2012 was not always an easy year, but thanks to our employees, customers and partners we were able to end this year with success as well. Our picture pages show just some of the events of last year: nine provinces, nine topics and Wiener Städtische presented nine times as a local insurance company. You will also find a QR code on each page that leads to additional information. We hope you enjoy your virtual dialogue with Wiener Städtische!

Scan the QR code with your smartphone or tablet PC, or use the link to learn more about Wiener Städtische.
2012: IMPRESSIVE PERFORMANCE UNDER ADVERSE CONDITIONS

PROFIT TARGETS ACHIEVED

HIGH LEVEL OF PREMIUMS MAINTAINED IN A DIFFICULT ENVIRONMENT

NON-LIFE LINES OF BUSINESS SHOW PARTICULARLY STRONG GROWTH

COMBINED RATIO CONTINUES TO BE OUTSTANDING

SECURITY-ORIENTED INVESTMENT STRATEGY ONCE AGAIN PROVES ITS VALUE

ATTRACTIVE NEW PRODUCTS AND SERVICE FEATURES

IMPORTANT INITIATIVES RELATED TO FUTURE PROVISIONS
Secure in difficult times.
Seldom have conditions been so challenging for our company as in the previous year. Numerous natural catastrophes put a strain on our results, the change in the tax framework and a period of low interest rates made conditions considerably more difficult for the life insurance business, and the general economic situation presented great challenges both for the insurance business and investments. We managed to do very well again, even under such difficult conditions, further increasing business volume and profits. There are many reasons for this. First and foremost are close customer relationships and excellent service throughout all of Austria. Market knowledge, innovation, a wealth of product ideas, and foresight are, however, also important for strategic development. And last but not least, there are our cautious investment policy and effective reinsurance policy, which give us the stability and trustworthiness necessary for an insurance company, particularly in uncertain times. These are just the most important of the many reasons speaking in favour of Wiener Städtische. They ensure that in the future we can continue to say: We insure Austria.

Robert Lasshofer
Chairman of the Managing Board of Wiener Städtische
HIGHLIGHTS & MANAGEMENT

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COMPANY & STRATEGY

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### ANNUAL FINANCIAL STATEMENTS 2012

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Mr Lasshofer, when you look back over 2012, how was the year overall? Conditions have not been particularly easy ...

Lasshofer: 2012 was in fact one of the most difficult years in recent insurance history. Economic conditions were already very challenging and the regulatory framework – for example, the Gender Directive and Solvency II – and customer restraint didn’t make it any easier for us. In addition, we were also confronted by significant storm claims. We managed to do very well in spite of this. We increased our premium volume in all segments except life insurance and also achieved our profit targets. This is remarkable in times like these.

What do the figures themselves look like?

Lasshofer: Premiums written were EUR 2,249.05 million, only 0.7% below the solid figure achieved in the previous year. The minimal decrease is due solely to performance in life insurance, and in particular single-premium policies. We achieved good growth in all other lines of business, both in absolute terms and relative to the market. Our underwriting result in the property and casualty business also remained at a very good level, in spite of a large number of storm claims. This was only possible because we did not record any large claims. We are particularly happy that we continued to have an outstanding combined ratio of 95.4%. We also increased our equity base. Among other things, this had a positive effect on our solvency ratio, which is now a remarkable 233.0%.

You mentioned storm claims. What was the main area for the claims?

Leiß: Practically everything that could happen in this area did happen in 2012; frost claims in February and then again in the spring, hail, flooding, mudslides and storms in June and July. For these occurrences alone, we quickly processed more than 30,000 individual claims, totalling more than EUR 70 million. Because there were a lot of small claims, primarily in the private customer sector, only a relatively small portion was
covered by reinsurance. There were, however, no truly large claims.

Economic and regulatory conditions also presented a few challenges to the insurance industry as a whole in 2012...

Lasshofer: As in other sectors, restrained economic growth naturally had a dampening effect on our business. Until a few years ago, gross domestic product (GDP) and expenditures on insurance essentially changed in parallel, while recently the ratio of insurance expenditures to GDP has tended to decline – also in part due to changes in tax law. If energy prices, fuel prices and the cost of living increase as a whole, and uncertainty tends to rise rather than fall, people tend to think about their expenditures, especially those that aren’t directly related to their day-to-day lives. This means there is simply less left over for future provisions or saving. Of course, the 50% reduction in the government subsidy for private pension provisions was not helpful, and the recent reduction in the guaranteed minimum interest rate was not exactly confidence-inspiring. Happily, however, premium income rose 3.4% in non-life lines of business that provide coverage for natural hazards.

“WE CONTINUE TO HAVE AN OUTSTANDING COMBINED RATIO OF 95.4%.”
Robert Lasshofer

Havasi: The EU Gender Directive brought another important regulatory change. As of 21 December 2012, insurance policies can no longer differentiate by gender. We naturally had to make extensive preparations for this in the previous year. At the same time, we used the opportunity to introduce a number of product innovations to our portfolio for our customers. For example, at the request of our customers, we reduced the deductible for special class policies by up to 40%, with a further 50% reduction for children and youth. We are now interested to see what the underwriting effects will be from assuming, from a purely statistical point of view, that men and women live the same length of time ...

Dornaus: One can certainly describe international capital market developments in 2012 as very challenging for the insurance industry and its investments. Investment policies continued to be dominated by an ongoing low level of returns, while markets recorded high volatility during the year due to the European

“OUR RISK-OPTIMISED INVESTMENT STRATEGY ONCE AGAIN PROVED ITS VALUE.”
Christine Dornaus
sovereign debt crisis and particularly economic developments in the Southern European countries.

Strict maintenance of our risk-optimised investment strategy once again proved its value in this environment. Investments were broadly diversified, not only with respect to securities, but also participations, loans and real estate. A balanced asset allocation allowed us to keep the volatility of our investments relatively low, while ensuring regular income on a stable, sustained basis. This should make it possible for us to offer our customers constant, stable income both in the current market environment and in the future.

“THE 50% REDUCTION IN THE GOVERNMENT SUBSIDY FOR PRIVATE PENSION PROVISIONS WAS NOT HELPFUL.”
Robert Laschofer

but also participations, loans and real estate. A balanced asset allocation allowed us to keep the volatility of our investments relatively low, while ensuring regular income on a stable, sustained basis. This should make it possible for us to offer our customers constant, stable income both in the current market environment and in the future.

How did business develop in 2012? What trends affected performance in the individual lines of business?

Leiß: We achieved growth rates of more than 3% in motor vehicle insurance and the other lines of property insurance. Customers simply want to insure their belongings in the best possible way, and we offer a large number of attractive solutions that allow them to do so. We once again expanded the range of products and services we offer in this segment in 2012. Examples are the Premium Plus package for homeowner insurance and our new storm app. Custom-tailored supplementary packages also offer optimal coverage for our more than 600,000 customers in the motor vehicle business. We plan to introduce further innovations in 2013 that will also reflect the experience gained during the heavy claims year of 2012. For example, we are planning new insurance packages for our commercial customers and customers in the agricultural sector.

Havasi: In personal insurance, we are seeing the opposite of the increase in property insurance. Single-premium products in particular are significantly below the values in earlier years. This is primarily due to the increase in the tax lock-in period from ten to 15 years in 2011. The target group of 55 to 60-year old reinvesting customers was particularly affected, because at their age and in the current economic environment, they simply no longer want to tie themselves in for 15 years. The rest of the population is also cautious, although we note a positive trend towards early provisions in the under 30 age group. This target group, however, tends to choose life insurance with regular premiums. We are naturally continuing to do everything possible to create an appropriate awareness and clearly show people their personal responsibility in this regard. At the same time, Wiener Städtische naturally has no desire to see government...
pensions replaced by private pensions. The government will continue to be responsible for basic coverage in the future. It is, therefore, a question of “both one and the other”. For this to happen, however, it is necessary to create appropriate incentives, and not, as has happened, to undermine the attractiveness of private pensions based on short-sighted budget considerations.

Lasshofer: With respect to creating awareness, the topic of future provisions concerns not only pensions, but also sufficient funding for nursing care. Cost increases and recourse claims by the government are making this topic increasingly controversial, and we are currently working intensively to bring it to public attention. As a responsible insurance company, I think it is extremely important for us to point out the significance, not to mention explosive force, that the topic of nursing care provisions could have for our society. Our “Carer with a Heart” campaign in 2012 was an important step in this direction, in cooperation with the Austrian Health and Nursing Care Association (ÖGKV), Erste Bank and the Austrian Ministries of Social Affairs and the Economy. We naturally also take into account the business potential all of this has for us.

Havasi: There is still a long way to go before nursing care insurance has a truly solid foundation. Having been the first provider to introduce a product like this, we are still the market leader in this area, and will continue our intensive efforts to develop it. Incidentally, our measures in the health insurance segment also did very well. The newly designed products introduced in 2011 were well received by our customers, and we recorded growth of 2.3% in this area in 2012. In addition, we installed the IMPULS online health care portal as a special service at the end of the year. Our customers can use it to access numerous types of medical information and assistance, ranging from the clarification of technical terms to searching for a doctor or explaining findings.

Close personal relationships with customers are particularly important to us in this regard. Customers want to understand and be treated as equals, which is why we rely on personal contact, advice and service. In addition, in a market where products and services are often quite interchangeable, the people one deals with are often the most important differentiating factor. This especially applies to personal insurance. When people are dealing with something to do with their personal well-being, they generally need personal counsel-ling before they feel confident.

Müller: We traditionally use a very diverse distribution strategy, which continued to do well for us in 2012. It is based on three main elements: The first is our own field staff, who provide detailed advisory services directly to the client in the field. The second element, which we are continuously expanding, is distribution through brokers. We also established new partnerships in this area in 2012. And the third element is our cooperation with Erste Bank/Sparkassengruppe, the success of which is particularly reflected by the increase in premiums in the non-life segment. In Vienna, for example, we had already won 50,000 new non-life customers through this channel by September 2012.

Close personal relationships with customers are an important success factor, particularly in difficult times. How do you structure and ensure your access to the market?

Müller: We traditionally use a very diverse distribution strategy, which continued to do well for us in 2012. It is based on three main elements: The first is our own field staff, who provide detailed advisory services directly to the client in the field. The second element, which we are continuously expanding, is distribution through brokers. We also established new partnerships in this area in 2012. And the third element is our cooperation with Erste Bank/Sparkassengruppe, the success of which is particularly reflected by the increase in premiums in the non-life segment. In Vienna, for example, we had already won 50,000 new non-life customers through this channel by September 2012.

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This is also the reason we purposely stress our regional nature. We regularly invest in new construction and modifications to our network of locations distributed throughout
Austria. A variety of new branch offices were also opened in 2012. For example, we recently moved into our new provincial head office in St. Pölten. At the same time, we further increased the number of our field staff members. So as you can see, we invest in both personnel and infrastructure and see this as a visible commitment to the region. Customers reward this by placing their confidence in us. This is also shown by surveys. In a Karmasin study in 2012, Austrians chose Wiener Städtische as the most secure insurance company in Austria.

“CLOSE PERSONAL RELATIONSHIPS WITH CUSTOMERS ARE PARTICULARLY IMPORTANT TO US.”
Ralph Müller

What about your strategy? Have you made any changes or adjustments to it, particularly in view of the challenging environment?

Lasshofer: Basically nothing has changed. Our primary objectives and strategy remain the same, even under the current difficult conditions; they have, after all, proven their value in the past. Being the leading insurance company in Austria by virtue of our own strength continues to be our ultimate objective. This leadership goal refers to both premium volume and profits, as one has to be profitable in order to be truly strong. Although the detailed implementation of this objective naturally has to be adjusted to current conditions, the central focus continues to be on long-term profitable growth.

Müller: Continuity will also characterise our market presence in 2013. In 2012, we saw that you can do good business even in difficult times if you devote yourself fully to this goal. Our aim in 2012 was to inspire our customers. We succeeded in many areas, and want to continue to take advantage of this momentum. To do so, we have several irons in the fire: A number of new products and services are being prepared. A variety of measures are also in store for distribution. For example, after the success in the previous year we are planning another roadshow for brokers, and as part of the cooperation with Erste Bank/Sparkassengruppe, we intend to expand the portfolio of products offered through this distribution channel.

This strategic continuity is also reflected in a continuity of personnel. As publicly announced, the current Managing Board will be re-appointed as of 1 July.

Lasshofer: This extension of the terms of office shows that the work we are doing at Wiener Städtische is recognised and valued by our Supervisory Board. My colleagues on the Managing Board are very pleased about this, as, of course,
I am especially pleased that Dr Havasi is to be appointed Deputy General Manager on the same date. Continuity will not, however, be restricted to the Managing Board, but will also extend to our employees in general. I have also been directly responsible for personnel matters since January 2012, and it is a major concern of mine that we work with a stable team. As a service provider, we need competent, motivated people we can rely on to stand behind our objectives. In order to recruit and retain them, we naturally have to offer suitably attractive career opportunities. By no means does this apply only to executives – we want to be attractive to all employees.

It is only a small step from being an attractive employer to CSR ...

Dornaus: We are very aware that as a large insurance company, an important factor in the economy and a prominent employer we bear a high level of social responsibility. We accept this responsibility and make contributions in many areas, including arts and sciences, culture and sports. With respect to social involvement, I would like to mention our Social Active Day, an initiative launched in 2011 in which we allow employees to take time off for voluntary activities in a wide variety of institutions. More than 400 individuals took part in this initiative again in 2012, which corresponds to an impressive two man-years of time that we provided free of charge for the collective good. We are also aware of our social responsibility in terms of the environment. We therefore use efficient and environmentally compatible technologies for our properties, as was the case in the previously mentioned construction of our new provincial head office in St. Pölten.

Sustainability is a key factor in our involvement in this project. The great importance we place on sustainability is also shown by the fact that our annual report is being published today together with our own sustainability report. This report provides a full overview of all our measures and initiatives in this area.

Sustainability always means looking to the future, hence the final question: What is your outlook for 2013?

Lasshofer: In general, our objective for 2013 is to do better than the forecast published in February by the Austrian Insurance Association (VVO), which is expecting market growth of 0.2%. At the same time, we want to further improve the quality of our results and will be constantly reviewing all of our work processes, including expenditures, to do so. We feel there is still a need for optimisation in this area. Stability and predictability remain our main focus. This means that, in particular, we will continue our risk-conscious investment policy and further strengthen our equity. Our aim here is to continue earning the confidence of our customers and employees.

Thank you for the interview.
Erich Leiß
Member of the Managing Board
Born in 1956

Erich Leiß joined Donau Versicherung in 1976. In 1999 he became head of the property/casualty department. In 2007 he was appointed to the Managing Board with responsibility for the area of actuarial practice. Erich Leiß was a member of the WIENER STÄDTISCHE Austria Committee of the Vienna Insurance Group Managing Board starting as of 1 January 2009 before his appointment to the Managing Board of Wiener Städtische Versicherung AG.

Christine Dornaus
Member of the Managing Board
Born in 1963
Studied commerce

Christine Dornaus began her career at WIENER STÄDTISCHE Versicherung AG in 2002 as assistant manager of the subsidiaries and loans department, which she has managed since 2005. Before this, she followed a 10-year banking career by setting up the controlling department in Invest Equity Beteiligungs AG. She was a member of the WIENER STÄDTISCHE Austria Committee of the Vienna Insurance Group Managing Board and a member of the Extended Board before being appointed to the Managing Board of WIENER STÄDTISCHE Versicherung AG in 2009.

Robert Lasshofer
General Manager, CEO
Born in 1957
Studied social sciences and economics

Robert Lasshofer first worked for the Group at Union Versicherung AG in 1986. After that, he became managing director of AWD Gesellschaft für Wirtschaftsberatung and was appointed to the Managing Board of Donau Versicherung in 1998. He became a member of the Managing Board of WIENER STÄDTISCHE Versicherung AG in 1999. Before this, he also worked in the staff section of Bank Austria. In October 2007, he was appointed “Deputy General Manager”. He has been General Manager of WIENER STÄDTISCHE Versicherung AG since 3 August 2010.

Ralph Müller
Member of the Managing Board
Born in 1968
Studied law

Ralph Müller was a member of the Managing Board of AWD Holding AG with responsibility for Austria and the CEE region before being appointed to the Managing Board of WIENER STÄDTISCHE Versicherung AG on 1 April 2011. Before that, he was head of the distribution department of BA-CA and subsequently a member of the managing board of Bank Austria responsible for the private and commercial customer areas.

Judit Havasi
Member of the Managing Board
Born in 1975
Studied law

Judit Havasi has been employed by the Vienna Insurance Group since 2000. She began as an internal audit employee in UNION Biztosító, and became the head of this company in 2003. Judit Havasi was a member of the WIENER STÄDTISCHE Austria Committee of the Vienna Insurance Group Managing Board and a member of the Managing Board of UNION Biztosító in Hungary before her appointment to the Managing Board of WIENER STÄDTISCHE Versicherung AG in 2008.

AREAS OF RESPONSIBILITY

- General liability insurance
- Property insurance
- Legal expenses insurance
- Private and commercial business
- Motor vehicle insurance
- Special damages
- Legal expenses/claims
- Corporate and large customer business, reinsurance
- Property insurance service centre
- Property insurance actuarial Department
- Securities and funds
- Subsidiaries and loans department
- Real estate
- Finance and accounting
- Collections service centre
- Management of the company
- Strategic matters
- Media and public relations
- Internal communications
- Asset risk management
- Human relations and personnel development
- General secretariat
- Communication with the Supervisory Board
- Representative vis-à-vis the supervisory authority as well as the insurance and trade associations
- Marketing and advertising
- Central sales management
- Primary distribution
- Secondary distribution
- Commercial client business
- Corporate and large Customer sales
- Provincial head offices
- Erste Bank/Sparkassengruppe partnership
- Company law
- Sponsoring
- Business organisation
- IT management and provider management
- Life and casualty insurance
- Health insurance
- Personal insurance service centre
- Personal insurance actuarial department
### KEY FIGURES WIENER STÄDTISCHE VERSICHERUNG AG

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<th>EUR million</th>
<th>2012</th>
<th>2011</th>
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<tr>
<td>Gross premiums written</td>
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<td>Property/casualty insurance</td>
<td>1,101.3</td>
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<td>Life insurance</td>
<td>809.0</td>
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<tr>
<td>Health insurance</td>
<td>343.2</td>
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<td>Financial result</td>
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<tr>
<td>Results from ordinary activities</td>
<td>216.6</td>
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<tr>
<td>Total investments</td>
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<td>Investments</td>
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<td>Investments for unit-linked and index-linked life insurance</td>
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<td>Underwriting provisions for unit-linked and index-linked life insurance</td>
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<td>Office employees</td>
<td>1,531</td>
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<td>Field sales representatives (incl. interns)</td>
<td>1,977</td>
<td>1,919</td>
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RESULTS FROM ORDINARY BUSINESS BY SEGMENTS 2012

- Property/casualty 75.4%
- Health 11.4%
- Life 13.2%

PREMIUMS 2012 BY SEGMENTS

- Property/casualty 48.9%
- Health 15.2%
- Life 35.9%

INSURANCE PAYMENTS* BY SEGMENTS 2012

- Property/casualty 33.4%
- Health 13.2%
- Life 53.4%

* Incl. costs of claims processing

STRUCTURE OF INVESTMENTS 31/12/2012

- Securities 66.47%
- Loans 14.84%
- Ownership interests 15.74%
- Real estate 2.72%
- Others 0.24%
DENSE NETWORK OF LOCATIONS
THROUGHOUT AUSTRIA
Vienna Insurance Group is one of the leading listed insurance companies in Austria and the Central and Eastern European region, with around 24,000 employees generating a premium volume of approximately EUR 9.7 billion. Around 50 companies in 24 countries form a group with a long tradition, strong brands and high customer-orientation. The Company is a clear market leader in its core markets, offering an extensive range of products and services in both the life and non-life insurance segments.

Progressive insurer – conservative investor
Vienna Insurance Group (VIG) is a progressive insurer that consciously focuses on its core competence: the insurance business. In large part due to its risk-conscious, conservative investment policy, VIG stands for security and financial stability – as an insurer, employer, business partner and issuer in the capital markets. This was also underlined by the Standard & Poor’s rating agency, which renewed its A+ rating with stable outlook for 2012. This makes VIG the best-rated company in the ATX leading index of the Vienna Stock Exchange. The Company’s listing on the Prague Stock Exchange in 2008 highlights VIG’s strategic orientation towards the Central and Eastern European economic area (CEE).

VIG also has the aim of creating and promoting socially responsible and sustainable conditions for a society worth living in. VIG therefore feels obligated to involve itself in cultural and social concerns in order to remain true to its fundamental goal of value-oriented growth.

Focus on Austria and Central and Eastern Europe
VIG, whose roots reach back to 1824, was quick to identify the many growth opportunities offered by Central and Eastern Europe. From its original base as Wiener Städtische in Austria, the Company was one of the first Western European insurance companies to enter the CEE region over 20 years ago and has been expanding there ever since. In the process, VIG has developed from a successful local insurance company to a leading international insurance group with around 50 insurance companies in 24 European countries. Wiener Städtische’s business operations in Austria were separated from international activities during the restructuring in 2010. This created transparent structures and processes within the group. Since then, Wiener Städtische has concentrated primarily on the Austrian market and devoted itself to its roots there.

More than 50% of Group premiums and earnings now come from the CEE region. VIG is a clear overall market leader in its core markets, and in the life and non-life insurance segments, placing it in an excellent position to take advantage of the long-term opportunities offered by Central and Eastern Europe.

With establishment of VIG RE, the Group has also had its own reinsurance company since 2008, and the location of its registered office in the Czech Republic underscores the importance of the CEE region as a growth market for VIG.

Trust in local entrepreneurship
The Austrian VIG companies have offered an extensive product portfolio in both the life and non-life areas for many years. The low insurance density and large populations of many Central and Eastern European countries offer enormous potential for further growth over the medium and long term. In order to be a successful insurer in this region, one has to understand customer needs. This is the reason that VIG places its trust in the sound market knowledge of local management and the experience of its local employees. The combination of local market expertise and product know-how puts VIG in an optimal position to continue consolidating its
market position in Austria whilst at the same time benefiting from the rising standard of living in the CEE region, with the associated increase in the need for insurance.

Close customer relationships based on a multi-brand strategy and multi-channel distribution
All customers are unique in terms of their personal living circumstances, need for security and retirement provisions, and the way they like to receive advice. This requires considerable flexibility in insurance products, as well as foresight and prudence. VIG is aware of this and is represented by more than one company or brand and a broad distribution network in most of its markets. Even though every one of the approximately 50 insurance companies has its own identity and individual strengths, they all follow a common goal: to maintain a closer relationship with customers than others do.

Partnership with Erste Group
The strategic partnership established with Erste Bank in 2008 facilitates long-term cooperation between the two leading financial services providers in the region, which are both firmly anchored in Central and Eastern Europe. Both companies benefit equally from this collaboration. Erste Group branches distribute VIG insurance products and, in return, VIG companies offer Erste Group bank products.

People behind every number
The approximately 24,000 employees of the 50 insurance companies in the Group are a key success factor. In addition to the commitment, professional advisory services and excellent service they provide, these VIG employees stand out for the diversity of the individual countries they represent. The ongoing development of these employees is of key importance, since only a combination of local market understanding with the personal and professional qualifications of each employee can lead to the best product solutions. To enable women to reach their full potential, VIG also has the goal of creating the conditions necessary to make entry and promotion within the Group more attractive to female employees.
The Austrian insurance market was confronted by numerous challenges in 2012. These ranged from an ongoing volatile economic environment and dramatic regulatory changes, such as the EU Gender Directive and 50% reduction in government subsidies for the “Premium Pension” product, to massive storm claims.

Wiener Städtische implemented numerous measures to successfully meet these challenges, including continuous improvement of its cost structure and the creation of an additional financial incentive for the “Premium Pension” product. The solid results achieved in the year just ended provide impressive proof of this. With a market share of around 14% and a premium volume of EUR 2.25 billion, Wiener Städtische was once again able to maintain its position as one of the top companies in the Austrian insurance market in 2012. It also strengthened its leadership on the topic of retirement provisions with customer loyalty measures such as “Encourage Private Provision – Ensure Future Security”, together with Wiener Städtische Versicherungsverein, and as co-initiator of the “Carer with a Heart” campaign.

The primary strategic objective of Wiener Städtische is and remains to maintain a leading position in the Austrian insurance market. The basic requirements for achieving this are extensive commitment to the regionality principle, continuous service-oriented innovation, continuous expansion of the distribution partnership with Erste Bank/Sparkassen-gruppe and solid human resources development. Social involvement will also be used to anchor Wiener Städtische even more strongly in the public awareness as a reliable and responsible partner, particularly in uncertain times.

Nationwide presence in Austria

Fast, direct customer contact is one of the fundamental requirements for sustainable business relationships based on trust. Wiener Städtische has been relying on the regionality principle for years in order to realise these close customer relationships in practice. Its large, nationwide network of locations includes provincial head offices and numerous branch offices in all Austrian states. Since optimal customer support requires up-to-date infrastructure, locations are being continuously modernised and even re-built like, for example, the recent new provincial head office in St. Pölten.

