculated by prorating over time after applying a cost deduction of EUR 18,557,000 (EUR 20,300,000). 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 2008 or 31 December 2007. 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 post-employment benefits, 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 4.5%. Interest expenses for personnel provisions of EUR 7,343,000 (EUR 9,486,000) are disclosed in the item investment and interest expense. A portion of the direct payment commitments, amounting to EUR 254,140,000 (EUR 207,230,000), 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). In accordance with an Austrian Federal Ministry of Finance decree of 3 August 2001, EUR 24,999,000 was outsourced to a post-employment benefit insurance company. A post-employment benefits provision of EUR 81,938,000 would be required under Austrian commercial law for 2008. EUR 22,648,000 was consigned to the outside insurance company to satisfy the post-employment benefit outsourcing requirement. The difference of EUR 59,290,000 between the size of the post-employment benefit provision to be formed under Austrian commercial law and the amount deposited with the outside insurance company is reported in the “other provisions” item in the balance sheet.

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 38,659,000 (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 98,000 (EUR 191,000) were given in connection with repayments of a loan.

Liabilities to affiliated companies amount overall to EUR 799,000 (EUR 881,000).

III. NOTES TO BALANCE SHEET ITEMS

Basic values for improved and unimproved properties as of 31 December 2008 amounted to EUR 110,248,000 (EUR 89,144,000).

The book value of real estate used by the Company is EUR 72,779,000 (EUR 69,819,000).

Other loans not secured by insurance policies are subdivided as follows: Loans to the Republic of Austria, in the amount of EUR 90,787,000 (EUR 138,908,000), loan receivables from other public-sector corporate bodies in the amount of EUR 41,049,000 (EUR 50,543,000) and loan receivables from other borrowers in the amount of EUR 245,219,000 (EUR 236,586,000).

The fair values of investments are:

Items under Sec. 81c (2) VAG in EUR '000	Market value on 31.12.2008	Market value on 31.12.2007
Land and buildings	696,833	647,452
Shares of affiliated companies	5,492,606	3,105,943
Bonds and other securities of and loans to affiliated companies	401,872	427,233
Ownership interests	431,100	338,301
Bonds and other securities of and loans to other companies in which an ownership interest exists	31,157	91,856
Shares and other non-fixed-interest securities	2,527,258	3,278,221
Bonds and other fixed-interest bonds	3,515,688	3,495,178
Shares in joint investments	53,940	55,682
Mortgage receivables	237,722	240,556
Policy pre-payments	19,846	19,425
Other loans	377,055	426,037
Bank balances	384,973	40,916
Deposits on assumed reinsurance business	150,231	150,910
	14,320,281	12,317,710

Hidden assets increased in the reporting year by EUR 99,380,000, to a total of EUR 1,911,806,000 (EUR 1,812,426,000). 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 (valuation calculations updated during the financial year). 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 2008 and 2004.

The fair values for the 2008 appraisals amount to EUR 394,943,000; 2007: EUR 140,547,000; 2006: EUR 15,490,000; 2005: EUR 51,030,000, 2004: EUR 94,823,000.

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 ÖVM/ÖVF 00/02
For annuity insurance policies	EROM/EROF AVÖ 1996 R AVÖ 2005 R

For a large portion of the portfolio, the actuarial reserve is calculated with a discount rate of 3.00% p.a. As of 1995, a discount rate of 4.00% 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%.

The amount shown in the "miscellaneous liabilities" item includes EUR 26,847,000 in tax liabilities (EUR 22,706,000) and EUR 3,580,000 in social security liabilities (EUR 4,436,000).

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

in EUR '000	Affiliated companies		Companies in which an ownership interest is held	
	2008	2007	2008	2007
Mortgage receivables	61,122	66,831	4,569	4,755
Deposits on assumed reinsurance business	26,688	122,433	7,932	8,273
Receivables from direct insurance business	6,343	3,724	1,378	1,635
Receivables from reinsurance business	12,427	13,161	135	720
Deposits on ceded reinsurance business	88,315	114,599	3,421	776
Liabilities from direct insurance business	1,010	4,782	576	854
Liabilities from reinsurance business	14,038	8,802	340	0
Other liabilities	466,394	75,386	69	2,347

Liabilities from the use of tangible assets not shown on the balance sheet for the following fiscal year amount to EUR 13,616,000 (EUR 9,594,000) and EUR 90,184,000 (EUR 75,862,000) for the subsequent five years.

