

**ANNUAL REPORT
2004 MADE INTELLIGIBLE**



KEY FIGURES FOR WIENER STÄDTISCHE AG (CONSOLIDATED FINANCIAL STATEMENTS)

in EUR million	2000	2001	2002	2003	2004
Gross earned premium income	2,583	2,828	3,102	3,569	4,178
Non-life	1,593	1,725	1,942	2,141	2,524
Life	990	1,103	1,160	1,428	1,654
Financial result	556	470	354	434	490
Profit on ordinary activities	33	26	23	51	126
Capital assets	9,196	9,757	10,265	11,592	12,875
Underwriting provisions	8,212	8,745	9,265	10,515	11,786
Equity capital	741	734	705	610	704
Combined Ratio after reinsurance in %	114.0	108.3	100.6	99.8	97.8
Workforce	9,743	10,054	11,266	11,699	12,347

GROUP WIENER STÄDTISCHE



STATUS: MARCH 2005

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+++ THE YEAR 2004 WAS COMPLETELY CHARACTERISED, POLITICALLY AND ECONOMICALLY, BY THE ENLARGEMENT OF THE EUROPEAN UNION. +++

INTRODUCTION.

Dear shareholders,
Dear Madam/Sir,

The year 2004 was completely characterised, politically and economically, by the enlargement of the European Union – an enlargement that Wiener Städtische had already anticipated for more than a decade through its consistent expansionary policy. Today, we hold a leading position in the emerging markets of the larger Europe like hardly any other insurance company: Wiener Städtische is now represented in 15 countries and is one of the market leaders in Austria, the Czech Republic and the Slovak Republic.



Dr. Günter Geyer,
Director General

We succeeded in further expanding our position in the previous financial year. We have established a branch in the neighbouring country of Slovenia and, with the participation in the Ukrainian insurance company Jupiter, we have reached the most easterly point of our expansion for the time being. As a result, we have the excellent base of more than 11 million customers.

But we will grow further. Our objective is to come among the leading insurance companies, in the medium-term, in all countries in which we are active. We wish to achieve that both through organic growth, that is the expansion of our distribution networks and distribution collaborations, as well as through selective acquisitions – with the focus on Central and Eastern Europe. This will enable us to participate in the strongly increasing demand for insurance services in Central and Eastern Europe. And we can accompany those customers that are active in several countries of our target market everywhere with the same services. This strategy has resulted in our companies in Central and Eastern Europe already having a share now of more than 30% in the accounted premiums and the result of the Wiener Städtische Group.

In the financial year 2004, Wiener Städtische achieved a consolidated pre-tax profit of EUR 126 million, as a result of which the previous year value could be more

than doubled. This is traced back not only to the strong business expansion in Central and Eastern Europe with an increase in the accounted premiums by 39%, but could also be accomplished through a premium growth in Austria by 8.6%, which was considerably greater than the market.

That demonstrates that we offer our customers the right products. Wiener Städtische is one of the most innovative companies in product design. Our name stands for rapid reaction to client needs and immediate mobilisation of our sales department. For example, in 2004 we were the first in Austria to have launched a forward-looking nursing allowance insurance policy. We use the expertise gained from this in order to be at the leading edge with the first introduction of financial services in the markets of the larger Europe – evidently with adjustment to the client needs there.

This and the other cornerstones of our market strategy, the multi-brand policy and the targeted marketing collaboration arrangements, will enable us to further utilise the existing potential in all markets.

This potential is enormous. For instance, while insurance premiums in Western Europe in 2003 were around US\$ 2,100 per head or the premiums in relation to the gross domestic product amounted to approximately 9%, the same figures were US\$ 363 and 4.5% respectively for the Czech Republic or US\$ 36 and 1.5% respectively for Romania. What business opportunities ensue for Wiener Städtische from this can hardly be more clearly portrayed. It should be assumed from this that the economic catching-up process of these countries will last many years and experience shows that the demand for insurance products grows disproportionately to the gross national product. However, pension provision both on the private and on the occupational level will also provide demand in Austria for our tailor-made services.

Wiener Städtische's growth, both in Austria and abroad, also requires organisational adjustments, which ensure protection from risks and support profitability as a result. We have established an International Actuarial Office, which co-ordinates the actuarial problems in the entire Group, conducts economic analyses in addition and thus supports a profit orientated Group management.

+++ IN DECEMBER 2004, WIENER STÄDTISCHE PLACED A SUPPLEMENTARY CAPITAL BOND WITH A VOLUME OF EUR 300 MILLION. +++

Wiener Städtische's business expansion takes place on a sound financial basis. Last year, Wiener Städtische underwent an intensive rating process by the renowned international agency Standard & Poor's for the first time and secured the excellent rating "A" with a stable outlook. As a result, it was impressively documented that we are a secure and reliable partner for the long term for our customers and business partners. It was confirmed that Wiener Städtische's strategy of extending its markets and distribution channels is correct and we are building up a healthy capital position.

The capital market endows us with appropriate trust for this reason, which has manifested itself twice in the past months. Wiener Städtische was so successful with the issuing of its supplementary capital bond in December 2004 that, because of the huge demand, the planned volume of EUR 200 million could be increased by half to EUR 300 million. In addition, our preference share has moved into the focus of international investors and showed an excellent performance. After the share price had already increased by 44% in 2004, a further rise in price by around 50% was recorded in the first three months of the year 2005. To that is added a dividend of 55 cents per share (proposal to the Annual General Meeting) for the year 2004. Thus, our shareholders are benefiting immediately from the results and the business potential of Wiener Städtische in a multiple of ways.

Furthermore, it is our objective to further increase the appeal of the company for our shareholders. We confess to even more transparency for the purposes of investors and therefore implemented a share split in the previous year, by which the ability to trade the share was made

easier, particularly for private investors. Wiener Städtische's management acknowledges the regulations of the Austrian Corporate Governance Code and largely complies with its wide-ranging provisions. We will also continue to assume measures for the enhancement of the liquidity of the share in order to be interesting for a wider range of investors.

We have already accomplished a great deal. Our employees in Austria and in Central and Eastern Europe identify with our objectives and pursue these in a highly motivated way. For this reason, the management of Wiener Städtische would like to warmly thank them.

However, we do not content ourselves with these achievements. In 2005, we take on the challenge to increase the consolidated pre-tax profit of the Group to around EUR 155 million and to maintain the combined ratio significantly below 100%.

This should be a further step on our way to establish a distinct added value for all our partners, our customers, employees and shareholders in the future as well.

Yours truly,

Günter Geyer

WIENER STÄDTISCHE – MANAGING BOARD.

MANAGING BOARD

Dr. Günter Geyer

Chairman of the Managing Board

Area of responsibility: management of the group of companies, strategic planning, Group issues, international relations, finance and accounting in Austria/Central & Eastern Europe, public and investor relations, personnel management, employment law in Austria/Central & Eastern Europe, life and personal accident insurance
Territorial responsibility: Slovakia, the Czech Republic, Hungary, Ukraine

Born on 31.7.1943, lawyer, involved in Wiener Städtische since 1974. Became Chairman of the Managing Board of Union Versicherung in 1983, later General Secretary of Wiener Städtische, Member of the Managing Board of Kooperativa Prague, General Manager of Donau Versicherung. On the Managing Board of Wiener Städtische since 1988, General Manager and Chairman of the Managing Board since 2001.

Dr. Franz Lauer

General Manager (until 30.6.2004)

Area of responsibility until 30.6.2004: third-party liability insurance, legal expenses insurance (underwriting), motor vehicle insurance (claims), property insurance (main lines), legal matters, sponsorship

Born on 20.7.1939, lawyer, involved in Wiener Städtische since 1962, main focus on property and casualty insurance. On the Managing Board since 1986, Deputy General Manager from 1988, with the title General Manager from 1.2.2004, retired from 1.7.2004.

Dkfm. Karl Fink

Deputy General Manager (from 1.7.2004)

Area of responsibility: reinsurance for Austria/Central & Eastern Europe, sponsorship, non-life insurance – non-motor excluding third-party liability (corporate business: underwriting/claims, personal-lines business: underwriting)

Territorial responsibility: Bulgaria, Germany

Born on 22.8.1945, graduate of the Hochschule für Welthandel (School of International Trade), involved in Wiener Städtische since 1975 in industrial insurance, Chairman of the Managing Board of InterRisk AG Vienna 1979–1987. On the Managing Board of Wiener Städtische since 1987.

Mag. Christian Brandstetter

Director on the Managing Board

Area of responsibility: health insurance, administrative co-ordination for international matters, co-ordination of marketing, training, sales with foreign companies, operational structure/information technology abroad

Territorial responsibility: Croatia, Poland, Romania, Belarus

Born on 19.7.1963, studied economics, in the insurance sector since 1992, at Wiener Städtische since 1998, primarily working in the international sector. On the Managing Board of Wiener Städtische since 2003.



The Managing Board of Wiener Städtische AG in 2004 (31.12.2004)

Sitting (from left to right): Director on the Managing Board Mag. Robert Lasshofer, General Manager Dr. Günter Geyer, Director on the Managing Board Dr. Rudolf Ertl. Back (from left to right): Director on the Managing Board Mag. Christian Brandstetter, Director on the Managing Board Dr. Peter Hagen, Director on the Managing Board Dr. Martin Simhandl, Deputy General Manager Dkfm. Karl Fink.

Kurt Ebner

Director on the Managing Board (until 31.10.2004)

Area of responsibility: life, health and personal accident insurance

Born on 18.10.1954, actuary, involved in the Wiener Städtische Group since 1976, specialist for occupational personal insurance. Earlier functions were, amongst others, Managing Director of Arithmetica, Director of Vereinigte Pensionskasse AG and Director of Union Versicherung and of a Polish life insurance company. On the Managing Board of Wiener Städtische from 2001 until 31.10.2004, with assumption of the management of the newly established Group actuarial office on 1.11.2004.

Dr. Rudolf Ertl

Director on the Managing Board

Area of responsibility: information technology and process optimisation, legal expenses protection (claims), company law in Austria/Central & Eastern Europe

Territorial responsibility: Serbia

Born on 14.5.1946, lawyer, involved in Wiener Städtische since 1972 with a focus in the areas of auditing, asset management, real estate, motor legal protection, currently Deputy General Manager of Donau Versicherung. Also on the Managing Board of Wiener Städtische since 2001.

+++ THE MARKET CAPITALISATION OF ALL DOMESTIC SHARES LISTED ON THE VIENNA STOCK EXCHANGE HAS SIGNIFICANTLY INCREASED IN 2004. +++

WIENER STÄDTISCHE – MANAGING BOARD.

Dr. Peter Hagen

Director on the Managing Board (since 1.7.2004)

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

Born on 12.12.1959, lawyer, involved in Wiener Städtische since 1989. The central elements of his work were the management of the Managing Board secretariat, reinsurance, Deputy General Manager of Kooperativa Prague until 30.6.2004. On the Managing Board of Wiener Städtische from 1.7.2004.

Ing. Mag. Robert Lasshofer

Director on the Managing Board

Area of responsibility: marketing, sales, provincial head offices, advertising

Territorial responsibility: Liechtenstein, Slovenia, Italy

Born on 3.8.1957, studied social and economic sciences, worked at a bank after his studies, after that in Union Versicherung (marketing), later on the Managing Board of Donau Versicherung (marketing and sales). Switch to the Managing Board of Wiener Städtische in 1999.

Dr. Martin Simhandl

Director on the Managing Board (since 1.11.2004)

Area of responsibility: capital assets in Austria/Central and Eastern Europe (participation management, securities/funds, real estate and real estate-related participations), finance and accounting (together with Dr. Geyer)

Born on 5.11.1961, lawyer. In Wiener Städtische since 1985, deputy manager of the legal department from 1992, manager of the participation management and loans department since 1998. Member of the Extended Board of Management since 1.6.2000, appointed to the Managing Board of Wiener Städtische on 1.11.2004.

SPECIFIC TASKS IN THE GROUP Austria/Central and Eastern Europe

Kurt Ebner

Actuarial office

Mag. Helene Kanta

Corporate law

Dr. Birgit Moosmann

Labour law

Mag. Barbara Hagen-Grötschnig

Press

Mag. Thomas Schmee

Investor Relations

INVESTOR RELATIONS.

Vienna Stock Exchange: Upward trend since October 2002

The Austrian equity market has already shown an extremely impressive trend for more than two years when compared internationally. Up to the beginning of the year 2005, the price level of the entire market (WBI – Vienna Stock Exchange Index) has more than doubled (+114%) since the lowest point in October 2002 and even the ATX (Austrian Traded Index) rose by more than 140%. At the same time, turnovers have trebled in this period and market capitalisation has clearly more than doubled with a plus of almost 150%.

The major international stock exchanges have also developed in an upward direction for more than two years, but the trend was far more dynamic in Vienna. The Dow Jones Euro Stoxx 50, which reflects the 50 largest companies in the euro zone, has increased by 35% since October 2002 and the lead index of the German stock exchange in Frankfurt, the DAX, managed a plus of 62%, while the London FTSE 100 was able to push ahead by 26%. The American Dow Jones came to plus 46% and the Nikkei, which includes the most important Japanese shares, rose by 32%.

Vienna Stock Exchange 2004: The year of records

In 2004, the market capitalisation of all the domestic shares officially listed on the Vienna Stock Exchange has significantly risen and reached the record level of approximately EUR 63.2 billion. Compared with 2003, when the market capitalisation was at EUR 43.3 billion, this represents an increase of 46%. This gain became possible on the one hand due to the considerably increased price level and on the other hand due to numerous capital increases.

The ATX lead index published since 1991 (base 1,000 points on 1st January 1991) reached a position of 2,431.38 points on the last trading day in the stock market year 2004 and thus marked a new all-time high. The gain in the year 2004 alone amounted to 57.4%. Even in the year before, the ATX showed the impressive performance of 34.4%.

The enormous price rises on the Viennese equity market were also supported in recent years by strikingly increased revenues. After shares totalling EUR 12.73 billion had been sold in 2002, stock exchange turnover increased by a good 50% in 2003 to EUR 19.31 bil-

lion. In 2004, the turnover amounted to more than EUR 38 billion and was therefore significantly higher than in the two preceding years combined.

The ATX experienced the greatest disruption to the upward trend in 2004 in the first half of May when, together with the international stock exchanges, it had clearly lost ground. The reasons for this were the higher oil price, the unrest in Iraq and a certain concern regarding rising interest rates. However, the excellent results of Austrian companies alleviated these factors. The profits growth of the ATX companies was one of the best in 2004 compared with the significant international lead indices.

Increasing internationalisation of the Vienna Stock Exchange

The increased interest of international investors in securities of the Vienna Stock Exchange is connected also with the regional proximity to the strongly growing national economies of Central and Eastern Europe in addition to the company results achieved. The accession fulfilled in 2004 of a total of eight countries to the European Union – of which four are direct neighbours of Austria – has further intensified the attention of international investors on the favourable geographic economic conditions of the companies listed in Vienna. The following chart shows very well the greatly increased percentage of international trade turnover on the Vienna Stock Exchange in recent years.

The Vienna Stock Exchange was additionally stimulated by company takeovers and takeover speculation. Numerous capital increases via the Stock Exchange have expanded the proportion of freefloat shareholdings in attractive Austrian companies and have thus

STEADILY INCREASING PROPORTION OF INTERNATIONAL TRADE TURNOVER ON THE VIENNA STOCK EXCHANGE



+++ IN 2004, THE WIENER STÄDTISCHE PREFERENCE SHARE ACHIEVED THE BEST PERFORMANCE SINCE ITS FIRST QUOTATION IN 1994. +++

+++ SINCE THE FIRST QUOTATION IN 1994, THE PRICE OF THE PREFERENCE SHARE HAS MORE THAN TREBLED. +++

INVESTOR RELATIONS.

increased the liquidity of these shares. As a result, an important step has been taken for a sustainable increase in the attractiveness of the Vienna Stock Exchange. The announcement of the corporation tax reduction in the course of the tax reform 2005 was also positively received by the market. The number of financial service providers, who trade on the Vienna Stock Exchange, has risen considerably in 2004 through expansion by new, international members: Eleven new trading members could be registered, ten of which are international investment banks.

Further positive influences for the Vienna Stock Exchange emanated not least from the government-sponsored future pension plan in 2004, whereby a considerable proportion of the volume of assets under management is invested in Austrian shares.

Wiener Städtische Preference Share

In 2004, the Wiener Städtische preference share achieved the best performance since its first quotation in 1994. The second-highest share price appreciation of all the securities represented in its stock market segment, "Standard Market Continuous", was achieved with an appreciation in value of 43.6% to EUR 24.31. In comparison, the MSCI European Insurance Index (in euro) –

the most important European index of insurance company shares – only rose by 6.0% in the same period.

KEY FIGURES FOR THE WSTV PREFERENCE SHARE

Year-end 2003	Year-end 2004	High (20.4.2004)	Low (12.1.2004)
EUR 16.93	EUR 24.31	EUR 25.89	EUR 16.00

Share split implemented

As approved beforehand at the Annual General Meeting on 16th June 2004, the preference share was split in the ratio of 1:7 on 19th July 2004. As a result, seven new shares have replaced one old share. The price of the share was also divided by seven. Wiener Städtische's share capital of approximately EUR 89.66 million was not altered through the share

WSTV PREFERENCE SHARE

First quotation	01 Oct. 94
Market capitalisation (as of 31.12.2004)	EUR 230 million
Share capital	EUR 89,655,022
ISIN	AT0000908520
Bloomberg	WSTV AV
Reuters	WISV_p.VI
Stock-exchange listing	Vienna

WIENER STÄDTISCHE PREFERENCE SHARE COMPARED WITH THE ATX (30.12.2003–31.3.2005), INDEXED



INVESTOR RELATIONS.

split. Due to the split, the shares became more easily tradable on the stock market and thus, above all, even more attractive for retail shareholders.

significant increase in the quantities traded via the stock exchange. On average, 87,000 trades were conducted every day in 2005.

SHAREHOLDER STRUCTURE

Non-voting preference shares:		
Freefloat shareholdings	9,450,000	11%
Voting shares:		
Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung:	76,907,600	89%

At the Annual General Meeting on 24.5.2005, a dividend increase will be proposed for the financial year 2004 from EUR 0.20 to EUR 0.45 in the case of the no-par-value shares with voting rights and from EUR 0.45 to EUR 0.55 in the case of the non-voting preference shares.

Dividend proposal

No-par-value shares: EUR 0.45
Preference shares: EUR 0.55

Financial schedule

14th ordinary Annual General Meeting	24th May 2005
Ex-dividend	30th May 2005
Dividend payment day	6th June 2005
Results for 1st half-year 05*)	30th August 2005
Results for 1st–3rd quarter 05*)	29th November 2005

*) preliminary dates

The preference share in 2005

The year 2005 has started extremely favourably for the shareholders of Wiener Städtische AG. In view of the excellent year-end result 2004, the promised dividend increase as well as the excellent future prospects of the company, the price of the preference share steadily increased in the first months of 2005. On 15th March 2005, a new all time high was attained with a closing price of EUR 36.75. This share price appreciation was also accompanied by a

Performance of the share since 1994

Since the first quotation of the share in 1994, the price of the share has more than trebled. This represents a performance of 12.6% p.a. since the flotation in 1994, and this without taking into account the dividends paid out annually.

Online annual report

An online annual report specially adapted for the medium of the Internet will also be retrievable in German and English on the Wiener Städtische website at www.wienerstaedtische.at.

Wiener Städtische obtains an A-rating from Standard & Poor's

By subjecting itself voluntarily to an interactive rating by Standard & Poor's in 2004 Wiener Städtische demonstrates its transparency with respect to customers, business partners and investors. In the process, the company is intensively analysed by the insurance experts of the rating agency. Based on the information gained, Standard & Poor's finally makes its rating decision, after comparison also with the data for the sector.

In August 2004, the international rating agency Standard & Poor's published the outcome of its first interactive company analysis of Wiener Städtische AG. The result is a classification of the company in the "investment grade" range. The "A"-rating in the IFR (Insurer Financial Strength) and CCR (Counterparty Credit Rating) range, with a "stable outlook", is a clear indicator for the financial stability of the company. The "A" with a stable outlook means that Wiener Städtische has an excellent rating.