Service-oriented innovation

Innovative measures taken in the service area are a key factor in ensuring that Wiener Städtische can continue to further increase customer satisfaction. They simplify and optimise processes, thereby not only saving time but also improving service quality. The newly introduced “e-box”, for example, allows customers to access mail items such as policies or claims information at any time without any bureaucratic problems. Since 2012, in addition to location-based weather forecasts, the updated “WetterService” app has also offered warnings and tips for adverse heat, cold and pollen conditions, a major plus for weather-sensitive individuals and those with allergies.
Expansion of the partnership with Erste Bank/Sparkassengruppe
The distribution partnership between Wiener Städtische and Erste Bank/Sparkassengruppe began in 2008 and is now very well established in the financial services market. As customer requests for complete solutions continue to rise, this partnership will be expanded with the clear objective of making every second customer of Erste Bank/Sparkassengruppe a customer of Wiener Städtische in the future.

Solid training and further training
A company whose success depends not only on products, but instead primarily on advisory services, has to invest continuously in human resources development in order to continue its success in the market. The stated focus of human resources development at Wiener Städtische is therefore on targeted, needs-oriented training and development of customer advisors as well as structured training for the “care managers” of tomorrow – at all times with the goal of strengthening the long-term company loyalty of qualified, customer-oriented employees.

Comprehensive social responsibility
As a sustainability-oriented company, Wiener Städtische assumes responsibility not only for its employees and customers, using measures such as the advancement of women and equal treatment, but also consciously assumes responsibility towards society as a whole. Numerous initiatives and measures provide convincing evidence of this. For example, assistance for disadvantaged groups in the form of micro-insurance, provided jointly with Wiener Städtische Versicherungsverein, and the “Social Active Day”, which was introduced in 2011, are just as anchored in our corporate philosophy as the promotion of sports, arts and culture.
Wiener Städtische, an insurance company with a history of stability reaching back more than 188 years, is training the care managers of tomorrow so that its customers will continue to be in the best of hands in the future. Professional advisory services are Wiener Städtische’s strength in the service-oriented insurance industry. It therefore places great value on customer orientation during its training program. You have to know a customer’s needs before you can credibly and effectively address their concerns. Wiener Städtische’s professional, dedicated customer advisors demonstrate this day after day. There are currently 26 trainees receiving training in the provincial head office of Styria.

**STYRIA**

<table>
<thead>
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</thead>
<tbody>
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<tr>
<td>Motor vehicle reg. offices</td>
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“I AM ALREADY LOOKING FORWARD TO WORKING IN THE NEW PROVINCIAL HEAD OFFICE. THE ENVIRONMENT WILL ALLOW US TO PROVIDE TRULY OPTIMAL SERVICE FOR OUR CUSTOMERS.”

Having a nationwide presence throughout Austria is part of Wiener Städtische’s success strategy. As a result, it invests continuously in regionalising its locations. This allows customers to be served directly on location, whether for regular advice and service or claims handling. The new provincial head office in St. Pölten is no exception. The contemporary building offers the current Wiener Städtische staff of approximately 90 employees an attractive working environment as well as state-of-the-art office infrastructure, optimally designed to provide the best possible customer service. As a “green building”, the provincial head office also makes a valuable contribution to sustainable resource conservation.

<table>
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<th>LOWER AUSTRIA</th>
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<td>Customers (approx.)</td>
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<td>Employees</td>
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<tr>
<td>Branch offices</td>
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<tr>
<td>Motor vehicle reg. offices</td>
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Severe storms once again caused considerable physical and economic losses in 2012. Storm losses can, however, be insured – with comprehensive insurance coverage from Wiener Städtische. In addition to claims coverage, it also provides comprehensive, innovative services for loss prevention, such as the “WetterService” app. This free storm warning service from Wiener Städtische provides location-based weather forecasts for all of Austria that customers can use to get ready for perilous weather conditions in time and make appropriate preparations.

CARINTHIA AND EAST TYROL
Premiums written (EUR million)  135.9
Market share  14%
Customers (approx.)  100,000
Employees  198
Apprentices  13
Branch offices  10
Motor vehicle reg. offices  8
FRANZISKA SAMONIG
WIENER STÄDTISCHE CUSTOMER IN CARINTHIA
www.wienerstaedtische.at/service/apps/wetterservice-fuer-privatkundinnen.html
RESPONSIBILITY IN DAILY PRACTICE

Wiener Städtische has redefined the term “carefree” in Austria, largely through the extensive social involvement that is an established part of its sustainable corporate philosophy.

SOCIAL ACTIVE DAY, THE SECOND

Social involvement is not just an established part of the Wiener Städtische corporate philosophy, but a basic value in the day-to-day life of the entire company. The “Social Active Day” that was launched in the previous year is clear evidence of this. Wiener Städtische makes one working day (referred to as the “Social Active Day”) available per employee per year in order to actively promote the volunteer involvement of its employees.

A large number of employees participated in the second “Social Active Day” in 2012. More than 400 employees became involved during the year and dedicated one working day to social activities. This corresponds to approximately two man-years that were provided free of charge for the collective good. The activities ranged from transporting groceries and providing care to those in need to caring for children with special needs.

This broad range of social involvement not only helps those in need, but also gives the participants a deeper awareness of the concerns and needs of others. This awareness and sensitivity becomes especially important during periods when the focus of attention moves increasingly to customer confidence.
Achieving an even balance of the sexes in the company is a long-term objective of Wiener Städtische. This is because female strengths, such as social skills and empathy, are in particularly high demand for the career of customer advisor. This is partly because many female customers often have more confidence in women than men when dealing with topics such as family insurance.

Career advancement for women is therefore a logical concern for Wiener Städtische. It begins right down at the professional trainee level, inspiring young girls to choose a career in insurance as soon as possible. For this reason, the Company also regularly takes part in the so-called “Daughters’ Day”, an initiative of the City of Vienna in cooperation with the Economic Chamber of Vienna and the Vienna School Board. For the eighth time, Wiener Städtische offered interested girls between 11 and 16 years of age a first look at all aspects of the insurance industry in 2012 — from the call centre and motor vehicle registrations, all the way to customer support. Around 30 girls were able to form their own opinions on the attractive working conditions and career perspectives at Wiener Städtische, such as flexible working time models, easy opportunities to return to work after a leave, and the work-family balance that is possible. The ever-increasing success of this initiative is shown by the fact that almost half of the trainees at Wiener Städtische are now girls.

Women in Business
38% of all businesses in Austria are already managed by women, and in 2012, 41% of all new companies were formed by women. Businesswomen, with their professional and personal security and retirement needs therefore form an important target group for Wiener Städtische, which is one reason to be involved in the “Women in Business” initiative.
“Women in Business” is a businesswomen interest group in the Economic Chamber of Vienna. Its main objective is to increase the number of women in business, especially female entrepreneurs. This is also one of the aims of Wiener Städtische because insurance and retirement provisions are important elements of day-to-day business life, both for companies being formed and for successfully expanding businesses.

Wiener Städtische’s goal as a partner of “Women in Business” is to address businesswomen appropriately using topics relevant to them, ranging from (basic) business insurance and employee company pensions up to personal retirement provisions for the businesswomen themselves.

**SUPPORT FOR SPORTS AND EXERCISE**

Wiener Städtische would like to inspire its customers to take up sports and exercise, among other things. This is because personal retirement provisions are more than just choosing the right insurance solutions; they are also a matter of choosing a healthy lifestyle. Wiener Städtische’s involvement in sports, which includes support for numerous projects, such as the Vienna City Marathon, the Wachau Marathon, the “Carinthia Runs” initiative and the Vienna Capitals, is intended to motivate its customers to lead an active, healthy life.

**Erste Bank Open**

In 2012, Wiener Städtische also provided support for the first time to the Erste Bank Open international tennis tournament in the Wiener Stadthalle arena in Vienna. This both underlined its successful partnership with Erste Bank/Sparkassengruppe and increased its already extensive involvement in sports. One of the main points of focus here is tennis, which has a strong role model influence on young people. It promotes both mental and physical fitness by training physical coordination and concentration. According to health care experts, children and young people...
are becoming increasingly worse at these skills. Wiener Städtische wanted to use its sponsoring partnership to counter this trend and motivate young people to do more exercise again by presenting media tennis idols as role models.

SUPPORT FOR ARTS AND CULTURE
Making art and culture as widely available as possible is one of the key elements of a modern society worth living in. However, the wide range of cultural possibilities and forms of expression would hardly be possible without financial support, including from the private business sector. As one of the major companies in the country, Wiener Städtische also sees this as one of its responsibilities and provides support as a cultural partner to established theatres such as the Vienna Burgtheater, Volkstheater, Theater in der Josefstadt and Vereinigte Bühnen Wien as well as to seasonal cultural initiatives such as the St. Margarethen Opera Festival, the Carinthian Summer Festival, the Salzburg Easter Festival and the Bregenz Festival.
Female strengths such as social skills and empathy are in demand at Wiener Städtische. This is because they are often the deciding factor in the service-oriented insurance industry when it comes to gaining the confidence of customers. Wiener Städtische has therefore been targeting “women power” for many years. This includes a large number of measures to improve the balance between career and family, ranging from company kindergartens to flexible working time models. As a result, Wiener Städtische now has an above-average percentage of female employees, even in the higher ranks. One third of the executives at the Managing Board and Group management levels, for example, are women.

“THE ADVANCEMENT OF WOMEN IS A DAY-TO-DAY PRINCIPLE FOR US. OUR CLEAR OBJECTIVE IS TO OFFER EQUAL OPPORTUNITIES FOR MEN AND WOMEN IN ALL AREAS OF OPERATIONS.”
“WE ARE RECORDING SIGNIFICANT GROWTH IN NON-LIFE AND MOTOR VEHICLE INSURANCE. ONE OF THE REASONS FOR THIS IS OUR SUCCESSFUL DISTRIBUTION PARTNERSHIP WITH ERSTE BANK/SPARKASSENGRUPPE.”

The best service requires strong partners. This is the reason why Wiener Städtische entered into a distribution partnership with Erste Bank/Sparkassengruppe in 2008. Non-life and motor vehicle insurance products have also been offered by bank tellers since that time, and with excellent results. Wiener Städtische has gained around 16,000 new bank clients as buyers of non-life or motor vehicle insurance each year. The 50,007th property insurance customer was welcomed with Erste Bank/Sparkassengruppe in 2012. A reason to celebrate – and to expand the successful cooperation, since the potential for new customers is far from exhausted. The cooperation naturally also makes the complete Erste Bank/Sparkassengruppe product portfolio available to Wiener Städtische customers.

VIENNA
- Premiums written (EUR million) 809.6
- Market share 22%
- Customers (approx.) 350,000
- Employees 511
- Apprentices 32
- Branch offices 8
- Motor vehicle reg. offices 6

HERMANN FRIED
WIENER STÄTISCHE PROVINCIAL DIRECTOR FOR VIENNA

www.wienerstaedtische.at/unternehmen/partner.html
The economic situation remained difficult in 2012, and people feel an even greater need for security in uncertain times. In order to account for this, Wiener Städtische has made retirement provisions an important focus of its activities in recent years, both in its information policy and its actual insurance business. This has been an outstanding success, with the Company once again maintaining its market leadership in the area of retirement provisions in 2012. The success was based on a comprehensive product portfolio that meets the individual needs of each customer. In addition to traditional insurance products for business and personal retirement provisions, the “Premium Pension” product, life insurance, nursing care provisions, health insurance and property insurance, Wiener Städtische also offers many innovative services that strengthen customer loyalty, such as the “WetterService” app, “e-box” and the new “IMPULS” health care portal.

Wiener Städtische’s product range for natural events includes solutions for both private and business customers. The “PREMIUM” homeowner insurance product, for example, provides optional coverage for losses due to natural events, with an amount insured of up to 50% of the building or household insurance coverage. This puts the product significantly above the level of the market. The “Business Class” and agricultural business insurance products also provide commercial and agricultural businesses with optimal financial coverage for such losses.

As an attractive partner for industry, Wiener Städtische offers a broad range of products benefiting both entrepreneurs and employees. Severance pay insurance, group and individual retirement pensions via direct benefits and securing the future within the scope of company pensions regain their importance in times of uncertainty. That these retirement provision models receive preferential tax treatment or are even tax exempt in many cases is also beneficial, as is the fact that the various products offered by Wiener Städtische can optimally be prepared. Wiener Städtische offers comprehensive insurance protection for natural catastrophes, combined with fast, non-bureaucratic claims processing. This is provided by skilled service representatives available on-site in the individual provinces as well as innovative services such as the “SchadenService” claims app. This allows customers with smart phones to report claims and continuously monitor the current status of claims processing.
be modified to meet the individual needs and requirements of different businesses.

**SUPPLEMENTARY PENSION WITH CAPITAL GUARANTEE**

The government-subsidised “Premium Pension” product continues to be a key component of Wiener Städtische’s retirement pension initiative. Thanks to the government subsidy, it has developed into one of the most successful insurance products for closing the pension gap. In order to counter the 50% reduction in the government subsidy, Wiener Städtische and Wiener Städtische Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group provided an additional 3.5% subsidy to create an additional financial incentive for this product in 2012. This led to a 4% increase in the customer base in this area in 2012, in spite of the difficult economic environment.

“Family Plus” – a unique supplement for the “Premium Pension” product

The “Premium Pension” product can also be flexibly adjusted to the circumstances of a customer’s life, such as maternity or family hospice leave and work disability due to accident or illness. In the case of the “Family Plus” product, Wiener Städtische pays the full amount of the customer’s premiums in these cases in order to ensure that the pension plan remains unaffected. Thanks to this unique supplementary product, Wiener Städtische customers enjoy true security in all life situations.

**GROW OLD WITHOUT A CARE**

In addition to the need for pension plans, Wiener Städtische also recognises the great importance of private nursing care provisions and allows its customers to grow old without cares of this kind. Wiener Städtische’s “MEDplus Pflege” product provides an optimal supplement to the government nursing care allowance, while offering several additional advantages, such as continued benefits even if you are in hospital. Customers also have a correspondingly wide range of choices. They determine which of the three nursing care allowance options to choose, that is, the stage of care at which benefits are finally received, and what to use the benefit payments for.
INNOVATIONS IN PROPERTY AND HEALTH INSURANCE

COVERAGE OF PERSONAL BELONGINGS
Homeowner and household insurance have always been among the core products of Wiener Städtische. Traditional homeowner and household insurance provides financial coverage for the most important basic needs of the customer, such as losses due to water leakage, fire or glass breakage, while selected supplementary packages, e. g. dog owner liability insurance, allow coverage to be tailored to individual needs. The range of supplementary packages was expanded in 2012 by special modules for swimming pools/whirlpools and balconies/patios, as well as a leisure package for sports, hunting and fishing.

Introduction of the “Premium Plus” package provided additional fixed benefits, permitting even greater customisation to individual customer needs. For example, the “Premium Plus” package extends claims coverage to losses caused by gross negligence, appliance glass breakage, aquarium and balcony container contents and damage to balcony flowers due to storm, hail and snow pressure.

Fast claims assistance
Customer security and service form the foundation of all Wiener Städtische product innovations. “Fast assistance” is no exception here. This emergency assistance can be chosen as a practical, cost-effective supplementary benefit to homeowner or household insurance, and includes useful services for house and garden emergencies, such as a variety of tradesman services, 24-hour locksmith service, or even security services if needed.

LIFE AND HEALTH INSURANCE: NEW UNISEX RATES AND OTHER INNOVATIONS
2012 brought an important regulatory change to the insurance industry, namely prohibition of any gender rate differences under the EU Gender Directive. The directive was enacted by a decision of the European Court of Justice and applies to all insurance policies concluded on or after 21 December 2012.

Since Wiener Städtische already made no gender distinction with respect to coverage amounts or premiums in the property, liability travel, legal expenses, motor vehicle and casualty lines of business, the change only affected health and life insurance. Material gender-specific differences do, however, exist in these areas, for example the difference in life expectancy. As a result, implementation of the new directive involved a few challenges that required intensive efforts by Wiener Städtische in 2012. The entire product range has now been available since the end of the year with the same premiums for men and women. The changeover was also used as an opportunity to make life and health insurance even more attractive.

New risk rates were also introduced for life insurance that reflect a more precise targeted premium calculation and offer a variant for mutual endowment coverage. In addition, the effect of reducing the interest rate for traditional life insurance to 1.75% was mitigated by cost restructuring. As a result, Wiener Städtische’s products continue to be profitable and competitive.

In health insurance, special class regional coverage was extended to all of Austria for acute and certain serious illnesses. Deductibles were generally reduced, with young policyholders up to 45 years old paying only half the previous deductible. The new “MEDplus” policies offer the option to change to a different version before the age of 45 without a new medical examination. This also applies to “MEDplus” nursing care policies, whose premiums were also noticeably reduced for women. Wiener Städtische also adjusted outpatient policies to meet market needs by combining maximum annual benefit limits for traditional and alternative medicine. An even larger combined bonus is now offered in combination with special class coverage.
**Recent Expansion of Mobile Services**

As an innovative, modern company, Wiener Städtische is always on the cutting edge, particularly in the area of service. Close customer relationships and a service orientation are, after all, key factors in the success of the Company. The company website providing online quotations and online claims reporting is therefore only part of an extensive portfolio of innovative services that includes many other tools, such as the “WetterService” app, the “e-box” and the “IMPULS” health care portal.

**“WetterService” App – Now with a New Allergy Warning System**

The free app-based storm warning service, which has established itself as an important measure for effective loss prevention, was expanded in 2012. In addition to location-based weather forecasts and storm warnings, the service now also includes mobile warnings and useful tips for adverse heat, cold and pollen conditions. These warning services offer useful everyday guidance for persons affected by these conditions that permits them to take timely precautions, regardless of where they are at the time in Austria. This is because the warning settings include not only warnings for a number of individually selectable locations, but also a mobile warning setting for when you are out and about.

**New “Impuls” Health Care Portal**

Wiener Städtische’s new “IMPULS” health care portal offers information ranging from health care-related services, personal advice on illnesses, medications and laboratory findings up to recommendations from doctors and reliable medical information – online or, if desired, combined with a telephone conversation. One of the key aspects of this unique advisory service is quick and easy access to extensive, generally understandable information related to health, wellness and service.

**New Electronic Mailbox for Greater Ease and Reduced Paper Use**

The “e-box”, a personal electronic mailbox for Wiener Städtische customers, was created in response to an amendment to the law governing electronic insurance correspondence. This free service now offers customers fast, secure and environmentally friendly delivery of insurance correspondence, regardless of time and location. In the future, Wiener Städtische customers will receive all mail, such as policies, insurance terms and conditions, profit statements, claims information, etc. electronically, unless legal or technical reasons dictate otherwise.

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**Product Highlight, Unisex Rates:**

“MEDplus Special Class”

- Basic”, “Classic” and “Premium” versions: regional, Austria-wide and global coverage can be freely chosen
- Flexible solutions: option to change to a different version between 25 and 45 years of age (every five years) without a medical examination, while taking into account the previous coverage period
- Only half the deductible until 45 years of age
- Regional policy also provides guaranteed coverage throughout Austria for expenses for acute and certain serious illnesses
- Private room policy for children offers full reimbursement daily allowance
- The “SelbstbehaltsRETTER” deductible saver is also possible for the “Basic” version
- Helicopter rescue up to EUR 5,000 inclusive

**Product Highlight, Life Insurance:**


- Single-premium index-linked life insurance
- Minimum payout equal to 172.5% of net premiums after 15.25 years.
- Includes inflation protection
- Option to make a tax-free partial withdrawal of up to 25% of the single premium after five insurance years
- AVÖ 2005 R pension table guarantee starting with premium of EUR 10,000
Businesses enjoy outstanding insurance coverage with Wiener Städtische. This is in the true sense of the word, since our “Business Class” received the “Assekuranz Award” with a rating of “very good”. This is due in large part to the flexibility and customisation that the package offers for small and medium-sized businesses whose requirements, after all, differ from business to business. The “Business Class” package has a variety of “Plus-Risk” packages that can be individually customised to meet specific risk requirements, including even unidentified risks or natural hazards. Approximately 5,500 businesses in Upper Austria already enjoy “Business Class” protection, and company group insurance plans can also provide custom-tailored solutions for employees.

UPPER AUSTRIA
Premiums written (EUR million) 264.6
Market share 11%
Customers (approx.) 200,000
Employees 294
Apprentices 21
Branch offices 25
Motor vehicle reg. offices 10

CHRISTIAN SCHUSTER
RESPONSIBLE FOR CORPORATE BUSINESS IN THE WIENER STÄDTISCHE SALES DEPARTMENT
www.wienerstaedtische.at/business/business-class/business-class-betriebsversicherung.html
“THE STORMS IN JULY ALSO DAMAGED MY VINES. WIENER STÄDTISCHE’S CLAIMS APP, HOWEVER, ALLOWED THE CLAIM TO BE SETTLED QUICKLY.”

Wiener Städtische is a guarantee of stability and reliability – especially when it comes to claims. If a loss actually does occur, it offers its customers fast settlement that is carefree and without bureaucracy. This is because it is setting new standards in claims reporting. Its “SchadenService” claims app allows customers to send reports, including photographs – whether after storm, fire or water losses – directly from their smartphones to Wiener Städtische. The “SchadenService” app also offers other useful services, from checklists to important first aid measures and emergency calls. This means that Wiener Städtische customers are optimally prepared for loss events.

BURGENLAND
Premiums written (EUR million) 68.8
Market share 15%
Customers (approx.) 47,000
Employees 113
Apprentices 6
Branch offices 7
Motor vehicle reg. offices 7

HARALD KRAFT
WIENER STÄDTISCHE CUSTOMER IN BURGENLAND

www.wienerstaedtische.at/service/service-apps/schadenservice-app.html
Consistent client orientation in all areas of insurance is the open secret of Wiener Städtische’s success. Personal advice and service covers a wide range of topics. Personal contact with the customer naturally has the greatest importance. Customers also have access to a broad range of innovative services around the clock. Wiener Städtische’s “IMPULS” health care portal is the most recent example. In addition to up-to-date health-related information, it also offers personal advice on illnesses, medications and laboratory findings, as well as recommendations from doctors. If desired, the online advice can also be combined with a telephone conversation.

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**SALZBURG**

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**THOMAS NADEGGER**

**CUSTOMER ADVISOR, WIENER STÄDTISCHE SALZBURG**

www.wienerstaedtische.at/service/impuls-gesundheitsportal.html
PROVISION-ORIENTED COMMUNICATION

It is no coincidence that there are many reasons to choose Wiener Städtische. Wiener Städtische communicates a great deal with its customers, using topic-specific advertising campaigns and forward-looking initiatives, recently mainly on the topic of retirement provisions.

RETIREMENT PROVISION ADVERTISING

In line with the retirement provision initiative of 2012, Wiener Städtische also placed more emphasis on this socially important topic in its advertising. A nationwide print campaign in Austria clearly expressed the message, for example, that pension provisions are a “safe decision”, regardless of age. The protagonists, Sophie, Peter and Lisa from the “Dear Neighbours” TV campaign, were shown in close-up as representatives of their age groups. The central message was strongly underlined with succinct statements such as “I’m 41. Old enough to think about a pension!”, or “I’m 16. A good age to think about a pension”.

NEW “DEAR NEIGHBOURS” COMMERCIALS

The eighth sequel of the successful and popular “Dear Neighbours” TV campaign was also dedicated to the topic of retirement provisions – once again with a story that appeared to be taken from real life. In the “Jogging” TV commercial, Sophie and Peter are shown running. Following the motto “To stay fit, you have to actually do something”, they have arranged a time to go jogging together. While running beside his attractive neighbour, Peter’s eyes are not only on Sophie, but also cheekily looking back at other young female runners. When Sophie advises him that it is better to look forward at his age, Peter turns around and runs backwards in order to give her his undivided attention. Not a good idea, as he unexpectedly stumbles over the edge of a wall. Fortunately, Peter had showed greater foresight with his casualty insurance ... In this way, the TV commercial once again informs the audience, in a time-tested and humorous way, that Wiener Städtische customers can look forward to a carefree future.
PROVISION INITIATIVES

ENCOURAGE PRIVATE Provision – Ensure Future Security

Insurance has a great deal to do with responsibility. Wiener Städtische does more than simply talk about this, it also assumes responsibility, even going beyond its products. The Company therefore started an initiative during the reporting period with Wiener Städtische Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group for the promotion of pension and nursing care provisions as a direct response to the 50% reduction in government subsidies. As part of this customer loyalty measure, supported by picture and text advertising in the media, Wiener Städtische added 3.5% to the government pension subsidy, which had been reduced to 4.25%. In this way, Wiener Städtische maintained the attractiveness of pension plans as an instrument for basic security, while at the same time supporting independent action by its customers.