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

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 2007	23,710	429,245	2,058,948	426,730	202,415	91,856
Additions	2,584	29,962	1,867,804	125,272	197,936	3,876
Divestitures	0	12,406	131,322	129,994	23,872	65,375
Transfer entries	0	0	0	-20,541	0	800
Write-downs	4,314	13,855	0	0	24,298	0
Write-ups	0	11,583	0	0	0	0
Change due to value adjustments	0	0	0	0	2,324	0
As at 31 December 2008	21,980	444,529	3,795,430	401,467	354,505	31,157

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 2008 are broken down as follows:

Overall account	Written Premiums	Earned premiums	Expenses for insurance claims	Operating expenses	Reinsurance balance
in EUR '000					
Direct business					
Fire and fire consequential loss insurance	220,853	229,265	249,403	51,104	54,840
Liability insurance	106,032	106,824	55,636	23,761	-8,133
Householders' comprehensive insurance	73,434	73,416	32,189	20,722	-1,183
Motor vehicle liability insurance	212,157	213,480	136,837	41,978	-3,353
Legal protection insurance	25,466	25,531	10,447	6,527	40
Marine, aviation and transport insurance	30,001	30,105	12,566	7,326	-7,175
Other insurance	26,963	26,974	24,010	5,068	-274
Other motor vehicle insurance	124,988	125,045	90,422	28,004	-998
Other property insurance	143,731	143,999	126,728	42,597	12,956
Accident insurance	90,138	90,037	50,561	22,754	-1,869
	1,053,763	1,064,676	788,799	249,843	44,853
(Prior year's values)	(1,015,579)	(1,005,428)	(651,118)	(223,063)	(-57,112)
Indirect business					
Marine, aviation and transit insurance	1,036	1,031	72	286	41
Other insurance policies	146,772	145,873	104,351	34,424	-15,412
	147,808	146,904	104,423	34,710	-15,371
(Prior year's values)	(110,911)	(110,201)	(83,026)	(28,655)	(-2,801)
Total direct and indirect business	1,201,571	1,211,580	893,222	284,553	29,482
(Prior year's values)	(1,126,490)	(1,115,629)	(734,144)	(251,718)	(-59,913)

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

in EUR '000	2008	2007
Direct business		
Individual policies	220,305	214,736
Group policies	93,806	91,639
Indirect business		
Individual policies	0	0
Group policies	169	222
	314,280	306,597

Written premiums for life insurance in 2008 are broken down as follows:

in EUR '000	2008	2007
Direct business	1,034,951	1,111,624
Indirect business	32,844	34,081
	1,067,795	1,145,705

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

in EUR '000	2008	2007
Individual policies	906,813	929,471
Group policies	128,138	182,153
	1,034,951	1,111,624
Single premium policies	364,529	452,362
Policies with regular premium payments	670,422	659,262
	1,034,951	1,111,624
Policies with profit participation	514,818	689,382
Policies without profit participation	3,939	4,210
Unit-linked life insurance policies	405,431	372,500
Index-linked life insurance policies	110,763	45,532
	1,034,951	1,111,624

Of the premiums written, EUR 116,472,000 (EUR 135,835,000) 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 2008 was EUR 2,177,000 (EUR 2,537,000) negative. The **reinsurance balance for health insurance** in 2008 was EUR 22,000 (EUR 113,000 positive) negative. Earned premiums for the property and casualty **indirect business**, in the amount of EUR 146,904,000 (EUR 110,201,000), 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 33,560,000 (EUR 34,392,000), EUR 46,000 (EUR 105,000) 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:

in EUR '000	2008	2007
Income from ownership interests		
Property and casualty insurance	31,279	19,613
Health insurance	0	6,689
Life insurance	18,350	54,034
Total	49,629	80,336
Income from other investments		
Property and casualty insurance	4,232	2,078
Health insurance	2,542	2,275
Life insurance	26,344	14,879
Total	33,118	19,232

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 component 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:

in EUR '000	2008	2007
Wages and salaries	139,917	129,211
Expenses for post-employment benefits and payments to company employee pension plans	7,341	4,994
Expenditures for retirement plans	16,818	17,772
Expenditures for statutory social contributions and income-related contribution and mandatory contributions	40,391	47,686
Other social contributions	1,315	2,050

In the 2008 business year, in the direct insurance business **commissions** were paid amounting to EUR 171,695,000 (EUR 181,525,000).

Losses from divestiture of investments during the 2008 business year amounted to EUR 8,992,000 (EUR 1,011,000).