+++ ALL SIGNIFICANT RISKS ARE CONTINUOUSLY MONITORED THROUGH RISK MANAGEMENT. +++

RISK REPORT.

Risk controlling and risk management

As a cross-border operating insurance group, Wiener Städtische is exposed to many company and industry-specific risks and has therefore developed and implemented efficient risk management systems and appropriate reporting systems, which facilitate an effective identification, management and control of these risks. All the significant divisions of the company are linked into these management systems. The total risk position is revealed from an overall consideration of the underwriting risks, of the risks from the capital assets, of the risks from the shortfall of claims from the reinsurance and of the operational and other risks. The following significant risks are primarily covered by the company's risk management.

Economic and political developments in Central and Eastern Europe

The expansion and development of business activity in the countries of Central and Eastern Europe is a central component of the Wiener Städtische strategy. In the long term, an even greater presence of the Group is sought in these target markets. The company has carried out acquisitions and established new companies within the framework of its strategy pursued in this region. The political, economic and social circumstances in these countries have changed rapidly in recent years. Wide-ranging political and economic reforms have resulted in political and economic tensions ensuing with the creation of the new democratic and market-orientated systems.

In order to identify such changes at an early stage and to be able to react appropriately in good time, Wiener Städtische is closely monitoring the political and economic development in its field of activity. With its experience gained in the last decade and through the presence of Austrian expatriates for the support of the local workforce, it is ensured that relevant information is quickly made available throughout the Group.

Competition

Wiener Städtische's business activity is the management of the insurance business in Austria and in Central and Eastern Europe. The insurance market, particularly in Austria, is characterised by strong competition and price pressure. The competition leads to a progressive consolidation of insurance markets. In view of its excellent market position, Wiener Städtische is also striving to

continue to rank among the winners in this trend. This will be secured also through an adequate equity capital position and the presence in a multitude of different markets. An important role is accorded also to the ongoing process optimisation, for example through the creation of a group-wide EDP general administration solution. To this is added the differentiation from competitors through a product range of above-average quality with wide-ranging services. The development of new and innovative insurance products also ranks very highly in order to continue to remain at the top of the market. Time and again, insurance solutions of the Wiener Städtische Group rank among the pacesetters in its respective markets.

Actuarial office

There is the risk of inadequately assessing insurance products due to the use of insufficient statistical data, such as inadequately modified mortality tables, and through misjudgements of the economic conditions of the insurance market. Wiener Städtische counters this risk by means of an actuarial office operating throughout the Group, which subjects all insurance solutions to a thorough actuarial analysis.

Environmental catastrophes, climate changes and terrorism

The environmental catastrophes that have increasingly occurred in recent years, such as floods, mudslides, landslides, storms etc. could have been caused by general climate changes. Although scientists are currently not yet in agreement as to whether, in the process, this involves one-off events or changes in the medium-term, it should not be ruled out that the number of indemnity events caused in this way will also increase in future. Even terrorist activities, both in Austria and abroad, may have a direct and indirect bearing on the development of the insurance sector. In order to keep possible consequences on Wiener Städtische modest, extensive reinsurance treaties as well as membership of the "Austrian Insurance Pool for the Coverage of Terrorism Risks" for the protection of these risks are in place.

Reinsurers

A significant part of Wiener Städtische's underwriting risk is transferred to reinsurance companies by reinsurance contracts. In order to eliminate the risk of the inability of a reinsurer to pay to a great extent, Wiener

+++ REINSURANCE TREATIES ENSURE THE COMPANY'S ABILITY TO PAY EVEN IN THE EVENT OF MAJOR CATASTROPHES. +++

RISK REPORT.

Städtische allocates its reinsurance protection to a multitude of different international reinsurance companies, which all have excellent creditworthiness.

Risks in connection with capital investment in securities

Wiener Städtische including its subsidiary insurance companies use securities for the provision of cover for its underwriting provisions to a considerable extent. In the process, it invests exclusively in securities of first-class creditworthiness and the highest earnings-risk ratio. Detailed internal guidelines govern responsibilities, action parameters and limits in the securities investment division. In spite of appropriate diversification, the result of capital investment depends very considerably on the performance of the domestic and foreign capital markets. For example, the prices of fixed-interest securities climb or fall if the interest rate structure changes downwards or upwards. In addition, there is a dependency on the share price movement of the stock markets. Therefore, standard derivative financial instruments such as options or futures were used during 2004 for the purposes of security.

Wiener Städtische utilises the "Value At Risk" concept (VAR) for the quantification of the investment risks. VAR is a measure for the market price risk and shows the greatest possible loss that may occur over a specified period for a specific probability. In the process, the correlations of the various risk elements to one another are taken into account.

Currency risks

Due to the increasing internationalisation of Wiener Städtische's business activity, especially through its subsidiaries in Central and Eastern Europe and due to the capital investment in currencies other than the

euro, changes in the exchange rates may result in currency gains, but also in currency losses. A regular monitoring of all investments is carried out with regard to the currency risks. Derivative financial instruments are utilised for currency hedging in the case of certain investment funds.

Technical risks

Like all modern companies, Wiener Städtische is dependent on the functioning of an efficient EDP system (hardware and software). Defects in the operation, in the programming and in the application of the EDP system must be eliminated in their potential consequences in so far as possible. In order to ensure a smooth functioning of the EDP systems that are crucial to the company, Wiener Städtische has a geographically separate second computer centre, which – in the event of a failure of the primary system – can fully assume its complete function within the shortest time. A complex security concept was implemented for the safeguarding of the company-wide EDP network, whereby the network is protected against the possibility of harmful influences (viruses, Trojans, hacking amongst other things). In order to exclude application errors, the high level of training of employees is ensured by means of regular, comprehensive training sessions. A modern insurance administration system is being developed throughout the Group at present, in collaboration with the globally operating software company SAP, with the objective of supporting the insurance solutions with an adequate overall EDP concept.

Risks in the sales area

The possible damage from manipulations in Wiener Städtische's distribution network can be kept as low as possible by means of comprehensive internal control mechanisms.

+++ THE MANAGED FUND VOLUME OF RINGTURM KAG INCREASED BY APPROXIMATELY 17 PER CENT COMPARED WITH 2003. +++

RINGTURM KAG.

Ringturm KAG

Several subsidiaries in areas that complement business lines also belong to the Wiener Städtische Group, in addition to insurance companies. For example, Ringturm KAG – the investment company of the Group – is one of those. Ringturm KAG, which has been in existence since May 1988, recorded an exceptionally good financial year in 2004. The managed fund volume reached the level of EUR 2,962.4 million at the year-end, which corresponds to a growth of EUR 427.2 million or +16.9%. This strong growth is primarily attributable to recently issued funds. Ringturm KAG can now fulfil even very specific customer wishes even better with a wider product range and a total of 21 funds.

Thus, a modern instrument for interest rate management was established with the “Ringturm Absolute Return Bond Fund”. The fund limits the risk of loss by means of a trend impact model and at the same time opens up attractive earnings prospects to investors through the automated realisation of profits. An investment fund was created, with the “Ringturm Euro Cash Plus”, for the return-optimised investment of liquid funds, which matches the investment needs both of private customers and institutional investors. With the “Ringturm Euro Bond”, an innovative bond concept was launched with an index-tracking investment in the bond sector. Finally, the “Ringturm Eastern Europe Equity Fund” issued in November 2004 rounds off the range of funds. This investment fund, which invests exclusively in the stock markets of the new EU member states, also supplements the investment spectrum of the government-sponsored future pension plan. The fund ranked among the top performers straight away. Günter Faschang, a well-known expert for investment in the emerging markets sector,

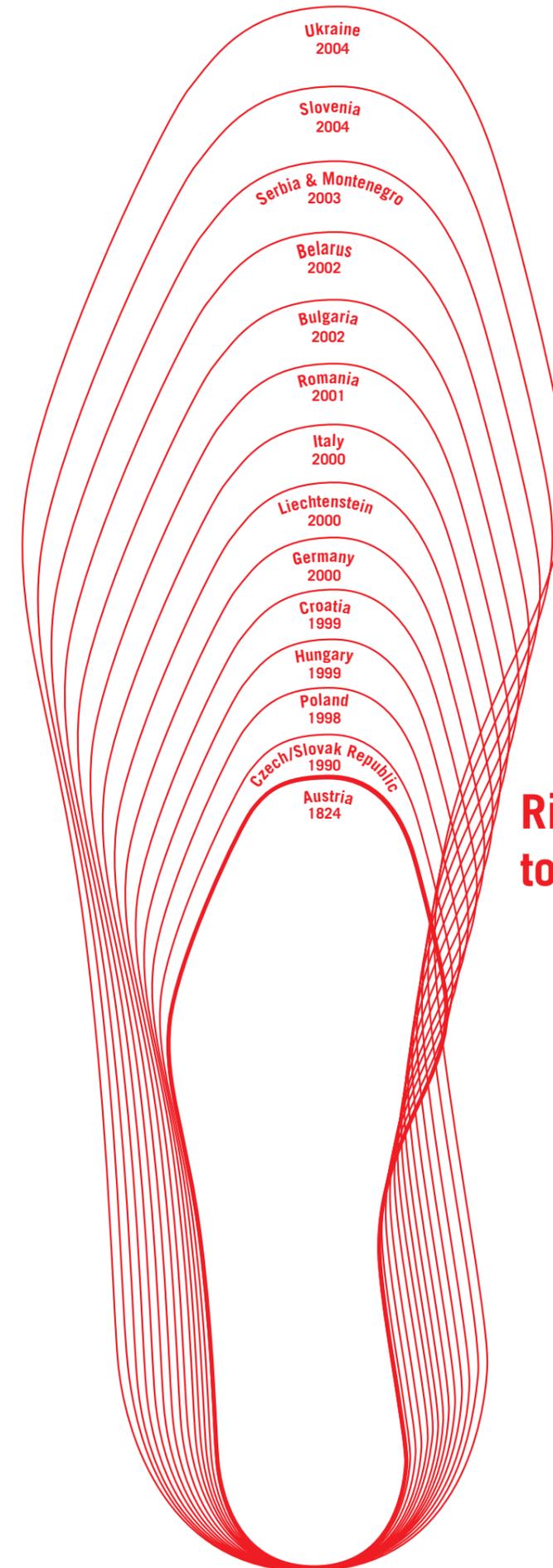
could be enlisted as the fund manager. The Wall Street Journal, one of the most renowned financial daily newspapers in the world, even chose him as the world's best single fund manager in December 2004.

Overall, the customers of Ringturm KAG invested just under EUR 300 million in the funds issued last year. At the start of the year 2005, the EUR 3 billion threshold in the total fund volume could already be exceeded and, as a result, a new record value achieved. The strong demand for the new products of Ringturm KAG with institutional customers too leaves a continuation to be expected of the growth policy in the current year.

Top grade for continuous and reliable earnings

Standard & Poor's grades all national and international fund management companies operating in Austria. Ringturm KAG attained the best possible rating in the category “fund companies with up to nine products per fund category” in the one-year performance. In the previous year, Ringturm KAG was already pleased about position two in the five-year performance.

As a result, the continuous share price appreciations of the Ringturm funds were distinguished. Then, it is not only the pure performance of the products that is decisive for the overall success of a company in the Standard & Poor's ranking, but also the continuity and certainty of the appreciation in value: The funds of a company are graded with the so-called “S&P factor” in which volatility (a key figure for the risk of fluctuation) also has an influence, in addition to the performance. Thus, a premium is placed on those fund providers that achieve an excellent performance with low price fluctuations in comparison with the average.



**Rising
to the challenge.**

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WIENER STÄDTISCHE AG

ECONOMIC SITUATION.

AUSTRIA

Although the forecasts allowed a sustainable economic upswing to be expected, an economic growth of just 2.0% was achieved in Austria in 2004. Also, the forecasts for the years 2005 and 2006 were adjusted downwards as a result, which is primarily attributable to the rise in crude oil prices and the strong euro, which persistently dampened the economic development of export business.

However, after the relatively high values of the years 2000 (2.3%) and 2001 (2.7%) as well as a decline in 2002 (1.8%) and 2003 (1.3%), inflation rose markedly again in 2004. The consumer price index (CPI) increased to 2.1% in 2004, which was roughly at the level of the average over many years. This unexpectedly high increase was mainly attributable to the high prices for petroleum products and to significantly higher housing costs. The unemployment rate recorded a negligible increase from 7.0% (2003) to 7.1% in 2004.

AUSTRIAN ECONOMIC INDICATORS 2001 – 2005

Year	Real economic growth	Consumer price index
2001	0.7%	2.7%
2002	1.2%	1.8%
2003	0.8%	1.3%
2004	2.0%	2.1%
2005e	2.2%	2.3%

Austria is benefiting from EU eastern enlargement

On 1st May 2004, the enlargement of the EU by ten new members to a total now of 25 states was achieved. Austria is one of the main beneficiaries of this eastern enlargement from among the countries of the EU-15. The above-average growth in all new acceding countries has greatly boosted demand not only for capital goods, but also for consumer goods, which has benefited the immediate neighbouring states in particular. Thanks to the most recent EU enlargement, Austria has increased its export share in the direction of Eastern Europe to 12%, before 1993 it was below 5%.

In the last decade, Austria has carried out approximately EUR 18 billion in direct investments in the new EU countries as well as in Bulgaria, Romania and Croatia. That is approximately one tenth of the total direct

investments in this region. The following estimation shows Austria's ranking and percentage as an investor in the respective countries in the year 2003:

AUSTRIA'S INVESTMENTS IN CENTRAL AND EASTERN EUROPE

Country	Ranking	in percent of foreign direct investments
Slovenia	1	47.6%
Croatia	1	30.3%
Slovak Republic	2	18.7%
Hungary	3	12.2%
Czech Republic	3	11.1%
Bulgaria	4	8.7%
Romania	7	5.9%
Ukraine	10	3.3%

Source: ecoplus

Outlook 2005

An economic growth roughly at the level of the year 2004 is now anticipated for the year 2005. The biggest risks for economic activity in Austria emanate from the European economy, particularly from the performance in Germany. On the other hand, positive effects are anticipated for the company from the tax reform 2005, to which the reduced corporation tax should deliver a relief of EUR 1.1 billion. In addition, the estimated lower burden in wage and income tax of EUR 1.4 billion allows an increase in household income and thus intensified growth in consumption to be expected. The budget deficit amounted to 1.4% in 2004. In fact, due to the tax reform, a further increase to approximately 2% should be expected in 2005, but is accepted on the part of the government for the benefit of positive economic impulses. The forecasts for the year 2005 regarding unemployment assume a small fall below 7%.

CENTRAL AND EASTERN EUROPE

Better country ratings as a bonus for reforms

In view of the structural reforms, the rating agency Fitch rated Slovakia at A-/Stable in September 2004. Standard & Poor's improved Slovakia's country rating to A-/Positive in December 2004. Moody's finally followed suit at the start of 2005 and increased the creditworthiness of the long-term Slovak foreign exchange debts to A2/Positive. Other countries of Central and Eastern Europe also obtained a better rating in the course of the year 2004.

+++ THE CURRENCIES OF MOST CENTRAL AND EAST EUROPEAN COUNTRIES WERE ABLE TO STABILISE AGAINST THE EURO IN 2004. +++

ECONOMIC SITUATION.

Thus, the acknowledgement for the reform efforts was bestowed on Romania by Fitch in November 2004 with a revaluation into the investment grade range, after this had already been confirmed shortly beforehand by Standard & Poor's. Bulgaria had already obtained this credit rating from Standard & Poor's in June and from Fitch in August 2004. Croatia was also upgraded by Fitch and by Standard & Poor's in the course of the year 2004.

Stronger currencies in most Central and East European countries

The currencies of most Central and East European countries were able to stabilise against the euro during the year 2004. This occurred after a preceding depreciation in 2003, with the exception of the Slovak Krona, which was already under upward pressure in 2003, and the Bulgarian Lew, which has had a fixed nominal exchange rate since mid-1997. The Polish Zloty booked the biggest appreciation in value in 2004 at almost +16%, but the Hungarian Forint (+7%) and the Czech Kroner (+6.3%) were also considerably more expensive compared with the euro. The Slovak Koruna continued its stabilisation against the euro, as was the case with the Romanian Lei and the Croatian Kuna. On the other hand, the Slovenian Tolar remained largely stable. Depreciations resulted with the Serbian Dinar and with the Belarussian Rouble.

Falling base rates anticipated in Central and Eastern Europe

Thanks to decreasing inflation rates in the current year, the probability is growing for cuts in interest rates in several countries of Central and Eastern Europe. Base rate reductions have already resulted in Hungary and in the Czech Republic at the end of January 2005. Considerably lower base rates are anticipated in some cases by the year-end, primarily for Poland, Hungary and Romania. At the same time, Romania is benefiting from the opening up of the money market for foreign nationals and the inflation rate, which has fallen below 10%.

INTEREST RATE FORECAST

Country	currently	year end 2005
Poland	6.5%	6.0%
Hungary	9.5%	8.0%
Romania	17.0%	14.0%

Source: Reuters

Low tax rates

Due to very low tax rates compared with Western Europe, the countries of the region offer a high incentive for investments, which have resulted in additional receipts for the treasury through stimulation of the economy and a higher moral attitude to taxes – contrary to fears expressed by many sides.

In the meantime, other states have also followed Slovakia's model and have reduced their taxes: Romania's new government introduced a 16% uniform tax for corporation tax, capital gains and dividend income. In Bulgaria, the corporation tax rate was reduced from 23.5% to

CORPORATION TAX RATES (NOMINAL) IN COMPARISON

France	35.0%
Spain	35.0%
Italy	34.0%
United Kingdom	30.0%
Sweden	28.0%
Germany	27.9%
Czech Republic	26.0%
Austria	25.0%
Slovenia	25.0%
Poland	19.0%
Slovak Republic	19.0%
Hungary	16.0%
Romania	16.0%
Bulgaria	15.0%

Source: Austrian Ministry of Finance

19.5% at the start of 2004 and should be reduced again this year to only 15%. In Serbia also, the decision had already been made to reduce the corporation tax rate to 10%. As a result, Serbia could be the most attractive country of this region for tax purposes. In Hungary, the tax burden for companies has amounted to 16% since 2004 and in Poland to 19%. In the Czech Republic, it is planned to go down another step to 24% in 2006 from the 26% applicable now.

Excellent performance of the stock markets

The stock markets in Bucharest (BET +111%), Budapest (BUX +66%) and Prague (PX 50 +65%) were among the most successful in the world in 2004 and even beat Vienna, where – at 57.4% – the ATX showed an above-average performance.

+++ AN ECONOMIC GROWTH OF AROUND 4.5 PER CENT IS EXPECTED FOR THE YEAR 2005 FOR CENTRAL AND EASTERN EUROPE. +++

ECONOMIC SITUATION.

The Budapest stock market currently ranks among the favoured stock markets of Central and Eastern Europe. At present, 54 companies are listed on the stock market there. The Hungarian share index BUX achieved a performance of more than 400 per cent in the last 10 years and boasts the remarkable market capitalisation of EUR 12.5 billion.

On the Prague stock market, share trading is focused on seven shares in continuous trading. They represent 81% of the market capitalisation of the PX 50 share index, whose current market capitalisation amounts to EUR 16.2 billion.

Market values doubled on average on the stock market in Bucharest in the course of the year 2004. The index focal points there are the energy and finance sectors with 85% of the total market capitalisation. In spite of a decrease in the number of listed companies by two to 60, the market capitalisation has risen to approximately EUR 5 billion due to privatisations of state shares and price rises in recent years. The most liquid shares in Romania are the oil shares of SNP-Petrom, in which the Austrian company OMV has an interest with a majority holding under a privatisation, and the bank Romana Pentru, in which Société Générale acquired a shareholding.

The Warsaw stock market enjoyed one of the best years of its history and is regarded as the most active in Central and Eastern Europe. At present, 230 companies are listed on the Warsaw stock market. The Polish share index WIG achieved a performance of more than 150% in the last 10 years and boasts a market capitalisation of EUR 23.3 billion. In 2004 alone, the market capitalisation increased by approximately 53% compared with one year before.

An above-average growth is also expected for the year 2005 for the stock markets in Central and Eastern Europe. Falling interest rates, a high economic growth and strong currencies are the basis of the expectations regarding a continuing positive performance for these stock markets.