Nursing Care – A Matter of the Heart

Nursing care is a matter of the heart and also greatly dependent on professional competence. Wiener Städtische shares these views and therefore implemented a range of measures in 2012 to further strengthen public awareness of the topic of “nursing care” provisions. These included starting the “Carer with a Heart” initiative in cooperation with the Austrian Health and Nursing Care Association (ÖGKV), Erste Bank/Sparkassengruppe and the Austrian Ministries of Social Affairs and the Economy. In order to give a face to the relatively anonymous topic of “nursing care”, a search was made for the most popular and competent nursing carers. In the end, the top ranking providers in each state were awarded prizes for their self-sacrificing devotion by a jury of experts in Wiener Städtische’s “Ringturm” building. The social challenges presented by rising life expectancies were also explicitly addressed. Wiener Städtische customers are also optimally prepared for this trend, thanks to the special financial support provided by pension and nursing care provisions.

“TOUR DE CHANCE” – Broker Distribution Initiative

Independent brokers are an important distribution channel for Wiener Städtische and therefore represent a strategic cornerstone for sales. Given its varied and flexible range of retirement provision products aimed at all life situations, Wiener Städtische is an attractive distribution partner for brokers. In order to appropriately motivate its distribution partners and reward them for their excellent collaboration, Wiener Städtische began a distribution initiative for 2012 in January and February, entitled the “Tour de Chance Roadshow”. The strategic objective of this Austria-wide series of presentations was to provide additional stimulus for distribution and focus more closely on sales support for external partners. This is because Wiener Städtische’s success is highly dependent on the success of its distribution partners.
“I AM VERY PLEASED ABOUT BEING HONORED AS A ‘CARER WITH A HEART’, AND EVEN MORE PLEASED ABOUT THE INITIATIVE ITSELF, WHICH IS FINALLY MAKING NURSING CARE A TOPIC OF DISCUSSION.”

Wiener Städtische is a reliable partner in all life situations, offering efficient protection and retirement solutions that leave its customers carefree. Nursing care provisions are becoming increasingly important, as rising life expectancy brings them ever more into the focus of attention. This is the reason why Wiener Städtische launched the “Carer with a Heart” initiative in 2012. It was intended to make the importance of early nursing care provisions a topic of public discussion by awarding prizes to Austria’s most admired nursing care providers. Bernadette Schneider was one of the providers to receive a prize for her untiring dedication in the category of family care.

<table>
<thead>
<tr>
<th>VORARLBERG</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Premiums written</td>
<td>60.3</td>
<td></td>
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<tr>
<td>(EUR million)</td>
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<td>Market share</td>
<td>9%</td>
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<td>Customers (approx.)</td>
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<tr>
<td>Employees</td>
<td>82</td>
<td></td>
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<tr>
<td>Apprentices</td>
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<tr>
<td>Branch offices</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Motor vehicle reg.</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>offices</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BERNADETTE SCHNEIDER

“CARER WITH A HEART”, VORARLBERG VORARLBERG

www.wienerstaedtische.at/privat/gesundheit/medplus-pflegeversicherung.html
ECONOMIC CONDITIONS

Financial Market Development in 2012
Capital markets were influenced by a wide variety of political and economic factors and were highly volatile, but could generally look back on very positive gains at the end of the year.

The European sovereign debt crisis continued to be one of the issues dominating the markets in 2012.

Greece experienced a de facto bankruptcy and international investors were confronted with a substantial haircut on their bond holdings. Other Southern European countries also battled against the ongoing recession in their economies. Spain in particular was also shaken by a crisis in the banking sector.

Yields on Southern European government bonds rose to new highs due to high risk premiums in this environment, and the euro was also negatively affected. It came under heavy pressure compared to other key currencies and international speculation increased about the possibility of a breakup of the Eurozone. The resulting flight of investors to “safe havens” caused yields of core European government bonds to fall to historical lows. German government bonds, for example, yielded just under 1.2%, and Austrian government bonds, with a yield of 1.7% (in both cases in the ten-year range), were also at an all-time low.

It was not until Mario Draghi’s statement in the summer of 2012 that the European Central bank (ECB) would do whatever it takes to preserve the Euro and that these measures would be more than sufficient that markets and investors were noticeably calmed. The yields on peripheral country government bonds in particular began to sink again, but there was also a general strong decline in risk premiums in most market segments.

In the autumn, the introduction of the “outright monetary transaction”, a new monetary policy instrument in the ECB’s arsenal, brought further lasting relief. The ECB can use these transactions to purchase government bonds from member states in the market, thereby exerting a price and yield-stabilising effect on bond markets. The resulting trend of declining risk premiums continued until the end of the year, allowing bond markets to look back on impressive positive gains on balance.

Equity markets also achieved positive results on balance during the year just ended. After an explosive start of the year, disenchantment began to spread after the first three months. This was followed by a strong correction in the middle of the year due to an intensification of the debt crisis, which caused markets to fall back to where they were at the beginning of the year. However, Draghi’s statements also brought a turnaround here. Equity markets pushed upwards without any significant setbacks to close the year in highly positive territory, particularly in Europe. The DAX Index, for example, recorded a gain of 28% and the ATX Index was only slightly behind with an increase of 26%.

US equity market performance of 13.4% for the S&P 500 Index and 7.5% for the Dow Jones Index appeared relatively modest in comparison.

Economic Situation in Austria
Austria has benefited from a boom in export demand during the past two years, but since the middle of 2011 growth has almost come to a stop. Due to a worsening of the European economic crisis, the Austrian National Bank (OeNB) revised its growth estimates for the Austrian economy downwards in its latest forecast of December 2012. Real GDP growth of only 0.4% is expected for 2012 (2011: +2.7%). The unemployment rate is expected to be 4.4% in 2012 (2011: 4.2%).

Due to good momentum at the beginning of the year, employment is expected to increase strongly by 1.1% over 2012 as a whole. The inflation rate (HICP), on the other hand, was considerably lower than in 2011, showing a level of 2.5% in 2012 (2011: 3.6%). Inflation was primarily affected by housing expenditures and volatile changes in food and fuel prices.

THE AUSTRIAN INSURANCE MARKET
According to preliminary statistics from the Austrian Insurance Association at the end of February 2013, the Austrian insurance industry recorded a 0.9% reduction in total premiums in 2012 to EUR 16.3 billion (2011: -1.7%). Premium income from life insurance declined by 6.7% to EUR 6.5 billion (2011: 7.5%). Life insurance with regular premiums fell by 3.7% (2011: 1.6%) to EUR 5.4 billion, while the single-premium business fell by 18.8% to EUR 1.1 billion (2011: -32.2%). This is primarily due to the federal government’s consolidation package.

Health insurance premiums grew by 3.4% to EUR 1.8 billion (2011: 3.6%).
Premiums written for property and casualty insurance grew by 3.4% to EUR 8.0 billion (2011: 2.9%) thereby outperforming 2011.

BUSINESS DEVELOPMENT IN 2012

OVERALL BUSINESS DEVELOPMENT

Wiener Städtische is one of the leading insurance companies in the Austrian insurance market. It operates in the property and casualty, life and health insurance segments. Wiener Städtische also has branches in Italy and Slovenia. The branch in Slovenia distributes products in the non-motor vehicle, casualty and life insurance lines of business. This branch has its registered office in Ljubljana and has 30 employees. Wiener Städtische has been operating in Italy since 1999. The Rome branch has 16 employees and distributes life and casualty products.

Wiener Städtische is a 99.9% subsidiary of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, whose A+ rating was reconfirmed with a stable outlook by the internationally recognised rating agency Standard & Poor’s in 2012.

Premium Income

Wiener Städtische generated a premium volume of EUR 2,253.53 million in financial year 2012, representing a decrease of 0.7% compared to 2011. This decrease is due to a sharp decline in premium income from single-premium life insurance policies. EUR 2,249.05 million of these total premiums were generated from direct business and EUR 4.48 million from indirect business. EUR 1,786.27 million of the gross premiums written was retained by Wiener Städtische, and EUR 495.27 million ceded to reinsurance companies.

Property and casualty insurance contributed EUR 1,101.37 million in premiums, representing 48.9% of total premium income, while life insurance contributed EUR 808.98 million, or 35.9%, and health insurance EUR 343.18 million, or 15.2%.

Expenses For Claims And Insurance Benefits

Including the change in the actuarial reserve, gross expenses for claims and insurance benefits rose by 18.4% in 2012 compared to the previous year, to EUR 2,070.82 million. This was primarily due to the volatility of the single-premium business and price gains in unit- and index-linked life insurance.

Operating Expenses

Administrative expenses were EUR 434.14 million, representing an increase of 3.0% compared to the previous year. Workflow efficiency was examined and improved during the organisational changes made under corporate law in 2010, including the Vienna Insurance Group Holding spin-off. For example, joint use is made of back-office departments, such as accounting. Group-wide systems are also being used in the IT area.
Key Figures For Wiener Städtische

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premiums written</td>
<td>2,253.53</td>
<td>2,274.55</td>
</tr>
<tr>
<td>Thereof property and casualty</td>
<td>1,101.37</td>
<td>1,066.18</td>
</tr>
<tr>
<td>Thereof life</td>
<td>808.98</td>
<td>872.93</td>
</tr>
<tr>
<td>Thereof health</td>
<td>343.18</td>
<td>335.44</td>
</tr>
<tr>
<td>Gross premiums written, direct</td>
<td>2,249.05</td>
<td>2,265.78</td>
</tr>
<tr>
<td>Thereof property and casualty</td>
<td>1,097.42</td>
<td>1,060.88</td>
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<tr>
<td>Thereof life</td>
<td>808.53</td>
<td>869.57</td>
</tr>
<tr>
<td>Thereof health</td>
<td>343.10</td>
<td>335.33</td>
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<tr>
<td>Gross expenses for claims and insurance benefits</td>
<td>-2,070.82</td>
<td>-1,748.43</td>
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<tr>
<td>Result from unrealised gains and losses from unit- and index-linked life insurance</td>
<td>209.90</td>
<td>-143.14</td>
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<tr>
<td>Gross administrative expenses</td>
<td>-434.14</td>
<td>-421.50</td>
</tr>
<tr>
<td>Result from ceded reinsurance</td>
<td>-123.29</td>
<td>-74.92</td>
</tr>
<tr>
<td>Other income/expenses (net)</td>
<td>-44.97</td>
<td>-39.92</td>
</tr>
<tr>
<td>Result from ordinary activities</td>
<td>216.58</td>
<td>235.51</td>
</tr>
<tr>
<td>Thereof property and casualty</td>
<td>163.30</td>
<td>174.72</td>
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<tr>
<td>Thereof life</td>
<td>28.50</td>
<td>30.50</td>
</tr>
<tr>
<td>Thereof health</td>
<td>24.78</td>
<td>30.29</td>
</tr>
<tr>
<td>Investments^2</td>
<td>12,316.55</td>
<td>12,322.99</td>
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<tr>
<td>Underwriting provisions</td>
<td>11,325.33</td>
<td>10,882.89</td>
</tr>
</tbody>
</table>

Combined Ratio Far Below 100%

The combined ratio is a figure showing the ratio of administrative expenses and insurance payments to net earned premiums in the property and casualty area. Wiener Städtische’s 2012 net combined ratio of 95.4% (after deducting reinsurers’ shares) was once again significantly less than 100%.

Solvency in Accordance with VAG

Solvency is the equity capital available to an insurance company, i.e. free and unencumbered assets. Insurance company solvency is governed by Section 73b(1) VAG (the Austrian Insurance Supervision Act), which is intended to ensure that policyholder claims are secure even in the case of unfavourable developments. Wiener Städtische has equity capital of EUR 1,055.71 million in the form of free and unencumbered assets. The solvency requirement is EUR 453.09 million. This means that Wiener Städtische has a cover ratio of 233.00%. The higher the level of capital available (solvency), the better policyholder claims are covered.

Financial Result

Wiener Städtische’s financial result increased to EUR 426.37 million in 2012. This change was partly due to an increase in the extraordinary financial result, resulting from higher realised gains on bonds and equities. The income received from participations was also a factor.

Investments

Investments were EUR 12,316.55 million as of 31 December 2012, including EUR 2,509.30 million attributable to investments for unit- and index-linked life insurance. Investments without including unit- and index-linked life insurance were EUR 9,807.25 million at the end of 2012.

Investments at the end of 2012 (not including investments for unit- and index-linked life insurance) consisted of 66.47% in securities, 15.74% in participations, 14.84% in loans, 2.72% in real estate and 0.23% in other investments.
Result From Ordinary Activities

Wiener Städtische earned a result from ordinary activities of EUR 216.58 million in 2011, calculated according to the requirements of the Austrian Commercial Code (UGB). This corresponds to a decrease of 8.0% compared to the value in 2011 (EUR 235.51 million). This decrease is due, on the one hand, to a high number of frequent minor claims and natural catastrophe claims in the property and casualty area, but also due to the change in the interest rate for calculating personnel provisions (interest rate reduced from 4% to 3%).

75.4% of the result from ordinary activities came from the property and casualty area, 13.2% from life insurance, and 11.4% from health insurance.

Research and development

Due to the nature of the business, research and development plays a secondary role for Wiener Städtische. Development work in the most general sense is done as part of product pricing during product development, for example in the area of demographics or risk-related parameters, or in terms of preventive measures.

Business Development in Detail

Property and casualty insurance

Wiener Städtische recorded a premium increase of 3.3% over the previous year to EUR 1,101.37 million in the property and casualty business (direct and indirect). This premium growth is mainly attributable to the civil and industrial lines of business. Indirect property and accident premiums fell by 25.3% to EUR 3.95 million. This was due to Group-wide reinsurance programmes using VIG RE in Prague. Direct premiums written, on the other hand, rose by 3.4% to EUR 1,097.42 million.

Direct premiums written by Wiener Städtische in the non-motor vehicle lines of business rose by 3.5% to EUR 767.89 million. In 2012, the motor vehicle lines of business recorded an increase of 3.2% in direct premiums to EUR 329.53 million. The insurance market is showing a slight upward trend in this line of business. In the non-motor vehicle lines of business (direct business), high growth rates were recorded in the storm damage (7.5% to EUR 34.85 million) and water pipes (2.2% to EUR 74.59 million) areas. The casualty line of business grew by 1.0% to EUR 97.02 million.

Key figures — Property and casualty insurance

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross premiums written</td>
<td>1,101.37</td>
<td>1,066.18</td>
</tr>
<tr>
<td>Financial result</td>
<td>120.83</td>
<td>130.51</td>
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<tr>
<td>Gross expenses for claims and insurance benefits</td>
<td>-691.72</td>
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<tr>
<td>Gross administrative expenses</td>
<td>-247.16</td>
<td>-238.73</td>
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<td>Result from ceded reinsurance</td>
<td>-111.29</td>
<td>-65.20</td>
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<tr>
<td>Other income/expenses (net)</td>
<td>-8.73</td>
<td>-9.27</td>
</tr>
<tr>
<td>Result from ordinary activities</td>
<td>163.30</td>
<td>174.72</td>
</tr>
</tbody>
</table>

The claim ratio was 64.8% (total after reinsurance, not incl. claims processing expenses). Expenses for claims and insurance benefits fell 2.4% in 2012 to EUR 691.72 million. Gross administrative expenses were EUR 247.16 million in 2012 (+3.5%).

The result from ordinary activities for the property and casualty line of business was EUR 163.30 million for 2012 as a whole.
Life Insurance

Wiener Städtische recorded a decrease in life insurance premiums to EUR 808.98 million, representing a drop of 7.3% compared to 2011. This was primarily due to increased volatility in the single-premium product area.

This trend in life insurance continued in 2012. The change in the tax framework for single-premium products continued to produce a massive downturn in new business. The change that came into effect (raising the minimum lock-in period to 15 years) as part of the amendments to the 2011 Austrian Budget Accompanying Act (Budgetbegleitgesetz) imposes an 11% insurance tax on policies with terms shorter than 15 years. The federal government’s consolidation package (e.g. 50% reduction in government subsidy) dampened customer readiness to enter into new contracts.

Implementation of the European Court of Justice Gender Directive and the simultaneous reduction in the guaranteed interest rate led, among other things, to increased expenses due to changes required in underwriting.

Direct premiums written in the life insurance segment fell by 7.0% compared to the previous year, with premiums from single-premium policies falling by 21.6% to EUR 182.65 million. Life insurance policies with regular premiums decreased by 1.7% to EUR 625.88 million because of an increase in policy expirations.

### Key figures – Life Insurance

<table>
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<tr>
<th>in EUR million</th>
<th>2012</th>
<th>2011</th>
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</thead>
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<tr>
<td>Gross premiums written</td>
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<td>Financial result</td>
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<td>Gross expenses for claims and insurance benefits</td>
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<td>Result from unrealised gains and losses from unit- and index-linked life insurance</td>
<td>209.90</td>
<td>-143.14</td>
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<tr>
<td>Gross administrative expenses</td>
<td>-143.89</td>
<td>-142.50</td>
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<td>Result from ceded reinsurance</td>
<td>-1.69</td>
<td>-1.71</td>
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<td>Other income/expenses (net)</td>
<td>-23.31</td>
<td>-18.37</td>
</tr>
<tr>
<td>Result from ordinary activities</td>
<td>28.50</td>
<td>30.50</td>
</tr>
</tbody>
</table>

1) incl. the change in the actuarial reserve

Gross expenses for claims and insurance benefits were EUR 1,105.05 million in 2012 (incl. change in the actuarial reserve). Gross administrative expenses were EUR 143.89 million in 2012 (+1.0%).

Health Insurance

EUR 343.18 million in premiums were written in the health insurance segment during the financial year just ended, corresponding to an increase of 2.3% over 2011.

2012 was dominated by the European Court of Justice Gender Directive. This external factor was taken as an opportunity to revise all products and make them cutting edge.

Expenses for claims and insurance benefits (incl. the change in the actuarial reserve) were EUR 274.05 million in 2012. Gross administrative expenses were EUR 43.09 million in 2012.

The result from ordinary activities reached EUR 24.78 million in the health insurance segment in 2012.

### Key Figures – Health Insurance

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>2012</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Gross premiums written</td>
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<td>Financial result</td>
<td>21.98</td>
<td>31.33</td>
</tr>
<tr>
<td>Gross expenses for claims and insurance benefits</td>
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<td>Gross administrative expenses</td>
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<td>-40.27</td>
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<td>Result from ceded reinsurance</td>
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<td>Other income/expenses (net)</td>
<td>-12.93</td>
<td>-12.28</td>
</tr>
<tr>
<td>Result from ordinary activities</td>
<td>24.78</td>
<td>30.29</td>
</tr>
</tbody>
</table>

1) incl. the change in the actuarial reserve
Employees
The number of Wiener Städtische employees rose by 46 compared to the previous year. At the end of 2012, Wiener Städtische had a total of 3,508 employees, including 1,836 sales employees and 1,531 administrative employees. There were 141 trainees at the end of 2012.

Number of employees

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office staff</td>
<td>1,531</td>
<td>1,543</td>
</tr>
<tr>
<td>Field staff (incl. trainees)</td>
<td>1,977</td>
<td>1,919</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,508</strong></td>
<td><strong>3,462</strong></td>
</tr>
</tbody>
</table>

Employee Interests
Wiener Städtische’s business performance is highly dependent on the use of qualified, satisfied employees. Professional, motivated employees therefore represent a valuable resource for Wiener Städtische. Embedded in an international group of companies (VIG), employees are offered career and development opportunities.

Training, advanced training and equal treatment in the workplace are key elements of the Company’s business philosophy. The Company places great importance on training and offers many development opportunities and attractive career prospects. The Company’s own people management development company, Horizont GmbH, is one of the ways the Company ensures continuous training of its employees. Targeted support is also provided for trainee development. Wiener Städtische will continue its efforts in this area in 2013 by offering 100 young people outstanding career opportunities.

Wiener Städtische is one of the most family and women-friendly companies in Austria. The company day-care centre is one example of how employees are actively supported in creating a balance between career and family. Wiener Städtische also provides a variety of fringe benefits to make conditions attractive for its employees.

Events After the Balance Sheet Date
No other events of special significance that would have changed the presentation of the net assets, financial position and results of operations occurred after the balance sheet date.

Other Information
Please see the notes to the financial statements (II. Accounting Policies) for information on the use of financial instruments.

RISK REPORT 2012
The risk management system consists of all the guidelines, processes and reporting procedures used to continuously identify, measure, monitor, manage and report on relevant risks on an individual and aggregated basis while taking account of interdependencies. Enterprise Risk Management concentrated on building, maintaining and managing the risk management system in 2012.

The new Solvency II framework directive (2009/138/EC), which also amends insurance company risk management, is to be implemented in the EU by 2014, although delays are very likely. Like the Basel II model for the banking sector, Solvency II is composed of three pillars. The first pillar deals with the quantitative calculation of capital requirements, while the second pillar deals with the qualitative requirements for company management, the risk management system and internal controls. The second pillar also governs the principles and methods of supervision. The third pillar deals with the new provisions for market discipline, transparency and disclosure requirements.
There is no single correct implementation of the upcoming statutory requirements. Insurance companies have been asked to analyse the statutory requirements and implement their solution. These issues therefore require intensive efforts in advance in order to implement the abstract and theoretical risk management requirements of Solvency II in practice.

Because of the complexity and extensive scope of the Solvency II framework directive, Wiener Städtische made an early start on implementing the requirements. All important risk measures are in the good to excellent range.

**ACTIVITIES IN 2012**

Wiener Städtische’s existing risk management system was modified and further developed in accordance with the current Solvency II requirements in 2012. For this purpose, descriptions of the actuarial function, risk management function, internal audit, compliance function and the Fit&Proper guideline for the future governance system were prepared, and workflows and processes were integrated into the organisational structure. Institutionalised cooperation with other areas was also established as part of the risk organisation. In addition to the regular project committee meetings and quarterly risk committee meetings, a regular exchange took place with the departments affected by Solvency II, as well as the Group and the Austrian companies of Vienna Insurance Group.

Participation in the successful group-wide test run of the risk-based equity calculation performed in the summer of 2012 was another important point. Integrating all of the relevant departments allowed the calculation processes to be documented and further improved.

As Wiener Städtische intends to use a partial internal model to calculate the risk capital necessary for the property and casualty line of business, the existing model and practical application of the model were further developed and improved in 2012. While the theoretical foundations were being developed by the Group, the Wiener Städtische actuarial department performed extensive tests and developed improvements for the model. Since use of the internal model requires approval from the Financial Market Authority under Solvency II, an inspection by the FMA took place at the end of 2012. By adequately including external feedback, this also ensures that the model is of high quality.

In the second half of 2012, the focus was turned to implementing some of the Solvency II processes on a test basis, such as the Own Risk and Solvency Assessment (ORSA). The ORSA is aimed at identifying potential improvements in risk management processes, such as the SCR (Solvency Capital Requirement) calculation, risk inventory, risk bearing capacity, etc., as well as determining future capital requirements by making projections of risk drivers taking into account business plans and market developments.

**Internal control system**

The internal control system (ICS) works continuously in close cooperation with all affected departments to update risks and their associated controls and incorporate them into the risk-control matrix. Operational risks, risks related to the annual financial statements, and the controls that have been established are verified and examined for efficiency. Continuous monitoring of the risk-control matrix ensures that risk management is appropriate.

In addition, a risk inventory was performed with all affected departments and all Wiener Städtische risks compiled in a risk catalogue. Both the results of the solvency calculation and those of the risk-control matrix were included.

Wiener Städtische categorises risk using the following eleven main risk classes:

**Market risk**

Market risk is the risk of loss or an unfavourable change in financial situation that (indirectly or directly) results from fluctuations in the level and/or volatility of the market prices of investments, liabilities and financial instruments.
Health risk
Health risk is risk that arises from the underwriting of health insurance policies. Policies are divided according to modelling type, either according to life insurance type or non-life insurance type.

Default risk
Default risks are risks of an unexpected default or downgrading of counterparty credit ratings during the next twelve months.

Life risk
Life risk is the risk that assured payments will be higher than expected in the life insurance business. Life risk is subdivided into mortality risk, longevity risk, invalidity risk, lapse risk, cost risk, product change risk and catastrophe risk.

Non-life risk
Non-life risk is the risk that insured losses will be higher than expected in the property and casualty business. It takes into account the uncertainty with respect to existing obligations as well as obligations from new business over the next 12 months. Non-life risk is subdivided into premium, reserve, lapse and catastrophe risk.

Intangible asset risk
Intangible asset risk is the risk of loss due to errors or unfavourable deviations for intangible investments that reduce their value or cause future benefits to be lower than previously expected, and the risk of loss due to realisation of an intangible asset that is triggered by deterioration of the Company’s image.

Operational risk
Operational risk is managed and limited by the internal control system (ICS). It describes the risk of loss due to inadequate or defective internal processes, personnel, IT systems or external events.

Liquidity risk
Liquidity risk is the risk of insurance companies and reinsurance companies not being liquid, i.e. being unable to fulfil their financial obligations on time.

Reputation risk
Reputation risk is the risk of negative media reports relating to past or current business activities, whether true or fictitious, that cause a loss of customers, or lead to costly litigation or a general reduction in profits.

Strategic risk
Strategic risk refers to the incompatibility between two or more criteria, such as strategic business objectives, the business strategy that has been developed and the resources used to achieve objectives, the quality of implementation and the economic market environment in which the Company is operating.

Global risk
Global risk includes, on the one hand, the risk of war, which could affect continuing business operations or Wiener Städtische’s investments and liabilities, as well as the risk of the collapse of the euro as a currency and the potential effects this would have on the Company’s business activities.