The valuation reserve shown on the balance sheet as at 31 December 2008 and releases over the fiscal year are broken down by asset item as follows:

in EUR '000	Status on 31.12.2007	Release 2008	Status on 31.12.2008
Land and buildings	117,612	3,037	114,575
Shares in affiliated companies	9,979	3,016	6,963
Ownership interests	610	0	610
Shares and other non-fixed-income securities	26,072	0	26,072
Intangible assets	1,381	552	829

Due to the forming and releasing of untaxed reserves, income tax expenses during the fiscal year increased by EUR 1,651,000 (EUR 1,713,000).

V. PROFIT PARTICIPATION

The overview regarding the calculation of the profit participation is provided in the Notes on page 53.

VI. SIGNIFICANT PARTICIPATIONS

The subsidiaries of the Wiener Städtische Versicherung AG Vienna Insurance Group are assigned as follows to “Wiener Städtische Versicherung AG”, on the one hand, and the “Vienna Insurance Group”, on the other: Financial interests that support its Austrian business, and ownership interests that are complementary to and support its Austrian business areas, are listed under the affiliated companies and ownership interests of Wiener Städtische Versicherung AG. Insurance company interests and strategic Group companies are assigned to the Vienna Insurance Group.

WIENER STÄDTISCHE Versicherung AG

Name, place	31.12.2008 Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statements
Direct interests in affiliated companies				
Anděl Investment Praha s.r.o., Prague	100.00	1,826	30,174	2008
CENTER Hotelbetriebs GmbH, Vienna	55.00	-561	-749	2008
DBR-Liegenschaften GmbH & Co KG, Stuttgart	100.00	583	16,069	2008
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	100.00	0	23	2008
DIRECT-LINE Direktvertriebs-GmbH, Vienna	100.00	1	95	2007
EXPERTA Schadenregulierungs- Gesellschaft m.b.H., Vienna	25.00	344	762	2007
„Grüner Baum“ Errichtungs- und Verwaltungsges.m.b.H., Innsbruck	33.40	-6	-12	2008
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	76.00	78	234	2007
HUMANO CARE gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH, Vienna	100.00	235	526	2007
HUMANO CARE Management-Consult GmbH, Vienna	75.00	123	196	2007
LVP Holding GmbH, Vienna	100.00	3,401	55,175	2008
PFG Holding GmbH, Vienna	60.05	988	136,146	2008
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	49.47	-1	41	2007
Projektbau Holding GmbH, Vienna	60.00	372	41,692	2008
Realitätenverwaltungs- und Restaurantbetriebs-Gesellschaft m.b.H., Vienna	98.00	19	424	2007
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	66.70	-549	10,423	2008
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna	100.00	103	1,634	2008
More than 20% ownership, where a direct ownership interest exists				
FUTURELAB Holding GmbH, Vienna	41.67			
Humanomed Krankenhaus Management Gesellschaft m.b.H., Vienna	25.00			
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	30.46			
PKB Privatkliniken Beteiligungs-GmbH, Vienna	25.00			
Ruster Hotel Bau- und Betriebsgesellschaft m.b.H., Vienna	49.90			