High economic growth expected for 2005 as well

In spite of the main export market, the euro zone, becoming more difficult due to the sustained economic

recession there, the economies of Central and Eastern Europe should be able to achieve an economic growth – at approximately 4.5% on average in 2005 – that is around three times as high as that expected for the euro zone. The strong domestic demand, substantially borne by the buoyant investment activity, will probably be able to compensate for the declining export momentum to a great extent. A well above-average economic growth is forecast for 2005, especially for Bulgaria (5.5%), Romania (5.0%), Poland (5.0%) and the Slovak Republic (4.9%).

THE WORLD ECONOMY

2004 was a boom year for the world economy and economic output grew more vigorously in 2004 than it has for a long time. According to provisional estimates, the global economic output was supposed to have increased by approximately 5% – the strongest growth for 30 years according to figures of the International Monetary Fund. Significant contributions to growth are derived from all important regions as well. China, with an increase in gross domestic product (GDP) of almost 10%, developed into the most important engine of growth of the world economy, whose dynamism radiated to the entire Asian area. On the commodities markets, the demand triggered as a result, in association with the uncertainty caused by the Iraq war, resulted in strong price increases. Therefore, the oil price climbed to new record levels. At times, more than US\$ 50 per barrel had to be paid on the futures markets. Against this background, countries exporting raw materials especially (e.g. Russia, Brazil) were able to participate in the worldwide recovery and thus ranked among the winners of the year 2004.

Contrary to all forecasts, bond yields also declined once again in 2004, but the fall turned out to be particularly heavy in the euro zone. As a result, there was a rise in price with bonds already issued. Thus, 2004 was a very satisfactory year overall for bond market investors.

On the foreign exchange market, the US\$ once again lost ground with regard to all important currencies, against the background of considerably rising deficits in the current account and federal budget. On the other hand, the euro climbed to a new record level of US\$ 1.36 at the year-end.

+++ IN SPITE OF A SOMEWHAT MORE MODEST MOMENTUM, THE WORLD ECONOMY WILL REMAIN ON A GROWTH PATH IN 2005 AS WELL. +++

ECONOMIC SITUATION.

The US economy was in fine form with a GDP growth of more than 4%. Private households were the mainstay of economic activity. Supported by an expansionary monetary and fiscal policy, they increased their consumer spending in 2004 and thus ensured the strong GDP growth. The central bank of the United States initiated a turnaround in interest rates in 2004, in the course of which base rates were raised in five steps from June to 2.25%. In the slipstream of the global economic upswing, the economic situation of the euro zone also improved. However, with a growth of just under 2%, the region remains the tail-ender in the global comparison. Primarily thanks to the strong export demand, Germany – still Austria's most important trading partner – also increased its economic output again, by 1.7%, for the first time after years of stagnation.

Outlook 2005

The world economy was supposed to remain essentially on a growth path in 2005 as well, although it will probably lose momentum. A decrease in the GDP growth rate to approximately 3% is expected for the

USA, which would be below the long-standing growth trend. Increasing interest rates could, in the process, severely curtail the demand of the private households especially, which are in some cases deeply in debt. As more than two thirds of the US GDP is apportionable to consumption, appreciable repercussions should be expected on the economic output. In view of the improved international competitiveness – a result of the sustained depreciation of the dollar – stimuli could indeed emanate from the export side, but it is questionable whether the impairments in the consumer sector can be compensated as a result. In the wake of the slight world economic slow-down, the initiated recovery process should also slow down again in the euro zone, whereby the trend of the external value of the euro constitutes the main risk factor. For 2005, an increase in the GDP in the euro zone of around 1.5% is expected. Despite slight downward trends, China should also show a robust growth again this year and thus remain an important demand market. On the other hand, a cooling of the economy is in prospect for Japan.

+++ 2004 WAS A SUCCESSFUL YEAR FOR THE AUSTRIAN INSURANCE INDUSTRY WITH A 6.6 PER CENT PREMIUM GROWTH. +++

THE INSURANCE MARKET.

THE INSURANCE MARKET IN AUSTRIA

The year 2004 was a very successful one for the Austrian insurance industry. According to provisional figures of the Austrian insurance association, it achieved an increase in accounted premiums of 6.6% to EUR 13.99 billion. As a result, the premium growth of the previous year was significantly exceeded by 4.1% and the insurance industry has grown faster than the whole economy. This is primarily thanks to life insurance, whose premium income has climbed massively by 8.5% to EUR 6.19 billion.

However, insurance payments have reduced by 11.2% to EUR 8.44 billion, whereby this was primarily attributable to the significant decrease of the payments in life insurance (-21.9%).

The capital assets of the insurance companies grew by 7.3% in 2004. Financial earnings have also recovered again and stabilised after the difficult period in the years 2001/2002.

Life insurance recorded premium income amounting to EUR 6.19 billion in 2004. Renewable premiums increased by 10.2% to EUR 4.63 billion and lump-sum payments were 3.7% above the value of 2003 at EUR 1.56 billion. Overall, 413,000 policies for the government-sponsored future pension plan had already been concluded in the insurance industry up to the year-end 2004, whereupon the annual premium income has risen by 131% to EUR 309 million compared with 2003. In unit-linked life insurance, at EUR 934 million, around 16.3% more premiums were generated than in the previous year, which may be interpreted as clear evidence for the return of confidence in the financial markets. By and large, the figures demonstrate the acceptance of life insurance as an instrument for private retirement provision.

Payments in the life class fell quite sharply by 22% to EUR 3.33 billion in 2004. That is because disbursements in 2003 were disproportionately high due to the maturing of the many 15-year tax-privileged policies concluded in 1988. A fall to an average level was achieved again in 2004.

In property and casualty insurance, premium income grew by 5.4% to EUR 6.46 billion.

Due to the absence of natural catastrophes such as floods and major hail losses in 2004, claim payments fell overall by 3.3% to EUR 4.13 billion. In motor third-party liability, however, they increased to EUR 1.26 billion with premiums equal to EUR 1.74 billion. Thus, motor vehicle liability insurance remained in the red in 2004 as well; the combined ratio was accordingly still greater than 100%, as in previous years. Car insurers suffered especially with the disproportionately high increase in car repair costs. They increased in cost overall by 3.4% with an inflation rate of 2.1%.

The claims in connection with the tsunami flood disaster in December 2004 amount to a value of EUR 20–30 million in Austria.

The considerably increased number of burglaries and thefts in Austria caused concern to the insurance industry. There was a strong rise in these offences mainly in Eastern Austria and here in the towns and along the motorways. This trend should be stemmed in future through the assistance of prevention measures of the policyholders.

In health insurance, the premium income increased by 3.5% to EUR 1.35 billion. The payment volume increased moderately by 1.6% to EUR 972 million.

THE AUSTRIAN INSURANCE MARKET 2004

in EUR Billion	Premiums 2004	Change on 2003	Claims 2004	Change on 2003
Life	6.19	+8.5%	3.33	-21.9%
Health	1.35	+3.5%	0.97	+1.6%
Property/Casualty	6.46	+5.4%	4.13	-3.3%
Total	13.99	+6.6%	8.44	-11.2%

(Source: Austrian Association of Insurance Companies)

Outlook 2005

A growth in accounted premiums amounting to approximately 5.2% is expected for the year 2005 on the part of the Austrian insurance association. A disproportionately high increase in premiums of 6.2% is predicted in life insurance in view of the still increasing demand for retirement provision products. According to forecasts, the future pension plan with subsidised premiums should develop well; approximately 150,000 additional conclusions should be added in 2005. In property and casualty insurance, an increase by 4.6%

+++ NATURAL CATASTROPHES MADE THE LOSSES IN THE INSURANCE INDUSTRY WORLDWIDE GROW TO A RECORD LEVEL. +++

THE INSURANCE MARKET.

is anticipated, while further growth by approximately 3% should be expected in health insurance in view of moderate premium adjustments.

THE INSURANCE INDUSTRY WORLDWIDE

Record charges due to natural catastrophes

Natural catastrophes such as earthquakes, hurricanes and the flood in South Asia with approximately 300,000 victims have allowed the losses worldwide in the insurance industry in 2004 to soar to a new record level of approximately US\$ 46 billion (2003: US\$ 15 billion), whereby regions otherwise more rarely affected also had to record major losses.

Overall, economic losses of US\$ 145 billion have accrued as a result. Only the year 1995 had hitherto brought greater loss proportions of US\$ 172 billion (as a result of the earthquake in the Japanese town of Kobe). The average of the past ten years was US\$ 70 billion.

The destructive hurricanes in the Caribbean, the USA and in Japan alone caused insurance losses of US\$ 40 billion in 2004. To this is added that areas in the

South Atlantic, which had hitherto remained spared, are now also frequently affected.

The powerful earthquake in the Japanese province of Niigata in October caused a huge loss of US\$ 28 billion, but only approximately US\$ 450 million of this was insured. Even with the floods in China in the summer of 2004 with an economic loss of US\$ 7.8 billion, only a very small part was insured.

The most fatalities by a wide margin were to be mourned in South Asia after the flood disaster. However, the loss turned out comparatively small for the insurance industry at one to two billion US\$. The reason for this lies in the fact that insurance density is very low in the affected region.

Thus, roughly half of the approximately 650 recorded natural catastrophes was apportionable in 2004 solely to bad weather, which represents approximately 90% of the total insured losses. Europe remained largely spared in 2004 from natural catastrophes such as the heat wave and the storms of the year 2003 or the flood in 2002.

+++ THE ROOTS OF THE WIENER STÄDTISCHE GROUP GO BACK TO THE YEAR 1824. +++

HISTORICAL DEVELOPMENT OF THE GROUP.

Historical development

The roots of the group of companies go back to the year 1824, when the oldest of the three insurance companies, from which today's Wiener Städtische AG has resulted, was founded.

The oldest precursor institute "Wechselseitige k.k. priv. Brandschaden-Versicherungsanstalt" was established in 1824 by Georg Ritter von Höglmüller together with 364 founder members, among them numerous members of the nobility as well as great religious dignitaries of that period. Among the founder members were, for instance, the Prince Archbishop of Vienna, the Vienna cathedral chapter, the prelates of the Klosterneuburg, Göttweig, Heiligenkreuz, Zwettl, Altenburg and Melk dioceses.

The second historical root of the Wiener Städtische AG is the "Allgemeine wechselseitige Capitalien- und Rentenanstalt", set up in Vienna in 1839 at the instigation of the mathematics professor Josef Salomon, which was the first life insurance company in the then monarchy and which, in later years, was renamed "Janus wechselseitige Lebensversicherung-Anstalt in Wien".

The third ancestor of today's Wiener Städtische AG is the "Städtische Kaiser Franz Joseph Jubiläums-Lebens- und Rentenversicherungsanstalt", established by the Vienna City Council in 1898 on the occasion of the 50-year anniversary of the accession of Emperor Franz Joseph I, which was renamed "Gemeinde Wien Städtische Versicherungsanstalt" in 1919, taking into account the new political circumstances after the first World War. It was even intimated here in the wording of the new company name that the business operations were to be extended as a consequence to non-life insurance. This extension was then carried out in 1922 with the entry into property fire insurance.

In 1923, the merger of "Wechselseitigen Brandschaden Versicherungs-Anstalt" with "Janus wechselseitige Lebensversicherung-Anstalt in Wien" as "Wechselseitigen Brandschaden und Janus" was approved due to economic necessities.

However, the "Gemeinde Wien Städtische Versicherungsanstalt" systematically continued its expansion. In the autumn of 1929, it acquired a 50% participation in "Union Versicherungs-Aktiengesellschaft", whereby it admitted new non-life insurance branches into its activity.

In 1934, it acquired the share certificates issued by the "Wechselseitigen Krankenversicherungsanstalt" and took over the management of this company.

The period of the independent development of the "Gemeinde Wien Städtische Versicherungsanstalt" on the one hand and the "Wechselseitigen Brandschaden und Janus" on the other hand was ended by the merger of the two companies in 1938. The Second World War and the accompanying collapse of the Austrian economy led the new company to the verge of ruin. The reconstruction commenced in December 1947 with the first meeting of the members' representative board and the amendment of the company name to "Wiener Städtische Wechselseitige Versicherungsanstalt".

Since then, Wiener Städtische has developed on a continuous basis as the leading Austrian insurance group. Milestones on this trail were, for instance, the integration of the "Wiener Wechselseitige Krankenversicherung" in 1955. In 1966, the acquisition of a 40% participation in the "Österreichischen Volksfürsorge Allgemeine Versicherungs-Aktiengesellschaft" was achieved. In 1971, the controlling interest in "Donau Allgemeine Versicherungs-Aktiengesellschaft" was finally acquired, into which "Anglo-Danubian Lloyd" merged in 1977. The expansion to the East had already commenced in 1990 with a first participation in the newly established company of Kooperativa Versicherung in the then Czechoslovakia. In 1991 the life and funeral insurance company "Wiener Verein Lebens- und Bestattungsversicherung auf Gegenseitigkeit" merged with Wiener Städtische. In 1992, the majority share was acquired in "Montanversicherung Aktiengesellschaft", specialising in corporate insurance, and its insurance portfolio was transferred to Wiener Städtische in 2003.

Until the middle of the year 1992, Wiener Städtische managed the insurance business in the legal form of a mutual insurance company. At the start of July 1992, the entire insurance operation was spun off and introduced into the "Wiener Städtische Allgemeine Versicherung Aktiengesellschaft". The "Wechselseitige" has continued to exist since then as "Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung" and carries out the functions of a financial holding company.

In 1994 Wiener Städtische opened up to a general investing public with the issuing of preference shares.

+++ TODAY, THE WIENER STÄDTISCHE GROUP IS ALREADY REPRESENTED IN THE INSURANCE MARKET IN 15 COUNTRIES. +++

THE WIENER STÄDTISCHE GROUP TODAY.

The Wiener Städtische Group today

This historical development over many years is the basis for today's international insurance group. Today, Wiener Städtische Versicherung's network already spans 15 countries.

In Austria – apart from Wiener Städtische AG – Donau Versicherung (shareholding of 89.47%), Bank Austria Creditanstalt Versicherung (90%) and Union Versicherung (45%) also belong to the Group. In addition, there are participations in Wüstenrot Versicherung (31.6%) and in Sparkassen Versicherung (10%).

International expansion

The expansion of the Group into the markets of Central and Eastern Europe was purposefully pushed ahead in previous years and the involvement in foreign companies continuously extended. As a result, Wiener Städtische has succeeded in developing from a local insurer to one of the most important insurance groups in this region.

Outside Austria, the Group is represented today with insurance companies in the Czech Republic, the Slovak Republic, Poland, Hungary, Croatia, Serbia, Bulgaria, Romania, Belarus, in the Ukraine, in Germany and the Principality of Liechtenstein. Wiener Städtische AG itself is operating with branches in Italy (Rome) and Slovenia (Ljubljana).

The foundation stone for the international expansion of Wiener Städtische ensued in 1990 with participation in the foundation of Kooperativa in the then Czechoslovakia. Today, the Czech Kooperativa is the biggest company in the Group outside Austria. The company, with a market share of around 22%, is in second place in the Czech insurance market.

In the Slovak Republic, Wiener Städtische is involved in three insurance companies – Kooperativa, Komunálna poisťovňa and Kontinuita – and has a market share of approximately 25% – with practically a 34% stake in the new production of the Slovak insurance market in 2004. The Slovak Kooperativa was honoured with the distinction "Insurer of the Year" in 2004 for the third time and holds the second position in the market. The life insurance company Kontinuita has been in the sole ownership of the Group since February 2004 and is the sixth-largest company in the Slovak life insurance market.

The Croatian composite insurer Kvarner Wiener Städtische, with its headquarters in Rijeka, emerged through the merger in 2001 of the companies Wiener Städtische osiguranje, which was operating in the life insurance sector, and the non-life insurance company Kvarner. At the end of 2004, there was a strengthening of the Group's presence in Croatia through the acquisition of the majority share in the Croatian non-life and life insurer Aurum.

In Hungary, the Group is represented with Union Biztosító, which has been 100% owned by Wiener Städtische since 1999. In 2004, Union Biztosító succeeded in doubling the number of its customers by means of a successful motor campaign.

Vienna-Life was established by Wiener Städtische in 2000 with its headquarters in Schaan, Liechtenstein. Vienna-Life is currently solely engaged in life insurance business.

In collaboration with the German company HUK-Coburg, Wiener Städtische has been involved since 2001 in the two Polish insurance companies Compensa non-life and Compensa life. The Compensa insurance companies ranked among the first private insurance companies that were set up after the political upheaval in Poland.

The Group entered into the Romanian market with Unita in 2001. Unita was established in Romania in 1990 as the first insurance company with completely private capital and it thus ended the insurance monopoly of the State. The Wiener Städtische Group was chosen as the best foreign investor in Romania in 2002. The decisive factor for this was the acquisition by Unita of the majority share in Agras, the biggest agricultural insurance company in the country.

At the start of 2002, Wiener Städtische increased its shareholding to 100% in the German company InterRisk insurance, which is engaged in non-life insurance and has specialised primarily in personal accident insurance policies. InterRisk insurance is in turn the sole shareholder in InterRisk Life.

A participation in the Belarussian company Kupala (Joint Belarus-Austrian Insurance Company Kupala), with its headquarters in Minsk, has existed since the

+++ THE CENTRAL AND EASTERN EUROPE REGION OFFERS TREMENDOUS GROWTH POTENTIAL FOR INSURANCE SERVICES. +++

THE WIENER STÄDTISCHE GROUP TODAY.

middle of 2002. Kupala transacts property insurance business. The key products of the company are property, householders' and company insurance policies. For the further strengthening of the market presence in Belarus, the acquisition is planned of 100% of the non-life insurance company Victoria as well as approximately 40% of the life insurance company Sedmaja Linija, which both belong to Priorbank, a subsidiary of Raiffeisen International Bank-Holding.

Wiener Städtische entered into the Bulgarian market in 2002 through the acquisition of a company established in 1994, Bulgarski Imoti (Bulgarski Imoti Life AG Insurance Company and Bulgarski Imoti Non-Life AG Insurance Company). HUK-Coburg also took a share in Bulgarski Imoti in 2003. A widening of the product portfolio, primarily in non-life insurance, is envisaged in the coming years in order to further develop the market position of Bulgarski Imoti.

In Serbia, the recently established Wiener Städtische osiguranje, with its headquarters in Belgrade, was the first foreign insurance company to accept business in the non-life and life insurance sector at the start of 2003.

On 28th October 2004, Wiener Städtische's branch in Slovenia was officially opened with a press conference in the capital, Ljubljana. Life and non-life insurance policies will be offered in Slovenia. The "Wiener Städtische zavarovalnica" was quickly introduced in Slovenia through sponsorship of the Slovenian skiing association.

The Group's activity in the Ukraine began at the end of 2004 with the acquisition of a minority participation in Jupiter Insurance. Jupiter Insurance, with its headquarters in the capital Kiev, was established in 1999. Wiener Städtische has the option to extend its shareholding to a majority participation in the coming years.

Growth potential in Central and Eastern Europe

The tremendous growth potential of the Central and Eastern Europe region manifests itself in several key figures. Thus, for example, foreign direct investments increased from effectively zero in 1990 to EUR 150 billion in 2004. There is no region in the world – including China – that in recent years – in terms of its

economic power and size – has attracted so many foreign investments as the countries of Central and Eastern Europe.

In no region of the world has the level of prosperity also increased so strongly in recent years as in Central and Eastern Europe. The countries of the region were able to increase their level of prosperity by 39% – measured on a euro basis – between 1999 and 2003. In comparison with that, it rose by only 15% in the old member countries of the EU (EU-15) and by 17% in Asia.

Nevertheless, the countries of Central and Eastern Europe still have to catch up a lot, on average, compared with Western Europe. Measured in purchasing power parities, the per capita income in the countries of Central and Eastern Europe reaches approximately 40% of the West European level on average. However, there are also considerable income differentials within Western Europe. Thus, the consideration of averages conceals the fact that there are already relatively wealthy areas in Central Europe, such as the urban areas around Prague or Ljubljana. For instance, in purchasing power parities, the income is around 60% higher in Prague than in the Austrian Burgenland.