The risk inventory produces Wiener Städtische’s current risk profile, which is documented in the risk catalogue, provides a summary assessment of the Company’s risks, and is used in the risk-based management of the Company.

OUTLOOK 2013
The statutory Solvency II requirements mean that the insurance industry will be subject to extensive documentation requirements, a sharp increase in data processing requirements, and strict requirements with respect to disclosure and reporting to the public and supervisory authorities. Solvency II is intended to provide more transparency and security to insurance company customers.

The schedule for implementation of Solvency II currently provides for introduction to take place in 2014. A delay, however, is already expected. The managing board of the European insurance supervisory authority EIOPA stated at the end of 2012 that full introduction of Solvency II is not likely to be before 2016. The supervisory authority could recommend some parts of the new supervisory law to insurance companies earlier (e.g. the end of 2013). The uncertain time of introduction and the fact that the statutory requirements are still not in their final form make dealing with the extensive aspects of Solvency II highly complex.

The core business of an insurance company is to assume risk. For this reason, the topic of risk management/Solvency II is strongly anchored in the Company’s awareness. Responsible risk management has been
part of the everyday practice of Wiener Städtische for more than 180 years and is at least partly responsible for the Company’s long and successful history. In spite of the uncertainties involved, Wiener Städtische will continue to deal intensively with the new statutory risk management requirements under Solvency II in 2013.

The focus in 2013 is on further detailed analysis of the current requirements of the draft legislation. For example, Wiener Städtische is taking part in a Europe-wide study analysing the effects of long-term guarantees in life insurance (LTGA – Long-Term Guarantee Assessment). Composition, networking and implementation of the drafts for risk inventory, risk bearing capacity and the limit system, and the Own Risk and Solvency Assessment (ORSA) and partial internal model (PIM) are to be performed at the same time. In addition, test runs of the risk-based capital calculation will be performed throughout the entire year. However, the directive has not yet been transposed into Austrian law, making systematic preparation and implementation for Solvency II difficult.

The changes needed for adaptation to the draft legislation are intended to make integration of risk processes into the Company efficient and practicable. One important task is the further integration of risk owners into the new processes and simultaneous testing of processes for suitability in practice.

OUTLOOK

ECONOMIC GROWTH FOR AUSTRIA IN 2013

The Austrian National Bank (OeNB) expects sluggish economic growth of 0.5% in 2013. More pronounced growth is not expected until 2014 (1.7%). Inflation (HICP) will be in the area of the European Central Bank’s desired price stability target of just less than 2% in 2013 and 2014 (2013: 1.7%, 2014: 1.6%). In spite of favourable internal and external financing conditions, companies’ propensity to invest has been dampened by weak sales expectations and below-average capacity utilisation. Investment activity will continue to be weak until the first half of 2013. As in 2012, investments in machinery and equipment will therefore also remain practically unchanged in the current year. It will not be until 2014 that improved external economic conditions have an effect on investment activity.

Given the favourable Austrian labour market situation compared to other countries, the current weakness in consumption is surprising. Although 2012 saw relatively strong employment growth, weak growth in real wages nevertheless continued to slow growth in household income as in previous years. This slow growth in real household income will continue in 2013. The larger increase in real wages will not be able to compensate for significantly slower growth in employment. In 2014, the presumably somewhat larger increase in household income will not be completely used for private consumption, but will instead be used in part to raise the savings rate.

Growth in employment will, however, be considerably slower in 2013. Full liberalisation of the Austrian labour market in May 2011 for workers from eight new EU member states caused a strong increase in the supply of labour.
THE AUSTRIAN INSURANCE MARKET IN 2013

The insurance market still has to deal with the financial and banking crisis and the resulting real economic problems. The outlook for the Austrian insurance industry is, however, optimistic.

According to the February 2013 forecasts by the Austrian Insurance Association (VVO), the Austrian insurance market as a whole will grow by 0.2% in 2013. Slower premium growth in 2012 of 0.9%, according to preliminary estimates, is primarily due to a lower premium volume in the single-premium life insurance business.

According to initial conservative forecasts, life insurance premiums are expected to fall by 3.0% in 2013. However, due to the demographic change which is increasing the number of older people in the population, demand is expected to rise in the area of retirement provisions. Life insurance is the ideal instrument for making provisions to protect one’s standard of living in old age.

Premium growth is expected to remain strong in the health insurance area, with an increase of 3.2% expected in 2013. The growing propensity to invest in private health insurance in order to protect the standard of medical care in old age will have a positive effect on premium income.

Property and casualty premiums are forecast to grow by 2.0% in 2013. Premiums for motor vehicle liability insurance will remain unchanged in 2013 (+-0). Motor vehicle own damage and passenger insurance will, however, continue to grow in 2013 at a rate of 2.8%.

WIENER STÄDTISCHE IN 2013

Insurance markets are going through a period of radical change due to regulatory amendments and a new way of understanding risk resulting from the preparations for Solvency II.

As a result of its sustainable investment strategy, Wiener Städtische is very well prepared for the long period of low interest rates expected in the European Economic Area.

Changes in customer behaviour confront Wiener Städtische with new tasks that need to be mastered. The trend towards better informed consumers that is taking place in all sectors has led to strong competition to win the favour and trust of customers. By focusing on their needs, we will inspire our customers more than ever in 2013.

350 new customer advisors were already hired in 2012, and more will be hired in 2013. Wiener Städtische’s broad geographical diversification and nearly 2,000 advisors give it a great advantage. Customer proximity and an understanding of their needs are particularly important during times when the main concern is customer trust.

In addition to creating closer customer relationships, more attention than ever before will be placed on exploiting business opportunities from advisory services in the provision and property insurance businesses. The goal of transparently and credibly communicating to customers that Wiener Städtische is the best choice for handling their provision needs is, and remains, the top priority.
Proposed Appropriation of Profits


We propose that the 2012 net retained profits be appropriated as follows:

A dividend of EUR 1,570.00 per share, representing a total of EUR 157,000,000.00, should be paid from the net retained profits, and the remaining balance of EUR 6,390,649.21 carried forward.

The Managing Board:

Robert Lasshofer
General Manager
Chairman of the Managing Board

Christine Dornaus
Member of the Managing Board

Judit Havasi
Member of the Managing Board

Ralph Müller
Member of the Managing Board

Erich Leiß
Member of the Managing Board

Vienna, 8 March 2013
ANNUAL FINANCIAL STATEMENTS 2012

WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP
Separate financial statements prepared in accordance with the Austrian Corporate Code (UGB) and the Austrian Insurance Supervision Act (VAG)

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100  Other disclosures

AUDITOR’S REPORT

DECLARATION BY THE MANAGING BOARD

SUPERVISORY BOARD REPORT

WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP
Separate financial statements prepared in accordance with the Austrian Corporate Code (UGB) and the Austrian Insurance Supervision Act (VAG) 31/12/2012

<table>
<thead>
<tr>
<th>Reporting period</th>
<th>1/1/2012 – 31/12/2012</th>
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</thead>
<tbody>
<tr>
<td>Balance sheet comparison date</td>
<td>31/12/2011</td>
</tr>
<tr>
<td>Income statement comparison date</td>
<td>1/1/2011 – 31/12/2011</td>
</tr>
<tr>
<td>Currency</td>
<td>EUR</td>
</tr>
</tbody>
</table>
## Assets

### A. Intangible assets
- I. Expenses for acquisition of an insurance portfolio: 0.00
- II. Other intangible assets: 20,409,458.34

**TOTAL INTANGIBLE ASSETS:** 20,409,458.34

### B. Investments
- I. Land and buildings: 45,478,551.69
- II. Investments in affiliated companies and participations
  - 1. Shares in affiliated companies: 930,644,905.09
  - 2. Bonds and other securities of affiliated companies and loans to affiliated companies: 432,549,712.47
  - 3. Participations: 30,301,832.53
  - 4. Bonds and other securities of and loans to companies in which an ownership interest is held: 544,396.39

**TOTAL INVESTMENTS:** 2,019,954,974.51

### C. Investments of unit- and index-linked life insurance
- 0.00

### D. Receivables
- I. Receivables from direct insurance business
  - 1. from policyholders: 64,672,874.84
  - 2. from insurance intermediaries: 432,549,712.47
  - 3. from insurance companies: 30,301,832.53

**TOTAL RECEIVABLES:** 338,845,320.40

### E. Pro rata interest
- 14,318,920.34

### F. Other assets
- I. Tangible assets (not incl. land and buildings) and inventories: 16,451,034.97
- II. Current bank balances and cash on hand: 31,752,757.61
- III. Further other assets: 84,693,235.64

**TOTAL OTHER ASSETS:** 132,897,028.22

### G. Prepaid expenses
- I. Deferred taxes: 38,823,863.16
- II. Other prepaid expenses: 18,026,274.65

**TOTAL PREPAID EXPENSES:** 56,850,137.81

### H. Offsetting items between departments
- –384,502,593.95

**TOTAL ASSETS:** 2,198,773,245.67
### Annual Financial Statements 2012

#### Total Business in 2012

<table>
<thead>
<tr>
<th>Health</th>
<th>Life</th>
<th>Total Business in 2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>in EUR '000</td>
<td></td>
</tr>
</tbody>
</table>

#### Health
- 137,900,814.16
- 599,771,246.39
- 60,118,637.90
- 2,785,868.72
- 18,621,052.06
- 0.00

#### Life
- 2,221,254.05
- 34,911,424.35
- 1,822,004.42
- 4,043,258.47
- 1,064,682.59
- 0.00

#### Total Business in 2012
- 86,039,406.80
- 135,167,970.42
- 266,685,928.91

#### 2011
- 269,780
- 36,716
- 3,377
- 266,125
- 3,661
- 99,754

#### Health 2011
- 1,565,381
- 32,107
- 174,971

#### Life 2011
- 924,710
- 352,300
- 352,300

#### Total Business in 2011
- 3,678,803
- 107,633
- 7,020,251

#### Health 2011
- 2,135,084
- 102,330
- 202,611

#### Life 2011
- 210,242
- 46,908
- 1,160,700

#### Total Business in 2011
- 1,148,921
- 13,146

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Annual Report 2012 | WIENER STÄDTISCHE
# BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

## Liabilities and shareholders’ equity

<table>
<thead>
<tr>
<th>Property/casualty</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>in EUR</strong></td>
<td></td>
</tr>
</tbody>
</table>

### A. Shareholders’ equity

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Share capital</td>
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<tr>
<td>1. Par value</td>
<td>10,000,000.00</td>
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</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>II. Capital reserves</td>
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<tr>
<td>1. Committed reserves</td>
<td>157,617,585.61</td>
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</table>

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>III. Retained earnings</td>
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</tr>
<tr>
<td>1. Mandatory reserves</td>
<td>1,000,000.00</td>
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<tr>
<td>2. Free reserves</td>
<td>42,292,396.06</td>
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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>IV. Risk reserve as per § 73a VAG, taxed portion</td>
<td></td>
</tr>
<tr>
<td>V. Net retained profits</td>
<td></td>
</tr>
<tr>
<td>thereof brought forward</td>
<td>24,883,050.54</td>
</tr>
</tbody>
</table>

**TOTAL SHAREHOLDERS’ EQUITY** 355,094,777.46

### B. Tax-exempt reserves

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>I. Risk reserve as per § 73a VAG</td>
<td>19,406,564.75</td>
</tr>
<tr>
<td>II. Valuation reserve for impairment losses</td>
<td>4,308,771.55</td>
</tr>
</tbody>
</table>

**TOTAL RESERVES** 23,715,336.30

### C. Subordinated liabilities

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>II. Supplementary capital bond</td>
<td>70,000,000.00</td>
</tr>
</tbody>
</table>

**TOTAL SUBORDINATED LIABILITIES** 70,000,000.00

### D. Underwriting provisions - retained

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Unearned premiums</td>
<td></td>
</tr>
<tr>
<td>1. Gross</td>
<td>112,578,863.21</td>
</tr>
<tr>
<td>2. Reinsurers’ share</td>
<td>–19,824,667.53 92,754,195.68</td>
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</tbody>
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<table>
<thead>
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</thead>
<tbody>
<tr>
<td>II. Mathematical reserve</td>
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</tr>
<tr>
<td>1. Gross</td>
<td>0.00</td>
</tr>
<tr>
<td>2. Reinsurers’ share</td>
<td>0.00 0.00</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>III. Provision for outstanding claims</td>
<td></td>
</tr>
<tr>
<td>1. Gross</td>
<td>1,118,630,051.50</td>
</tr>
<tr>
<td>2. Reinsurers’ share</td>
<td>–384,581,949.14 734,048,102.36</td>
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</table>

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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>IV. Provision for profit-unrelated premium refunds</td>
<td></td>
</tr>
<tr>
<td>1. Gross</td>
<td>24,754,659.38</td>
</tr>
<tr>
<td>2. Reinsurers’ share</td>
<td>–5,756,412.16 18,998,247.22</td>
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<thead>
<tr>
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<tbody>
<tr>
<td>V. Provision for profit-related premium refunds and policyholder profit participation</td>
<td></td>
</tr>
<tr>
<td>1. Gross</td>
<td>196,912.47</td>
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<tr>
<td>2. Reinsurers’ share</td>
<td>0.00 196,912.47</td>
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</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>VI. Equalisation provision</td>
<td></td>
</tr>
<tr>
<td>VII. Other underwriting provisions</td>
<td></td>
</tr>
<tr>
<td>1. Gross</td>
<td>13,386,370.25</td>
</tr>
<tr>
<td>2. Reinsurers’ share</td>
<td>–1,977,334.13 11,409,036.12</td>
</tr>
</tbody>
</table>

**TOTAL TECHNICAL PROVISIONS** 986,717,800.85

### E. Underwriting provisions of unit- and index-linked life insurance

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount carried forward</td>
<td>1,435,527,914.61</td>
</tr>
</tbody>
</table>

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Annual Report 2012 | WIENER STÄDTISCHE
<table>
<thead>
<tr>
<th>Health</th>
<th>Life</th>
<th>Total business in 2012</th>
<th>2011</th>
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<td></td>
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<td>2,459,717,406.32</td>
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<td>11,785,366,444.85</td>
<td>11,398,896</td>
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<tr>
<td>Liabilities and shareholders' equity</td>
<td>Property/casualty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount carried forward</td>
<td>1,435,527,914.61</td>
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<td></td>
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<tr>
<td>F. Non-underwriting provisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I. Provision for post-employment benefits</td>
<td>7,296,277.00</td>
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<td></td>
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<tr>
<td>II. Provision for pensions</td>
<td>34,149,216.00</td>
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<tr>
<td>III. Tax provisions</td>
<td>29,258,575.00</td>
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<td>IV. Other provisions</td>
<td>72,351,629.73</td>
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<td>TOTAL OTHER PROVISIONS</td>
<td>143,055,697.73</td>
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<tr>
<td>G. Deposits from ceded reinsurance business</td>
<td>115,198,686.86</td>
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<td>H. Other liabilities</td>
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<tr>
<td>I. Liabilities from direct insurance business</td>
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<tr>
<td>1. from policyholders</td>
<td>76,533,201.43</td>
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<td>2. from insurance intermediaries</td>
<td>18,109,887.95</td>
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<td>3. from insurance companies</td>
<td>5,382,276.40</td>
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<td>II. Liabilities from reinsurance business</td>
<td>15,803,502.69</td>
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<td>III. Liabilities from bonds (not including supplementary capital)</td>
<td>50,000,000.00</td>
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<td>IV. Liabilities to financial institutions</td>
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<td>V. Other liabilities</td>
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<td>TOTAL LIABILITIES</td>
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<td>I. Prepaid expenses</td>
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<td>Total Assets</td>
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<td>Health</td>
<td>Life</td>
<td>Total business in 2012</td>
<td>2011</td>
</tr>
<tr>
<td>--------</td>
<td>------</td>
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<tr>
<td>1,019,120,173.54</td>
<td>9,330,718,356.70</td>
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<td>200,000,000.00</td>
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<td>251.37</td>
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<td>54,713,500.29</td>
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<td>68,449,937.08</td>
<td>281,720,449.42</td>
<td>854,102,200.19</td>
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<td>66,643.23</td>
<td>77,398,196.45</td>
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<td>1,204,656,870.42</td>
<td>9,745,491,836.30</td>
<td>13,148,921,952.39</td>
<td>13,146,245</td>
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</tbody>
</table>
### INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2012

#### Property/casualty insurance

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in EUR</td>
<td>in EUR '000</td>
</tr>
<tr>
<td><strong>Underwriting account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Net earned premiums</td>
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<td></td>
</tr>
<tr>
<td>Premiums written</td>
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<tr>
<td>Gross</td>
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<td>Ceded reinsurance premiums</td>
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<td>Gross</td>
<td>–2,541,816.02</td>
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<td>Reinsurers' share</td>
<td>2,435,911.49</td>
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<td><strong>TOTAL PREMIUMS</strong></td>
<td>653,429,655.73</td>
<td>623,657</td>
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<td>2. Investment income from technical business</td>
<td>22,209.71</td>
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<td>3. Other underwriting income</td>
<td>7,755,938.00</td>
<td>5,743</td>
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<td>4. Expenses for claims and insurance benefits</td>
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<tr>
<td>Payments for claims and insurance benefits</td>
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<tr>
<td>Gross</td>
<td>650,894,696.55</td>
<td>659,794</td>
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<tr>
<td>Reinsurers' share</td>
<td>–191,712,221.22</td>
<td>459,182,475.33</td>
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<td>Changes in provision for outstanding claims and insurance benefits</td>
<td>40,821,789.58</td>
<td>48,982</td>
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<tr>
<td>Gross</td>
<td>–53,093,885.95</td>
<td>–12,272,096.37</td>
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<td>Reinsurers' share</td>
<td>40,821,789.58</td>
<td>48,982</td>
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<tr>
<td><strong>TOTAL CLAIMS AND INSURANCE BENEFITS</strong></td>
<td>–446,910,378.96</td>
<td>–427,286</td>
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<td>5. Increase in underwriting provisions</td>
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<td>Other underwriting provisions</td>
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<tr>
<td>Gross</td>
<td>930,750.00</td>
<td>949</td>
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<tr>
<td>Reinsurers' share</td>
<td>0.00</td>
<td>930,750.00</td>
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<td><strong>TOTAL INCREASE IN UNDERWRITING PROVISIONS</strong></td>
<td>–930,750.00</td>
<td>–949</td>
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<tr>
<td>6. Expenses for profit-unrelated premium refunds</td>
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<tr>
<td>Gross</td>
<td>8,422,527.31</td>
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<td>Reinsurers' share</td>
<td>–5,784,121.60</td>
<td>2,638,405.71</td>
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<td><strong>TOTAL EXPENSES FOR PROFIT-UNRELATED PREMIUM REFUNDS</strong></td>
<td>–2,638,405.71</td>
<td>–7,230</td>
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<td>7. Administrative expenses</td>
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<tr>
<td>Acquisition expenses</td>
<td>204,450,767.15</td>
<td>191,644</td>
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<td>Other administrative expenses</td>
<td>42,705,849.83</td>
<td>47,093</td>
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<tr>
<td>Reinsurance commissions and profit commissions from reinsurance cessions</td>
<td>–80,968,360.69</td>
<td>–87,952</td>
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<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>–166,188,256.29</td>
<td>–150,785</td>
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<tr>
<td>8. Other underwriting expenses</td>
<td>–14,482,864.10</td>
<td>–11,704</td>
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<tr>
<td>9. Change in the equalisation provision</td>
<td>12,404,247.00</td>
<td>12,507</td>
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<tr>
<td><strong>Underwriting result (amount carried forward)</strong></td>
<td>42,461,395.38</td>
<td>43,987</td>
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### Property/casualty insurance

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>in EUR</td>
<td>in EUR '000</td>
</tr>
<tr>
<td>Underwriting result (amount carried forward)</td>
<td>42,461,395.38</td>
<td>43,987</td>
</tr>
<tr>
<td><strong>Non-underwriting account:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Investment and interest income</td>
<td></td>
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<tr>
<td>Income from participations</td>
<td>61,913,800.24</td>
<td>44,791</td>
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<tr>
<td>Income from land and buildings</td>
<td>4,653,622.84</td>
<td>3,523</td>
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<td>Income from other investments</td>
<td>45,781,713.11</td>
<td>76,704</td>
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<td>Income from appreciations</td>
<td>0.00</td>
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<td>Gains from disposal of investments</td>
<td>32,865,562.42</td>
<td>47,027</td>
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<td>Other investment and interest income</td>
<td>2,225,289.41</td>
<td>2,476</td>
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<td><strong>TOTAL INVESTMENT INCOME</strong></td>
<td>147,439,988.02</td>
<td>174,785</td>
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<td>2. Expenses for investments and interest expenses</td>
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<td>Expenses for asset management</td>
<td>4,674,152.92</td>
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<td>Depreciation of investments</td>
<td>3,459,156.54</td>
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<td>Interest expenses</td>
<td>18,334,345.71</td>
<td>39,083</td>
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<td>Losses from disposal of investments</td>
<td>237.93</td>
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<td>Other investment expenses</td>
<td>147,880.51</td>
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<td><strong>TOTAL INVESTMENT EXPENSES</strong></td>
<td>−26,615,773.61</td>
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<td>3. Investment income transferred to the underwriting account</td>
<td>−22,209.71</td>
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<td>4. Other non-underwriting income</td>
<td>185,812.09</td>
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<td>5. Other non-underwriting expenses</td>
<td>−154,949.93</td>
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<td><strong>Result from ordinary activities; property/casualty insurance</strong></td>
<td>163,294,262.24</td>
<td>174,717</td>
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INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2012

<table>
<thead>
<tr>
<th>Health insurance</th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td><strong>in EUR</strong></td>
<td><strong>in EUR '000</strong></td>
<td></td>
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<tr>
<td><strong>Underwriting account</strong></td>
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<td></td>
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<tr>
<td>1. Net earned premiums</td>
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<tr>
<td>Premiums written</td>
<td>343,178,335.44</td>
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<td>Ceded reinsurance premiums</td>
<td>−43,055,431.69</td>
<td>300,122,903.75</td>
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<td>Change due to unearned premiums</td>
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<td>Gross</td>
<td>−180,402.68</td>
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<tr>
<td>Reinsurers’ share</td>
<td>22,573.99</td>
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<td><strong>TOTAL PREMIUMS</strong></td>
<td>299,965,075.06</td>
<td>294,747,853.12</td>
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<td>2. Investment income from technical business</td>
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<td>31,334,008.75</td>
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<td>3. Other underwriting income</td>
<td>2,984.45</td>
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<td>4. Expenses for claims and insurance benefits</td>
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<tr>
<td>Payments for claims and insurance benefits</td>
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<tr>
<td>Gross</td>
<td>218,113,374.90</td>
<td>214,127,000.00</td>
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<tr>
<td>Reinsurers’ share</td>
<td>−22,145,456.22</td>
<td>195,967,918.68</td>
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<td>Changes in provision for outstanding claims and insurance benefits</td>
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<td>Gross</td>
<td>722,442.00</td>
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<td>Reinsurers’ share</td>
<td>−56,863.12</td>
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<td><strong>TOTAL CLAIMS AND INSURANCE BENEFITS</strong></td>
<td>−196,633,497.56</td>
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<td>5. Increase in underwriting provisions</td>
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<td>Mathematical reserve</td>
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<td>Gross</td>
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<td>Reinsurers’ share</td>
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<td><strong>TOTAL INCREASE IN UNDERWRITING PROVISIONS</strong></td>
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<td>−55,197,039.10</td>
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<td>6. Expenses for profit-unrelated premium refunds</td>
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<tr>
<td>Gross</td>
<td>11,969,093.08</td>
<td>12,402,000.00</td>
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<td>Reinsurers’ share</td>
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<td><strong>TOTAL EXPENSES FOR PROFIT-UNRELATED PREMIUM REFUNDS</strong></td>
<td>−10,777,781.84</td>
<td>−11,164,018.16</td>
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<td>Acquisition expenses</td>
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<td>Other administrative expenses</td>
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<td>13,794,000.00</td>
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<td>Reinsurance commissions and profit shares</td>
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<tr>
<td>From reinsurance cessions</td>
<td>−5,056,913.22</td>
<td>−4,563,000.00</td>
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<td><strong>TOTAL OPERATING EXPENSES</strong></td>
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<td>8. Other underwriting expenses</td>
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<td><strong>Underwriting Result (Amount Carried Forward)</strong></td>
<td>24,752,744.54</td>
<td>30,272,416.84</td>
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### Health insurance