VIENNA INSURANCE GROUP

Name, place	31.12.2008 Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statements
Direct interests in affiliated companies				
ARITHMETICA Versicherungs- und Finanzmathe- matische Beratungs-Gesellschaft m.b.H., Vienna	75.00	8	368	2008
ASIGURAREA ROMANEASCA - ASIROM S.A., Vienna Insurance Group, Bucharest	85.91	11,779	72,301	2008
SC BCR Asigurari de Viata Vienna Insurance Group S.A. ¹ , Bucharest	88.47			acquired in 2008
SC BCR Asigurari Vienna Insurance Group S.A. ¹ , Bucharest	88.56			acquired in 2008
BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	100.00	707	19,111	2008
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	100.00	1,065	17,772	2008
Blizzard Real Sp. z o.o., Warsaw	100.00			acquired in 2008
BML Versicherungsmakler GmbH, Vienna	100.00	15,002	237,787	2008
BULGARSKI IMOTI LIFE Insurance Company, Sofia	99.97	-192	3,930	2008
Bulgarski Imoti Non-Life Insurance Company, Sofia	99.88	-2,522	3,104	2008
Business Insurance Application Consulting GmbH, Vienna	100.00	105	2,053	2008
COMPENSA Holding GmbH, Wiesbaden	100.00	-49	19,657	2008
Compensa Towarzystwo Ubezpieczeń Na Życie Spolka Akcyjna Vienna Insurance Group, Warsaw	68.13	5,407	32,868	2008
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	61.60	1,178	45,466	2008
Cosmopolitan Life Vienna Insurance Group - dioničko društvo za osiguranje, Zagreb	100.00	-491	3,239	2008
DONAU Versicherung AG Vienna Insurance Group, Vienna	38.47	27,937	118,526	2008
Erste Vienna Insurance Group Biztosító Zrt. ¹ , Budapest	90.00	-219	5,366	2008
Erste osiguranje Vienna Insurance Group d.d. ¹ , Zagreb	90.00	28	3,379	2008
Geschlossene Aktiengesellschaft „Ukrainische Versicherungsgesellschaft „KNIAZHA“, Kiev	99.99	1,382	5,025	2008
GESCHLOSSENE AKTIENGESELLSCHAFT JUPITER LEBENSVERSICHERUNG VIENNA INSURANCE GROUP, Kiev	73.00	-1,224	1,758	2008
Helios Vienna Insurance Group d.d., Zagreb	100.00	-4,727	6,937	2008
Insurance Company with Added Liability „Globus“, Kiev	74.00	-1,664	2,650	2008
InterRisk Towarzystwo Ubezpieczeń Spolka Akcyjna, Warsaw	99.97	10,559	47,298	2008
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100.00	9,030	30,100	2008
Joint Belarus-Austrian Insurance Company Kupala, Minsk	67.52	52	801	2007
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	100.00	-59	1,804	2008
KONTINUITA poisťovňa, a.s. Vienna Insurance Group, Bratislava	33.00	-2,305	20,520	2008
KOOPERATIVA poisťovňa a.s. Vienna Insurance Group, Bratislava	94.23	8,171	199,905	2008
Kooperativa, pojišťovna, a.s., Vienna Insurance Group, Prag	89.65	47,285	377,732	2008
Kvarner Vienna Insurance Group dioničko društvo za osiguranje, Rijeka	98.75	-4,492	15,065	2008
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	98.96	38,554	123,401	2008
Passat Real Sp. z o.o., Warsaw	100.00			acquired in 2008
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group ¹ , Bratislava	90.00	960	16,230	2008
Pojišťovna České spořitelny, a.s., Vienna Insurance Group ¹ , Prague	92.73	2,415	61,003	2008

Name, place	31.12.2008 Share of capital in %	Equity capital in EUR '000	Net income for the year in EUR '000	Last Annual Financial Statements
Polski Związek Motorowy Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	95.83	-1,072	9,903	2007
Ringturm Kapitalanlagegesellschaft m.b.H., Vienna	100.00	335	3,016	2007
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	41.00	217	361	2007
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	100.00	-291	20,832	2008
Seesam Life Insurance SE, Tallinn	100.00	-1,181	5,950	2007
Sparkassen Versicherung AG Vienna Insurance Group ¹ , Vienna	87.50	10,989	222,231	2008
TBI BULGARIA AD, Sofia	49.00	1,008	36,872	2007
TBIH Financial Services Group N.V., Amsterdam	60.00	72,214	126,832	2007
UNION Vienna Insurance Group Biztosító Zrt., Budapest	100.00	2,643	34,224	2008
Vienna Insurance Group Polska Spółka z ograniczoną odpo- wiedzialnością, Warsaw	64.30	-306	4,202	2007
Vienna International Underwriters GmbH, Vienna	100.00	-4	46	2007
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	100.00	-1,417	9,597	2008
VIG RE zajišťovna, a.s., Prag	70.00	1,147	94,409	2008
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prag	100.00	-1	2,862	2008
„WIENER STÄDTISCHE OSIGURANJE“ akcionarsko društvo za osiguranje, Belgrade	100.00	-398	7,590	2008
ZASO Victoria Non-Life, Minsk	34.66	77	243	2007
More than 20% ownership, where a direct ownership interest exists				
Central Point IT-Solutions GmbH, Wien	38.00			
Geschlossene Aktiengesellschaft „Strachowaja kompanija „MSK Life“, Moscow	25.01			
Wüstenrot Versicherungs-Aktiengesellschaft, Salzburg	31.60			

¹⁾ New company name subject to approval by the appropriate executive bodies of the Company and registration of the amendment to the articles of association by the local authorities.

The exception contained in Sec. 241 (2) and (3) UGB was applied.

VII. OTHER INFORMATION

After a capital increase making use of authorised capital, the company's share capital was increased by EUR 23,878,216.94, from its previous value of EUR 109,009,251.26, through the issuance of 23,000,000 shares. The capital increase was registered in the commercial register on 9 May 2008, thereby becoming effective on this date.

The commercial register shows the Company's share capital equal to EUR 132,887,468.20, divided into 128,000,000 no-par value ordinary bearer shares with voting rights, with each share participating equally in the share capital.