Although serious differences exist between the insurance markets in the countries of Central and Eastern Europe, several statements may be made, which apply to almost all markets:

The annual premium growth rates of the markets in Central and Eastern Europe are considerably higher than in the saturated markets of Western Europe. Generally, the economy of the region is growing more strongly than in Western Europe – and experience shows that the demand for insurance products is growing at higher rates than the economy. The catching-up potential of the region, for example, may be portrayed in the insurance density (premium per head), which were in 2003 around US\$ 100, on average, in the countries of Central and Eastern Europe and around US\$ 2,100 in Western Europe. Even if a slowing down of the growth rates were to result in future with an increasing degree of saturation and intensified competition in some countries, it can be assumed that the growth rates will still be significantly higher than in Western Europe for many years.

+++ THE PROPORTION OF THE GROUP'S PREMIUM INCOME REALISED OUTSIDE AUSTRIA IS CURRENTLY APPROXIMATELY 38 PER CENT. +++

THE WIENER STÄDTISCHE GROUP TODAY.

The non-life sector is currently still considerably bigger than the life insurance market. This normally applies in developing insurance markets – initially the volume increases in the compulsory insurances (particularly motor vehicle liability insurance policies) and in the company insurance sector (e.g. after privatisations) and only with further increasing prosperity will demand also be greater for life insurance policies.

The number of insurance companies in Western Europe has declined slightly in the last decade – in the Central and East European countries the number of insurance companies has more than doubled in the same period. However, a distinct slow-down is now to be noted here – the equity capital requirements have been increased to the EU level in most countries, which has resulted in consolidation trends in the insurance sector.

Now, the insurance market in numerous countries of Central and Eastern Europe is influenced by foreign insurance groups to a considerable extent, although strong local companies are also operating in all markets.

EU law was adopted not just by the countries that acceded in 2004, the remaining countries of the region are also adapting more and more to the EU standard with their insurance and insurance regulation law.

Wiener Städtische's strategy

Wiener Städtische has purposefully involved itself in Central and Eastern Europe since 1990, and in the process uses the advantages of Austria's specific historical and geopolitical position. The creation and preservation of jobs, the enhancement of the quality of life, creation of value in the respective countries and

close collaboration on a partnership basis across all national frontiers are the strategic cornerstones of this involvement, through the success of which not least the long-term independence of the Wiener Städtische itself is also secured. And the success can be seen – the Group is today represented in 15 countries and the leading Austrian insurance group.

Wiener Städtische's objective is long-term and risk-conscious growth, particularly in those markets in which it is already present, in order to reinforce the successful positioning of the Group companies in their respective markets. Today, the percentage of the annual premium income obtained outside Austria amounts to just under 30% and should be increased to around 40% in the medium-term.

In the process, the Wiener Städtische Group is systematically pursuing a multi-brand strategy and for the most part relies on locally established brands in its market approach. As a result, existing brands with a high awareness level and different regional target groups are preserved. In addition, the multi-brand strategy permits an optimum utilisation of different marketing channels as well as a collaboration with various banks.

The implementation of the principle "think global – act local" manifests itself in the Wiener Städtische Group in the fact that the management of the individual insurance companies with a majority holding is filled with local executives, who know their insurance market well and are excellently integrated socially. They are supported by Austrian managers with integration expertise. Essentially, Wiener Städtische is pursuing the objective of leaving generated earnings with the respective companies and thus nurturing the above-average growth.

+++ AT THE END OF 2004, WIENER STÄDTISCHE PLACED A SUPPLEMENTARY CAPITAL BOND WITH A VOLUME OF EUR 300 MILLION. +++

+++ THE CONSOLIDATED FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH THE AUSTRIAN COMMERCIAL CODE. +++

THE WIENER STÄDTISCHE GROUP TODAY.

Supplementary capital bond for EUR 300 million

Wiener Städtische placed a supplementary capital bond on the capital market at the end of 2004 for the financial safeguarding of the organic development of business, but also for further acquisitions in Central and Eastern Europe. The bond was offered for subscription in two tranches – a variable supplementary capital bond unlimited in terms of time and a time-limited supplementary capital bond for 2005–2022, with a volume amounting to a total of EUR 200 million and an option to increase to EUR 300 million.

In view of the strong demand, the issue volume could be increased to a total of EUR 300 million. An issue volume of EUR 120 million was apportionable to the variable supplementary capital bond unlimited in terms of time and an issue volume of EUR 180 million to the time-limited supplementary capital bond for 2005–2022. Approximately one third of the issue volume could be placed with private investors. Overall, the issue was thus the largest public hybrid supplementary capital bond ever placed in Austria.

Terms and conditions

1. Variable supplementary capital bond 2005

- Volume: EUR 120 million
- Coupon:
 - Year 1: 4.25% p.a. fixed
 - Year 2–12: 10-year EUR CMS plus 0.085% p.a.
 - from year 13: 6-month EURIBOR plus 2.02% p.a.
- Issue price: 101.25%
- Redemption: after 12 years for the first time and at each subsequent coupon date

2. Time-limited supplementary capital bond 2005–2022

- Volume: EUR 180 million
- Coupon:
 - Year 1–12: 4.625% p.a.
 - Year 13–17: 6-month-EURIBOR plus 1.90% p.a.
- Issue price: 101.369%
- Issuing yield: 4.475%
- Redemption: after 12 years for the first time and at each subsequent coupon date

BUSINESS DEVELOPMENT.

Business development and earnings position

In Central and Eastern Europe, a new middle class is developing that accumulates assets and wishes to protect them. In addition, state initiatives for the reform of pension schemes contribute to the demand for private retirement provision increasing exceptionally strong. The main focus of the demand is still primarily on non-life insurance policies. Yet the importance of private retirement provision in Central and Eastern Europe is growing with the result that the demand for life and pension insurance policies is climbing steadily.

The Wiener Städtische Group, in which s Versicherung, Wüstenrot Versicherung, Compensa life and Compensa non-life as well as Kupala – which do not belong in the consolidation scope of the Group – are also included on a pro rata basis, achieved an increase of just under 16% in 2004, with accounted premiums of approximately EUR 4.5 billion. The following presentation relates to the consolidated annual financial statements prepared in accordance with the group accounting principles of the Austrian Commercial Code/Austrian Insurance Supervision Act, in which the strict lower-of-cost-or-market prin-

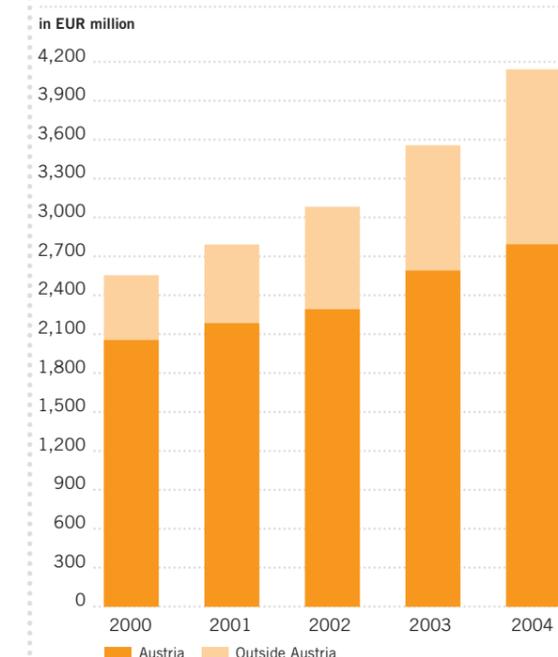
ciple was applied. The consolidated financial statements are prepared for the last time in accordance with the provisions of the Austrian Commercial Code/Austrian Insurance Supervision Act for the financial year 2004. The consolidated financial statements 2005 will be prepared commensurate with the international principles for balance sheet preparation as per IFRS.

Consolidated financial statements

Wiener Städtische's consolidated financial statements show a **profit on ordinary activities** of EUR 125.99 million in 2004. As a result, the profit on ordinary activities of the previous year, which amounted to EUR 50.53 million, could be more than doubled. This excellent figure is attributable, on the one hand, to improved technical results in the core business and, on the other hand, to a significantly higher investment income than in the year before that.

The **sum of the gross earned premiums** of all classes of business could be increased to EUR 4,177.76 million in 2004. That corresponds to a plus of 17.1% compared with the figure of EUR 3,568.57 million in the previous year. The Austrian Group companies contributed to this growth with a plus of 8.6%, which was greater than the market growth, and those outside Austria with a strong plus of 39.0%.

PREMIUM VOLUME 2000–2004
WIENER STÄDTISCHE GROUP



KEY FIGURES, GROUP

in EUR million	2004	Change on 2003
Gross earned premium	4,177.76	+17.1%
Non-life	2,524.24	+17.9%
Life	1,653.52	+15.8%
Gross expenses for insurance claims*)	3,181.83	+16.0%
Gross expenses for insurance operations	940.19	+8.7%
Capital assets	12,874.58	+11.1%
Profit on ordinary activities	125.99	+149.3%

*) incl. the change in the actuarial reserve

In the **non-life business line** – this consists of property/casualty and health insurance – the Group companies realised a growth in gross earned premiums of 17.9% from EUR 2,141.12 million to EUR 2,524.24 million. EUR 1,524.65 million from this was apportioned to the domestic companies, which is 7.3% more than in the year 2003 (EUR 1,421.09 million). In the foreign coun-

+++ THE COMBINED RATIO OF THE GROUP FELL IN 2004 TO 97.8% AFTER REINSURANCE. +++

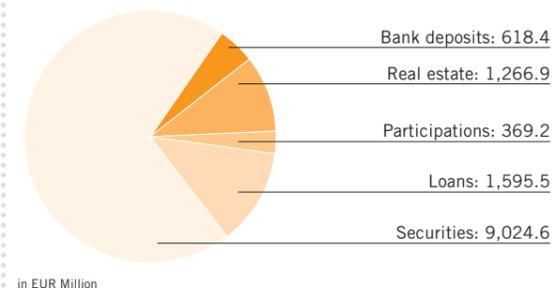
+++ PROMISING EMPLOYEES IN THE GROUP MAY PARTICIPATE IN AN INTERNATIONAL TRAINEE PROGRAMME. +++

BUSINESS DEVELOPMENT.

tries, with premiums of EUR 999.58 million, an excellent growth of 38.8% could be achieved.

In **life insurance business**, with premiums of EUR 1,653.52 overall, the Group achieved a growth of 15.8% in 2004, compared with the previous year value of EUR 1,427.45 million. Both the domestic market, whose premiums show an increase of 10.3% from EUR 1,153.57 million to EUR 1,272.75 million, and the foreign subsidiaries, which were able to push ahead by 39.0% from EUR 273.88 million to a satisfactory EUR 380.77 million, had a decisive share in this growth.

BREAKDOWN OF CAPITAL ASSETS



The **gross expenses for insurance claims**, including the increase in the actuarial reserve in health insurance and in life insurance, record an increase of 16.0%, which is less than that for premiums. They total

EUR 3,181.83 million, following EUR 2,735.96 million in the year before that.

The **gross expenses for insurance operations**, which are essentially the acquisition and administrative expenses, advanced by only 8.7%, from EUR 864.74 million in the previous year to EUR 940.19 million, which constitutes an extremely moderate increase compared with the premium growth.

The **combined ratio** (after reinsurance), as an important key figure for the course of business in property and casualty insurance, amounted to 97.8% in 2004 and has thus further improved compared with the previous year (2003: 99.8%).

The **financial result** of the Group improved from EUR 433.93 million to EUR 490.04 million. That corresponds to a gain of 12.9%.

The total **capital assets position** of the Group, which had amounted to EUR 11,591.93 million in 2003, rose by 11.1% to EUR 12,874.58 million.

The extended report in accordance with the Austrian Fair Value Assessment Act (FVBG) regarding financial instruments in the case of insurance companies is shown in the notes to the consolidated accounts on pages 69 et seq. The risk report (pages 12–13) contains general statements on the risk position.

GROUP PORTRAYAL.

Group actuarial office

Wiener Städtische set new benchmarks in international insurance management in 2004 with the creation of an actuarial office for the entire Group. The objective of the new International Actuarial Office is the formation of an actuarial network within the Group. Economic analyses, which affect all operations, also rank among the main tasks of the department in addition to all questions of actuarial mathematics.

Reinsurance strategy

The Wiener Städtische Group pursues a proven risk policy. The aim of the outwards reinsurance is a best possible stabilisation of the underwriting result.

In the selection of the reinsurance companies, great attention is paid to continuity in the collaboration, to a deliberate spread between the reinsurance companies as well as to the financial stability of the reinsurance partners. Preferred reinsurance partners are continental European reinsurers or reinsurers with branches or subsidiaries in Europe. The broad spread of the reinsurance protection is demonstrated in the fact that, in 2004, there were major reinsurance contracts (= premium income of more than EUR 500,000) in the Group with approximately 40 reinsurance companies.

Each Group company has an individually designed reinsurance programme, which is adapted to the size of the company, the portfolio, the legal regulatory framework etc. A "Reinsurance Service Division" is provided at Wiener Städtische AG for the coordination and support of Group companies.

The quality of the reinsurance protection in the Group is also demonstrated because up to now there has never before been a loss that would have exceeded the reinsurance cover. Even unforeseeable natural catastrophes, such as the serious hail storm in Austria from the year 2000 or the floods in the Czech Republic and in Austria in 2002, for example, were fully covered by the reinsurance.

The companies in the Wiener Städtische Group essentially transact no inwards reinsurance and the only exceptions, on a small scale, are reinsurance contracts of Wiener Städtische AG with Group companies.

Personnel

It is not just the first-rate products that have contributed to the successful financial year 2004, but above all the professional, efficient and committed employees of the Group in Central and Eastern Europe as well. The insurance business is a service business – a major criterion for long-term success is above all the tailored guidance and servicing of the customers, in addition to properly thought-out products.

The number of employees also increased year after year with the expansion into Central and Eastern Europe. On average in 2004, a total of 12,230 staff were employed at an insurance company in the Wiener Städtische Group, which corresponds to a growth of 653 employees compared with the previous year. 5,340 of these were employed in Austria and 6,890 at a foreign company. While the number of employees in Austria has declined slightly in recent years, the number of people employed abroad increased steadily. In 2002, the majority of the employees in the Group were working outside Austria for the first time.

Kooperativa Prague showed a workforce of 3,671 employees as of 31.12.2004. Through the assumption of the portfolio of the Czech savings bank insurance company, Kooperativa Prague's workforce increased in 2004 by 340 employees, who moved over to Kooperativa Prague. The rapidly expanding Serbian company "Wiener Städtische osiguranje" also increased its workforce considerably in the course of the year 2004.

International training

The international orientation of the Group is also experienced in the training of young employees. The opportunity to participate in an international trainee programme is offered to highly promising employees. Under this training programme, they are employed in a company outside their home country for a certain period in order to become acquainted with the existing organisation and company culture there. The training programme is individually adapted to the planned area of employment for each individual participant. The build-up of personal contacts between the colleagues of the various companies is also promoted through the programme.

International Group meeting at the experts' level

In order to guarantee an ongoing exchange of experience and an international networking of the Group companies

+++ AN EQUAL TREATMENT OFFICE FOR ALL EMPLOYEES HELPS WITH THE RESOLUTION OF CONFLICTS. +++

GROUP PORTRAYAL.

at the experts' level, so-called platforms for various divisions were established in 2004. Experts involved with the subject from all Group companies are invited to participate in this meeting. Lectures on the actual subjects with a subsequent discussion facilitate the planning of standard procedures throughout the Group and solutions to problems.

In 2004, for example, platforms were held on the following subjects: controlling, motor insurance, international motor claims handling, marketing, distribution, insurance for corporate customers, claims handling, international IT, reinsurance, risk management and the actuarial office.

International marketing

In order to make use of the greatest possible synergies, the companies of the Wiener Städtische Group are also collaborating closely in the marketing area. Thus, on the

occasion of the EU enlargement, a corporate short film of the companies in the Czech Republic, the Slovak Republic, in Hungary and Poland was produced at the beginning of May 2004, which was translated into the respective national language and used by the individual companies. Also, some of Wiener Städtische's particularly successful advertisements in Austria have already been used by Group companies in a version adapted to the respective market.

Equal treatment office

The Wiener Städtische Group also opts for a proactive approach in the area of the equal treatment of men and women in working life. Through the setting up of an equal treatment office, employees are guaranteed that, if they feel discriminated on the basis of sex, a contact person is available in the company, who can work out possible solutions subject to strict confidentiality.

Comment on the key figures of the individual presentations of the insurance companies

In the case of the individual presentations of the insurance companies, the figures from the individual financial statements of the companies were used without taking into account the participation relationships or consolidating entries. The percentage changes on the previous year were calculated in each case on the basis of the local currency. The conversion into euro of the absolute figures for the year 2004 was carried out for better legibility and, in the process, the year-end rate of exchange for the year 2004 was used.

1 Euro			
BGN	Bulgaria	1.9559	Bulgarian Leva
BYR	Belarus	2,955.65	Belarussian Rouble
CHF	Switzerland/Liechtenstein	1.5429	Swiss Francs
CSD	Serbia	79.0803	Serbian Dinar
CZK	Czech Republic	30.464	Czech Kroner
HRK	Croatia	7.7365	Croatian Kuna
HUF	Hungary	245.97	Hungarian Forint
PLN	Poland	4.0845	Polish Zloty
ROL	Romania	39.390	Romanian Lei
SKK	Slovak Republic	38.745	Slovak Koruna

The consolidated figures flow into Wiener Städtische AG's consolidated balance sheet in accordance with legal provisions.

+++ THE WIENER STÄDTISCHE AG IS THE LEADING COMPANY OF WIENER STÄDTISCHE GROUP. +++

AUSTRIA.



Since its foundation in 1824, Wiener Städtische Versicherung AG has developed into one of the leading insurance companies on the Austrian market. Today, it is the stock exchange-listed parent company of the international Wiener Städtische Group and operates on the Austrian insurance market as a composite insurer in all classes of business.

Business development 2004 – individual financial statement

KEY FIGURES, INDIVIDUAL FINANCIAL STATEMENT *)

in EUR million	2004	Change on 2003
Gross earned premium	1,935.38	+9.1%
Property/Casualty	862.62	+9.0%
Life	792.93	+11.6%
Health	279.83	+2.9%
Capital assets	7,786.91	+6.1%
Profit on ordinary activities	69.04	+126.0%

*) see comment on page 30

The total volume of gross earned premiums amounted to EUR 1,935.38 million in the financial year 2004. This represents a plus of 9.1% compared with the year 2003. As a result, Wiener Städtische was considerably above the growth of the Austrian insurance market, as in previous years. The profit on ordinary activities could be increased by 126.0% to EUR 69.04 million.

You will find a detailed presentation of Wiener Städtische AG in the financial year 2004 in this report starting at page 86.

Role as the Group parent

Wiener Städtische AG is both the operating insurance company and parent company of the multi-national Wiener Städtische Group and is mainly a direct shareholder in the subsidiaries in Austria and Central and Eastern Europe. As a result, clear and efficient communication and decision-making channels are ensured for the effective management of the Group. The Wiener Städtische Group is the leading Austrian insurance group operating in 15 countries of Central and Eastern Europe. Wiener Städtische AG also holds domestic and foreign participations outside the insurance sector, which are used for complementing the services of the business lines.

KEY FIGURES, GROUP

in EUR million	2004	Change on 2003
Gross earned premium	4,177.76	+17.1%
Non-life	2,524.24	+17.9%
Life	1,653.52	+15.8%
Capital assets	12,874.58	+11.1%
Profit on ordinary activities	125.99	+149.3%

+++ GROSS EARNED PREMIUMS ARE CONSIDERABLY GREATER THAN THE SECTORAL GROWTH WITH A PLUS OF 7.7%. +++

+++ DONAU UNDERLINES ITS POSITIONING AS THE INSURER FOR AUSTRIAN NEEDS. +++

AUSTRIA.



Wiener Städtische's participation in Donau Versicherung was already effected in 1971 and today approximately 90% of the company is owned by Wiener Städtische and Donau is the Group's biggest fully-consolidated domestic insurance participation. The remaining shares belong to Erste Bank-Group. A long-standing, successful marketing collaboration exists between Donau and the savings bank sector, which has been expanded to the Wiener Städtische as well.

Donau Versicherung's gross earned premiums amounted to EUR 597.23 million in 2004. That corresponds to a plus of 7.7% compared with the previous year and is thus considerably above the sectoral growth. That endorses Donau Versicherung's successful strategy as a flexible insurer that responds especially to the needs of Austrians.