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<th>2011</th>
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<td><strong>Underwriting result (amount carried forward)</strong></td>
<td>24,752,744.54</td>
<td>30,272</td>
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<tr>
<td><strong>Non-underwriting account:</strong></td>
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<td></td>
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<tr>
<td>1. Investment and interest income</td>
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</tr>
<tr>
<td>Income from participations</td>
<td>29,566.18</td>
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<tr>
<td>Income from land and buildings</td>
<td>5,882,430.82</td>
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<tr>
<td>Income from other investments</td>
<td>36,356,242.56</td>
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<td>Gains from disposal of investments</td>
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<td>Other investment and interest income</td>
<td>1,102,903.78</td>
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<td><strong>TOTAL INVESTMENT INCOME</strong></td>
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<td>Expenses for asset management</td>
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<td>Depreciation of investments</td>
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<td>Interest expenses</td>
<td>9,450,686.96</td>
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<td>Other investment expenses</td>
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<td><strong>TOTAL INVESTMENT EXPENSES</strong></td>
<td>-21,957,257.34</td>
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<td>3. Investment income transferred to the underwriting account</td>
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<tr>
<td><strong>Result from ordinary activities; health insurance</strong></td>
<td>24,777,425.64</td>
<td>30,294</td>
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### INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2012

#### Life insurance

<table>
<thead>
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<th>Underwriting account</th>
<th>2012</th>
<th>2011</th>
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</thead>
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<td></td>
<td>in EUR</td>
<td>in EUR '000</td>
</tr>
<tr>
<td><strong>1. Net earned premiums</strong></td>
<td></td>
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</tr>
<tr>
<td>Premiums written</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>808,983,737.56</td>
<td>872,928</td>
</tr>
<tr>
<td>Ceded reinsurance premiums</td>
<td>–4,375,099.31</td>
<td>804,608,638.25</td>
</tr>
<tr>
<td>Change due to unearned premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>80,011.44</td>
<td>2,232</td>
</tr>
<tr>
<td>Reinsurers’ share</td>
<td>–4,757.21</td>
<td>75,254.23</td>
</tr>
<tr>
<td><strong>TOTAL PREMIUMS</strong></td>
<td>804,683,892.48</td>
<td>871,759</td>
</tr>
<tr>
<td><strong>2. Investment income from technical business</strong></td>
<td>283,561,357.05</td>
<td>227,026</td>
</tr>
<tr>
<td><strong>3. Unrealised gains on investments shown under balance sheet asset item C</strong></td>
<td>220,570,218.10</td>
<td>51,339</td>
</tr>
<tr>
<td><strong>4. Other underwriting income</strong></td>
<td>1,667,097.41</td>
<td>564</td>
</tr>
<tr>
<td><strong>5. Expenses for claims and insurance benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for claims and insurance benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>801,211,251.58</td>
<td>1,023,787</td>
</tr>
<tr>
<td>Reinsurers’ share</td>
<td>–999,358.95</td>
<td>800,211,892.63</td>
</tr>
<tr>
<td>Changes in provision for outstanding claims and insurance benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>2,424,417.17</td>
<td>1,528</td>
</tr>
<tr>
<td>Reinsurers’ share</td>
<td>0.00</td>
<td>2,424,417.17</td>
</tr>
<tr>
<td><strong>TOTAL CLAIMS AND INSURANCE BENEFITS</strong></td>
<td>–802,636,309.80</td>
<td>–1,021,424</td>
</tr>
<tr>
<td><strong>6. Increase in underwriting provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mathematical reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>301,413,809.37</td>
<td>0</td>
</tr>
<tr>
<td>Reinsurers’ share</td>
<td>–521,999.54</td>
<td>300,891,809.83</td>
</tr>
<tr>
<td><strong>TOTAL INCREASE IN UNDERWRITING PROVISIONS</strong></td>
<td>–300,891,809.83</td>
<td>0</td>
</tr>
<tr>
<td><strong>7. Increase in underwriting provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mathematical reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>0.00</td>
<td>–261,579</td>
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<tr>
<td>Reinsurers’ share</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>TOTAL REDUCTION UNDERWRITING PROVISIONS</strong></td>
<td>0.00</td>
<td>259,259</td>
</tr>
<tr>
<td><strong>8. Expenses for profit-unrelated premium refunds and policyholder profit participation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross</td>
<td>19,974,128.01</td>
<td>18,350</td>
</tr>
<tr>
<td>Reinsurers’ share</td>
<td>0.00</td>
<td>19,974,128.01</td>
</tr>
<tr>
<td><strong>TOTAL PROFIT PARTICIPATION</strong></td>
<td>–19,974,128.01</td>
<td>–18,350</td>
</tr>
<tr>
<td><strong>9. Administrative expenses</strong></td>
<td></td>
<td></td>
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<tr>
<td>Acquisition expenses</td>
<td>108,976,628.41</td>
<td>110,038</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>34,915,515.53</td>
<td>32,459</td>
</tr>
<tr>
<td>Reinsurance commissions and profit commissions from reinsurance cessions</td>
<td>–1,647,255.41</td>
<td>–527</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>–142,244,888.53</td>
<td>–141,970</td>
</tr>
<tr>
<td><strong>10. Unrealised losses on investments shown under balance sheet asset item C</strong></td>
<td>–10,665,246.74</td>
<td>–194,481</td>
</tr>
<tr>
<td><strong>11. Other underwriting expenses</strong></td>
<td>–5,612,994.83</td>
<td>–3,281</td>
</tr>
<tr>
<td><strong>Underwriting Result (Amount Carried Forward)</strong></td>
<td>28,457,187.30</td>
<td>30,441</td>
</tr>
</tbody>
</table>
## Life insurance

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underwriting result (amount carried forward)</strong></td>
<td>28,457,187.30</td>
<td>30,441,000</td>
</tr>
<tr>
<td><strong>Non-underwriting account:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Investment and interest income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from participations</td>
<td>22,570,491.41</td>
<td>18,398,000</td>
</tr>
<tr>
<td>Income from land and buildings</td>
<td>4,910,529.68</td>
<td>8,146,000</td>
</tr>
<tr>
<td>Income from other investments</td>
<td>287,522,691.25</td>
<td>257,014,000</td>
</tr>
<tr>
<td>Income from appreciations</td>
<td>0.00</td>
<td>429,000</td>
</tr>
<tr>
<td>Gains from disposal of investments</td>
<td>13,389,899.99</td>
<td>27,153,000</td>
</tr>
<tr>
<td>Other investment and interest income</td>
<td>22,320,080.08</td>
<td>34,938,000</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT INCOME</strong></td>
<td>350,713,692.41</td>
<td>346,078,000</td>
</tr>
<tr>
<td>2. Expenses for investments and interest expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses for asset management</td>
<td>19,053,513.72</td>
<td>15,673,000</td>
</tr>
<tr>
<td>Depreciation of investments</td>
<td>11,181,260.82</td>
<td>60,081,000</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>30,021,423.21</td>
<td>27,350,000</td>
</tr>
<tr>
<td>Losses from disposal of investments</td>
<td>755,396.62</td>
<td>7,436,000</td>
</tr>
<tr>
<td>Other investment expenses</td>
<td>6,140,740.99</td>
<td>8,513,000</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT EXPENSES</strong></td>
<td>–67,152,335.36</td>
<td>–119,053,000</td>
</tr>
<tr>
<td>3. Investment income transferred to the underwriting account</td>
<td>–283,561,357.05</td>
<td>–227,026,000</td>
</tr>
<tr>
<td>4. Other non-underwriting income</td>
<td>48,247.62</td>
<td>58,000</td>
</tr>
<tr>
<td>5. Other non-underwriting expenses</td>
<td>–1,875.45</td>
<td>0,000</td>
</tr>
<tr>
<td><strong>Result from ordinary activities; life insurance</strong></td>
<td>28,503,559.47</td>
<td>30,498,000</td>
</tr>
</tbody>
</table>
**INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2012**

<table>
<thead>
<tr>
<th>Property/Casualty + Health + Life = Total Business</th>
<th>2012 in EUR</th>
<th>2011 in EUR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting result, property/casualty</td>
<td>42,461,395.38</td>
<td>43,987</td>
</tr>
<tr>
<td>Underwriting result, health</td>
<td>24,752,744.54</td>
<td>30,272</td>
</tr>
<tr>
<td>Underwriting result, life</td>
<td>28,457,187.30</td>
<td>30,441</td>
</tr>
<tr>
<td><strong>TOTAL UNDERWRITING RESULT</strong></td>
<td><strong>95,671,327.22</strong></td>
<td><strong>104,700</strong></td>
</tr>
</tbody>
</table>

**Non-underwriting account:**

<table>
<thead>
<tr>
<th>1. Investment and interest income</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from participations</td>
<td>84,513,857.83</td>
<td>63,218</td>
</tr>
<tr>
<td>Income from land and buildings</td>
<td>15,446,583.34</td>
<td>13,842</td>
</tr>
<tr>
<td>Income from other investments</td>
<td>369,660,646.92</td>
<td>371,459</td>
</tr>
<tr>
<td>Income from appreciations</td>
<td>0.00</td>
<td>693</td>
</tr>
<tr>
<td>Gains from disposal of investments</td>
<td>46,827,025.39</td>
<td>78,004</td>
</tr>
<tr>
<td>Other investment and interest income</td>
<td>25,648,273.27</td>
<td>40,546</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT INCOME</strong></td>
<td><strong>542,096,386.75</strong></td>
<td><strong>567,762</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Expenses for investments and interest expenses</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses for asset management</td>
<td>29,005,511.64</td>
<td>21,759</td>
</tr>
<tr>
<td>Depreciation of investments</td>
<td>20,730,727.42</td>
<td>65,889</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>57,806,455.88</td>
<td>74,142</td>
</tr>
<tr>
<td>Losses from disposal of investments</td>
<td>7,416,226.25</td>
<td>9,666</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT EXPENSES</strong></td>
<td><strong>–115,725,366.31</strong></td>
<td><strong>–178,892</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Investment income transferred to the underwriting account</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–305,697,015.74</td>
<td>–258,395</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Other non-underwriting income</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>258,740.81</td>
<td>395</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Other non-underwriting expenses</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–156,825.38</td>
<td>–61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Result from ordinary activities</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>216,575,247.35</td>
<td>235,509</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Taxes on income</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–41,958,929.29</td>
<td>–59,771</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. Profit for the period</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>174,616,318.06</td>
<td>175,738</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Release of valuation reserve for impairment losses</td>
<td>1,101,160.79</td>
<td>24,507</td>
</tr>
<tr>
<td><strong>TOTAL RELEASE OF RESERVES</strong></td>
<td>1,101,160.79</td>
<td>24,507</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Transfer to reserves</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to free reserves</td>
<td>58,717,478.85</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>TOTAL TRANSFER TO RESERVES</strong></td>
<td><strong>–58,717,478.85</strong></td>
<td><strong>–60,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11. Profit for the year</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>117,000,000.00</td>
<td>140,245</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12. Retained profits brought forward</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46,390,649.21</td>
<td>46,146</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net retained profits</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>163,390,649.21</td>
<td>186,391</td>
</tr>
</tbody>
</table>
NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF 2012

I. GENERAL DISCLOSURES ON ACCOUNTING POLICIES

The accounting provisions of the Austrian Commercial Code (UGB) and special provisions of the Austrian Insurance Supervisory Act (VAG) as amended were applied when preparing the annual financial statements as of 31 December 2012.

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 at the balance sheet date were reported and all identifiable risks and impending losses were recorded in the balance sheet, with the exception of the less strict valuation of bonds and other fixed-interest securities and participations as provided for in Section 81h(1) VAG and use of the valuation relief options provided for in Section 81h(2) VAG for units of institutional funds. Figures are generally shown in thousands of euros (EUR ‘000). Figures from the previous year are indicated as such or shown in brackets.

Under a merger agreement of 3 September 2012, WPWS Vermögensverwaltung GmbH was merged as the transferring entity with WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group as the absorbing entity effective 1 January 2012.

II. ACCOUNTING POLICIES

Land is valued at cost, and buildings at cost less depreciation and any write-downs. As a rule, repair costs for residential buildings are spread over ten years.

Investments for unit- and index-linked life insurance are valued using the current cost principle. Unit-linked life insurance investments are made in the following funds:

- 3 BANKEN OESTERREICH-FONDS
- 4Q-SMART POWER
- A2A DEFENSIV
- AB EMERG MARKETS DEBT PT-A2EUR
- AB EMERG MARKETS DEBT-A2$.
- ABER GL II-EURO GOV BD-A2A
- ABERDEEN GL EMERG MKT SM I2 USD
- ABERDEEN GL EMMKT EQTY A2
- ABERDEEN GL-SL EM MK BD-A2EUR
- ABERDEEN GL-WRLD RS EQ-S2
- ACATIS AKTIEN GLOBAL FONDS (T)
- ACMBERNSTEIN-RMB INC PL-A2$
- ACTIVEST TOTAL RETURN D
- ALL ASIA MITEIGENTUMSANTEILE GEM § 20 INFG T
- ALL EUROPE-THESAURIERUNGS-ANTEILE
- ALL JAPAN T MITEIGENTUMSANTEILE
- ALL TRENDS (T)
- ALL WORLD (T) MITEIGENTUMSANTEILE
- ALLIANZ PIMCO EUROPAZINS-A
- ALLIANZ RCM BIOTECHNOLOGIE-A
- AXA WF-FRM SWITZERLND-ACSF
- ALLIANZ WACHSTUM EUROPA-A
- ALL-PMC-INTL RENTENFONDS-A
- AMUNDI-LATIN AMERICA EQ-CC
- ARERO-DER WELTFONDS
- ARIQON KONSERVATIV
- ARIQON TREND
- AXA WF-FRM HLTH-A-CAEUR
- AXA WORLD EURO 5 7 CAP
- BANTLEON OPPORTUNITIES L-PT
- ISHARES DJ EURO STOXX SD 30
- BANTLEON OPPORTUNITIES S-PT
- BARING EASTERN EUROPE FUND
- BARING EUROPE SELECT-INC
- BARING GERMAN GROWTH TRUST (T)
- BARING GLB EMG MKTS FD USD INC
- BARING HONG KONG CHINA FD A
- BAWAG PSK GLOBAL BOND FOND
- BELLEVUE LUX-BB MEDTECH-BEUR
- BERENBERG EMER MKT EQY SEL-R
- BGF EMERGING EUROPE FUND A2
- BGF EUROPEAN FUND A2
- BGF GBL HI YIELD BD HED A2
- BGF NEW ENERGY FUND USD A2
- BGF-ASIAN TIGER BOND-$A2
- BLACKROCK GLOBAL FUND-JAPAN SMALL+MIDCAP OP-
- PORTUNI
- BLACKROCK GLOBAL FUNDS - WORLD GOLD FUND
- BLACKROCK GLOBAL FUNDS LATIN AMERICAN FUND (T)
<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Abbreviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLACKROCK GLOBAL FUNDS NEW ENERGY FUND (T)</td>
<td>CS EF (LUX) GLB VALUE-R CHF</td>
</tr>
<tr>
<td>BLACKROCK GLOBAL FUNDS US FLEX. EQUITY FUND A</td>
<td>CS EUROREAL A</td>
</tr>
<tr>
<td>BLACKROCK GLOBAL FUNDS WORLD ENERGY FUND (T)</td>
<td>DBXT DBLCI</td>
</tr>
<tr>
<td>BLACKROCK GLOBAL FUNDS WORLD GOLD FUND</td>
<td>DBX-TRACKERS DJ EU STX 50-1D</td>
</tr>
<tr>
<td>BLACKROCK GLOBAL FUNDS-EMERGING MARKETS FUND A2</td>
<td>DEGI EUROPA</td>
</tr>
<tr>
<td>BLACKROCK GLOBAL FUNDS-EURO BOND FUND A2</td>
<td>DEKARENT INTERN. FONDS</td>
</tr>
<tr>
<td>BLACKROCK GLOBAL FUNDS-EURO BOND FUND A2</td>
<td>DEXIA BOND EURO INFLATION LINKED C</td>
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<tr>
<td>BLACKROCK GLOBAL FUNDS-EUROPEAN OPPORTUNITY FUND A</td>
<td>DEXIA EQUITIES B EUROPEAN PROPERTY SECURITIES</td>
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<tr>
<td>BLACKROCK GLOBAL FUNDS-GLOBAL ALLOCATION HEDGE A2</td>
<td>DEXIA QUANT EQUITIES EUROPE</td>
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<tr>
<td>BLACKROCK GLOBAL FUNDS-GLOBAL ALLOCATION HEDGE A2</td>
<td>DEXIA QUANT-EQUITIES USA-CC</td>
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<tr>
<td>BL-BOND DOLLAR-B</td>
<td>DEXIA SUSTAINABLE EUROPEAN BALANCED MEDIUM T</td>
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<tr>
<td>BL-BOND EURO-B</td>
<td>DIT-GL. MKT. BOND --UNITS</td>
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<tr>
<td>BLUEBAY HIGH YIELD BOND B</td>
<td>DJE-ABSOLUT-P</td>
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<tr>
<td>BNP PA L1 BOND WO EM LCL-CAP</td>
<td>DJE-RENTEN GLOBAL-P</td>
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<tr>
<td>BNPP L1-EQ EU ENRGY-CD</td>
<td>DKL EM BD UNITS CF DISTRIBUTION</td>
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<tr>
<td>BNPP L1-EQ EU HE CR-CC</td>
<td>DWS &amp;TOP DIVIDENDE ANTEILE</td>
</tr>
<tr>
<td>BNPP L1-EQT USA GRW-CCAP-$</td>
<td>DWS AKKUMULA</td>
</tr>
<tr>
<td>BNPP L1-EQUITY EUROPE-CC</td>
<td>DWS AKTIEN STRAT DEUTSCHLAND</td>
</tr>
<tr>
<td>BW RENTA INTERNATIONAL UNIVERSAL FONDS C-QUADRAT ARTS TOTAL RETURN SPECIAL T</td>
<td>DWS BIOTECH-AKTIEN TYP 0 (DEUTSCHLAND)</td>
</tr>
<tr>
<td>CAPITAL INVEST GOLD STOCK-A</td>
<td>DWS DEUTSCHLAND</td>
</tr>
<tr>
<td>CAPITAL INVEST SWISS STCK-A</td>
<td>DWS ENERGY TYP O</td>
</tr>
<tr>
<td>CARMIGNAC INVESTISSEMENT</td>
<td>DWS FLEXPENSION 2015</td>
</tr>
<tr>
<td>CARMIGNAC PATRIM.A 3D</td>
<td>DWS FLEXPENSION 2017</td>
</tr>
<tr>
<td>COMGEST GROWTH INDIA</td>
<td>DWS FLEXPENSION 2018</td>
</tr>
<tr>
<td>COMINVEST FONDAK-P</td>
<td>DWS FLEXPENSION 2021</td>
</tr>
<tr>
<td>COMINVEST FONDIS</td>
<td>DWS FLEXPENSION 2022</td>
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<tr>
<td>COMPAM FUND-SB BOND-M</td>
<td>FI ALPHA RENTEN GLOBAL</td>
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<td>COMPAM FUND-SB EQUITY-M</td>
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<td>C-QUADRAT ARTS TOTAL RETURN BALANCED</td>
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<td>DWS INVEST TOP 50 ASIA-LC</td>
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RT OESTERREICH AKTIENFONDS-T
RT ZUKUNFTVORSORGE AKTIEN-T
RT OSTEUROPA AKTIENFONDS MITEIGENTUMSANTEILE T
RT PANORAMA FONDS T
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SPAENGLER BOND CORPORATE -A
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SPECIAL PLUS T
STARCAPITAL UNIVERSAL BONDVALUE UI
SUCCESS ABSOLUTE (T)
SUCCESS RELATIVE FONDS (T)
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TEMPLETON GROWTH FUND EURO TERRA
TERRASSISI RENTEN I AMI-P(A)
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THREADNEEDLE EM MK B-$RGA
THREADNEEDLE EM MK B-EUR-R-G-A
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THREADNEEDLE EUROPEAN SELECT FUND
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UBS LUX BOND FUND-CHF-P ACC
UBS LUX BOND FUND-GBP-P ACC
UBS LUX BOND FUND-US (T)
UBS LUX MD TRM BND EUR-P-ACC
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UNIFONDS
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UNTERNEHMENSANLEIHENFONDS 2014 §20 INVFG (T)
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VONTOBEL FUND US DOLLAR BOND B-USD-CAP
VONTOBEL-SWISS MONEY-B
VPI WORLD INVEST § 20 INVFG
VPI WORLD SELECT TM GEM.PAR.20 INVFG
WALSER PORTFOLIO GERMAN SCT
WIENER PRIVATBANK PREMIUM AUSGEWOGEN T
Shares and other non-fixed interest securities (with the exception of units of RT2 and RT3 institutional funds), and shares in affiliated companies are valued according to the strict lower-of-cost-or-market principle (strenges Niederstwertprinzip). Bonds, other fixed-income securities and participations are valued using the less strict lower-of-cost-or-market principle (gemildertes Niederstwertprinzip) provided for in Section 81h(1) VAG. Valuation using the less strict lower-of-cost-or-market principle resulted in EUR 40,236,000 (EUR 110,237,000) in write-downs not being performed. In accordance with a 2011 Managing Board resolution, holdings of the institutional funds RT2 and RT3 were reported as investments.

Use of the less strict valuation principle resulted in EUR 0 (EUR 94,258,000) in write-downs not being performed for units of institutional funds.

The Company takes into account the overall risk position of the Company and the investment strategy provided for this purpose when making investments in fixed-interest securities, real estate, participations, shares, and structured investment products. The risk inherent in the specified categories and the market were taken into account when determining exposure volumes and limits.

The investment strategy is laid down in the form of investment guidelines that are continuously monitored for compliance by the corporate risk controlling and internal audit departments. The corporate 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 generally low-risk. The strategic investment committee decides on potential high-risk 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 assessed 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 benefits and the majority of investment income is generally reinvested.

The Company reported assets whose interest payments were not guaranteed and whose principal repayment might be defaulted in whole or in part in the balance sheet asset item “shares and other non-fixed interest securities” with a carrying amount of EUR 29,352,000 (EUR 29,973,000) and a fair value of EUR 33,331,000 (EUR 29,973,000) as at 31 December 2012.

Austrian banks have the option to tender previously subscribed bank bonds with a value of EUR 15,000,000 in 2013. It is not currently expected that these options will be exercised.

A futures contract agreement concerning the sale of a share position (in 2013 or 2014) was concluded at arm’s-length terms with an affiliated company and has existed since November 2012. Since this futures contract agreement was concluded solely to hedge the underlying share position, no provision for expected losses was formed for the negative market value of EUR -21,251,000 on the balance sheet date.

The option agreement concerning the sale of shares of Wüstenrot Versicherungs-Aktiengesellschaft that was concluded with Bausparkasse Wüstenrot Aktiengesellschaft solely for the purpose of hedging had a positive market value of EUR 16,225,000 on the balance sheet date.

As a rule, mortgage receivables and other loans, including those to affiliated companies and companies in which a participation 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.
Specific valuation allowances of adequate size are formed for doubtful receivables and deducted from their nominal values. Tangible assets (not including land and buildings) are valued at cost less depreciation. Low-cost assets are fully written off in the year of purchase.

The provision for unearned premiums for property and casualty insurance were generally calculated by prorating over time after applying a cost deduction of EUR 18,283,000 (EUR 17,708,000). The provision for unearned premiums for life insurance is formed according to the amounts prescribed in the business plan. No cost deduction is applied. The provision for 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 the business plans approved by or submitted to the supervisory authority.

The provision for outstanding claims for direct property and casualty and life insurance business is calculated for claims reported by the balance sheet date by individually valuing unsettled claims and adding lump-sum safety margins for large, unexpected losses. Lump-sum provisions based on past experience are formed for claims incurred but not reported.

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

In indirect business, provisions for outstanding claims are primarily based on reports from ceding companies as of the 31 December 2012 balance sheet date. The reported amounts were increased where this was considered necessary in light of past experience.

The equalisation provision is calculated in accordance with the directive of the Austrian Federal Finance Minister, BGBl (Federal Gazette) No. 545/1991 in the version contained in BGBl II No. 66/1997. Use was made of the release provision in Section 13.

The provision for profit-related premium refunds and policyholder profit participation includes the amounts earmarked for policyholder premium refunds based on the business plans and articles of association for which no disposition had been made as of the balance sheet date.

The provisions for severance pay, pensions, and anniversary bonuses are based on the pension insurance calculation principles of the Actuarial Association of Austria (AVÖ), AVÖ 2008-P (Employees), using an interest rate of 3% p.a. Company pension plan obligations are measured using the actuarial entry age normal method (Teilwertverfahren). The retirement age used to calculate the provisions for anniversary bonuses and severance pay is the statutory minimum retirement age as stipulated in the Austrian General Social Security Act (ASVG) (2004 reform), subject to a maximum age of 62 years for the provision for anniversary bonuses. The retirement age used to calculate the provision for pensions is based on each individual agreement. The following percentages were used for labour turnover based on age: <31 7.5%, 31-35 3.5%, 36-40 2.5%, 41-50 1.5%, 51-55 0.5% and 56-65 0% (<31–7.5%, 31-35 3.5%, 36-40 2.5%, 41-50 1.5%, 51-55 0.5% and 56-65 0%). The severance entitlement used to calculate the provision for severance obligations is based on each individual agreement or on the collective agreement. The following percentages were used for employee turnover based on age: <30 7.5%, 30-34 3.5%, 35-39 2.5%, 40-50 1.5%, 51-59 1.0% and 60-65 0.5% (<30 7.5%, 30-34 3.5%, 35-39 2.5%, 40-50 1.5%, 50-59 1.0% and 60-65 0.5%). The interest expenses for personnel provisions of EUR 15,890,000 (EUR 4,550,000) are reported under investment and interest expenses. A portion of the direct pension obligations, in the amount of EUR 26,923,000 (EUR 25,368,000), is administered as an occupational group insurance plan under an insurance policy concluded in accordance with Section 18f to 18j VAG. Provisions are formed for another portion (actuarial pension amount of EUR 8,175,000 (EUR 9,603,000)). As permitted under the Austrian Federal Ministry of Finance decree of 3 August 2001, an amount of EUR 0 (EUR 295,000) was transferred to an outside insurance company to outsource severance pay obligations. The severance pay provision required under Austrian corporate law for 2012 was EUR 76,872,000 (EUR 71,715,000). The amount earmarked for satisfying the outsourced severance pay obligations that was held by the outside insurance company was EUR 68,030,000 (EUR 63,590,000). The difference of EUR 16,703,000 (EUR 14,461,000) between the size of the severance pay provisions to be formed under Austrian corporate law and the
deposit held by the outside insurance company is reported under provisions for severance pay in the balance sheet.