By no later than 15 April 2013, the Managing Board is authorised to increase the share capital of the Company – in one or more tranches if need be – by a nominal amount of EUR 30,626,408.69 through the issuance of 29,500,000 no-par value ordinary bearer or registered shares against cash or in-kind contributions. The terms of the share rights, the exclusion of shareholders' subscription rights, and the other terms and conditions of the share issue shall be decided by the Managing Board with the approval of the Supervisory Board. Preference shares without voting rights may also be issued, with rights equivalent to those of existing preference shares. The offering prices of ordinary and preference shares may differ.

The General Annual Meeting of 16 April 2008 authorised the Managing Board to issue, subject to the approval of the Supervisory Board, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 15 April 2013, including the authorisation to exclude shareholders' subscription rights, and to grant the holders of convertible bonds conversion rights to up to 30,000,000 non-par value ordinary bearer shares with voting rights in conformity with the convertible bond terms established by the Managing Board. The share capital has therefore been raised in accordance with § 159 (2)(1) of the Austrian Stock Corporation Act by a contingent capital increase of up to EUR 31,145,500.36 through the issuance of up to 30,000,000 no-par value ordinary bearer shares. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Annual Meeting resolution of 16 April 2008 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date concerning the issuance of convertible bonds based on the authorisation granted on 16 April 2008.

The General Annual Meeting of 16 April 2008 also authorised the Managing Board to acquire its own no-par value bearer shares in accordance with § 65(1)(4) and (8) of the Austrian Stock Corporation Act to the maximum extent permissible by law during a period of 30 months following the date the General Annual Meeting resolution was adopted. The amount payable upon repurchase of the Company's own shares may not be more than a maximum of 50% below, or more than a maximum of 10% above, the average unweighted stock exchange closing price on the 10 stock exchange trading days preceding repurchase. At the Managing Board's election, the purchase may be made via the stock exchange, through a public offer or in any other legally permissible and expedient manner. The Managing Board has made no use of this authorisation to date. The Company held no treasury shares as of 31 December 2008.

The General Annual Meeting of 16 April 2008 further authorised the Managing Board to issue, subject to Supervisory Board approval, on one or more occasions income bonds with a total nominal value of up to EUR 2,000,000,000.00, including authorisation to exclude shareholders' subscription rights. On 12 June 2008, income bonds with a total nominal value of EUR 250,000,000.00 were issued and are listed on the Vienna Stock Exchange. The interest rate is 8% p.a. until 12 September 2018 (fixed interest rate), after which the bonds pay variable interest. As of the start of the variable interest period, the Company has the right to call the bonds with three months' notice.

On 12 January 2005, the Company issued supplementary capital bond 2005-2022, with a total nominal value of EUR 180 million, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. The interest rate during the first 12 years of the bond's term is 4.625% of its nominal value (fixed interest rate period), after which the bond pays variable interest.

On 12 January 2005, the Company also issued supplementary capital bond 2005, with a total nominal value of EUR 120 million, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. This bond does not have a fixed term. The interest rate during the first year of the bond's term is 4.25% of its nominal value, after which the bond pays variable interest.

The auditor has verified that the requirements under § 73b(2)(4) of the Austrian Insurance Supervision Act have been satisfied.

In the business year 2008 the Supervisory Board was 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**

Mag. Alois **Hochegger**

Dipl.-Ing. Guido **Klestil**

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

Hofrat Dkfm. Heinz **Öhler**

Mag. Reinhard **Ortner**

Dr. Johann **Sereinig**

Mag. Dr. Friedrich **Stara**

Employee representatives:

Peter **Grimm**

Brigitta **Kinast-Pötsch** (beginning 1 September 2008)

Heinz **Neuhauser** (until 31 August 2008)

Franz **Urban**

Gerd **Wiehart**

Peter **Winkler**

In the business year 2008 the Managing Board was made up of the following persons:

Chairman:

Dr. Günter **Geyer**

Members:

Dr. Rudolf **Ertl** (until 31 December 2008)

Dkfm. Karl **Fink**

Dr. Hans-Peter **Hagen**

Mag. Peter **Höfinger** (beginning 1 January 2009)

Mag. Robert **Lasshofer**

Dr. Martin **Simhandl**

During the business year 2008, the following persons were appointed to be trustees pursuant to Sec. 22 (1) VAG:

Trustees:

(life insurance department – Sec 20 (2;1) VAG)

Mag. Oskar **Ulreich**

Deputy:

Mag. Nicole **Plankenbüchler**

Trustees:

(except life insurance department – Sec 20 (2;1) VAG)

Mag. Wolfgang **Pechriggl**

Deputies:

Dr. Michael **Hysek** (beginning 1 February 2008)

Mag. Constantin **Christiani** (1 January 2008 - 31 January 2008)

The **average number of employees** (including cleaning staff) was 3,949 (3,828). Of the average of 3,858 (3,753) white-collar employees, 2,091 (2,030) were engaged in generating business, with personnel expenditures of EUR 98,988,000 (EUR 98,130,000), and 1,767 (1,723) in operations, with personnel expenditures of EUR 106,795,000 (EUR 103,584,000).