Life insurance

The discussion running in Austria around the subject of pension harmonisation is a significant factor for the success in life insurance. Donau generated gross earned premium income of EUR 188.25 million in life insurance in 2004. The income from renewable premium increased by 13.3% to EUR 125.9 million.

Property and casualty insurance

In property and casualty insurance, Donau achieved earned premium income of EUR 408.98 million. The premium plus amounts to 10.5% compared with the previous year. However, the payments for insurance claims are virtually just as high as in 2003 at EUR 270.86 million.

Operating expenses

Total operating expenses decreased by 0.1% relative to 2003. The slightly increasing commissions could be more than compensated by the reduction in the personnel and material costs. Thus, the efforts for optimisation of the cost structure proved to be successful.

Financial result

After its marked recovery in 2003, the investment result also increased further in the reporting year by 6.9% to EUR 99.12 million.

BBBpi rating

The rating agency Standard & Poor's once again rated Donau Versicherung with an investment grade rating of BBBpi in the financial year 2003. This is a clear indicator for Donau's good creditworthiness. The capital position and the stable earnings position of the company were decisive for this evaluation. The BBBpi (pi=public information) rating was issued to Donau based on public corporate data.

Result massively increased

Donau has considerably improved its economic performance in 2004. The profit on ordinary activities increased by 59.5% to EUR 25.55 million. The combined ratio after reinsurance is considerably less than 100%.

Flexible products

Donau focuses on a product policy orientated to the life cycle. In the course of life, the income and employment situation change – and thus also the needs and the demands for the provision for risks, insurance protection and personal retirement provision. Donau's product line adapts to these conditions.

In January 2004, Donau relaunched its unit-linked life insurance policy, "StarInvest", after a comprehensive transformation. The customer can invest in funds invested on a worldwide basis with this product. That offers the highest flexibility and permits various configuration possibilities. Donau continued the successful "StarBond" line with the "StarBond HighLife". The limited single-premium payment product could be subscribed until 31.12.2004. The "BonusPension" – Donau's government-sponsored future pension plan – continued to perform strongly in 2004 as well. Donau reacted to the opportunities that have arisen with the new EU member states and integrated the wonderfully performing "Ringturm Eastern Europe Equity Fund" into the "BonusPension".

You are on safe ground with "SicherDaheim", Donau's homeowners' and household protection, which was revised in 2004. Simple and need-based product combinations for tailor-made risk protection are possible.

Donau's new commercial all risks insurance product, "SicherImBetrieb" was specially created for small and medium-sized businesses. "SicherImBetrieb" stands out due to a combinable product structure in a module system.

Flexible service

Donau underlines its positioning as the insurer for Austrian needs with flexible service. Branches and service agencies throughout Austria ensure the servicing of customers on the spot. As the contact person for all matters of risk analysis and provision, the Donau account manager is the competent partner for his customers. In addition, Donau collaborates with approximately 2,000 independent insurance brokers. Optimised administrative procedures, a quick claims service and up-to-date EDP support complete Donau's profile.

My Don@u

An online policy information service for customers also goes with a modern and forward-looking product line. Donau was one of the first in the market to offer its customers access to their insurance policies via the Internet. MyDon@u, the title of the new service on the company website, is available to Donau customers

without charge. The Donau customer can register directly on Donau's Internet site. He has the opportunity to examine all his policies and therefore to view all relevant information. In the case of unit-linked life insurance policies, the customer gets the day's current status of his funds provided at the touch of a button.

Donau presented its restyled advertising campaign "Does that work?" in 2004. Donau provided the reasoning for solutions offered with actual product examples in TV and radio advertisements and on posters. Donau's configuration possibilities for its customers are to be conveyed with specific product highlights, followed by the question "Does that work?". Market research findings from surveys of the Austrian Gallup Institute confirm the success of the 2004 advertising strategy.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	597.23	+7.7%
Property/Casualty	408.98	+10.5%
Life	188.25	+2.3%
Capital assets	1,957.50	+9.8%
Profit on ordinary activities	25.55	+59.5%

*) see comment on page 30

+++ GROSS EARNED PREMIUMS COULD BE INCREASED GREATLY ABOVE THE MARKET GROWTH. +++

AUSTRIA.



Bank Austria Creditanstalt Versicherung

BA-CA Versicherung, which is 90% owned by Wiener Städtische and 10% owned by Bank Austria Creditanstalt AG, recorded an excellent financial year in 2004 and was able to increase its gross earned premiums by 15.6%, compared with the previous year, to EUR 161.33 million now.

Service functions and the processing of business were combined with those of Union Versicherung to a great extent for the exploitation of synergy effects. The two life insurance companies Union Versicherung and Bank Austria Creditanstalt Versicherung primarily use the bank branches of Bank Austria Creditanstalt as a distribution channel.

In the key class of life insurance, BA-CA Versicherung achieved a premium growth in 2004 that was almost twice as big as that of the entire life insurance market with an increase in gross earned premiums of 16.1% to EUR 160.09 million. BA-CA Versicherung's market share in the Austrian life insurance market increased to 2.59% in 2004 (2.41% in 2003) according to provisional market data. The company thus lies in 12th position of the Austrian Life insurance companies. The number of managed life insurance policies amounted to 319,619 units as of the

year-end 2004, which corresponds to a plus of 6% compared with the previous year.

In the non-life sector – BA-CA Versicherung only transacts personal accident insurance business here – the company recorded a gross earned premium income of EUR 1.24 million (–25.4%).

The profit on ordinary activities increased by 27.1% to EUR 8.15 million. The reasons for this success are primarily systematic cost management and the performance on the capital markets, which has considerably improved again compared with the previous years. The capital assets position rose commensurate with the satisfactory business development by EUR 172.32 million to EUR 1,031.33 million and the financial result reached EUR 31.41 million.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	161.33	+15.6%
Property/Casualty	1.24	–25.4%
Life	160.09	+16.1%
Capital assets	1,031.33	+20.1%
Profit on ordinary activities	8.15	+27.1%

*) see comment on page 30

+++ PERSONAL RETIREMENT PROVISION AND CONCERNS FOR NATURE CONSERVATION ARE COMBINED WITH THE WWF FUTURE PENSION PLAN. +++

AUSTRIA.



union VERSICHERUNGS-AKTIENGESELLSCHAFT

Union Versicherungs-Aktiengesellschaft is a life insurer specialising in the area of private retirement provision, asset accumulation and risk coverage. The product range is rounded off by personal accident insurance.

The marketing of the insurance products is carried out in the main in collaboration with Bank Austria Creditanstalt AG and a collaboration in existence since the year 1987 with Vorsorge-Finanzierungsconsulting-GmbH (VFG), as well as via brokers. The company currently occupies 8th position in the Austrian life insurance market with a market share of approximately 5.3%.

Growth of the premium income in life insurance

In the reporting year 2004, Union lifted the gross earned premium income in the total business from EUR 303.97 million (2003) to EUR 332.93 million (+9.5%). In the core business, life insurance policies against renewable premium, an expansion of the new business by 10.3% could be accomplished. Particularly worth mentioning is the exceptionally high premium increase in new business of 40% in the single-premium policy sector for unit-linked and index-linked life insurance policies. The overall unit-related business recorded new business premium income amounting to EUR 40.59 million (+26.9%) for the year 2004.

Significant improvement in results in personal accident insurance

Despite the essentially unchanged premium income (+1.0%), it was possible to considerably increase the profitability in personal accident insurance. The profit on ordinary activities stood at EUR 2.98 million (+57.7%) in 2004.

Payments

The payments for insurance claims were on the decline (–19.1%) in the life insurance business line in the

reporting year and amounted to EUR 119.07 million. In personal accident insurance, an increase to EUR 1.51 million was recorded (+15.3%).

Expansion of the product range

The precondition for co-operation with a marketing partner in the area of occupational retirement provision in Germany, in order to be engaged in this market as well, was established with the product “Primes for Life”, which was newly incorporated in the product range in 2004. The first sales results confirm the correctness of this strategic decision.

UNION Versicherung together with WWF Austria received two important honours from the Fundraising Awards 2004 for the co-operation project set up in 2003, “WWF Future Pension Plan”. The aim of the co-operation with the WWF is to unite the provision awareness in the area of nature conservation with that for personal retirement provision – according to the motto: “Enjoy financial independence in an intact environment.”

Capital assets and investment income

The capital assets position of Union amounted to EUR 2,100.99 million as of 31.12.2004 (+15.2%). The income from capital assets rose by 8.8% to EUR 103.08 million compared with the previous year.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	332.93	+9.5%
Property/Casualty	5.26	+1.0%
Life	327.67	+9.7%
Capital assets	2,100.99	+15.2%
Profit on ordinary activities	22.14	+46.7%

*) see comment on page 30

+++ WIENER STÄDTISCHE HOLDS MINORITY PARTICIPATIONS IN WÜSTENROT AND S VERSICHERUNG. +++

+++ KOOPERATIVA PRAGUE ACHIEVED THE HIGHEST GROWTH OF ALL THE INSURANCE COMPANIES IN THE CZECH MARKET IN 2004. +++

AUSTRIA.



wüstenrot

S VERSICHERUNG

Wüstenrot Versicherung, with its headquarters in Salzburg, is 31.6% owned by Wiener Städtische. The main shareholder is Wüstenrot Holding, to which Wüstenrot Bausparkasse also belongs. In addition to life insurance, the product range includes the entire non-life insurance sector and also health insurance products.

In new business, the company was not able to repeat the premium income achieved in the previous year, primarily with single-premium policies in life insurance and motor hull insurance. As a result, the premium growth remained below the industry average with a gain of 2.7%, but the growth in property and casualty insurance is quite satisfactory at 5.9%.

The payments for insurance claims have regressed strongly after two years with high maturity payments, primarily in the life insurance sector. Overall, there was a reduction by 23.5% to EUR 304.6 million. As a result, Wüstenrot Versicherung was able to reduce the loss/expense ratio in the financial year 2004 to a value below 100% again for the first time and to achieve a profit again in motor vehicle liability insurance. As in previous years, operating expenses could again be trimmed – by 7.2%.

The capital assets of the traditional life insurance rose by 3.7% to EUR 3,280.6 million. The investments from the unit-linked and index-linked life insurance were increased by 13.2% to EUR 417.9 million.

Sparkassen Versicherung (s Versicherung), the life insurance specialist of the Erste Bank-Group, was able to hold its ground as Austria's biggest life insurer in 2004, for the fourth time in succession, with its best trading result since the company formation in 1985. Wiener Städtische indirectly participates in s Versicherung via Donau Versicherung.

Business with life insurance policies against renewable premium developed particularly favourably in the previous year. In the process, s Versicherung achieved a premium income of EUR 335.12 million in the area of the government-sponsored future pension plan and of the traditional pension insurance policy, which corresponds to an increase of 20.1% compared with 2003.

However, the satisfactory development of single-premium policies has also contributed considerably to the success of s Versicherung in the previous year. In spite of the persistently low interest rate level on the capital market, the single-premium policy income could be increased by 14.8% (2003: -2.12%) to EUR 552.51 million in the full year 2004. Overall, s Versicherung achieved gross earned premiums of EUR 887.63 million in the life class in 2004. This corresponds to a market share of approximately 14% and a gain of 16.8% compared with the year 2003. In the previous financial year, s Versicherung recorded gross earned premiums amounting to EUR 13.33 million (+7.8% compared with the previous year) with the premium development in the area of personal accident insurance policies.

KEY FIGURES*)

in EUR million	2004	Change on 2003
Gross earned premium	506.16	+2.7%
Property/casualty	164.64	+5.9%
Life	336.03	+1.3%
Health	5.49	-3.2%
Capital assets	3,698.58	+4.6%
Profit on ordinary activities	11.26	+299.3%

*) see comment on page 30

KEY FIGURES*)

in EUR million	2004	Change on 2003
Gross earned premium	900.96	+16.6%
Property/casualty	13.33	+7.8%
Life	887.63	+16.8%
Capital assets	5,674.72	+5.5%
Profit on ordinary activities	50.46	+84.2%

*) see comment on page 30

CZECH REPUBLIC.



Kooperativa

The Czech company Kooperativa pojišťovna, a.s. (Kooperativa Prague) is the largest insurance company of the Wiener Städtische Group outside Austria. Established in the year 1990 with the involvement of Wiener Städtische, the company was the first private insurance company in the reform countries of Central and Eastern Europe. In subsequent years, Wiener Städtische gradually expanded its shareholding in Kooperativa Prague, which was developing extremely successfully, and is today the owner of approximately 95% of the company.

Kooperativa Prague is a modern composite insurer, which offers a broad spectrum of insurance products for the property and casualty sector as well as for the pensions sector. 9 regional provincial head offices with just under 300 offices are subordinated to the company with its headquarters in Prague. 3,671 employees were working in the company at the end of the year 2004.

Successful year in 2004

The past year was a very successful year for Kooperativa Prague in several respects. In 2004, it succeeded in achieving the highest profit on ordinary activities so far in the company history at EUR 25.12 million. The premium income also turned out higher than ever before, so its second position in the market was further consolidated in the Czech insurance market.

The most significant development in 2004 was the takeover of the entire property insurance portfolio of the Czech company Pojišťovna České spořitelny (the Czech savings bank insurance company) from the beginning of the year and the rapid integration of the new customers into the company's portfolio. This transaction marked the start of a close strategic collaboration with the financial services group of Česká spořitelna, belonging to the Erste Bank-Group.

Result of the year 2004

The total volume of gross earned premiums of Kooperativa Prague reached EUR 810.98 million in the past year, which represents an increase of 28.3%, com-

pared with the year 2003. As a result, Kooperativa Prague achieved the highest growth from among all insurance companies in the Czech market.

Life insurance in particular has developed very strongly, registering an increase in gross earned premiums of approximately one quarter to around EUR 176.60 million. It shows that the Czech population attaches an ever greater importance to provision for a pension, which also allows a steadily increasing demand for life insurance products to be expected in the coming years.

The gross earned premiums in non-life insurance have risen by 29.2% to EUR 634.38 million. The success of Kooperativa Prague also manifests itself in the fact that, in 2004, the company generated the highest absolute premium growth (approximately EUR 130 million) in the non-life branch in the Czech insurance market.

Kooperativa Prague's profit on ordinary activities reached the record level of EUR 25.12 million in 2004, which corresponds to an increase of 11.9% compared with the previous year.

Market position consolidated

The high premium increase in 2004 has resulted in Kooperativa Prague being able to further build on its second position in the overall market and, at the year-end, it had a market share of 21.7%. Kooperativa Prague, for the first time in its history, has reached second position in the market in life insurance as well, in which it showed a market share of 12.4% at the year-end 2004. In non-life insurance, the second market position was extended considerably and increased to a market share of 27.8%. The following table shows the premium growth of the Czech insurance market.

Premium growth 2003/2004 on the basis of accounted premiums in the Czech insurance market

Total	6.6%
Non-life	6.0%
Life	7.5%

Source: Czech insurance association

+++ KOOPERATIVA PRAGUE IS THE BIGGEST CORPORATE INSURER IN THE CZECH REPUBLIC. +++

CZECH REPUBLIC.



Collaboration with the financial services group of Česká spořitelna

The collaboration between Kooperativa Prague and Česká spořitelna was commenced at the start of the year 2004. The objective of this alliance of Kooperativa Prague with the biggest retail bank in the Czech Republic is to be able to cover the need for bank and insurance products of a very broad class of customer. Under the collaboration, need-based non-life products will be offered to the customers of Česká spořitelna on the one hand, while on the other hand Kooperativa Prague recommends appropriate financial products of the bank to its customers. This should result in a comprehensive customer care in the future and thus also stronger customer loyalty with both companies. Kooperativa Prague's marketing staff are systematically trained as general advisers, who can cover the entire financial services need of their customers.

The biggest corporate insurer

Kooperativa Prague is the biggest corporate insurer in the Czech Republic. In order to be able to service large customers even more efficiently, the company's corporate insurance business was completely restructured in 2004. An extensive project was started in Kooperativa from the middle of the year 2004, with the objective of appreciably increasing the service quality even further for customers in all sectors – under the motto “Best service with the fastest possible processing”.

Changes due to accession to the EU

The environment for insurance business has changed due to the accession of the Czech Republic to the EU on 1st May 2004. Greater growth opportunities are juxtaposed to legal changes, such as the assumption

of EU community law. Particularly significant in the course of this are an insurance policy law and a law regarding insurance intermediaries, through which the legal principles with conclusion of the policy are harmonised, as well as an amendment of the insurance law and of the motor third-party liability law.

Distinction with an Effie

The Effie Award is one of the most sought-after awards for advertising and market communication: In November 2004, Kooperativa Prague was honoured with Gold for its advertising campaign “Kooperativa – life insurance” in the category “Services 2004”. The Effie is granted for advertising campaigns, whose efficiency can be proven and impact measured. The “New York Marketing Association” has granted the Effie Awards since 1968. The sought-after awards have been bestowed in the Czech Republic since 1997.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	810.98	+28.3%
Non-life	634.38	+29.2%
Life	176.60	+25.3%
Capital assets	777.49	+23.2%
Profit on ordinary activities	25.12	+11.9%

*) see comment on page 30

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+++ KOOPERATIVA BRATISLAVA REACHED FIRST PLACE AS THE INSURER OF THE YEAR FOR THE THIRD TIME IN SUCCESSION. +++

SLOVAK REPUBLIC.



Slovak Republic: EU model student

The Slovak Republic is regarded as the model student of the new EU countries, as far as its efforts for reform are concerned. It offers domestic and foreign companies attractive tax regulatory frameworks, a skilled labour force and a good infrastructure. The World Bank accordingly designated the Slovak Republic as exemplary in pro-business reforms.

The economic growth of the Slovak Republic turned out at 5.2% in 2004, which was considerably higher than predicted at the beginning of the year. Measures in the labour market slowly began to take effect and unemployment went down further to 14.3%. Real wages increased, which bolsters the confidence of consumers and ensures increasing demand in the domestic market.

The improvement in the economic situation and the economic reforms are also rewarded by capital market participants. The risk surcharge with Slovak euro bonds has fallen steadily in recent years, compared with corresponding government bonds in the euro zone, and is now only a few base points. The rating of the renowned agencies fluctuates continuously in the investment grade range. As a result, the opportunity exists for the government to be able to raise capital at favourable terms.

New stimulation in the insurance market

Something got under way in the Slovak insurance market in 2004 as well. Since the accession to the EU in May, any foreign insurance company from the EU member states can be active in the country. The share of the foreign companies operating in the country will increase further as a result and an increasing revival of competition should be expected. The Slovak life insurance market expects a major stimulation due to the tax reform introduced in 2004, which provides for a subsidy for private retirement provision.

The trend of mergers and takeovers, which had already been noted since 2002, continued in 2004 as well. International financial services groups are increasingly active in the market and the collaboration of banks and insur-

ance companies is growing as well. In 2004, 26 insurance companies were operating in the Slovak Republic.

In this dynamic market, which has grown by almost 15% in 2004 compared with the previous year, Wiener Städtische is operating with three companies, which look after more than one million customers. Wiener Städtische holds a market share of approximately 25% in the Slovak Republic.

Kooperativa Bratislava

Wiener Städtische was one of the founder members of the company in 1990 and is today the sole owner of Kooperativa Bratislava. Kooperativa Bratislava is extensively engaged in the whole of the Slovak Republic with its nine provincial head offices, both in the life and in the non-life sector. It employed 897 staff at the year-end 2004.

Budgeted figures exceeded by a long way

Kooperativa Bratislava was able to record a large premium increase of 26.2% in 2004 with gross earned premiums of EUR 236.81 million. In the case of non-life insurance policies, the increase was in fact 29.3%, which is primarily attributable to the very good performance in motor vehicle liability insurance. In the life class, the plus was 19.2% in comparison with 2003. In life insurance, a similar large growth is expected for the year 2005 as well, as the new tax concessions for life insurance policies should have a very positive impact on new business. Capital assets reached the level of EUR 282.25 million at the end of 2004, an increase of 28.8% on the previous year.

The company's market share could be greatly extended in 2004 by 2 percentage points to 19.55%.

Insurance company of the year

In 2004, for the third time in succession, Kooperativa Bratislava reached first place in the selection of the insurer of the year by the weekly magazine “Trend”.