Amounts denominated in foreign currencies are translated to euros using the appropriate mean rate of exchange.

A portion of the underwriting items for assumed reinsurance business and the associated retrocessions for property and casualty and life insurance is deferred for one year before being shown in the annual financial statements.

The following disclosures are provided for off-balance sheet contingent liabilities: Letters of comfort and liability undertakings totalling EUR 106,432,000 (EUR 40,582,000) have been issued in connection with a real estate purchase and borrowing. Liability undertakings totalling EUR 285,000 (EUR 278,000) have been issued in connection with loan repayments and bank guarantees.

A total of EUR 94,999 (EUR 29,149,000) relates to letters of comfort with affiliated companies.

## III. NOTES TO THE BALANCE SHEET

The value of developed and undeveloped properties was EUR 73,940,000 (EUR 74,135,000) as of 31 December 2012.

The carrying amount of owner occupied property was EUR 51,982,000 (EUR 53,272,000).

Other loans not secured by insurance contracts were composed of the following: loans to the Republic of Austria in the amount of EUR 25,000,000 (EUR 28,408,000), loan receivables from other public bodies in the amount of EUR 24,502,000 (EUR 26,653,000) and loan receivables from other borrowers in the amount of EUR with 217,256,000 (EUR 188,428,000).

The fair values of the investments are:

<table>
<thead>
<tr>
<th>Items under § 81c Abs. 2 VAG</th>
<th>Market value 31/12/12</th>
<th>Market value 31/12/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>412,723</td>
<td>410,899</td>
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<tr>
<td>Shares in affiliated companies</td>
<td>1,541,944</td>
<td>1,814,938</td>
</tr>
<tr>
<td>Bonds and other securities of and loans to affiliated companies</td>
<td>938,059</td>
<td>925,151</td>
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<tr>
<td>Participations</td>
<td>247,197</td>
<td>290,470</td>
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<tr>
<td>Bonds and other securities of and loans to other companies in which an ownership interest exists</td>
<td>37,028</td>
<td>36,716</td>
</tr>
<tr>
<td>Shares and other non-fixed-interest securities</td>
<td>2,940,536</td>
<td>2,631,971</td>
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<tr>
<td>Bonds on other fixed-interest securities</td>
<td>3,957,845</td>
<td>3,762,691</td>
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<tr>
<td>Shares in joint investments</td>
<td>29,169</td>
<td>32,107</td>
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<tr>
<td>Mortgage receivables</td>
<td>368,113</td>
<td>352,300</td>
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<tr>
<td>Policy prepayments</td>
<td>15,090</td>
<td>16,981</td>
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<tr>
<td>Other loans</td>
<td>266,758</td>
<td>243,489</td>
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<tr>
<td>Bank balances</td>
<td>20,683</td>
<td>49,090</td>
</tr>
<tr>
<td>Deposit receivables</td>
<td>2,374</td>
<td>3,377</td>
</tr>
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10,777,519 | 10,570,180

Hidden reserves totalled EUR 970,273,000 (EUR 463,129,000) as of 31 December 2011. The fair value of the shares in affiliated companies and shares in companies in which a participation is held is equal to the stock exchange value or other available market value (up-to-date internal measurement calculations). If no stock exchange value or other available market value exists, the purchase price is used as the fair value, if necessary reduced by any write-downs or a proportionate share of the publicly reported equity capital, whichever is greater. For equities and other securities, stock exchange values or book values (purchase price, reduced by write-downs if necessary) are used as fair value. The remaining investments were valued at their nominal values, reduced by write-downs where necessary.

The fair values of land and buildings were determined in accordance with the recommendations of the Austrian Insurance Association. All properties are individually valued during a five-year period.
The fair value of EUR 412,723,000 (EUR 410,899,000) for land and buildings is composed of market value appraisals for the years 2008 to 2012 as follows: 2012: EUR 61,410,000; 2011: EUR 138,754,000 (EUR 139,434,000), 2010: EUR 108,685,000 (EUR 124,275,000), 2009: EUR 59,857,000 (EUR 59,857,000), 2008: EUR 44,017,000, (EUR 44,017,000).

In health insurance, the actuarial reserve is calculated using actuarial principles in accordance with Section 18c VAG for all portfolio groups.

For individual insurance, the actuarial reserve is calculated exclusively for each individual policy. This also applies to new business in the group insurance area affected by the 1994 amendment to the Austrian Insurance Contract Act (VersVG). A lump-sum actuarial reserve is formed for the remaining group policies. The actuarial reserve is generally calculated using the prospective method. The calculation of the actuarial reserve takes into account the fact that the actuarial reserve for a policy is forfeited in favour of the community of the insured (Versichertengemeinschaft) in the event of early policy termination or death of the insured.

The claims frequencies used for the actuarial calculation of the actuarial reserve are primarily derived from analyses of the Company’s own claims experience. Mortality rates were mainly taken from the Austrian 2000/2002 general mortality tables. Consistent with the premium calculation, the actuarial reserve is generally calculated using an interest rate of 3% p.a.

In life insurance, the actuarial reserve is calculated using principles laid down in business plans and approved by the supervisory authority and using calculation bases submitted to the supervisory authority.

The actuarial reserve is calculated for each individual case, with the prospective method being used almost exclusively.

The main probability tables used are the following:

<table>
<thead>
<tr>
<th>For endowment insurance policies</th>
<th>DM 24/26 ÖVM 80/82 ÖVM/ÖVF 90/92 ÖVM/ÖVF 00/02</th>
</tr>
</thead>
<tbody>
<tr>
<td>For annuity insurance policies</td>
<td>EROM/EROF AVÖ 1996 R AVÖ 2005 R</td>
</tr>
</tbody>
</table>

For a large portion of the portfolio, the actuarial reserve is calculated using an interest rate of 3% p.a. Starting in 1995, an interest rate of 4% p.a. was used for certain policies, and between 1 July 2000 and 31 December 2003 an interest rate of 3.25% p.a. was used. For policies with coverage beginning on or after 1 January 2004 the interest rate is 2.75% p.a., and on or after 23 September 2005 the interest rate is 2.25% for employer group policies. The interest rate is 2.25% for policies concluded on or after 1 January 2006, 2.0% on or after 1 April 2011, and 1.75% on or after 21 December 2012.

The amount shown under other liabilities includes EUR 25,113,000 (EUR 24,137,000) in tax liabilities and EUR 3,360,000 (EUR 3,168,000) in social security liabilities.
The following balance sheet items are attributable to affiliated companies and companies in which a participation is held:

<table>
<thead>
<tr>
<th>In EUR '000</th>
<th>Affiliated companies 2012</th>
<th>Affiliated companies 2011</th>
<th>Companies in which an ownership interest exists 2012</th>
<th>Companies in which an ownership interest exists 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage receivables</td>
<td>36,582</td>
<td>33,513</td>
<td>4,787</td>
<td>5,067</td>
</tr>
<tr>
<td>Deposit receivables</td>
<td>896</td>
<td>10,247</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Receivables from direct insurance business</td>
<td>6,211</td>
<td>2,681</td>
<td>1,247</td>
<td>1,417</td>
</tr>
<tr>
<td>Receivables from reinsurance business</td>
<td>31,078</td>
<td>14,373</td>
<td>61</td>
<td>78</td>
</tr>
<tr>
<td>Other receivables</td>
<td>93,801</td>
<td>108,004</td>
<td>227</td>
<td>255</td>
</tr>
<tr>
<td>Deposits retained</td>
<td>212,205</td>
<td>173,857</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Liabilities from direct insurance business</td>
<td>867</td>
<td>1,253</td>
<td>31</td>
<td>1</td>
</tr>
<tr>
<td>Liabilities from reinsurance business</td>
<td>16,559</td>
<td>10,106</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>453,403</td>
<td>902,631</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

Liabilities arising from the use of off-balance sheet tangible assets were EUR 36,562,000 (EUR 31,622,000) for the following financial year and EUR 215,370,000 (EUR 166,032,000) for the following five years.

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

<table>
<thead>
<tr>
<th>In EUR '000</th>
<th>Intangible assets</th>
<th>Land and buildings</th>
<th>Shares in affiliated companies</th>
<th>Bonds and other securities of and loans to affiliated companies</th>
<th>Participations</th>
<th>Bonds and other securities of and loans to companies in which an ownership interest is held</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of 31 December 2011</td>
<td>15,861</td>
<td>269,779</td>
<td>1,565,381</td>
<td>924,710</td>
<td>272,592</td>
<td>36,716</td>
</tr>
<tr>
<td>Additions</td>
<td>7,913</td>
<td>5,681</td>
<td>31,062</td>
<td>40,358</td>
<td>2,834</td>
<td>1,243</td>
</tr>
<tr>
<td>Disposals</td>
<td>42</td>
<td>281</td>
<td>1,435</td>
<td>19,949</td>
<td>205</td>
<td>932</td>
</tr>
<tr>
<td>Disposals due to merger</td>
<td>0</td>
<td>0</td>
<td>293,424</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Appreciation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-7,500</td>
<td>-30,067</td>
<td>0</td>
</tr>
<tr>
<td>Capital consumption</td>
<td>3,205</td>
<td>8,494</td>
<td>0</td>
<td>0</td>
<td>3,449</td>
<td>0</td>
</tr>
<tr>
<td>As of 31 December 2012</td>
<td>20,527</td>
<td>266,685</td>
<td>1,301,584</td>
<td>937,619</td>
<td>241,705</td>
<td>37,027</td>
</tr>
</tbody>
</table>
### IV. NOTES TO THE INCOME STATEMENT

Premiums written, net earned premiums, expenses for insurance claims and benefits, administrative expenses and reinsurance balance had the following breakdown for property and casualty insurance in 2012:

<table>
<thead>
<tr>
<th>Gross</th>
<th>Premiums written</th>
<th>Net earned premiums</th>
<th>Expenses for claims and insurance benefits</th>
<th>Administrative expenses</th>
<th>Reinsurance balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire and fire business interruption insurance</td>
<td>201,374</td>
<td>202,684</td>
<td>89,230</td>
<td>41,089</td>
<td>–97,955</td>
</tr>
<tr>
<td>Liability insurance</td>
<td>121,154</td>
<td>121,753</td>
<td>62,510</td>
<td>31,682</td>
<td>–7,699</td>
</tr>
<tr>
<td>Household insurance</td>
<td>78,709</td>
<td>78,661</td>
<td>40,176</td>
<td>19,761</td>
<td>–2,749</td>
</tr>
<tr>
<td>Motor liability insurance</td>
<td>193,146</td>
<td>193,377</td>
<td>131,541</td>
<td>34,170</td>
<td>–3,994</td>
</tr>
<tr>
<td>Legal expenses insurance</td>
<td>27,988</td>
<td>27,968</td>
<td>12,873</td>
<td>6,328</td>
<td>–4</td>
</tr>
<tr>
<td>Marine, aviation, and transport insurance</td>
<td>33,824</td>
<td>33,923</td>
<td>19,955</td>
<td>7,157</td>
<td>–3,660</td>
</tr>
<tr>
<td>Other insurances</td>
<td>38,167</td>
<td>38,626</td>
<td>32,211</td>
<td>7,332</td>
<td>–2,621</td>
</tr>
<tr>
<td>Other motor vehicle insurance</td>
<td>131,314</td>
<td>130,764</td>
<td>102,098</td>
<td>26,802</td>
<td>–3,677</td>
</tr>
<tr>
<td>Other non-life insurance</td>
<td>174,163</td>
<td>169,677</td>
<td>147,432</td>
<td>49,183</td>
<td>5,031</td>
</tr>
<tr>
<td>Casualty insurance</td>
<td>97,129</td>
<td>97,412</td>
<td>57,422</td>
<td>22,462</td>
<td>–5,127</td>
</tr>
<tr>
<td><strong>Direct and indirect business</strong></td>
<td>1,097,418</td>
<td>1,094,845</td>
<td>695,448</td>
<td>245,966</td>
<td>–122,455</td>
</tr>
<tr>
<td><strong>Previous year value</strong></td>
<td>1,060,883</td>
<td>1,056,732</td>
<td>697,420</td>
<td>237,059</td>
<td>–71,573</td>
</tr>
<tr>
<td><strong>Indirect business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine, aviation, and transport insurance</td>
<td>3,954</td>
<td>3,985</td>
<td>–3,921</td>
<td>1,182</td>
<td>2,798</td>
</tr>
<tr>
<td>Other insurances</td>
<td>3,955</td>
<td>3,986</td>
<td>–3,732</td>
<td>1,191</td>
<td>2,828</td>
</tr>
<tr>
<td><strong>Previous year value</strong></td>
<td>5,295</td>
<td>5,392</td>
<td>11,356</td>
<td>1,678</td>
<td>2,548</td>
</tr>
<tr>
<td><strong>Direct and indirect business</strong></td>
<td>1,101,373</td>
<td>1,098,831</td>
<td>691,716</td>
<td>247,157</td>
<td>–119,627</td>
</tr>
<tr>
<td><strong>Previous year value</strong></td>
<td>1,066,178</td>
<td>1,062,124</td>
<td>708,776</td>
<td>238,737</td>
<td>–69,025</td>
</tr>
</tbody>
</table>

The reinsurance balance is composed of net earned reinsurance premiums, effective reinsurance claims and reinsurance commissions.

Premiums written for health insurance in 2012 are broken down as follows:

| Gross                                      |                  |                     |                                            |                         |                     |
|--------------------------------------------|------------------|---------------------|--------------------------------------------|-------------------------|                     |
| **In EUR '000**                            |                  |                     |                                            |                         |                     |
| Direct business                            |                  |                     |                                            |                         |                     |
| Individual insurance                       | 241,880          |                     |                                            |                         |                     |
| Group insurance                            | 101,220          |                     |                                            |                         |                     |
| **Indirect business**                      |                  |                     |                                            |                         |                     |
| Group insurance                            | 78               | 109                 |                                            |                         |                     |

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>343,178</td>
<td>335,445</td>
</tr>
</tbody>
</table>
Premiums written for life insurance in 2012 are broken down as follows:

<table>
<thead>
<tr>
<th>In EUR '000</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct business</td>
<td>808,535</td>
<td>869,568</td>
</tr>
<tr>
<td>Indirect business</td>
<td>449</td>
<td>3,360</td>
</tr>
<tr>
<td></td>
<td>808,984</td>
<td>872,928</td>
</tr>
</tbody>
</table>

Direct premiums for life insurance were composed of the following:

<table>
<thead>
<tr>
<th>In EUR '000</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual insurance</td>
<td>694,241</td>
<td>794,651</td>
</tr>
<tr>
<td>Group insurance</td>
<td>114,294</td>
<td>74,917</td>
</tr>
<tr>
<td></td>
<td>808,535</td>
<td>869,568</td>
</tr>
<tr>
<td>Single premium policies</td>
<td>182,652</td>
<td>233,069</td>
</tr>
<tr>
<td>Policies with regular premium payments</td>
<td>625,883</td>
<td>636,499</td>
</tr>
<tr>
<td></td>
<td>808,535</td>
<td>869,568</td>
</tr>
<tr>
<td>Policies with profit participation</td>
<td>446,970</td>
<td>410,519</td>
</tr>
<tr>
<td>Policies without profit participation</td>
<td>2,767</td>
<td>2,951</td>
</tr>
<tr>
<td>Unit-linked life insurance policies</td>
<td>336,689</td>
<td>412,786</td>
</tr>
<tr>
<td>Index-linked life insurance policies</td>
<td>22,109</td>
<td>43,312</td>
</tr>
<tr>
<td></td>
<td>808,535</td>
<td>869,568</td>
</tr>
</tbody>
</table>

The exception rule of Section 81o(6) VAG was used.

The **reinsurance balance for life insurance** was negative in 2012, with a value of EUR 1,396,000 (EUR 1,499,000). The result from indirect business was EUR 295,000 (EUR 212,000). The **reinsurance balance for health insurance** was negative in 2012, with a value of EUR 10,306,000 (EUR 8,010,000). The result from **indirect business** was EUR 68,000 (EUR 75,000). A portion of the net earned premiums of EUR 3,986,000 (EUR 5,392,000) from indirect property and casualty insurance business had been deferred one year before being recognized in the income statement. Of the EUR 451,000 (EUR 3,364,000) in net earned premiums from **indirect life insurance business**, EUR 321,000 (EUR 332,000) was deferred for one year before being shown in the income statement.
Of the income from participations, other investments, and land and buildings shown in the income statement, affiliated companies accounted for the following amounts:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In EUR '000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from participations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property/casualty insurance</td>
<td>59,406</td>
<td>42,631</td>
</tr>
<tr>
<td>Life insurance</td>
<td>15,784</td>
<td>10,808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>75,190</td>
<td>53,439</td>
</tr>
<tr>
<td>Income from other investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property/casualty insurance</td>
<td>17,842</td>
<td>21,454</td>
</tr>
<tr>
<td>Health insurance</td>
<td>1,653</td>
<td>1,199</td>
</tr>
<tr>
<td>Life insurance</td>
<td>17,885</td>
<td>15,449</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>37,380</td>
<td>38,102</td>
</tr>
<tr>
<td>Income from land and buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property/casualty insurance</td>
<td>64</td>
<td>62</td>
</tr>
<tr>
<td>Health insurance</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Life insurance</td>
<td>838</td>
<td>517</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>902</td>
<td>596</td>
</tr>
</tbody>
</table>

All of the investment income in the life insurance and health insurance segments was transferred to the underwriting account, as investment income is a component of the underwriting calculations in both segments. In the property and casualty segment, only deposit interest income for indirect business was transferred to the underwriting account.

Losses on disposals of investments were EUR 766,000 (EUR 7,436,000) in financial year 2012.

The expenses for insurance claims and benefits, administrative expenses, other underwriting expenses and investment expenses include:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In EUR '000</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>121,760</td>
<td>119,102</td>
</tr>
<tr>
<td>Expenses for severance benefits and payments to company pension plans</td>
<td>3,782</td>
<td>4,038</td>
</tr>
<tr>
<td>Expenses for retirement provisions</td>
<td>21,133</td>
<td>15,831</td>
</tr>
<tr>
<td>Expenses for statutory social contributions and income-related contribution and mandatory contributions</td>
<td>35,232</td>
<td>40,970</td>
</tr>
<tr>
<td>Other social security expenses</td>
<td>1,803</td>
<td>1,476</td>
</tr>
</tbody>
</table>

Commissions of EUR 196,083,000 (EUR 180,057,000) were incurred for direct business in 2012.
The valuation reserve shown on the balance sheet as of 31 December 2012 and releases over the financial year are broken down by asset item as follows:

<table>
<thead>
<tr>
<th>Asset Item</th>
<th>As of 31/12/2012</th>
<th>Release</th>
<th>As of 31/12/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>50,342</td>
<td>1,101</td>
<td>49,241</td>
</tr>
<tr>
<td>Shares in affiliated companies</td>
<td>226</td>
<td>0</td>
<td>226</td>
</tr>
<tr>
<td>Shares and other non-fixed-interest securities</td>
<td>3,212</td>
<td>0</td>
<td>3,212</td>
</tr>
<tr>
<td></td>
<td><strong>53,780</strong></td>
<td><strong>1,101</strong></td>
<td><strong>52,679</strong></td>
</tr>
</tbody>
</table>

The release of untaxed reserves resulted in an increase in income tax expenses of EUR 275,000 (EUR 316,000) during the financial year.
V. PROFIT PARTICIPATION

HEALTH INSURANCE

All policies with an adjustment clause whose premiums were not increased by the required actuarial amount when 2012 premium adjustments were performed receive a special profit share on 31 December 2012.

The size of the profit share equals the single-premium amount that is necessary to provide relief to elderly persons covered by health insurance.

Under Section 7 of the Financial Market Authority (FMA) regulation on profit participation in the health insurance industry (GBVKVU) of 12 June 2007, this regulation is applicable to policies whose actuarial bases were submitted after 30 June 2007 and whose terms provide for profit participation. The expenses for profit-related premium refunds plus any direct credits must be at least 85% of the assessment basis for the health insurance policies concerned.

The assessment basis within the meaning of Section 3(1) GBVKVU is calculated as follows for health insurance policies eligible for profit participation:

<table>
<thead>
<tr>
<th>in EUR '000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earned premiums</td>
<td>6,876</td>
</tr>
<tr>
<td>Expenses for insurance claims and profit-unrelated premium refunds, and changes to underwriting reserves</td>
<td>-5,815</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-1,780</td>
</tr>
<tr>
<td>Other underwriting and non-underwriting income/expenses</td>
<td>-42</td>
</tr>
<tr>
<td>Investment and interest income and expenses</td>
<td>245</td>
</tr>
<tr>
<td>Assessment base as at 31/12/2012</td>
<td>-516</td>
</tr>
</tbody>
</table>

As a general rule, the listed income and expense items were calculated directly. Where this was not possible, an allocation was performed as far as possible on the basis of origin in accordance with the provisions of Section 3(2) GBVVU.

Expenses for profit participation, including direct credits, were EUR 25,616,000 in 2012 (EUR 22,179,000), representing 103.8% of the assessment basis.

The Managing Board of Wiener Städtische Versicherung AG has adopted a resolution providing the following earnings appropriation as of 31 December 2012 for the insurance policies in the following various profit classes depending on the guaranteed actuarial interest rate:

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LIFE INSURANCE</td>
</tr>
</tbody>
</table>

Under the FMA regulation of 20 October 2006 on profit participation in the life insurance sector (GBVVU), the expenses for profit-related premium refunds and policyholder profit participation plus any direct credits must be at least 85% of the assessment base.

The assessment basis within the meaning of Section 3(1) GBVVU is calculated as follows for life insurance policies eligible for profit participation:

<table>
<thead>
<tr>
<th>in EUR '000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earned premiums</td>
<td>440,501</td>
</tr>
<tr>
<td>Expenses for insurance claims including changes to underwriting reserves</td>
<td>-538,847</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-72,629</td>
</tr>
<tr>
<td>Other underwriting and non-underwriting income/expenses</td>
<td>-1,699</td>
</tr>
<tr>
<td>Investment and interest income and expenses</td>
<td>197,341</td>
</tr>
<tr>
<td>Assessment base as at 31/12/2012</td>
<td>24,667</td>
</tr>
</tbody>
</table>

As a general rule, the listed income and expense items were calculated directly. Where this was not possible, an allocation was performed as far as possible on the basis of origin in accordance with the provisions of Section 3(2) GBVVU.
Profit Class A

1. In accordance with policy terms and conditions, all insurance policies in Profit Class A, with the exception of policies in Settlement Classes 92 and 96 (see paragraphs 2 and 3), receive the following profit shares:

a) An interest profit share equal to 0.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

b) A total profit share equal to 2‰ of the sum assured upon death for policies that have no regular premium payments outstanding.

c) A final profit share upon maturity of the endowment sum in 2013 equal to an interest profit share as per point a) on the total matured capital.

2. In accordance with policy terms and conditions, all insurance policies in Profit Class A that belong to Settlement Class 92 receive the following profit shares:

a) An interest profit share equal to 0.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

b) A total profit share equal to 1.5‰ of the sum assured upon death for policies that have no regular premium payments outstanding.

c) A final profit share upon maturity of the endowment sum in 2013 equal to an interest profit share as per point a) on the total matured capital.

3. In accordance with policy terms and conditions, all insurance policies in Profit Class A that belong to Settlement Class 96 (single-premium insurance policies) receive the following profit shares:

a) An interest profit share equal to 0.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

b) A final profit share upon maturity of the endowment sum in 2013 equal to an interest profit share as per point a) on the total matured capital.

Profit Class B

In accordance with policy terms and conditions, all insurance policies in Profit Class B receive profit shares equal to 15% of the annual net premium.

Ordinary life insurance policies with a sum insured of at least EUR 726.73 and a policy term of at least twelve years that are included in Profit Class B also receive a final profit share equal to 20% of the sum insured upon maturity of the sum insured in 2013 in the case of survival. The special profit shares approved in 1983 and 1984 are counted toward this final profit share.