No loans and advancements to **members of the Managing Board** were outstanding as of 31 December 2008 (EUR 0).

No loans were made in 2008 to **Members of the Supervisory Board**.

There were **no liabilities** on behalf of Managing Board and Supervisory Board members as of 31 December 2008.

Of the expenses for post-employment benefits and pensions amounting in total to EUR 24,159,000 (EUR 22,766,000), EUR 6,612,000 (EUR 10,019,000) in 2008 was accounted for by post-employment benefits 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.

The compensation received by Managing Board members in 2008 includes the fixed component for 2008, the performance-linked component resulting from the profit earned in 2007, and special remuneration relating to the highly successful implementation of the capital increase in the first half of 2008.

Starting in the autumn, financial year 2008 was dominated by dramatic events on financial markets. Notwithstanding the

well-known difficulty presented by this environment, the Group still managed to earn its best profit ever. In view of the current economic environment, which also presents great challenges to many of the Group's customers, the Managing Board has decided to waive the 2008 performance-linked income component it is contractually guaranteed upon achievement of its targets, which means that this income component will not be paid out.

Since the 2008 Annual Report presents the compensation received in 2008, the effects of this waiver are not yet apparent in the 2008 Annual Report, and will not be seen until the 2009 Annual Report.

The **members of the Managing Board** received total gross compensation of EUR 5,478,000 in 2008 (2007: EUR 4,853,000). Subsidiaries paid EUR 330,000 of this amount for Management Board services which were rendered in these companies. In addition, the members of the Managing Board were also awarded a total of EUR 1,690,000 in special remuneration in 2008, relating to the highly successful implementation of the capital increase in the first half of 2008.

The total payments in 2008 to prior members of the Managing Board (including survivors) amounted to EUR 1,074,000 (EUR 1,042,000).

In 2008, the compensation of **Members of the Supervisory Board** amounted to EUR 353,000 (EUR 226,000).

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.

The Managing Board:

Dr. Günter Geyer

Dkfm. Karl Fink

Dr. Peter Hagen

Mag. Peter Höfinger

Mag. Robert Lasshofer

Dr. Martin Simhandl

Vienna, 16 March 2009

PROFIT PARTICIPATION

Profit sharing is calculated in accordance with the following principles:

Health insurance

As at 31 December 2008, 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 2008 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 apply to new participating rate tariffs at Wiener Städtische Versicherung AG Vienna Insurance Group from the fiscal year 2009 on.

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	518,876.7
Expenses for insurance claims, including changes to underwriting reserves	-610,556.5
Operating expenses	-80,209.8
Other underwriting and non-underwriting income/expenses	-2,204.2
Investment and interest income and expenses	218,595.3
Assessment base as at 31/12/2008	44,501.5

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 2008, expenses for profit-dependent premium reimbursement and policyholder profit participation, plus direct credits, amounted to EUR 69,750,600, i.e., 156.7% of the assessment base.

The following applies to all profit groups:

Due to the current financial market situation and the high volatility appearing in capital markets, we are changing the procedure associated with profit resolutions. As a result, when the 2008 financial statements were prepared, the Managing Board had not yet adopted a resolution on the size of the profit participation to be allocated at the time of the next profit distribution on 31 December 2009.

Expenses for profit participation will be transferred to provisions for policyholder profit participation. However, one of the advantages of traditional life insurance versus other forms of investment becomes apparent, particularly in difficult macroeconomic times, namely continuous profit allocation.

It is anticipated that the Managing Board will adopt a resolution toward the end of 2009 on the amount of profit to be distributed on 31 December 2009.

Deferral of the resolution makes it possible to take 2009 investment performance into account, react quickly to changing capital market conditions and make better forecasts of future developments, thereby allowing the size of the traditional profit participation to correspond to what it would be if it were smoothed to the greatest extent possible over the years.

After the resolution has been adopted, policyholders will be informed of the rates used to allocate profit shares to their policies on 31 December 2009.

AUDITOR'S REPORT

We have audited the accompanying financial statements including the accounting system of

Wiener Städtische Versicherung AG
Vienna Insurance Group, Vienna,

for the fiscal year from January 1 to December 31, 2008. The Company's management is responsible for the accounting, the preparation and content of these financial statements and of the management report in accordance with Austrian regulations. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report corresponds with the financial statements.