New claims handling process

Kooperativa Bratislava has completely reorganised its system for claims handling – and significantly increased

+++ THE COLLABORATION WITH SLOVENSKA SPORITELNA DEVELOPED EVEN BETTER THAN EXPECTED IN 2004. +++

SLOVAK REPUBLIC.



Kooperativa

its efficiency as a result – with the aid of its specialist subsidiary company, Slovexperta, which conducts inspections and repair cost calculations, by means of the most modern technology, in the case of vehicles damaged in an accident. The system used is unique in the Slovak Republic and results in greatly accelerated service procedures.

Exploiting synergies in the Group

Wiener Städtische Group consists of three companies in the Slovak Republic: Kooperativa Bratislava, Kontinuita and Komunálna poisťovňa. Through the amalgamation of the administration of all three Group companies, the foundation was created to be able to offer its customers performance-orientated products from all classes of business, which results in the best possible service for customers. Together, the three companies have a market share of around 25%.

Successful collaboration with Slovenská sporiteľňa

The collaboration in marketing with the company belonging to the Erste Bank-Group, Slovenská sporiteľňa, has surpassed the original expectations by a long way. After a pilot project in 2003, Kooperativa Bratislava's non-life products were recommended across the country in all Slovenská sporiteľňa branches in 2004. The employees of Kooperativa Bratislava informed their costumers about the products of Sloven-

ská sporiteľňa. Slovenská sporiteľňa is the market leader in the Slovak Republic with approximately 350 locations.

Objectives for the year 2005

In the fifteenth year of its existence, Kooperativa Bratislava has set itself the objective of expanding the collaboration with its marketing partners and as a result increasing its market share to over 20%. A marketing campaign was launched in 2005, for the support of this objective, with the aim of further increasing the awareness level and the popularity rating for the company.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	236.81	+26.2%
Non-life	167.01	+29.3%
Life	69.80	+19.2%
Capital assets	282.25	+28.8%
Profit on ordinary activities	16.87	+56.4%

*) see comment on page 30

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+++ COMPARED WITH THE PREVIOUS YEAR, KOMUNÁLNA POISŤOVŇA WAS ABLE TO INCREASE GROSS EARNED PREMIUMS BY 78.1%. +++

SLOVAK REPUBLIC.



KOMUNÁLNA poisťovňa, a.s.

Komunálna poisťovňa, a composite insurer specialising in the coverage of the insurance needs of central, regional and local authorities and companies, with the focus on non-life business, has belonged to the Wiener Städtische Group since 2001. A majority share is held via the Group company, Kooperativa Bratislava. In April 2004, Komunálna relocated its headquarters from Banská Bystrica in Central Slovakia into the capital city, Bratislava. The relocation to the capital city brings the three Slovak insurance companies of the Group – Kooperativa Bratislava, Kontinuita and Komunálna poisťovňa – physically closer together and creates the ideal preconditions for a close collaboration in processing and administration. A new organisational structure brings an improvement in efficiency through the exploitation of synergy effects and, as a result, an increase in the service quality for customers, and provides a competitive advantage to Wiener Städtische in the Slovak market.

Excellent results

Komunálna poisťovňa, with its 245 employees, was able to achieve an increase in gross earned premiums of 78.1% in 2004, compared with the previous year, and thus reached a new record level of EUR 29.30 million. As a result, the company positioned itself in the ninth ranking in the Slovak market and even achieved seventh place in new production. In 2004, it was voted by the economics magazine "Trend" to the second position – following Kooperativa Bratislava – of the most successful insurance companies in the Slovak Republic.

In motor third-party liability, the gross earned premium income increased disproportionately by 149.5%, com-

pared with the previous year, and by 55.4% in the remaining non-life segment. In life insurance, gross earned premiums were achieved at the previous year's level, amounting to EUR 2.87 million. In order to make use of the effect of the new tax encouragements for life insurance policies, a marketing focus will be set in this sector again in 2005.

Collaboration in sales

Komunálna poisťovňa has an internal and an external marketing network, in which collaboration represents an important factor for sales success. An escalating demand for special insurance solutions is to be noted in the Slovak insurance market. In order to satisfy this need, Komunálna poisťovňa is developing new innovative products on a continuous basis.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	29.30	+78.1%
Non-life	26.43	+95.0%
Life	2.87	-0.9%
Capital assets	20.64	+35.1%
Profit on ordinary activities	2.38	-1.1%

*) see comment on page 30

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+++ KONTINUITA OCCUPIES THE SIXTH POSITION IN THE SLOVAK LIFE INSURANCE MARKET WITH A SHARE OF ALMOST 5%. +++

SLOVAK REPUBLIC.



Kontinuita, which was established in 1997, has belonged to the Wiener Städtische Group since June 2003. In May 2004, Kontinuita's head office relocated into a new office building in the centre of Bratislava. In fact, Kontinuita has a universal licence, but is focused exclusively on the life insurance sector following a complete restructuring of the product portfolio in 2003.

High premium growth

Kontinuita can look back on a good result for 2004. Gross earned premiums of EUR 24.10 million could be generated in the life branch in 2004. This represents a growth of 11.5% compared with the previous year. In non-life insurance, the gross earned premiums amounted to EUR 0.43 million, but new policies are no longer concluded in this class.

Best capital insurance policy in the Slovak Republic

According to an analysis of the company "Symsite research", whose findings were published in the Slovak daily newspaper "Sme", Kontinuita offers its customers the best capital insurance policy in the Slovak Republic with the product "Capital". It is flexible and offers a waiver of premium in certain cases. In addition, there are many supplementary modules – depending on a customer's needs. The products of insurance companies were compared and evaluated by "Symsite research" in 41 categories (such as scope of insurance, insurance terms and conditions, etc.).

Other customer-specific life insurance products were launched in 2004: a unit-linked life insurance policy,

a term life insurance policy for credit security arrangements and tailor-made products for children and for older people.

Sixth ranking in the life insurance market

At the end of 2004, Kontinuita's market share in the Slovak life insurance market amounted to 4.83%. This represents the sixth position in the market, whereas the fourth-highest new production could be achieved. An increase in efficiency in the distribution structure and the closer cooperation with brokers and other marketing partners as well as the tax subsidy for private retirement provision promise a further revival in the life insurance market for the year 2005.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	24.53	+10.2%
Non-life	0.43	-34.0%
Life	24.10	+11.5%
Capital assets	50.21	+40.4%
Profit on ordinary activities	0.27	n/a

*) see comment on page 30

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+++ COMPENSA NON-LIFE GREW CONSIDERABLY FASTER THAN THE MARKET WITH PREMIUM GROWTH OF 85.9%. +++

POLAND.



Poland at the high point in the economic cycle

Poland was in an economic high-altitude flight in 2004: The real gross domestic product (GDP) has risen by 5.4%, as a result of which Poland achieved the highest GDP growth of all the EU member states with the exception of the three Baltic countries. Together with the advantages from EU membership, such as free access to the European domestic market and increasing EU transfer payments, this upturn should result in modernisations and expansion investments in the short to medium term. Telecommunications is one of the biggest growth industries.

Consumer prices increased in Poland by 3.5% on an annual average in 2004. The Polish Zloty became more expensive against the euro by almost 16%. The unemployment rate could be further trimmed, but is still narrowly below 20%, in which case a further ongoing fall is expected in the coming years as well.

The Polish insurance market

The Polish insurance market grew on average by around 10% per annum in the last five years. The insurance density (annual accounted premiums per inhabitant) was US\$ 162 in Poland in 2003. In comparison with that, it amounted to US\$ 2,100 in Western Europe. In 2004, the former monopoly insurance company PZU continued to control the Polish market, even if with decreasing market shares.

Austria – the second-biggest investor in the insurance market

The biggest investments in the Polish insurance sector originate from German companies. However, the investments from Austria already rank in second place and after that come US companies. Overall, the investment expenditure of the five largest investor countries (the Netherlands and Finland are added to the three already mentioned) covered over 80% of the total investments in Poland's insurance sector.

Foreign involvement in the Polish market increases competition, which results in a better quality of ser-

vice and a competitive pricing. In addition, new insurance products are introduced that are even better tailored to the needs of customers.

Compensa non-life and Compensa life

Wiener Städtische is represented in Poland with two companies called Compensa. High brand awareness, innovative and award-winning products distinguish Compensa non-life and Compensa life in the Polish insurance market. In Poland, the Wiener Städtische Group has successfully co-operated with the German insurance group HUK-Coburg (which also participates in both Compensa companies) since the year 2001. The two companies have approximately 160 representative offices in all Poland's regions.

Both Compensa non-life and Compensa life achieved significantly higher premium growth rates than the market average in 2004, so they were both able to improve their market position.

Compensa non-life in 2004

Compensa non-life, which is owned by Wiener Städtische and German HUK-Coburg with equal shares, offers products in virtually all non-life classes of business excluding financial insurance policies. The main focus of the portfolio is on motor insurance, which is characterised by a very intensely competitive market environment.

Compensa non-life's premiums could be significantly increased in 2004. Gross earned premiums amounted to EUR 78.60 million, which represents a gain of 85.9% on the financial year 2003. Compensa turned into the most rapidly growing company among the ten largest non-life insurers in Poland with this increase. At the end of the year 2004, Compensa non-life was in eighth position in the market.

Insurance product of the month

Compensa non-life's travel insurance policy newly launched in 2004 was chosen as the "Product of the month", in the middle of 2004, by the monthly insurance trade publication "Prawo, Ubezpiecznia, Reasekuracja".

+++ COMPENSA LIFE OFFERS A UNIT-LINKED LIFE INSURANCE POLICY FOR THE FIRST TIME WITH THE PRODUCT "FLEXI PLUS". +++

+++ EACH SEVENTH FORINT SPENT IN HUNGARY FOR A NEW INSURANCE POLICY LANDED AT UNION BIZTOSÍTÓ IN 2004. +++

POLAND.



Compensa life – continued dynamic growth

Gross earned premiums for Compensa life could be increased by 29.6% in 2004, compared with the previous year, to EUR 21.26 million. As a result, the extremely high growth of the financial year 2003 could be maintained. However, Compensa life's result on ordinary activities could be improved, from EUR -5.69 million in 2003 to EUR -3.49 million, in spite of the rapid growth and the expansion costs associated with it in the financial year 2004.

Compensa life launched a unit-linked life insurance policy in 2004 for the first time with the product "Flexi Plus". The special feature of this product lies in a minimum rate of return guaranteed in advance for each quarter. The market segment for unit-linked and index-linked life insurance developed exceptionally strongly in Poland in 2004.

Relocation to a new headquarters

Through the relocation of the head offices of the two Compensa companies into a new, modern office building in the capital city of Warsaw in 2004, the basis was laid for the further strong growth of the companies.

Efficient exploitation of synergies

The Wiener Städtische Group was originally represented in the Polish market with four insurance companies, which were brought together as Compensa non-life and Compensa life within recent years. For the better exploitation of the synergy potential resulting in this way and also in view of pending reorganisations in the IT sector, the project management was expanded in recent

years in order to take into account the new conditions. The training of several qualified project managers, the introduction of stringent guidelines for project handling and the creation of a project management personnel department for the efficient management of all ongoing projects resulted in the implementation of all projects now matching the highest standards.

The two Compensa companies are planning to start the sale of selected products via the Internet for the year 2005.

KEY FIGURES *)

Compensa non-life

in EUR million	2004	Change on 2003
Gross earned premium	78.60	+85.9%
Capital assets	72.30	+15.9%
Result on ordinary activities	-8.04	n/a

KEY FIGURES *)

Compensa life

in EUR million	2004	Change on 2003
Gross earned premium	21.26	+29.6%
Capital assets	27.94	+57.8%
Result on ordinary activities	-3.49	n/a

*) see comment on page 30

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HUNGARY.



Continuous economic growth

In the year of the accession to the EU, the Hungarian economy continued its growth course. Hungary can look back on a successful year with a slight increase in consumer prices (the inflation rate is 6.8%), a virtually constant, low unemployment rate (6.0%) and an economic growth in the real gross domestic product of 3.9% (2003: 2.9%).

Strong performance of the insurance market in Hungary

As a consequence of the accession to the EU, an insurance law also came into effect, in which motor vehicle liability insurance was newly regulated. In particular, switching the insurance was made considerably easier as a result. Furthermore, the income tax law was amended in the autumn, which now provides for tax concessions on the conclusion of a life insurance policy for private retirement provision.

In this way, good economic conditions were established for a significant growth in the insurance market. In Hungary, around 3% of the GDP is currently spent on insurance policies, whereby the share of the life insurance class of business represents 40% of this. 29 insurance companies are present in the market. The total volume of accounted premiums was approximately EUR 2.5 billion in 2004, which represents a gain of 7% relative to the year 2003.

A successful year for UNION Biztosító

Since the start of 2000, when Wiener Städtische became sole owner of the Hungarian company Union Biztosító, the premium income of the market has doubled, but UNION Biztosító's premium income has increased more than fivefold. In the last five years, Union Biztosító has launched around 50 new products. The highest premium growth rate since its inception was attained this year with the increase in the total gross earned premiums in 2004 of 78.7%. The Hungarian insurance market was thus outperformed by a long way. Each seventh Forint spent in Hungary for a new insurance policy landed at Union Biztosító.

Entry into motor business results in 300% premium plus in non-life

In the non-life sector, Union Biztosító generated gross earned premiums amounting to EUR 25.82 million, which represents a tremendous increase of 300.2% relative to the year 2003. This erratic rise in the premium income is based primarily on the entry into motor insurance business, but was also achieved through the promotion of non-life products with private individuals and small and medium-sized companies. There were approximately 150,000 motor insurance policies in the company's portfolio at the year-end 2004. The premium income of the other non-life insurance policies grew by 88% to EUR 11.31 million.

In life insurance business, the earned premium income amounted to EUR 13.74 million, whereby the share of the policies against renewable premium is approximately 95%.

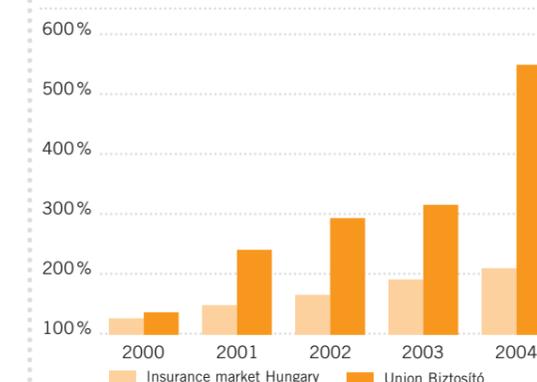
Market position improves

Union Biztosító moved up to tenth place among the insurance companies in Hungary with this result in 2004.

Expansion costs adversely affect the result on ordinary activities

Due to the massive expansion of Union Biztosító's business activity through the forced entry into motor business and the systematic development of the distribution organisation, the company produced a negative result on ordinary activities amounting to EUR -3.33 million

PREMIUM INCREASE OF INSURANCE MARKET VS UNION BIZTOSÍTÓ



+++ THE ENTRY INTO MOTOR BUSINESS RESULTED IN AN IMPRESSIVE 300 PER CENT PREMIUM GROWTH IN THE NON-LIFE SECTOR. +++

HUNGARY.



UNION BIZTOSÍTÓ RT.

in the financial year 2004 as a result of the expansion costs accrued.

GKI certifies the success

GKI, the most renowned Hungarian economic research institute, designated Union Biztosító as the most successful financial institution of the year 2004 after an analysis of the criteria competitiveness, market position, capital strength and innovation. An analysis of customer satisfaction in the insurance market by the GfK market research institute also brought a very satisfactory result and acknowledged the highest customer satisfaction of all the insurance companies operating in the market to Union Biztosító.

High growth planned in 2005

Union Biztosító has set itself the objective for 2005 of a 50% growth in premium income. This ambitious target is to be achieved firstly through increased cross-selling, primarily through utilisation of the potential in the area of the recently acquired motor customers. Secondly, the distribution network will be further optimised and developed. Even in 2004, the number of sales staff was increased to almost 400, the call centre for customer services reinforced and technically perfected.

The co-operation with UFS (United Financial Services), a national group of companies that agreed a collaboration with Union Biztosító at the year-end 2004, is also classified as encouraging. Union Biztosító assumes the risk protection in UFS transactions (credit, leasing, real estate, factoring) and an innovative product was also exclusively developed for distribution via UFS.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	39.56	+78.7%
Non-life	25.82	+300.2%
Life	13.74	-12.4%
Capital assets	66.97	+13.1%
Result on ordinary activities	-3.33	n/a

*) see comment on page 30

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+++ KVARNER WIENER STÄDTISCHE IS THE INSURANCE COMPANY THAT IS CURRENTLY GROWING MOST RAPIDLY IN CROATIA. +++

CROATIA.



KVARNER WIENER STÄDTISCHE osiguranje d.d.

Austria – the most significant foreign investor

In spite of the deferral of access negotiations with the EU, Croatian economic policy is still targeted again at membership of the Union. The economic conditions for foreign investors were further improved in recent years with privatisations and market deregulations. Austrian businesses in particular have so far taken the opportunity and invested in Croatia. In 2004 as well, Austria was the biggest investor in the country numbering 4.4 million inhabitants.

In 2004, Croatia was able to produce a successful economic performance and to continue the upward trend of recent years. Gross domestic product grew (in real terms) by 3.7% compared with the previous year, consumer prices increased only very moderately at 2.1% and the unemployment rate could be further reduced.

The Croatian insurance market

The insurance industry is one of the strongest growing branches of the economy in Croatia. While the growth in the real gross domestic product amounted to 3.7% in 2004, the insurance market grew by approximately 10%. Growth in the life insurance sector was disproportionately high at approximately 15%. The insurance penetration (accounted premiums to GDP in %) represents approximately 3.3%, the insurance density (annual accounted premiums per inhabitant) around US\$ 210 (Western Europe, for comparison: approximately US\$ 2,100) – therefore, there is still high potential.

Kvarner: rapid growth

Kvarner Wiener Städtische is the insurance company that is currently growing most rapidly in Croatia. The total gross earned premium income increased by 39.0% to EUR 25.53 million in 2004. As a result, the company, which is 95% owned by Wiener Städtische, reached 9th place among more than 24 competitors. In the life class, the premium income realised a record growth of 41.7%, as a result of which Kvarner Wiener Städtische achieved the highest growth rate in the Croatian life insurance market. In the non-life sector, a high increase of 36.3%, compared with the previous year, could also be generated. In the first quarter of the year 2004, the

share capital of approximately 68 million Croatian Kuna was increased to almost 83 million and, as a result, a sound starting point laid down for a further strong performance in the future.

Relocation of the headquarters

In 2005, the head office of Kvarner Wiener Städtische will be relocated, from its present location in Rijeka, to Zagreb into a new construction, which offers the appropriate infrastructure for an efficient administration and ample space for the fast growing company. As a result, quality and service will be ensured for the future.

Wiener Städtische acquires majority share in Aurum

At the end of 2004, Wiener Städtische acquired 94% in the Croatian non-life and life insurer Aurum, with its headquarters in Zagreb, and thus considerably expanded its involvement in Croatia. The remaining 6% is still held by Croatian shareholders. Aurum, which was founded in 1995, has a broad sales network, a balanced insurance portfolio and employs approximately 150 staff across the country. Aurum's premium income amounted to just under EUR 13 million in 2004.

Cooperation with Erste Bank-Group

The aim of Wiener Städtische is to enlarge the cooperation with the Erste Bank-Group.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	25.53	+39.0%
Non-life	12.19	+36.3%
Life	13.34	+41.7%
Capital assets	28.88	+68.5%
Result on ordinary activities	-0.23	n/a

*) see comment on page 30

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+++ POLICY TERMS AND CONDITIONS THAT ARE FIRST-RATE IN MULTIPLE WAYS ARE A PARTICULAR STRENGTH FOR INTERRISK NON-LIFE. +++

GERMANY.



Economic environment

The gross domestic product (GDP) increased in Germany by 1.7% in real terms in 2004, compared with the previous year. This is the strongest growth since the year 2000 and thus possibly the end of the 3-year period of stagnation. Two thirds of the growth in the added value in the domestic market went back to the exceptionally good export performance of the German economy. It has benefited from the booming world trade with significant market share gains. However, consumer prices rose very moderately by 1.6%. Unit labour costs fell significantly and contributed considerably to price stability in Germany. As a result, price competitiveness improved in the euro zone.