Profit Class D

In accordance with policy terms and conditions, all insurance policies in Profit Class D receive the following profit shares:

a) An interest profit share equal to 0.00% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

b) A total profit share equal to 1‰ of the sum assured upon death for policies that have no regular premium payments outstanding.

c) A final profit share upon maturity of the endowment sum in 2013 equal to a single interest profit share as per point a) on the total matured capital for single-premium policies, and equal to a single interest profit share as per point a) on the total matured capital for policies with regular premiums and a premium payment period of less than 20 years, or equal to double the interest profit share for policies with a premium payment period of 20 years or more.
**Profit Classes F, H, I, J, L, X, Y and S**

1. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2000 receive the following profit shares:

   a) An interest profit share equal to 0.00% of the contractual actuarial reserve at the beginning of the current insurance year.

   b) A total or additional profit share equal to 1‰ of the sum assured upon death, the endowment sum or the contractual annuity redemption value for policies with no regular premium payments outstanding.

   c) A final profit share upon maturity of the endowment sum in 2013 equal to the interest profit share as per point a) on the contractual actuarial reserve and, in the case of Profit Class F or S, an additional 3.25% of the profit reserve existing as of the balance sheet date, regardless of whether the payout is in the form of an annuity or a lump-sum payment.

2. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2004 receive the following profit shares:

   a) An interest profit share equal to 0.50% of the contractual actuarial reserve at the beginning of the current insurance year.

   b) A total or additional profit share equal to 1‰ of the sum assured upon death, the endowment sum or the contractual annuity redemption value for policies with no regular premium payments outstanding.

   c) A final profit share upon maturity of the endowment sum in 2013 equal to the interest profit share as per point a) on the contractual actuarial reserve and, in the case of Profit Class F or S, an additional 3.25% of the profit reserve existing as of the balance sheet date, regardless of whether the payout is in the form of an annuity or a lump-sum payment.

3. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2006 receive the following profit shares:

   a) An interest profit share equal to 1.00% of the contractual actuarial reserve at the beginning of the current insurance year.

   b) A total or additional profit share equal to 1‰ of the sum assured upon death, the endowment sum or the contractual annuity redemption value for policies with no regular premium payments outstanding.

   c) A final profit share on maturity of the endowment sum in 2013 equal to a single interest profit share as per point a) on the contractual actuarial reserve for single-premium policies, and equal to a single interest profit share as per point a) on the contractual actuarial reserve for policies with regular premiums and a premium payment period of less than 15 years, or equal to double the interest profit share as per point a) on the contractual actuarial reserve for policies with a premium payment period of 15 years or more and, in the case of Profit Class F or S, an additional 3.25% of the profit reserve existing as at the balance sheet date. In the case of annuity contracts, the corresponding final profit share is allocated only if the payout is made in the form of an annuity.

   d) Special profit share as additional final profit share upon maturity of the endowment sum for policies with regular premium payments equal to the interest profit share applicable at the time. In the case of annuity contracts, this special profit share is allocated only if the payout is made in the form of an annuity.

4. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2007 receive the following profit shares:

   a) An interest profit share equal to 1.00% of the contractual actuarial reserve at the beginning of the current insurance year.

   b) A total or additional profit share for policies with no regular premium payments outstanding, equal to 1‰ of the sum assured upon death or the endowment sum or contractual redemption value, plus an administrative cost bonus equal to 0.15% of the sum assured upon death or the endowment sum or contractual redemption value for each year of the
policy term and/or period of deferment, distributed over the last five years of the policy term and/or period of deferment.

c) A final profit share upon maturity of the endowment sum in 2013 equal to a single interest profit share as per point a) on the contractual actuarial reserve for single-premium policies, or equal to double the interest profit share as per point a) on the contractual actuarial reserve for policies with regular premium payments plus, in the case of Profit Class F or S, 3.25% of the profit reserve existing as at the balance sheet date. In the case of annuity contracts, the corresponding final profit share is allocated only if the payout is made in the form of an annuity.

5. In accordance with policy terms and conditions, all insurance policies in Profit Class F that belong to Settlement Class 2008 receive the following profit shares:

a) An interest profit share equal to 1.00% of the contractual actuarial reserve at the beginning of the current insurance year.

b) A total or additional profit share for policies with no regular premium payments outstanding, equal to 1‰ of the sum assured upon death or the endowment sum or contractual annuity redemption value, plus an administrative cost bonus equal to 0.15% of the sum insured upon death or the endowment sum or contractual redemption value for each year of the policy term and/or period of deferment, distributed over the last five years of the policy term and/or period of deferment.

c) A final profit share upon maturity of the endowment capital in 2013 equal to a single interest profit share as per point item a) on the contractual actuarial reserve, plus 3.25% of the profit reserve existing as at the balance sheet date. In addition to this final profit share, a “goal” bonus of EUR 73.00 for each EUR 50.00 of monthly premiums is credited to policies with Annex TBL, provided the contractual premium is paid as agreed until policy expiration.

6. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X and Y that belong to Settlement Class 2011G receive the following profit shares:

a) An interest profit share equal to 1.25% of the contractual actuarial reserve at the beginning of the current insurance year.

b) A total or additional profit share for policies with no regular premium payments outstanding, equal to 1‰ of the sum assured upon death, plus an administrative cost bonus equal to 0.15% of the sum insured upon death for each year of the policy term for policies with a term of 15 years or more, distributed over the last five years of the policy term.

c) A final profit share upon maturity of the endowment sum in 2013 equal to a single interest profit share as per point a) on the contractual actuarial reserve for single-premium policies, or equal to double the interest profit share as per point a) on the contractual actuarial reserve for policies with regular premium payments plus, in the case of Profit Class F or S, 3.25% of the profit reserve existing as at the balance sheet date.

7. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2011E or 2011R receive the following profit shares:

a) An interest profit share equal to 1.25% of the contractual actuarial reserve at the beginning of the current insurance year.

b) A total or additional profit share for policies with no premium payments outstanding, equal to 0.5‰ of the endowment sum or contractual annuity redemption value, plus an administrative cost bonus equal to 0.15% of the endowment sum or contractual annuity redemption value for each year of the policy term and/or period of deferment for policies with a term and/or period of deferment of 15 years or more, distributed over the last five years of the policy term and/or period of deferment.

c) A final profit share upon maturity of the endowment sum in 2013 equal to a single interest profit share as per point a) on the contractual actuarial reserve for single-premium policies, or equal to double the interest profit share as per point a) on the contractual actuarial reserve for policies with regular premium payments plus, in the case of Profit Class F or S, 3.25% of the profit reserve existing as at the balance sheet date.
regardless of whether the payout is in the form of an annuity or a lump-sum payment.

8. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X and Y that belong to Settlement Class 2012G receive the following profit shares:

a) An interest profit share equal to 1.50% of the contractual actuarial reserve at the beginning of the current insurance year.

b) A total or additional profit share for policies with no regular premium payments outstanding, equal to 0.5‰ of the sum assured upon death, plus an administrative cost bonus equal to 0.15% of the sum insured upon death for each year of the policy term for policies with a term of 15 years or more, distributed over the last five years of the policy term.

c) A final profit share upon maturity of the endowment sum in 2013 equal to a single interest profit share as per point a) on the contractual actuarial reserve for single-premium policies, or equal to double the interest profit share as per point a) on the contractual actuarial reserve for policies with regular premium payments plus, in the case of Profit Class F or S, 3.25% of the profit reserve existing as at the balance sheet date, regardless of whether the payout is in the form of an annuity or a lump-sum payment.

Profit Class WVN

1. In accordance with policy terms and conditions, all whole life endowment insurance policies in Profit Class WVN, with the exception of policies in Settlement Classes 2004, 2006, 2011 and 2012 (see paragraphs 2 to 5), receive the following profit shares:

a) An interest profit share equal to 0.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

b) An additional profit share equal to 25% of the risk premium included in the total premium for the current insurance year for policies with no regular premium payments outstanding.

9. In accordance with policy terms and conditions, all insurance policies in Profit Classes F, H, I, J, L, X, Y and S that belong to Settlement Class 2012E or 2012R receive the following profit shares:

a) An interest profit share equal to 1.50% of the contractual actuarial reserve at the beginning of the current insurance year.

b) A total or additional profit share for policies with no premium payments outstanding, equal to 0.25% of the endowment sum or contractual annuity redemption value, plus an administrative cost bonus equal to 0.15% of the endowment sum or contractual annuity redemption value for each year of the policy term and/or period of deferment for policies with a term and/or deferment period of 15 years or more, distributed over the last five years of the policy term and/or period of deferment.

c) A final profit share upon maturity of the endowment sum in 2013 equal to a single interest profit share as per point a) on the contractual actuarial reserve for single-premium policies, or equal to double the interest profit share as per point a) on the contractual actuarial reserve for policies with regular premium payments plus, in the case of Profit Class F or S, 3.25% of the profit reserve existing as at the balance sheet date, regardless of whether the payout is in the form of an annuity or a lump-sum payment.
2. In accordance with policy terms and conditions, all whole life endowment insurance policies in Profit Class WVN that belong to Settlement Class 2004 receive the following profit shares:

   a) An interest profit share equal to 0.50% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

   b) An additional profit share equal to 25% of the risk premium included in the total premium for the current insurance year for policies with no regular premium payments outstanding.

3. In accordance with policy terms and conditions, all whole life endowment insurance policies in Profit Class WVN that belong to Settlement Class 2006 receive the following profit shares:

   a) An interest profit share equal to 1.00% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

   b) An additional profit share equal to 25% of the risk premium included in the total premium for the current insurance year for policies with no regular premium payments outstanding.

4. In accordance with policy terms and conditions, all whole life endowment insurance policies in Profit Class WVN that belong to Settlement Class 2011 receive the following profit shares:

   a) An interest profit share equal to 1.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

   b) An additional profit share equal to 25% of the risk premium included in the total premium for the current insurance year for policies with no regular premium payments outstanding.

5. In accordance with policy terms and conditions, all whole life endowment insurance policies in Profit Class WVN that belong to Settlement Class 2012 receive the following profit shares:

   a) An interest profit share equal to 1.50% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

   b) An additional profit share equal to 25% of the risk premium included in the total premium for the current insurance year for policies with no regular premium payments outstanding.

Profit Class FLV

1. In accordance with policy terms and conditions, all insurance policies in Profit Class FLV, with the exception of policies in Settlement Classes 2008, 2010 and 2012 (see paragraphs 2 to 4), receive the following profit shares:

   a) Policies with regular premium payments: A profit share equal to 3% of the premium set for the insurance year beginning in 2013.

   b) Single-premium policies: A profit share equal to 3‰ of the single premium of the master insurance policy at the beginning of the insurance year falling in the year 2013.

2. In accordance with policy terms and conditions, all insurance policies in Profit Class FLV that belong to Settlement Class 2008 receive the following profit shares:

   0.3% p.a. of the assets of the fund in question will be distributed as profit for policies with no premium payments outstanding.

3. In accordance with policy terms and conditions, all insurance policies in Profit Class FLV that belong to Settlement Class 2010 receive the following profit shares:

   0.3% p.a. of the assets of the fund in question will be distributed as profit for policies with no premium payments outstanding.

4. In accordance with policy terms and conditions, all insurance policies in Profit Class FLV that belong to Settlement Class 2012 receive the following profit shares:
0.3% p.a. of the assets of the fund in question will be distributed as profit for policies with no premium payments outstanding.

5. For premium shares and capital shares invested in the cover fund (Deckungsstock) of the traditional life insurance policy, the approved total interest is distributed equally over all of the days of the calendar year and partial amounts credited continuously to their portion of the cover fund. Total interest of 3.25% p.a. will be credited to the corresponding actuarial reserve in 2013.

Profit Class HLV
In accordance with policy terms and conditions, all insurance policies in Profit Class HLV that belong to Settlement Class 2012 receive the following profit shares:

An interest profit share equal to 1.50% of the actuarial reserve specified in the business plan, which is distributed equally over all of the days of the calendar year and partial amounts credited continuously to their portion of the cover fund.

Profit Class ZV – Retirement provision
For premium shares and capital shares invested in the cover fund (Deckungsstock) of the traditional life insurance policy, the approved total interest is distributed equally over all of the days of the calendar year and partial amounts credited continuously to their portion of the cover fund. Total interest of 3.25% p.a. will be credited to the corresponding actuarial reserve in 2013.

Profit Class BU with profit participation
In accordance with policy terms and conditions, all occupational disability policies in Profit Class BU with profit participation receive profit shares equal to 35% of the insurance premium, accumulated with interest at 3.25% and paid out at the end of the policy term.

Profit Class BU with premium bonus
1. In accordance with policy terms and conditions, all occupational disability insurance policies and supplementary occupational disability insurance policies with regular premium payments in Profit Class BU with premium bonus, except policies in Settlement Class 2012 (see paragraph 2), receive a premium bonus equal to 35% of the policy premium or supplementary policy premium set for the insurance year beginning in 2013.

2. In accordance with policy terms and conditions, all occupational disability insurance policies and supplementary occupational disability insurance policies with regular premium payments in Profit Class BU with premium bonus that belong to Settlement Class 2012 receive a premium bonus equal to 35% of the policy premium or supplementary policy premium set for the insurance year beginning in 2013.

3. In the case of insurance policies with regular annuity payments that are in Settlement Class 2012 and are in their second year of payments or later, occupational disability annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 1.50% of the last annuity payment.

Profit Class K / DD supplementary policy
1. In accordance with policy terms and conditions, all risk insurance policies with regular premium payments and supplementary risk insurance policies in Profit Class K, with the exception of policies in Settlement Classes 99, 05, 12 and DD (see paragraphs 2 to 5), receive a premium bonus equal to 25% of the premium set for the insurance year beginning in 2013.

2. In accordance with policy terms and conditions, all risk insurance policies with regular premium payments in Profit Class K that belong to Settlement Class 99 receive a premium bonus equal to 65% of the premium set for the insurance year beginning in 2013.

3. In accordance with policy terms and conditions, all risk insurance policies with regular premium payments in Profit Class K that belong to Settlement Class 05 receive the following premium bonus:

a) 65% of the premium set for the insurance year beginning in 2013 for policies 3GP, 3FP, H3P, H3G, K3P and K3G.

b) 20% of the premium set for the insurance year beginning in 2013 for all remaining policies.

4. In accordance with policy terms and conditions, all risk insurance policies with regular premium payments in Profit Class K that belong to Settlement Class 12 receive a premium bonus equal to 50% of the premium set for the insurance year beginning in 2013.
5. In accordance with policy terms and conditions, all dread disease supplementary insurance policies with regular premium payments in Profit Class K that belong to Settlement class DD for lump-sum payment and premium waiver in the event of serious illnesses or need for extensive nursing care receive a premium bonus equal to 10% of the supplementary policy premium set for the insurance year beginning in 2013.

**Profit Class R**

1. In accordance with policy terms and conditions, all insurance policies in Profit Class R, including policies in Settlement Classes 87 and 99, but excluding policies with annuity payments that have already started, will receive the following profit shares:

   a) An interest profit share equal to 0.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

   b) An additional profit share equal to 1‰ of the contractual annuity redemption value for policies with no regular premium payments outstanding.

   c) A final profit share upon maturity of the endowment sum in 2013 equal to an interest profit share as per point a) on the total matured capital.

2. For insurance policies that are not in Settlement Classes 2000, 2004, 2006, 2011 and 2012 (see paragraphs 3 to 7), whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 0.25% of the last annuity payment. The bonus interest rate is 3.25% for bonus annuity agreements.

3. In the case of insurance policies in Settlement Class 2000 whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2011 equal to 0.00% of the last annuity payment. The bonus interest rate is 3.25% for bonus annuity agreements.

4. In the case of insurance policies in Settlement Class 2004 whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 0.50% of the last annuity payment. The bonus interest rate is 3.25% for bonus annuity agreements.

5. In the case of insurance policies in Settlement Class 2006 whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 1.00% of the last annuity payment. The bonus interest rate is 3.25% for bonus annuity agreements.

6. In the case of insurance policies in Settlement Class 2009 whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 1.25% of the last annuity payment. The bonus interest rate is 3.25% for bonus annuity agreements.

7. In the case of insurance policies in Settlement Class 2012 whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 1.50% of the last annuity payment. The bonus interest rate is 3.25% for bonus annuity agreements.
Profit Class Z
1. In accordance with policy terms and conditions, all supplementary pension insurance policies in Profit Class Z, with the exception of policies whose annuity payments have already started, receive the following profit shares:

   a) A profit share equal to 0.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

   b) An additional profit share equal to 1‰ of the contractual annuity redemption value for policies with no regular premium payments outstanding.

   c) A final profit share on maturity of the endowment sum in 2013 equal to an interest profit share as per point a) on the total actuarial reserve.

2. In the case of insurance policies in Profit Class Z whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 0.25% of the last annuity payment.

Profit Class FPZ
1. In accordance with policy terms and conditions, all insurance policies in Profit Class FPZ in the “Single” policy form receive profit shares equal to 25% of the risk premium at the beginning of the current insurance year, provided the first annuity payment has not yet become payable. These will be transferred to an investment fund for the acquisition of fund units.

2. Insurance policies in Profit Class FPZ are subject to the provisions of Profit Class Z starting as of the time of liquidation.

Profit Class BKV
1. In accordance with policy terms and conditions, all insurance policies in Profit Class BKV that belong to Settlement Class 2006 with equal allocation receive the following profit shares:

   The profit share approved for the entire calendar year and the guaranteed minimum interest are distributed equally over all of the days of the calendar year and partial amounts credited continuously to their portion of the cover fund. Total interest of 3.25% p.a., equal to the sum of the profit share and guaranteed minimum interest, will be credited to the corresponding actuarial reserve in 2013.

2. In accordance with policy terms and conditions, all insurance policies in Profit Class BKV that belong to Settlement Class 2011 with equal allocation receive the following profit shares:

   The profit share approved for the entire calendar year and the guaranteed minimum interest are distributed equally over all of the days of the calendar year and partial amounts credited continuously to their portion of the cover fund. Total interest of 3.25% p.a., equal to the sum of the profit share and guaranteed minimum interest, will be credited to the corresponding actuarial reserve in 2013.

3. In accordance with policy terms and conditions, all insurance policies in Profit Class BKV that belong to Settlement Class 2012 or 2012U with equal distribution allocation receive the following profit shares:

   The profit share approved for the entire calendar year and the guaranteed minimum interest are distributed equally over all of the days of the calendar year and partial amounts credited continuously to their portion of the cover fund. Total interest of 3.25% p.a., equal to the sum of the profit share and guaranteed minimum interest, will be credited to the corresponding actuarial reserve in 2013.

4. In accordance with policy terms and conditions, all insurance policies in Profit Class BKV that belong to Settlement Class 2006 with reporting date allocation receive the following profit shares:

   An interest profit share equal to 1.00% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

5. In accordance with policy terms and conditions, all insurance policies in Profit Class BKV that belong to Settlement Class 2011 with reporting date allocation receive the following profit shares:

   An interest profit share equal to 1.25% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

6. In accordance with policy terms and conditions, all insurance policies in Profit Class BKV that belong to...
Settlement Class 2012 or 2012U with reporting date allocation receive the following profit shares:

An interest profit share equal to 1.50% of the actuarial reserve specified in the business plan at the beginning of the current insurance year.

7. In the case of insurance policies in Profit Class BKV that belong to Settlement Class 2006 whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 1.00% of the last annuity payment. There is no increase for bonus annuity agreements. The bonus annuity interest rate is 3.25%.

8. In the case of insurance policies in Profit Class BKV that belong to Settlement Class 2011 whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 1.25% of the last annuity payment. There is no increase for bonus annuity agreements. The bonus annuity interest rate is 3.25%.

9. In the case of insurance policies in Profit Class BKV that belong to Settlement Class 2012 or 2012U whose annuity payments have already started and are in their second year of payments or later, annuities whose payments have already started receive an increase starting as of 1 January 2013 equal to 1.50% of the last annuity payment. There is no increase for bonus annuity agreements. The bonus annuity interest rate is 3.25%.

**CASUALTY INSURANCE**

**Profit Class U**

In the case of insurance policies in Profit Class U with regular casualty annuity payments, annuities whose payments have started receive an increase starting as of 1 January 2013 equal to 1.8% of the last annuity payment.

**The following applies to all profit classes:**
The Managing Board will decide towards the end of 2013 on the size of the profit allocation for 31 December 2013.
## VI. SIGNIFICANT PARTICIPATIONS

Participations were held in the following companies as of 31 December 2012:

<table>
<thead>
<tr>
<th>Name, Location</th>
<th>Direct share in %</th>
<th>Net income for the year in EUR ´000</th>
<th>Equity capital in EUR ´000</th>
<th>Last Annual Financial Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Direct interests in affiliated companies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andel Investment Praha s.r.o., Prague</td>
<td>100</td>
<td>1,410</td>
<td>26,747</td>
<td>2012</td>
</tr>
<tr>
<td>ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna</td>
<td>75</td>
<td>0</td>
<td>387</td>
<td>2012</td>
</tr>
<tr>
<td>BML Versicherungsmakler GmbH, Vienna</td>
<td>100</td>
<td>47,939</td>
<td>821,799</td>
<td>2012</td>
</tr>
<tr>
<td>CENTER Hotelbetriebs GmbH, Vienna</td>
<td>55</td>
<td>19</td>
<td>-633</td>
<td>2012</td>
</tr>
<tr>
<td>DBR-Liegeschaften GmbH &amp; Co KG, Stuttgart</td>
<td>100</td>
<td>-3</td>
<td>11,932</td>
<td>2012</td>
</tr>
<tr>
<td>DBR-Liegeschaften Verwaltungs GmbH, Stuttgart</td>
<td>100</td>
<td>0</td>
<td>23</td>
<td>2012</td>
</tr>
<tr>
<td>DIRECT-LINE Direktvertriebs-GmbH, Vienna</td>
<td>100</td>
<td>-22</td>
<td>43</td>
<td>2011</td>
</tr>
<tr>
<td>EXPERTA Schadenregulierungs-Gesellschaft m.b.H., Vienna</td>
<td>25</td>
<td>361</td>
<td>853</td>
<td>2011</td>
</tr>
<tr>
<td>HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna</td>
<td>76</td>
<td>65</td>
<td>202</td>
<td>2011</td>
</tr>
<tr>
<td>KALVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest</td>
<td>100</td>
<td>316</td>
<td>2,223</td>
<td>2012</td>
</tr>
<tr>
<td>PFG Holding GmbH, Vienna</td>
<td>60</td>
<td>1,380</td>
<td>113,272</td>
<td>2012</td>
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<tr>
<td>PFG Liegenschaftsverwaltungs GmbH, Vienna</td>
<td>50</td>
<td>2</td>
<td>47</td>
<td>2011</td>
</tr>
<tr>
<td>Projektbau Holding GmbH, Vienna</td>
<td>60</td>
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<td>21,327</td>
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</tr>
<tr>
<td>Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck</td>
<td>67</td>
<td>-491</td>
<td>8,869</td>
<td>2012</td>
</tr>
<tr>
<td>Senioren Residenz gemeinnützige Betriebsgesellschaft mbH, Vienna</td>
<td>100</td>
<td>-29</td>
<td>462</td>
<td>2011</td>
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<tr>
<td>Sparkassen Versicherung AG Vienna Insurance Group, Vienna</td>
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<td>91,158</td>
<td>529,787</td>
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<tr>
<td>Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna</td>
<td>100</td>
<td>126</td>
<td>1,624</td>
<td>2012</td>
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<tr>
<td>WSV Immoholding GmbH</td>
<td>100</td>
<td>3,946</td>
<td>169,178</td>
<td>2012</td>
</tr>
<tr>
<td>WSV Vermögensverwaltung GmbH</td>
<td>100</td>
<td>Founded in 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II. More than 20% ownership, where a direct ownership interest exists</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Österreichisches Verkehrs- und Aktiengesellschaft, Vienna</td>
<td>36</td>
<td>7,672</td>
<td>142,313</td>
<td>2011</td>
</tr>
</tbody>
</table>

The exception provided for in § 241 (2) and (3) of the Austrian Corporate Code (UGB) was used.
VII. OTHER INFORMATION

The Company has EUR 10,000,000.00 in share capital that is divided into 100,000 no-par value registered voting shares, with each share participating equally in the share capital.

The Company has subordinated liabilities in the form of supplementary capital bond 2009 in accordance with Section 73c(2) VAG with a total nominal value of EUR 100,000,000.00. This bond does not have a fixed term and pays a variable rate of interest.

On 22 December 2010, the Company issued supplementary capital bond 2010 in accordance with Section 73c(2) VAG with a total nominal value of EUR 175,000,000.00. This bond does not have a fixed term, pays a fixed interest rate of 8% p.a., and can be called starting as of 28 December 2029.

The auditor has verified that these supplementary capital bonds satisfy the requirements of Section 73b(2)(4) VAG.

The Company also issued bond 2010 - 2020 with a nominal value of EUR 150,000,000.00 in September 2010. The bond has a term of ten years and pays a fixed interest rate of 3.63% p.a.

The Company issued bond 2012 - 2019 with a nominal value of EUR 50,000,000.00 and an interest date of 28 December 2012. The bond has a term of six years and pays a fixed interest rate of 2.68% p.a.