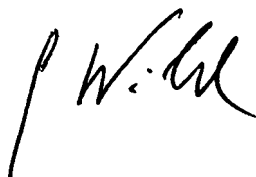
We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement and whether we can state

that the management report corresponds with the financial statements. In determining the audit procedures we considered our knowledge of the business, the economic and legal environment as well as the expected occurrence of errors. An audit involves procedures to obtain evidence about amounts and other disclosures in the financial statements predominantly on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements are in accordance with legal requirements and present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and the results of its operations for the fiscal year from January 1 to December 31, 2008 in accordance with Austrian Generally Accepted Accounting Principles. The management report corresponds with the financial statements.

Vienna, 16 March 2009

signed:



Mag. Günter Wiltschek
Austrian Certified Public Accountant

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

SUPERVISORY BOARD REPORT

The Supervisory Board reports that it has taken the opportunity to comprehensively review the management of the Company, both acting as a whole and also regularly through its Chairman and Deputy Chairman. Detailed presentations and discussions during meetings of the Supervisory Board and its committees were used for this purpose, as were recurring meetings with the members of the Managing Board, who provided detailed explanations and supporting documentation relating to the management and financial position of the Company and the Group. The strategy, business performance and risk management of the Company were also discussed in these meetings.

The Supervisory Board formed four committees from among its members. Information on the responsibilities and membership of these committees is available on the Company's website and in the corporate governance report.

One ordinary General Annual Meeting and four Supervisory Board meetings were held in 2008. Two meetings of the Audit Committee were also held. The Committee for Urgent Matters held four meetings and was also contacted in writing with regard to ten matters. The Supervisory Board was informed of all resolutions passed by these committees at its next meeting following. The auditor of the financial statements and consolidated financial statements, PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungs-gesellschaft, attended Audit Committee meetings and Supervisory Board meetings dealing with the approval and preparation of the annual financial statements and the auditing of the annual financial statements and consolidated financial statements, as it did the General Annual Meeting. The Committee for Managing Board Matters also held four meetings in 2008.

No agenda items were discussed in the Supervisory Board and committee meetings without participation by members of the Managing Board. No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

By inspection of appropriate documents, holding meetings with the Managing Board and discussions with the auditor, the Supervisory Board Audit Committee was able to form a satisfactory view of the accounting process and found no reasons for objection. The Audit Committee also reviewed the effectiveness of the internal control system, the internal auditing system and the risk management system, by requesting descriptions of the processes and organisation of these systems from the Managing Board, the auditor and the individuals directly responsible for these areas. The Audit Committee reported on its monitoring activities to the Supervisory Board as a whole and stated that no deficiencies had been identified.

In order to prepare the Supervisory Board's proposal for selection of the auditor of the financial statements and consolidated financial statements, the Audit Committee requested that PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (PwC) submit documents relating to its license to audit. Based on a written report, it was determined that no reasons for exclusion or circumstances that could give rise to cause for concern regarding partiality exist. In addition, a list, grouped by category of services, of the total revenues received from the Company by PwC in the previous financial year was requested and reviewed, and it was verified that PwC was included in a statutory quality assurance system. The Audit Committee reported to the Supervisory Board on the knowledge gained from these investigations and the Supervisory Board subsequently made a proposal to the General Annual Meeting that PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be appointed auditor of the financial statements and consolidated financial statements.

In addition, the Supervisory Board Audit Committee received from the Managing Board, reviewed and carefully examined the 2008 annual financial statements, management report and corporate governance report. The Supervisory Board Audit Committee also subjected the 2008 consolidated financial statements and Group management report to a careful review. The Managing Board's proposal for appropriation of profits was also debated and discussed in the course of this review. As a result of this review and discussion, a unanimous resolution was adopted to recommend to the Supervisory Board the unqualified acceptance thereof. The committee chairman informed the Supervisory Board of the resolutions adopted by the committee.

The 2008 annual financial statements together with the management report and corporate governance report, the 2008 consolidated financial statements together with the Group management report, and the Managing Board's proposal for appropriation of profits were subsequently addressed, thoroughly discussed, and reviewed by the Supervisory Board. In addition, the auditor's reports prepared by PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for the 2008 annual financial statements and management report and the 2008 consolidated financial statements and Group management report were reviewed by the Audit Committee and by the Supervisory Board as a whole, and debated and discussed in detail with PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The ultimate findings of the review identified no reasons for objections. The Supervisory Board declared that it had nothing to add to the auditor's reports for the financial statements and consolidated financial statements.