Moderate growth of the insurance industry

The German insurance industry increased its accounted premiums in 2004 by approximately 2.9% compared with the previous year, which corresponds to a gain of EUR 148.03 billion to EUR 152.30 billion in 2004. The performance in private health insurance in particular was decisive for the growth with a premium plus of 7.4% – way above the industry average.

In life insurance, accounted premiums increased only very moderately by 1.2% in spite of the urgently necessary expansion of private retirement provision and the pull-in effect with the conclusions of life insurance policies in view of the change in the tax regulatory framework for insurance policies that came into force on 1.1.2005. Even the growth rate in the property and casualty insurance sector turned out quite modest at 1.6%.

InterRisk

The Wiener Städtische Group is represented in the German insurance market by the two InterRisk companies. This involves on the one hand InterRisk Versicherungs-AG (InterRisk non-life), which specialises primarily in personal accident insurance business and selected non-life products and is 100% owned by Wiener Städtische, and InterRisk Lebensversicherungs-AG (InterRisk life) on the other hand, which is a subsidiary of InterRisk Versicherungs-AG.

Both insurance companies located in Wiesbaden can look back on a very fast-growing and profitable financial

year 2004. The marketing of their products is carried out almost exclusively via independent brokers and non-exclusive agents. The gross earned premiums of both companies combined exceeded the EUR 100 million threshold for the first time. In 2004, InterRisk life achieved the best result by far and increased the profit on ordinary activities by 78.0% in the financial year 2004, compared with the previous year.

InterRisk non-life

InterRisk non-life was able once again to achieve a growth in non-life insurance that was way above the German non-life insurance market with an increase in gross earned premiums of 5.3%.

The implementation of the EU Insurance Mediation Directive resulted in an increased sensitisation of the insurance intermediaries in Germany with regard to their consultancy liability. A particular strength of InterRisk non-life is its excellent and, in a multiple of ways, first-rate insurance policy terms and conditions, which are particularly suitable for marketing via independent intermediaries.

It is also worth mentioning in this context that, for the second time in succession, InterRisk non-life was able to achieve first place in the award bestowed by the magazine "Finanzwelt" for the best personal accident insurance company with the product "i-MAX". In total, 70 insurance companies participated in the competition with 170 different products and tariffs.

However, InterRisk non-life is also successful with its unique householders' insurance policy, which facilitates an individual determination of premiums by means of the individual risk of the customer on the basis of a microgeographic database. Moreover, the company is very well positioned in householder's insurance with a tariff system that is orientated primarily to the pipe burst risk, which depends on the age of the building.

While, on the one hand, the premium portfolio was appreciably developed, internal costs on the other hand could be considerably trimmed by 4.8%. The combined ratio after reinsurance amounts to 92.3%.

+++ 2004 WAS A RECORD YEAR FOR INTERRISK LIFE WITH A GROWTH OF 10.5% IN GROSS EARNED PREMIUMS. +++

GERMANY.



InterRisk life

The year 2004 was a particularly successful year for InterRisk life, as new production could be increased by 40%. Above all, pensions insurance and capital-sum life insurance developed particularly strongly, as policies with tax-free capital distributions could be concluded until the year-end 2004 for the last time. The occupational disability insurance "TopLine" also sold very well. Overall, gross earned premiums advanced by 10.5% and as a result increased many times greater than in the German life insurance market.

In spite of falling capital market interest rates, a financial result slightly above the previous year was achieved. As a result, the profit participation of the policyholders could be kept constant and it was possible for InterRisk life to further extend its lead compared with the market, which had to slightly reduce the profit participation on average in 2004.

For the year 2005, InterRisk life expects a positive new business development in the German life insurance market in view of the new tax subsidy for the so-called basic pension (Rürup pension).

KEY FIGURES *)

InterRisk non-life

in EUR million	2004	Change on 2003
Gross earned premium	54.48	+5.3%
Capital assets	147.05	-3.5%
Result on ordinary activities**)	-12.16	n/a

KEY FIGURES *)

InterRisk life

in EUR million	2004	Change on 2003
Gross earned premium	46.15	+10.5%
Capital assets	249.41	+3.6%
Result on ordinary activities	3.30	+78.0%

*) see comment on page 30

**) The negative result on ordinary activities is based solely on the write-down of shares in Bayerische Hypo Vereinsbank (HVB); without this effect, it would have been positive at EUR 4.78 million.

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+++ THE ADMINISTRATIVE EXPENSES RATIO COULD BE REDUCED TO ONLY 1.89 PER CENT IN 2004. +++

LIECHTENSTEIN.



Premiums almost quadrupled in 2004

Vienna-Life Lebensversicherung, operating in the Liechtenstein financial market since the year 2000, was able to join in the growth momentum of the previous years in the financial year 2004 as well: The gross earned premium income, amounting to EUR 55.23 million, is greater than that of the financial year 2003 by 262.4%. The driving force of this satisfactory performance was the expansion promoted since the year 2003 in the German market and the extension initiated in 2003 of the range by products with regular premium payment.

The economic recovery in the core markets of the company (Germany, Switzerland and Austria) in 2004 brought with it an improvement in the macro-economic environment. To this was added the change that came into effect on 1.1.2005 in the tax regulatory framework for insurance policies in Germany, which resulted in a pull-in effect with the conclusions of life insurance policies.

Capital accumulation with "SELECTA"

The overwhelming proportion of the premium income is apportionable to unit-linked and index-linked life insurance policies, particularly to Vienna-Life's product flagship, "SELECTA 2000". "SELECTA 2000" is a tax-optimised scheme for capital accumulation and private retirement provision. The product range was expanded in 2003, with "SELECTA 2001", a version with regular premium payment. After initial successes in the year of launch, the overwhelming number of the recently concluded policies was attributable to this product in 2004. From the total premium income of the company, 91.6% was apportioned in 2004 to policies with a single premium and 8.4% to policies with regular premium payment.

Endowment and whole life insurance against renewable premium payment and term insurance policies complete Vienna Life's product range.

Payments for indemnity events amounted to EUR 0.4 million in the reporting year, compared with EUR 0.2 million in the corresponding period of 2003. Acquisition expenses amounted to EUR 6.18 million in 2004, compared with EUR 1.02 million in 2003. The increase is attributable to the expansion of the volume of business and to the higher proportion of policies with regular premium payment.

Administrative expenses ratio of 1.89%

The administrative expenses amounted to EUR 1.05 million. The administrative expenses ratio, which is the total administrative expenses in relation to the premium income, was 1.89% compared with 3.73% in the year before that.

Positive result

Due to the lasting recovery in the stock markets and to interest rates for bonds in the euro zone and in Swiss Francs falling in the course of the year, a financial result amounting to EUR 0.55 million could be produced. Vienna Life, with a profit on ordinary activities of EUR 0.07 million, was able to go beyond the break-even point for the first time.

KEY FIGURES *)

in EUR million	2004	Change on 2003
Gross earned premium	55.23	+262.4%
Life	55.23	+262.4%
Capital assets	70.50	+140.7%
Profit on ordinary activities	0.07	n/a

*) see comment on page 30

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+++ UNITA SUCCEEDED IN INCREASING THE PREMIUM INCOME BY ALMOST 58% AND THUS IN GROWING FASTER THAN THE MARKET. +++

ROMANIA.



Romania venturing forth

The Romanian economy was able to maintain the high momentum of the previous years in 2004 as well and to achieve a growth of 8.3%. Forecasts leave one to expect that this trend will continue in 2005. In addition, Romania's admission into NATO in April 2004 and the positive conclusion – towards the year-end 2004 – of the negotiations with the European Union for an accession on 1.1.2007 ensured a positive mood in the country. Inflation could also be progressively curbed and was only 11.9% in 2004 (following 15.3% in 2003).

Unita in 2004

Unita was founded in 1990 as Romania's first private insurance company. The company has belonged to the Wiener Städtische Group since the year 2001. In October 2002, Unita took a share in the Romanian insurance company Agras with a majority interest of approximately 70%.

In July 2004, the company relocated the company headquarters from Timisoara (Temesvar) in Banat on Romania's western border into the capital city Bucharest in order to move closer to the locations of the public facilities and economic decision-makers as well as to the company headquarters of the most important large corporations. Agras, the Wiener Städtische Group's second Romanian insurance company, also has its headquarters in the new building, which will be used for the exploitation of synergy effects. Unita's head office today employs young, multilingual and almost exclusively academically qualified employees. On 1st November 2004, an integrated EDP management system for the car insurance classes was finally introduced and the accounting system was converted at the start of 2005 to the SAP system used uniformly in the Group. Unita was honoured for this far-reaching reorganisation by the Romanian specialist magazine "Primm" with an award for the "Business initiative of the year 2004".

Business development 2004

Unita's product portfolio covers the needs of both private and corporate customers in the life and in the non-life sector. Unita's products are marketed via its own sales network with over 150 branch offices and ca. 6,000 agents as well as in collaboration with brokers and banks. In 2004, Unita succeeded in increasing the total premium income by almost 50% and in growing as a result significantly faster than the market. Motor hull insurance showed particular momentum in 2004. All motor products were fundamentally revamped in 2004 with regard to the improvement in the range of benefits and in the service quality, which could be converted into more attractive sales tariffs.

The year 2005

The entire Romanian insurance market leaves a continued highly dynamic growth to be expected in 2005. It is foreseeable, in the aggressive competitive environment, that some smaller, undercapitalised companies will withdraw from the market. Unita is responding to the challenges of this market with a promotion of non-life insurance in the non-motor classes of business (fire, householders' insurance) as well as a complete reorganisation of the life insurance class of business.

KEY FIGURES^{*)}

in EUR million	2004	Change on 2003
Gross earned premium	31.29	+48.7%
Non-life	28.64	+59.8%
Life	2.65	-15.1%
Capital assets	22.08	+8.0%
Result on ordinary activities	-1.48	n/a

^{*)} see comment on page 30

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+++ AGRAS IS THE MARKET LEADER IN THE AGRICULTURAL INSURANCE SECTOR WITH A MARKET SHARE OF MORE THAN 50%. +++

ROMANIA.



Agras, which was founded in 1992, has belonged to Wiener Städtische's Group since the year 2002 via its majority owner, Unita. Agras is the clear market leader in the agricultural insurance sector in Romania with a market share of considerably more than 50%.

Financial year 2004

The most important class within the product portfolio of Agras – with a share of about 40% in the premium income – is that for the agricultural insurance policies – these also include, amongst others, livestock insurance policies, in addition to hail and windstorm insurance policies. Furthermore, Agras also offers other non-life insurance products. In particular, the good performance in the car insurance sector (motor third-party liability and motor hull insurance) has resulted in a significant growth in the company's total premium income in the previous year. In addition, fire insurance policies, householders' insurance policies and travel health insurance policies – which are very important in the Romanian market – are offered.

The marketing is carried out, on the one hand, via more than 45 offices and almost 1,000 agents and, on the other hand, via collaboration with brokers and banks as well. Agras succeeded in increasing the total premium income by approximately 5.4% in the year 2004.

The year 2005

SAP was also introduced into the accounting system at Agras with effect from 1st January 2005. The implementation of an integrated EDP system is envisaged for the entire portfolio administration towards the middle of the year, together with the Group company Unita.

Romania's impending accession to the EU is of particular importance for Agras, as it will result in a far-reaching change in Romanian agriculture. The possibility in existence right now of making use of EU development programmes should result in a massive investment surge in Romania's agricultural sector.

KEY FIGURES *)

in EUR Million	2004	Change on 2003
Gross earned premium	7.69	+5.4%
Non-life	7.69	+5.4%
Capital assets	4.15	-21.7%
Result on ordinary activities	-1.00	n/a

*) see comment on page 30

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+++ IN 2004, BULGARSKI IMOTI CELEBRATED ITS 10-YEAR EXISTENCE AND WAS ABLE TO CONSIDERABLY ENLARGE ITS PREMIUM INCOME. +++

BULGARIA.



Austrians take advantage of opportunities in Bulgaria

Austria, with total investments of EUR 1.3 billion in 2004, was the biggest foreign investor by a long way in Bulgaria, which has inhabitants numbering 7.8 million. Austrian businesses from all sectors used the positive economic development for an entry into the country. The growth in the gross domestic product amounted to 5.6% in 2004, following 4.3% in 2003. The unemployment rate of the country has decreased steadily for several years and amounted to 12.7% in 2004 on an annual average, which constitutes a significant reduction from 18.1% in the year 2000. Bulgaria's planned accession to the EU on 1.1.2007 is resulting in an ongoing adaptation of the legal system, which could even intensify the interest of foreign investors in future.

Bulgaria's insurance market also showed a strong performance last year. 32 insurance companies were in competition for the premium income in 2004, which is rising by approximately 20% per annum: 20 non-life insurers and 12 companies that transact life insurance business. The insurance penetration (accounted premiums to GDP in %) on the Bulgarian market is climbing slowly, but steadily and reached 2.0% in the year 2004.

Bulgarski Imoti celebrated its 10-year existence

The Wiener Städtische Group is represented in the Bulgarian insurance market by two legally independent Bulgarski Imoti companies. Wiener Städtische is the majority owner with 70.3% both in the case of Bulgarski Imoti Non-Life and with Bulgarski Imoti Life. HUK Coburg holds a further substantial shareholding of 26% in both companies.

Bulgarski Imoti celebrated its 10-year existence in 2004. An expansion of the premium income in the life and also in the non-life class was achieved through the strengthening of the collaboration with insurance brokers and banks.

High potential for life insurance companies

The Bulgarian insurance market offers high potential particularly in the life insurance sector. Bulgarski Imoti Life was able to register a growth in gross earned premiums of 34.2% in 2004.

Non-life insurance policies record increase

The most important insurance product in the Bulgarian market is the motor vehicle liability insurance policy. The motor vehicle liability insurance policy dominates the portfolio at Bulgarski Imoti Non-Life as well, though the proportion of the other products has been climbing for years. The corporate insurance sector in particular could be greatly expanded in 2004. The company is protected against major losses by means of a comprehensive international reinsurance programme. Overall, Bulgarski Imoti non-life was able to increase its gross earned premiums by 13.4% in 2004, compared with the previous year.

Future prospects

The two Bulgarski Imoti companies have 60 offices, 285 employees and 7,500 freelance insurance agents and thus have the best prerequisites to continue to participate in the dynamic Bulgarian insurance market. By the introduction of SAP into the accounting, efficiency should be increased in the administration and the monitoring improved at the two Bulgarski Imoti companies in 2005 – as with other Group companies.

KEY FIGURES *)

Bulgarski Imoti non-life		
in EUR million	2004	Change on 2003
Gross earned premium	5.91	+13.4%
Capital assets	5.17	+21.1%
Profit on ordinary activities	0.01	+57.9%

KEY FIGURES *)

Bulgarski Imoti life		
in EUR million	2004	Change on 2003
Gross earned premium	1.09	+34.2%
Capital assets	2.36	+5.4%
Profit on ordinary activities	0.00	n/a

*) see comment on page 30

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+++ DESPITE THE PRESENT DIFFICULT SITUATION, THE INSURANCE MARKET IN BELARUS HAS A HIGH POTENTIAL. +++

BELARUS.



A difficult market

As in some countries of Central and Eastern Europe, the requirements of the insurance regulator for the minimum capitalisation of insurance companies have been continuously increased in recent years in Belarus as well. As a result, the number of insurance companies operating in the country has reduced. At the end of 2003, motor vehicle liability insurance – the most important insurance class up to then – was nationalised by order. The nationalisation of overseas motor third-party liability insurance (“Green Card” insurance) then followed in the middle of 2004, which resulted in the insurance market for non-governmental insurance companies being considerably reduced. However, in addition to the dominating state insurance companies, ample market niches still remain for private insurers, who were able to show a premium growth of 45% in 2004, compared with the previous year.

Wiener Städtische reinforces its involvement in Belarus

In spite of the difficult market environment at present, the Belarussian insurance market has a high potential for the future. Currently, the insurance penetration in the republic numbering 10.3 million inhabitants is still 0.7% and the annual insurance premium per head amounts to approximately US\$ 7. However, an increase in these figures should be expected in view of the high economic growth – GDP grew by 11.0% in 2004. Therefore, Wiener Städtische made the decision to further reinforce its involvement in Belarus and to participate in a non-life and a life insurance company. The organisational preparations necessary for that are just being implemented at present.

New strategy for Kupala

The insurance company Kupala has been operating in the insurance market in Belarus since 1993 and Wiener Städtische has participated in it with 33.1% since the year 2002. Kupala responded immediately to the state interventions in the insurance market and shifted the main elements of its range of offers accordingly. It now focuses increasingly on motor hull insurance and on insurance products for small and medium-sized businesses. In order to satisfy the changed market con-

ditions, organisational adjustments and a restructuring of the marketing were undertaken in the financial year 2004.

Expansion of the product range

The new strategy has already proved its worth in 2004: A growth of 354% was recorded in private health insurance compared with the year 2003 and overseas travel insurance scored a hit with 89% more premiums than in the previous year. Kupala is thus among the three leading private health insurance companies in Belarus. A huge demand still prevails in the haulage business – for example, third party liability insurance for hauliers brought a premium growth of 267%. Commercial lines insurance could be increased by 82%. A range of new insurance products is currently in the development stage in order to be able to seize further business opportunities. However, the discontinuation of the nationalised insurance lines could not be completely counterbalanced by the high growth rates of new products, so a fall in gross earned premiums by 21.0% resulted in 2004.

Increasing quality standards

The relocation to the capital city of Minsk in 2003 has established a good base for the further development of Kupala. Further quality improvements in service and in processing were achieved in 2004. Thus, for example, stringent selection criteria are set in the choice of new employees in order to optimise the quality of advice and the workflows.

KEY FIGURES^{*)}

in EUR Million	2004	Change on 2003
Gross earned premium	1.57	-21.0%
Non-life	1.57	-21.0%
Capital assets	0.83	-32.2%
Profit on ordinary activities	0.03	-88.0%

^{*)} see comment on page 30

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+++ BOTH IN LIFE AND NON-LIFE, EXCEPTIONALLY HIGH GROWTH RATES WERE RECORDED IN 2004. +++

SERBIA AND MONTENEGRO.



Serbia is seeking closeness to the EU

Serbia is paving the way for a further convergence to the EU. Intense reform efforts on a broad basis should create the prerequisites for that. Also, a new insurance law – which was enacted in 2004 – already implements EU directives. Serbia has received a credit rating for the first time: B+ for “long-term sovereign” and B for “short-term sovereign” are the ratings that the rating agency Standard & Poor’s has granted up to now.

Economic growth increased, inflation slowed down

Serbia was able to achieve a positive performance in 2004: Economic growth amounted to 7% compared with the previous year. A satisfactory trend was also to be noted with the inflation rate. It could be lowered from 11.9% in 2003 to 10% in 2004. It is expected that this trend will continue in 2005 as well.

Wiener Städtische Belgrade: The way to the top

2004 was the first full financial year for Wiener Städtische Belgrade since its foundation in 2003. The young company managed to become the fourth largest motor hull insurer in the market with innovative products and via alternative distribution channels. Wiener Städtische has climbed in the shortest possible time to be among the top-ten insurers from 32 insurance companies in Serbia. In 2004, the company already counted more than 25,000 customers at the year-end.

Continuous build-up

The focus was on the selective development of the product range and the expansion of the customer and distribution network in the financial year 2004. New solutions were developed for comprehensive insurance protection and customer services were significantly extended with the opening of new branches. At the end of the year, Wiener Städtische was represented in Serbia with ten branches and an extensive distribution network, in addition to the head office. 272 salaried employees, of which approximately 60% are in the sales force, contributed their part to the success.

Strong growth rates

Both classes of business, life and non-life insurance, attained very high growth rates in 2004, which is pri-

marily attributable to the fact that the first financial year 2003 involved a short financial year. In the process, in 2004 approximately 63% of the gross earned premiums were apportioned to non-life insurance policies and the rest to life policies. The volume of gross earned premiums rose overall to EUR 5.99 million, which corresponds to a sevenfold increase in the premium income of the year 2003.

Outlook for the year 2005

Many measures and laws issued in 2004, which converge the economic environment to the EU standard, will only take effect in the current year or in the coming years because of transitional arrangements. The insurance law that came into effect in 2004 with a recently created regulatory authority in Serbia’s national bank has already resulted in the withdrawal of 18 insurance licences (mostly motor third-party liability insurers).