THE SUPERVISORY BOARD HAD THE FOLLOWING MEMBERS IN FINANCIAL YEAR 2012:

Chairman
Günter Geyer

Deputy Chairman
Peter Hagen

THE MANAGING BOARD HAD THE FOLLOWING MEMBERS IN FINANCIAL YEAR 2012:

Chairman
Robert Lasshofer

Members
Christine Dornaus
Judith Havasi
Erich Leiß
Ralph Müller

THE FOLLOWING INDIVIDUALS WERE APPOINTED AS TRUSTEES IN FINANCIAL YEAR 2012 IN ACCORDANCE WITH SECTION 22(1) VAG:

Trustee
(Cover funds – Section 20(2)(1) VAG):
Oskar Ulreich

Deputy:
Nicole Plankenbüchler

Trustee
(except for cover funds – Section 20(2)(1) VAG):
Wolfgang Pechriggl

Deputy:
Michael Hysek
The *average number of employees* (including cleaning staff) was 3,485 (3,480). Of this number, 1,948 (1,935) were active in sales, resulting in personnel expenses of EUR 86,153,000 (EUR 85,305,000), and 1,537 (1,545) were in operations, resulting in personnel expenses of EUR 101,805,000 (EUR 96,112,000).

There were no loans outstanding to members of the **Managing Board** or members of the **Supervisory Board** as of 31 December 2012 (EUR 0).

No *guarantees* were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2012.

In 2012, the total expenses for severance pay and pensions of EUR 24,914,000 (EUR 19,869,000) included severance pay and pension expenses of EUR 11,609,000 (EUR 9,074,000) for members of the Managing Board and senior management in accordance with Section 80(1) of the Austrian Stock Corporation Act (AktG).

The members of the Managing Board received EUR 3,316,000 (EUR 2,760,000) in remuneration for their services to the Company during the reporting period. The members of the Managing Board received EUR 0 (EUR 805,000) from affiliated companies during the reporting period. EUR 0 (EUR 544,000) of this amount was charged to the Company in the form of an intercompany charge.

The total compensation paid to former members of the Managing Board (including surviving dependants) during the reporting period was EUR 2,215,000 (EUR 3,472,000).

The members of the **Supervisory Board** received EUR 192,000 (EUR 173,000) in remuneration for their services to the Company in 2012.

A summary of *auditing fees* is provided in the notes to the consolidated financial statements of **VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe**, Vienna. The Company is a group member within the meaning of Section 9 of the Corporation Tax Act (Körperschaftssteuergesetz – KStG) of Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, Vienna. The taxable earnings of group members are attributed to the parent company.
The Company is a 99.9% subsidiary of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna, and is therefore part of the group formed by this shareholder and its affiliated companies. The remaining 0.1% of the shares belong to Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, Vienna.

Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, Vienna, prepares consolidated financial statements that include most of the companies. These consolidated financial statements have been disclosed and are available for inspection at the business premises of this company located at Schottenring 30, 1010 Vienna.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna, prepares consolidated financial statements for a small number of companies. These consolidated financial statements have been disclosed and are available for inspection at the business premises of this company located at Schottenring 30, 1010 Vienna.

The Managing Board:

Robert Lasshofer  
General Manager  
Chairman of the Managing Board

Christine Dornaus  
Member of the Managing Board

Judit Havasi  
Member of the Managing Board

Ralph Müller  
Member of the Managing Board

Erich Leiß  
Member of the Managing Board

Vienna, 8 March 2013
AUDITOR’S REPORT

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

We have audited the accompanying annual financial statements, including the accounting, of WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna, for the financial year from 1 January to 31 December 2012. These annual financial statements comprise the balance sheet as of 31 December 2011, the income statement for the financial year ended 31 December 2011, and the notes to the financial statements.

Management’s responsibility for the annual financial statements and the accounting

The management of the Company is responsible for the accounting and for the preparation of annual financial statements giving a true and fair view of the Company’s net assets, financial position and results of operation in accordance with the requirement of Austrian corporate and insurance supervisory law. This responsibility includes: designing, implementing and maintaining an internal control system for the purpose of preparing annual financial statements that give a true and fair view of the Company’s net assets, financial position and results of operation and are free from material misstatements, whether due to fraud or unintentional error; selecting and applying appropriate accounting policies; making estimates that are reasonable in the circumstances given.

Auditor’s responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with the statutory requirements applicable in Austria and Austrian generally accepted principles for financial statement auditing. Those standards require that we comply with professional guidelines and plan and perform the audit to obtain reasonable assurance that the annual financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The choice of audit procedures is within the auditor’s discretion, based on an assessment of the risk of material misstatements, whether due to fraud or unintentional error. The auditor takes the internal control system into account when performing this risk assessment, to the extent it is relevant to the preparation of annual financial statements that give a true and fair view of the Company’s net assets, financial position and results of operations, in order to determine audit procedures that are suitable under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control system. An audit also includes an assessment of the appropriateness of the accounting policies used and the accounting estimates made by management, and an evaluation of the overall presentation of the annual financial statements.
We believe that we have obtained sufficient and suitable audit evidence to provide a reasonable basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, based on the findings of our audit, the annual financial statements comply with the statutory requirements and give a true and fair view of the Company’s net assets and financial position as of 31 December 2012 and the Company’s results of operations for the financial year from 1 January to 31 December 2012 in accordance with Austrian generally accepted accounting principles.

COMMENTS ON THE MANAGEMENT REPORT
The management report is to be audited based on the statutory requirements to determine whether it is consistent with the annual financial statements and whether the other disclosures in the management report are misleading with respect to the situation of the Company. The auditor’s report must also include a statement as to whether the management report is consistent with the annual financial statements.

In our opinion, the management report is consistent with the annual financial statements.

Vienna, 8 March 2013

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Günter Wiltschek
Auditor

Liane Hirner
Auditor

Disclosure, publication and reproduction of the annual financial statements together with the auditor’s report within the meaning of Section 281(2) UGB in a form that is not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without our prior written permission.
DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the annual financial statements of WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, prepared in accordance with the requirements of Austrian corporate law and the Austrian Insurance Supervision Act, 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:

Robert Lasshofer
General Manager
Chairman of the Managing Board

Christine Dornaus
Member of the Managing Board

Judith Havasi
Member of the Managing Board

Ralph Müller
Member of the Managing Board

Erich Leiß
Member of the Managing Board
MANAGING BOARD AREAS OF RESPONSIBILITY

Robert Lasshofer: Management of the Company; strategic matters; dealing with the Supervisory Board, shareholders and supervisory authorities; public relations; people management; asset risk management

Judit Havasi: Personal insurance actuarial department; legal matters; personal insurance; sponsoring; business organisation; IT management and provider management; reinsurance (personal insurance)

Christine Dornaus: Investment/participations/real estate; accounting

Erich Leiß: Property insurance actuarial department; property insurance; reinsurance (property insurance)

Ralph Müller: Sales; provincial head offices; marketing/advertising

Vienna, 8 March 2013
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 committees, Chairman and Deputy Chairman. Detailed presentations and discussions during meetings of the Supervisory Board and its committees served this purpose, as did 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. The strategy, business development, risk management, internal control system and activities of the internal audit department of the Company were also discussed in these meetings.

The Supervisory Board has formed three committees from among its members: an Audit Committee, a Committee for Personnel Matters and a Committee for Urgent Matters (Working Committee). The Audit Committee performs the duties specified in Section 92(4a) of the Austrian Stock Corporation Act (AktG). The Committee for Personnel Matters deals with personnel matters related to Managing Board members and successor planning. The Committee for Urgent Matters decides on matters that require Supervisory Board approval but cannot be deferred to the next ordinary Supervisory Board meeting because of particular urgency.

One Annual General Meeting and four Supervisory Board meetings were held in 2012. Three meetings of the Audit Committee were also held. The Committee for Urgent Matters held no meetings in 2012 but was contacted in writing with regard to six matters. The Supervisory Board was informed of any resolutions passed by the committees at the next Supervisory Board meeting. The financial statements auditor, PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, attended three Audit Committee meetings and two Supervisory Board meetings, including the meeting dealing with the auditing and formal approval of the annual financial statements, as well as the Annual General Meeting. In addition, two meetings of the Committee for Managing Board Matters were also held in 2012.

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

Acting upon the proposal and motion of the Supervisory Board, the General Meeting selected PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (PwC) to be the financial statement auditor for financial year 2012, and PwC consequently performed these duties in financial year 2012.

By inspecting suitable documents, meeting with the Managing Board and holding discussions with the financial statements auditor, the Supervisory Board Audit Committee was able to form a satisfactory view of the accounting process and the procedure used for auditing the financial statements, and found no reasons for objection. The Supervisory Board Audit Committee also monitored the independence of the financial statements auditor PwC, and after reviewing suitable documents and supporting records submitted to it, particularly with respect to additional services provided for the Company, was satisfied of the auditor’s independence.

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 these monitoring activities to the Supervisory Board and stated that no deficiencies had been identified. The Supervisory Board was also given the opportunity during Supervisory Board meetings to satisfy itself about the functional adequacy of the existing control and auditing systems. In addition, the audit plan and the quarterly reports prepared by internal audit department were debated by the Audit Committee and Supervisory Board and discussed with the head of the internal audit department. The Supervisory Board found no reasons for objections.

In order to prepare the Supervisory Board proposal for selection of the financial statements auditor for financial year 2013, the Audit Committee obtained a list from KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) of the fees received by the company broken down by service category, and documents concerning its licence to audit. A written report was prepared stating that there were no grounds for exclusion, or circumstances that could provide cause for
concern with regard to partiality. It was also verified that KPMG was included in a statutory quality assurance system. The Audit Committee reported to the Supervisory Board on the findings gained from these investigations and proposed to the Supervisory Board, which subsequently proposed to the General Meeting that KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be selected as financial statement auditor for 2013.

In addition, the Supervisory Board Audit Committee received the 2012 annual financial statements and management report from the Managing Board, and reviewed and carefully examined them. The Managing Board’s proposal for appropriation of profits was also debated and discussed during the course of this examination. As a result of this examination and discussion, a unanimous resolution was adopted to recommend to the Supervisory Board that they be accepted without qualification. The committee chairman informed the Supervisory Board of the resolutions adopted by the committee.

The 2012 annual financial statements and management report, and the Managing Board’s proposal for appropriation of profits were then taken up, thoroughly discussed, and examined by the Supervisory Board. In addition, the auditor’s reports prepared by PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for the 2012 annual financial statements and 2012 management report were reviewed by the Audit Committee and the Supervisory Board, and debated and discussed in detail with PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The final findings of the audit provided no reason for objections. The Supervisory Board declared that it had nothing to add to the auditor’s reports.

After a thorough examination, the Supervisory Board therefore unanimously adopted a resolution to approve the annual financial statements prepared by the Managing Board, to raise no objections to the management report, and to declare its agreement with the Managing Board proposal for appropriation of profits.

The 2012 annual financial statements have therefore been approved in accordance with § 96(4) of the Austrian Stock Corporation Act.

The Supervisory Board proposes to the General Meeting that it approve the Managing Board’s proposal for appropriation of profits and formally approve the actions of the Managing Board and Supervisory Board.

Vienna, March 2013

The Supervisory Board

Günter Geyer

(Chairman)
PROVINCIAL ADVISORY BOARDS

In accordance with the Articles of Association, the following individuals were appointed, with the approval of Wiener Städtische Versicherungsverein, as advisory board members in each province to advise the Managing Board:

STATE ADVISORY BOARD FOR VIENNA

Martin Bachlechner
Peter Bosek
Michael Hafner
René Albert Haiden
Peter Hanke
Brigitte Jank
Hans Judmann
Willibald Keusch
Ewald Kirschner
Michael Landau
Michael Ludwig
Christian Meidlinger
Siegfried Eugen Menz
Carl Ludwig Richard
Katharina Schinner
Hans Schmid
Michael Schottenberg
Thomas Szekers
Martin Waldhäusl
Udo Weinberger
Wilhelm Wohatschek

STATE ADVISORY BOARD FOR LOWER AUSTRIA

Christian Aichinger
Gertrude Baumgartner
Heinz Boyer
Rupert Dworak
Burkhard Ellegast
Wilhelm Gelb
Wilhelm Grosseibl
Helmut Guth
Karl Jurtschitsch
Wolfgang Just
Herbert Kienk
Werner Magyer
Josef Panis
Elisabeth Schubrig

Klaus Stachelberger
Matthias Stadler
Karl Theodor Trojan
Johann Trost jun.
Martin Weber
Wolfgang Wiedermann
Gerhard Zinner

STATE ADVISORY BOARD FOR UPPER AUSTRIA

Othmar Bruckmüller
Herbert Brunsteiner
Robert Ebner
Othmar Friedl
Alois Froeschauer
Peter Glatzmeier
Manfred Haimbuchner
Peter Halatschek
Norbert Haudum
Heinz Hillinger
Manfred Hochhauser
Hermann Kepplinger
Anette Klinger
Richard Kirchweger
Markus Limberger
Johann Mayr
Josef Peischer
Ludwig Scharinger
Adolf Scheuchenzopf
Wolfgang Schneckenreither
Ernst Strauss
Gerda Wechsler-Hauer

STATE ADVISORY BOARD FOR STYRIA

Wolfgang Bartosch
Herbert Beiglböck
Gerhard Deutsch
Gerhard Fabisch
Horst Himler
Andrea Hirschenberger
Karl-Franz Maier
Ernst Meixner
Wolfgang Messner
Paul Nussbaumer
Hermann Retter
Ulrike Retter
Bernhard Rosenberger
Wolfram Sacherer
Alois Samer
Horst Schachner
Christoph Stark
Gerald Stoiiser
Josef Wallner
Manfred Wegscheider

STATE ADVISORY BOARD FOR CARINTHIA AND EAST TYROL

Ingo Appé
Helmut Eder
Hermann Egger
Horst Felsner
Günther Goach
Reinhard Iro
Rudolf Kandussi
Franz Kreuzer
Johann Lintner
Franz Liposchek
Helmut Manzenreiter
Claudia Mischensky
Hans Michael Offner
Anton Peternel
Herwig Rettenbacher
Hans Schönegger
Oskar Seidler
Arno Sorger
Andrea Springer
Michael Stattmann

STATE ADVISORY BOARD FOR SALZBURG

Wolfgang Bell
Franz Blum
August Hirschbichler
Hildegund Maier
Alois Johann Nindl
Regina Ovesny-Straka
Ferdinand Saller
Günter Schied
Christian Stöckl
Josef Treml

STATE ADVISORY BOARD FOR TYROL

Manfried Gantner
Hannes Gschwentner
Markus Jochum
Walter Kircher
Hansjörg Mölk
Hermann Nagiller
Jakob Ringler
Harald Schneider
Karl Schranz
Raimund Schreier
Hans Unterdorfer
Elisabeth Zanon

STATE ADVISORY BOARD FOR VORARLBERG

Wilfried Berchtold
Werner Böhler
Michael Diem
Horst Fritz
Jürgen Gabrielli
Werner Gunz
Guntram Jäger
Edgar Mayer
Peter Mennel
Wilhelm Muzyczyn
Ewald Netzer
Peter Oksakowski
Kuno Riedmann
Anton Steinberger
Walter Thöny
STATE ADVISORY BOARD FOR BURGENLAND

Mario De Martin De Gobbo  
Hannes Frech  
Michael Gerbavsits  
Oswald Hackl  
Erich Horvath  
Christian Illedits  
Michael Koch  
Helmut Löffler  
Hans Niessl  
Frank Pfnier  
Matthias Reiner  
Ingrid Salamon  
Nikolaus Sauer  
Ernst Schmid  
Johann Schmidt  
Peter Schmitt  
Rudolf Simandl  
Gerhard Steier  
Georg Stiegelmar  
Csaba Szekely  
Josef Wein

ADVISORY BOARD FOR FUNERAL INSURANCE

The advisory board provided for in the Articles of Association to advise the Managing Board on funeral matters and funeral insurance has the following members:

Walter Egger  
Christian Fertinger  
Wilhelm Fuchs  
Peter Kotzbauer  
Othmar Lechner  
Hansjörg Lein  
Peter Marent  
Ulrich Mayerhofer  
Franz Nechansky  
Gerfried Redlich  
Wolfgang Saiko  
Peter Schlaffer  
Eduard Schreiner  
Mario Wagenhuber  
Karl Wagner  
Gregor Zaki
PROVINCIAL HEAD OFFICES

PROVINCIAL HEAD OFFICE FOR VIENNA

1020 Vienna, Obere Donaustraße 49-53
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Hermann Fried, Provincial Director

PROVINCIAL HEAD OFFICE FOR LOWER AUSTRIA

3100 St. Pölten, Dr. Karl Renner-Promenade 14
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Wolfgang Lehner, Provincial Director

PROVINCIAL HEAD OFFICE FOR UPPER AUSTRIA

4020 Linz, Untere Donaulände 40
Phone: +43 (0)50 350-42000
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Günther Erhartmaier, Provincial Director

PROVINCIAL HEAD OFFICE FOR STYRIA

8010 Graz, Brockmannngasse 32
Phone: +43 (0)50 350-43000
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Email: ld-stmk@staedtische.co.at
Gerald Krainer, Provincial Director

PROVINCIAL HEAD OFFICE FOR CARINTHIA AND EAST TYROL

9020 Klagenfurt, St. Veiter-Ring 13
Phone: +43 (0)50 350-44000
Fax: +43 (0)50 350 99-44000
Email: ld-ktm@staedtische.co.at
Erich Obertautsch, Provincial Director

PROVINCIAL HEAD OFFICE FOR SALZBURG

5020 Salzburg, Max-Ott-Platz 3
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Hans Vierziger, Provincial Director

PROVINCIAL HEAD OFFICE FOR TYROL

6020 Innsbruck, Südtiroler Platz 4
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Ida Wander, Provincial Director

PROVINCIAL HEAD OFFICE FOR VORARLBERG

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Phone: +43 (0)50 350-47000
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Burkhard Berchtel, Provincial Director

PROVINCIAL HEAD OFFICE FOR BURGENLAND

7000 Eisenstadt, Kalvarienbergplatz 7
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Gerold Stagl, Provincial Director

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Website: www.wieneritalia.com
Gernot Isak, Managing Director
Paolo Masci, Managing Director
SLOVENIA

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Email: mail-us@wienerstaedtische.si
Website: www.wienerstaedtische.si
Tomo Mrdjen, Managing Director
Thomas Schmidtmeier, Managing Director

CONTACTS AND ADDRESSES

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PEOPLE MANAGEMENT / PEOPLE MANAGEMENT DEVELOPMENT
Robert Bilek  
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Fax: +43 (0)50 350 99-21300  
Email: r.bilek@staedtische.co.at  

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<thead>
<tr>
<th>Location</th>
<th>Address Details</th>
<th>Contact Details</th>
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<tr>
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GLOSSARY

Actuarial reserve
A reserve calculated according to mathematical principles for future insurance benefits in the life and health insurance segments. In the health insurance segment, this is also referred to as an ageing reserve.

Administrative expenses
Commissions, personnel expenses, cost of materials and other expenses for distribution and administration of insurance policies.

Affiliated company
A parent company and its subsidiaries are considered to be affiliated 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 (Section 244 UGB).

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.

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

Claim ratio
Ratio of expenses for claims and insurance benefits to net earned premiums.

Combined ratio
Ratio for assessing development of the property and casualty insurance business. All actuarial expenses after deducting reinsurers' shares, except for the change in the equalisation provision, as a percentage of net earned premiums after deducting reinsurers' shares (sum of net expense ratio and net claim ratio). Does not include any financial income.

Consolidated financial statements
Annual financial statements prepared by the parent company that present the net assets, financial position and results of operations of the group. Also see Consolidation.

Consolidation
The parent company combines its annual financial statements and those of its subsidiaries when preparing its consolidated financial statements. During this process, equity holdings, interim results, receivables and payables, and income and expenses within the Group are eliminated.

Direct business
Business acquired in-house, including coinsurance shares assumed, less surrendered coinsurance shares.

Equalisation provision
The equalisation provision is an underwriting provision used to smooth out fluctuations in future claims. It is built up in years with below-average claims and used in years with above-average claims.

ERM
Wiener Städtische’s enterprise risk management is responsible for implementing the new Solvency II insurance supervisory act.

Expense ratio
Ratio of administrative expenses to net earned premiums.

Expenses for claims and insurance benefits
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.

Financial result
Investment and interest income less expenses. This includes, for example, income from securities, loans, real estate, participations, and bank interest, and expenses incurred in the financial area, such as scheduled depreciation on owned real estate, write-downs of securities to stock exchange prices, bank fees, etc.
Financial Market Authority (FMA)
See insurance supervisory authority.

Fund-linked life insurance
In this special form of life insurance, the amount of the benefit payment depends on the performance of a portfolio of assets in a fund. The policyholder bears the investment risk and therefore has the opportunity to directly participate in above-average performance of the fund, but must also take into account the risk of losses.

GBVVU
Financial Market Authority (FMA) regulation of 20 October 2006 on profit participation in the life insurance industry (Gewinnbeteiligungs-Verordnung).

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

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 participations, the term “net” is used when related expenses have been deducted from income (e.g., depreciation, amortisation, write-downs and disposal losses). This means that (net) income from participations is the profit or loss on these shares.

Hidden reserve
A hidden reserve is created when the actual value (market value) of a balance sheet asset is higher than its carrying amount, e.g. if the price of a security rises, but the security is not written up in the balance sheet.

Incurred but not reported (IBNR)
Claims incurred in the current financial year but not reported until following years.

Indirect business
Assumed reinsurance business (inwards reinsurance).

Index-linked life insurance
Life insurance where income depends upon the performance of an underlying stock index.

Insurance supervisory authority
The Austrian insurance supervisory authority is the Financial Market Authority (FMA), an independent government agency that supervises the operations of all insurance companies, banks, and employee retirement and pension funds in Austria.

Investments
Assets such as securities, loans, real estate and participations that are primarily used to cover obligations arising from the insurance business.

Loss reserve
Provision for outstanding claims (claims incurred but not yet settled or only partially settled).

Market value
The value of a balance sheet item that could be realised by selling it in the market to a third party.

Net earned premiums
The portion of premiums written that is allocated to the current financial year.

Non-life
Non-life insurance includes the property and casualty and health insurance segments.

Non-motor vehicle classes
Non-motor vehicle classes are property and casualty classes that are not motor vehicle related.

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

Premium refund (profit-related)
The policyholder’s profit participation in the profit of the insurance class in question (mandatory for traditional life insurance).

Premium refund (profit-unrelated)
Contractual refund of premiums to the policyholder.

Premiums written
Policyholder premiums stipulated in the insurance policies, not including taxes, levies and fees.
Profit participation
See Premium refund (profit-related).

Provision for unearned premiums
The portion of premium income that represents fees paid for the policy term following the balance sheet date, i.e. premiums that have not yet been earned as of the balance sheet date. Provision for unearned premiums are reported in the balance sheet under underwriting provisions.

Retained earnings
Retained earnings are profits earned by the Company that are not distributed as dividends or carried forward to the following year.

Reinsurance
Insurance coverage for insurance companies, whereby one insurance company uses another insurance company, the reinsurer, to insure a portion of its risk.

Reinsurance company
A company that will assume risks from a primary insurer or another reinsurer (retrocession) for an agreed premium.

Result from ordinary activities
Sum of the underwriting result, financial result and other non-underwriting income and expenses before taxes.

Risks/risk
Insured individuals, objects, hazards or interests.

Secondary market yield
The secondary market yield is the average return on all fixed-interest securities in circulation with an agreed term of more than four years. The secondary market yield therefore reflects level of capital market interest rates.

Shareholders’ equity
Consists of share capital and reserves.

Single-premium policy
Policy where the policyholder is obligated to make a single lump-sum premium payment at the beginning of the term of the policy that covers the entire term of the policy.

Solvency
Solvency is the capital available to an insurance company (free and unencumbered assets). It is governed by Section 73c(1) VAG.

UGB
Austrian Commercial Code (Unternehmensgesetzbuch)

Underwriting provisions
These consist of the provision for outstanding claims (actuarial reserve), provision for unearned premiums, provisions for profit-related and profit-unrelated premium refunds, the equalisation provision, and other underwriting provisions.

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

VersVG
The Austrian Insurance Contract Act (Versicherungsvertragsgesetz), which governs general insurance contract law.

Volatility
Fluctuations in security prices, exchange rates, and interest rates.

VVO (Austrian Insurance Association)
The Austrian Insurance Association (Versicherungsverband Österreich) is an umbrella association for Austrian insurance companies in the Austrian Federal Economic Chamber (Wirtschaftskammer Österreich).
NOTICE

This annual report includes forward-looking statements based on current assumptions and estimates that were made by the management of WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group to the best of its knowledge. Statements using the words “expectation”, “target” or similar formulations indicate such forward-looking statements. Forecasts related to the future development of the Company are estimates made on the basis of information available as of the date this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated.

Rounding differences may occur when rounded amounts or percentages are added.

The annual report was prepared with great care to ensure that all information was complete and accurate. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Editorial deadline: 1 March 2013