The Supervisory Board therefore adopted a unanimous resolution to approve the annual financial statements and consolidated financial statements prepared by the Managing Board, and to indicate its agreement to the Managing Board's proposal for appropriation of profits.

The 2008 annual financial statements have therefore been approved in accordance with § 125 (2) of the Austrian Stock Corporation Act.

The Supervisory Board therefore proposes

to the General Annual Meeting that it decide on the appropriation of profits in accordance with the proposal made by the Managing Board and formally approve the actions of the Managing Board and of the Supervisory Board.

Vienna, March 2009

The Supervisory Board:

A handwritten signature in black ink, appearing to read 'K. Stadler', with a long horizontal flourish extending to the right.

KR Dkfm. Klaus STADLER
(Chairman)

STATEMENT BY THE MANAGING BOARD

We declare to the best of our knowledge that the Wiener Städtische Versicherung AG Vienna Insurance Group annual financial statements prepared in accordance with applicable accounting standards give a true and fair view of the Company's net assets, financial position and results of operations, the management report presents the business development, performance and position of the Company so as to give a true and fair view of its net assets, financial position and results of operations, and the management report provides a description of the principal risks and uncertainties to which the Company is exposed.

The Managing Board:



Dr. Günter Geyer



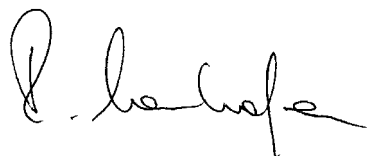
Dkfm. Karl Fink



Dr. Peter Hagen



Mag. Peter Höfinger



Mag. Robert Lasshofer



Dr. Martin Simhandl

Vienna, 16 March 2009

ADVISORY COUNCILS

PROVINCIAL ADVISORY COUNCILS

The following persons belong to the advisory councils for the individual federal provinces designated in the Articles of Association for advising the Managing Board (Position at 31 December 2008):

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**
 Konsistorialrat Dr. Burkhard **Ellegast**
 Komm.-Rat Wilhelm **Gelb**
 Mag. Helmut **Guth**
 Konsistorialrat Prälat Berthold **Heigl**
 Mag. Dr. Herwig **Hofstätter**
 Mag. Herbert **Kaufmann**
 Herbert **Klenk**
 Hans **Knoll**
 Otto **Korten**
 Werner **Magyer**
 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**
 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**
 Mag. Dr. Johann **Mayr**
 Dr. Markus **Limberger**
 Dr. Josef **Peischer**
 Komm.-Rat Dr. Ludwig **Scharinger**
 Adolf **Scheuchenpflug**
 Mag. Wolfgang **Schneckenreither**
 Komm.-Rat Ernst **Strauss**
 Gerda **Weichsler**

Provincial advisory council for Styria

Mag. Herbert **Beiglböck**
 Gerhard **Deutsch**
 Dr. Gerhard **Fabisch**
 Herbert **Gritzner**
 Komm.-Rat Horst **Hilmer**
 Karl **Hofmeister**
 Mag. Dr. Franz **Huber**
 Mag. Dr. Karl-Franz **Maier**
 Ernst **Meixner**
 Mag. Dr. Wolfgang **Messner**
 Mag. Paul **Nussbaumer**
 Hermann **Retter**
 Ulrike **Retter**
 Alois **Samer**
 Horst **Schachner**
 Christoph **Stark**
 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**
 Jürgen **Danzmayr**
 Dipl.-Ing. Günter **Fleischmann**
 Mag. Johannes **Lassacher**
 Ing. Johann **Myslik**
 Alois Johann **Nindl**
 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**
 Dr. Helmut **Löffler**
 Mag. Hans **Lukits**
 Hans **Niessl**
 Ing. Frank **Pfnier**
 Wirkl. Konsistorialrat Matthias **Reiner**
 Ingrid **Salamon**
 Mag. Nikolaus **Sauer**
 Ernst **Schmid**
 Dipl.-Ing. Johann **Schmidt**
 Peter **Schmitl**
 Komm.-Rat Erwin **Schneeberger**
 Mag. Rudolf **Simandl**
 Gerhard **Steier**
 Georg **Stiegelmar**
 Dr. Csaba **Szekely**
 Hofrat Dr. Robert **Tauber**
 Josef **Wein**

Advisory Board for funeral insurance

The following persons belong to the advisory council designated in the Articles of Association and established for advising the Managing Board on funeral matters and funeral issues (status as of 31 December 2008):

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

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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 ratio.

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.

GBVVU

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

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 profit dependent 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.

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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: 27 February 2009

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DPR Number: 0016705

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Elisabeth Karner

Design and production:

Young & Rubicam GmbH

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/AGE08