Wiener Städtische Belgrade is further expanding the distribution network in 2005. Several new branches have already been established in the first quarter 2005 or will be some time in the course of the year 2005. The entry into health insurance is planned in order to complement the range on offer of the company and to be able to offer wide-ranging protection in all situations. In addition to private individuals, small and medium-sized businesses are also to be increasingly approached as a target group in future.

KEY FIGURES^{*)}

in EUR million	2004	Change on 2003
Gross earned premium	5.99	+700.1%
Non-life	3.19	+1,126.6%
Life	2.80	+473.2%
Capital assets	8.02	+651.3%
Result on ordinary activities	-0.77	n/a

^{*)} see comment on page 30

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 REPUBLIC



www.koop.cz

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CONSOLIDATED BALANCE SHEET AS OF 31st DECEMBER 2004*

ASSETS	2004	2003
in EUR		
A. Intangible assets		
I. Goodwill acquired against payment	955,172.63	1,043,527.20
II. Expenditure for the acquisition of an insurance portfolio	100,079,632.82	10,775,273.14
III. Other intangible assets	20,260,128.42	25,906,359.27
TOTAL INTANGIBLE ASSETS	121,294,933.87	37,725,159.61
B. Capital assets		
I. Land and buildings	1,127,942,980.37	1,226,677,077.91
II. Capital assets in affiliated companies and participations		
1. Shares in affiliated companies in so far as they are not included in the consolidated financial statements	77,188,048.23	
2. Bonds and other securities from affiliated companies and loans to affiliated companies	42,695,972.31	
3. Participations		
Equity consolidation	81,080,525.18	
Other	210,961,651.58	
4. Bonds and other securities from and loans to companies with which a shareholding relationship exists	234,701,126.98	646,627,324.28
III. Other capital assets		
1. Shares and other non fixed-interest securities	3,094,073,064.40	
2. Bonds and other fixed-interest securities	4,588,915,625.56	
3. Shares in jointly-owned capital assets	94,480,526.71	
4. Mortgage receivables	317,271,404.55	
5. Advance payments on policies	27,396,438.87	
6. Other loans	1,250,843,099.35	
7. Deposits at banks	426,056,364.22	
8. Other capital assets	715,847.18	9,799,752,370.84
IV. Deposit receivables from the assumed reinsurance business	74,535,290.58	70,296,783.25
TOTAL CAPITAL ASSETS	11,648,857,966.07	10,502,812,080.46
C. Capital assets of the unit-linked and index-linked life insurance policies	1,107,928,354.33	813,164,289.06
D. Receivables		
I. Receivables from the direct insurance business		
1. from policyholders	242,008,502.08	
2. from insurance intermediaries	39,974,719.36	
3. from insurance companies	7,616,444.51	289,599,665.95
II. Accounts receivable from the reinsurance business	84,186,507.87	69,940,679.13
III. Other receivables	168,399,082.80	115,575,327.65
TOTAL RECEIVABLES	542,185,256.62	410,964,224.29
E. Pro rata interest	168,956,734.21	164,941,512.46
Amount carried forward	13,589,223,245.10	11,929,607,265.88

*) in accordance with the Austrian Commercial Code and the Austrian Insurance Supervision Act

ASSETS	2004	2003
Amount brought forward	13,589,223,245.10	11,929,607,265.88
F. Other assets		
I. Tangible assets (excluding land and buildings) and inventories	52,732,639.04	53,852,683.24
II. Cash at banks and cash in hand	192,328,228.35	346,249,064.72
III. Other assets	114,993,372.59	67,391,428.18
TOTAL OTHER ASSETS	360,054,239.98	467,493,176.14
G. Accruals and deferrals		
I. Shortfall as per Article X, Paragraphs 3 and 4 of the Austrian Financial Reporting Act [RLG]	15,493,220.57	19,673,657.41
II. Tax deferral on the assets side	80,020,988.29	54,242,980.11
III. Other deferred charges	111,339,995.28	108,500,033.16
TOTAL DEFERRED CHARGES	206,854,204.14	182,416,670.68
Balance sheet total	14,156,131,689.22	12,579,517,112.70

CONSOLIDATED BALANCE SHEET AS OF 31st DECEMBER 2004

LIABILITIES	2004	2003
<i>in EUR</i>		
A. Shareholders' equity		
I. Share capital		
1. Nominal value	89,655,022.06	89,655,022.06
II. Capital reserves		
1. Committed	145,147,616.58	151,497,067.69
III. Revenue reserves		
1. Free reserves	61,215,652.08	24,602,729.82
IV. Risk reserve as per Section 73a of the Austrian Insurance Supervision Act, taxed portion	38,722,785.93	30,707,836.27
V. Net profit	66,230,702.15	20,036,756.48
<i>thereof profit brought forward</i>	<i>402,736.48</i>	<i>625,792.45</i>
VI. Adjustment items for shares of other shareholders	44,130,297.29	16,911,980.88
TOTAL SHAREHOLDERS' EQUITY	445,102,076.09	333,411,393.20
B. Untaxed reserves		
I. Risk reserve as per Section 73a of the Austrian Insurance Supervision Act	60,494,940.33	60,494,940.33
II. Valuation reserve due to special write-downs	188,856,465.29	196,733,608.03
III. Other untaxed reserves	9,698,865.32	19,567,214.28
TOTAL RESERVES	259,050,270.94	276,795,762.64
C. Subordinated liabilities	113,199,866.39	12,201,067.30
D. Underwriting provisions in the retention		
I. Unearned premiums		
1. Overall account	449,007,643.39	
2. Reinsurers' share	-65,814,304.76	383,193,338.63
II. Actuarial reserve		
1. Overall account	8,512,087,066.05	
2. Reinsurers' share	-84,853,431.16	8,427,233,634.89
III. Provision for outstanding insurance claims		
1. Overall account	1,911,051,064.49	
2. Reinsurers' share	-514,327,810.91	1,396,723,253.58
IV. Provision for the refund of premium not related to results		
1. Overall account	48,695,567.76	
2. Reinsurers' share	-5,610,388.19	43,085,179.57
V. Provision for the refund of premium related to results or the profit participation for policyholders		
1. Overall account	148,311,162.40	
2. Reinsurers' share	-15,000.00	148,296,162.40
VI. Equalisation reserve	218,985,627.01	148,727,417.04
VII. Other underwriting provisions		
1. Overall account	63,754,541.44	
2. Reinsurers' share	-1,911,167.27	61,843,374.17
TOTAL TECHNICAL PROVISIONS	10,679,360,570.25	9,735,548,056.82
E. Underwriting provisions of the unit-linked and index-linked life insurance policies	1,106,406,725.06	779,165,123.90
Amount carried forward	12,603,119,508.73	11,137,121,403.86

LIABILITIES	2004	2003
Amount brought forward	12,603,119,508.73	11,137,121,403.86
F. Non-underwriting provisions		
I. Provisions for severance payments	83,042,287.19	88,625,783.83
II. Provisions for pensions	347,964,860.97	346,324,696.14
III. Provisions for taxation	88,218,642.25	61,350,191.78
IV. Other provisions	137,380,493.75	116,702,845.46
TOTAL OTHER PROVISIONS	656,606,284.16	613,003,517.21
G. Deposit liabilities from the ceded reinsurance business	88,876,783.17	80,852,970.21
H. Other liabilities		
I. Liabilities from the direct insurance business		
1. to policyholders	272,123,253.07	
2. to insurance intermediaries	46,115,113.14	
3. to insurance companies	6,246,887.03	324,485,253.24
II. Unsettled claims from the reinsurance business	78,788,527.87	58,384,506.71
III. Bonds payable (with the exception of supplementary capital)	6,927,360.00	4,126,500.00
IV. Liabilities to banks	149,939,768.99	184,418,208.03
V. Other liabilities	175,512,963.12	160,178,525.62
TOTAL LIABILITIES	735,653,873.22	690,864,325.78
I. Accruals and deferrals	71,875,239.94	57,674,895.64
Balance sheet total	14,156,131,689.22	12,579,517,112.70

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2004

GENERAL INSURANCE (PROPERTY/CASUALTY AND HEALTH INSURANCE)	2004	2003
Underwriting account in EUR		
1. Earned premiums		
Accounted premiums		
Overall account	2,525,385,971.61	
Ceded reinsurance premiums	-601,719,938.96	1,923,666,032.65
Change due to premium deferral		
Overall account	-1,150,344.03	
Reinsurers' share	143,888.93	-1,006,455.10
TOTAL PREMIUMS	1,922,659,577.55	1,611,485,114.77
2. Investment income for the technical account	12,271,516.00	16,413,764.35
3. Other underwriting income	14,636,398.43	12,211,506.33
4. Expenses for insurance claims		
Payments for insurance claims		
Overall account	1,438,679,665.71	
Reinsurers' share	-274,964,722.33	1,163,714,943.38
Change in the provision for outstanding insurance claims		
Overall account	81,092,828.21	
Reinsurers' share	954,890.66	82,047,718.87
TOTAL INSURANCE CLAIMS	-1,245,762,662.25	-1,046,103,846.49
5. Increase in underwriting provisions		
Actuarial reserve		
Overall account	40,723,079.20	
Reinsurers' share	-228,935.00	40,494,144.20
Other underwriting provisions		
Overall account	890,972.94	
Reinsurers' share	-464,566.95	426,405.99
TOTAL INCREASE IN UNDERWRITING PROVISIONS	-40,920,550.19	-35,925,213.00
6. Decrease in underwriting provisions		
Other underwriting provisions		
Overall account	0.00	
Reinsurers' share	0.00	-2,190,208.59
TOTAL DECREASE IN UNDERWRITING PROVISIONS	0.00	2,190,208.59
7. Expenditure for the refund of premium not related to results		
Overall account	29,500,807.89	
Reinsurers' share	-2,002,724.89	27,498,083.00
TOTAL EXPENDITURE FOR THE REFUND OF PREMIUM NOT RELATED TO RESULTS	-27,498,083.00	-17,071,160.18
8. Operating expenses		
Acquisition expenses	434,016,638.66	365,979,201.52
Other operating expenses	189,977,319.80	171,332,441.49
Reinsurance commissions and profit commissions from reinsurance cessions	-134,418,199.58	-106,805,950.43
TOTAL OPERATING EXPENSES	-489,575,758.88	-430,505,692.58
9. Other underwriting expenses	-84,009,780.78	-85,147,924.66
10. Change in the equalisation reserve	-63,166,771.55	-29,906,125.63
Underwriting result (amount carried forward)	-1,366,114.67	-2,359,368.50

GENERAL INSURANCE (PROPERTY/CASUALTY AND HEALTH INSURANCE)	2004	2003
Underwriting result (amount brought forward)	-1,366,114.67	-2,359,368.50
Non-underwriting account		
1. Income from capital assets and interest income		
Income from participations	18,109,057.64	3,095,561.87
Income from land and buildings	32,742,137.48	32,549,533.14
Income from other capital assets	88,969,891.88	76,825,260.98
Profits from the disposal of capital assets	26,746,717.29	32,639,116.33
Other income from capital assets and interest income	14,066,232.17	24,411,988.26
TOTAL INVESTMENT INCOME	180,634,036.46	169,521,460.58
2. Expenditure for capital assets and interest charges		
Expenditure for asset management	12,197,821.12	6,640,618.92
Write-downs on capital assets	39,596,257.90	74,644,227.37
Interest charges	7,598,697.90	2,923,537.32
Losses from the disposal of capital assets	34,217,079.12	5,096,437.93
Other expenditure for capital assets	8,797,073.02	24,956,659.77
TOTAL CAPITAL EXPENDITURE	-102,406,929.06	-114,261,481.31
3. Investment income transferred into the underwriting account	-12,271,516.00	-16,413,764.35
4. Other non-underwriting income	7,681,929.82	9,509,327.03
5. Other non-underwriting expenditure	-9,968,768.42	-3,096,406.03
Profit on ordinary activities (property/casualty and health)	62,302,638.13	42,899,767.42

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2004

LIFE INSURANCE	2004	2003
Underwriting account in EUR		
1. Earned premiums		
Accounted premiums		
Overall account	1,657,662,606.41	
Ceded reinsurance premiums	-35,607,352.09	1,622,055,254.32
Change due to premium deferral		
Overall account	-4,139,757.07	
Reinsurers' share	300,663.82	-3,839,093.25
TOTAL PREMIUMS	1,618,216,161.07	1,395,217,347.50
2. Investment income for the technical account	411,811,116.73	378,674,142.49
3. Non-realised profits from capital assets as per Item C of the Assets	63,787,356.94	30,774,952.17
4. Other underwriting income	3,354,384.47	7,765,996.70
5. Expenses for insurance claims		
Payments for insurance claims		
Overall account	749,872,346.98	
Reinsurers' share	-12,860,323.00	737,012,023.98
Change in the provision for outstanding insurance claims		
Overall account	7,365,583.53	
Reinsurers' share	530,238.08	7,895,821.61
TOTAL INSURANCE CLAIMS	-744,907,845.59	-878,641,380.63
6. Increase in underwriting provisions		
Actuarial reserve		
Overall account	864,096,440.30	
Reinsurers' share	-9,663,303.10	854,433,137.20
Other underwriting provisions		
Overall account	2,045,609.04	
Reinsurers' share	0.00	2,045,609.04
TOTAL INCREASE IN UNDERWRITING PROVISIONS	-856,478,746.24	-492,311,739.79
7. Expenditure for the refund of premium related to results or profit participation of the policyholders		
Overall account	90,363,488.87	85,806,494.64
Reinsurers' share	-15,000.00	-7,000.00
TOTAL PROFIT PARTICIPATION	-90,348,488.87	-85,799,494.64
8. Operating expenses		
Acquisition expenses	241,225,502.71	254,588,901.65
Other operating expenses	74,974,623.08	72,846,918.76
Reinsurance commissions and profit commissions from reinsurance cessions	-9,987,518.65	-8,443,027.07
TOTAL OPERATING EXPENSES	-306,212,607.14	-318,992,793.34
9. Non-realised losses from capital assets as per Item C of the Assets	-4,087,623.71	-7,573,385.46
10. Other underwriting expenses	-31,524,968.05	-22,838,053.33
Underwriting result (amount carried forward)	63,608,739.61	6,275,591.67

LIFE INSURANCE	2004	2003
Underwriting result (amount brought forward)	63,608,739.61	6,275,591.67
Non-underwriting account		
1. Income from capital assets and interest income		
Income from participations	7,656,090.82	3,978,063.60
Income from land and buildings	29,294,618.76	28,304,757.61
Income from other capital assets	398,348,639.63	381,695,225.40
Profits from the disposal of capital assets	45,451,740.69	83,463,399.81
Other income from capital assets and interest income	21,261,973.58	13,870,189.05
TOTAL INVESTMENT INCOME	502,013,063.48	511,311,635.47
2. Expenditure for capital assets and interest charges		
Expenditure for asset management	10,537,650.72	5,627,278.98
Write-downs on capital assets	61,077,626.71	93,294,858.81
Interest charges	7,102,938.55	13,720,695.28
Losses from the disposal of capital assets	8,911,530.31	12,486,141.49
Other expenditure for capital assets	2,572,200.46	7,508,518.42
TOTAL CAPITAL EXPENDITURE	-90,201,946.75	-132,637,492.98
3. Investment income transferred into the underwriting account	-411,811,116.73	-378,674,142.49
4. Other non-underwriting income	4,571,713.11	5,899,438.02
5. Other non-underwriting expenditure	-4,491,083.81	-4,546,823.76
Profit on ordinary activities (life)	63,689,368.91	7,628,205.93

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2004

GENERAL INSURANCE + LIFE = TOTAL BUSINESS	2004	2003
Underwriting result General Insurance	-1,366,114.67	-2,359,368.50
Underwriting result Life	63,608,739.61	6,275,591.67
TOTAL UNDERWRITING RESULT	62,242,624.94	3,916,223.17
Non-underwriting account		
1. Income from capital assets and interest income		
Income from participations	25,765,148.46	7,073,625.47
Income from land and buildings	62,036,756.24	60,854,290.75
Income from other capital assets	487,318,531.51	458,520,486.38
Profits from the disposal of capital assets	72,198,457.98	116,102,516.14
Other income from capital assets and interest income	35,328,205.75	38,282,177.31
TOTAL INVESTMENT INCOME	682,647,099.94	680,833,096.05
2. Expenditure for capital assets and interest charges		
Expenditure for asset management	22,735,471.84	12,267,897.90
Write-downs on capital assets	100,673,884.61	167,939,086.18
Interest charges	14,701,636.45	16,644,232.60
Losses from the disposal of capital assets	43,128,609.43	17,582,579.42
Other expenditure for capital assets	11,369,273.48	32,465,178.19
TOTAL CAPITAL EXPENDITURE	-192,608,875.81	-246,898,974.29
3. Investment income transferred into the underwriting account	-424,082,632.73	-395,087,906.84
4. Other non-underwriting income	12,253,642.93	15,408,765.05
5. Other non-underwriting expenditure	-14,459,852.23	-7,643,229.79
6. Profit on ordinary activities	125,992,007.04	50,527,973.35
7. Taxes on income and revenue	-42,106,473.82	-23,371,150.52
8. Profit for the year	83,885,533.22	27,156,822.83
9. Non-group shareholders' share in the profit for the year	2,413,330.13	-2,853,536.56
10. Release of reserves		
Release of the valuation reserve due to special write-downs	13,124,873.44	7,140,924.95
Release of other untaxed reserves	13,538,477.23	44,180,490.27
Release of free reserves	2,939,243.87	0.00
TOTAL RELEASE OF RESERVES	29,602,594.54	51,321,415.22
11. Transfer to reserves		
Transfer to the risk reserve as per Section 73a of the Austrian Insurance Supervision Act	8,014,949.66	5,605,632.13
Transfer to the valuation reserve due to special write-downs	5,802,956.87	28,398,361.88
Transfer to other untaxed reserves	5,006,397.34	4,659,697.43
Transfer to free reserves	31,249,188.35	17,550,046.02
TOTAL TRANSFER TO RESERVES	-50,073,492.22	-56,213,737.46
12. Profit for the year	65,827,965.67	19,410,964.03
13. Profit brought forward	402,736.48	625,792.45
Net profit	66,230,702.15	20,036,756.48

NOTES TO THE CONSOLIDATED ACCOUNTS.

I. General information on the accounting and valuation methods

The consolidated financial statements were prepared in compliance with proper accounting principles and in compliance with the general practice to convey an as accurate as possible picture of the company's net worth, financial position and earnings.

That applies in particular for the group of companies included in the consolidation and the provisions regarding the consolidation of capital, debts and expenditure and earnings.

The formal structure of the consolidated financial statements fundamentally complies with the structure provisions of the Austrian Insurance Supervision Act. The figures are always provided in thousands of euro (TEUR). Previous year values are identified as such or placed in brackets.

II. Consolidation scope

Essentially, all subsidiaries are included in the consolidated financial statements. In addition to **WIENER STÄDTISCHE** Allgemeine Versicherung Aktiengesell-

schaft, a total of 21 domestic companies and 24 foreign companies were fully consolidated. One further company was included in the consolidated financial statements on a pro rata basis and eleven companies were included at equity. Due to their overall lesser significance for the insight into the net worth, financial position and earnings or due to the lack of possibilities for influence, the participations specially marked in the Annex (Overview of the participations) were only assessed at the book value. Three companies (non-profit-making residential construction companies) are subject to a consolidation ban in accordance with Section 248 of the Austrian Commercial Code, as they would distort the insight into the net worth, financial position and earnings, and were therefore assessed at the book value. In the case of the company that is consolidated on a pro rata basis, there is a corresponding collaboration agreement or an underwriting agreement, which provides that the businesses of this company are jointly managed by the shareholders.

Compared with the consolidated financial statements as of 31st December 2003, one domestic company was included in the consolidated financial statements for the first time by way of full consolidation.

Change in the consolidation scope:

	Reason
BML Versicherungsmakler GmbH, Vienna	Inclusion for the first time

In 2004, all shares in Brunn am Gebirge Realbesitz GmbH, Vienna were sold to a company not included in

the consolidated financial statements; the company was therefore deconsolidated.

The repercussions of the changes to the consolidation scope are as follows, taking into account the consolidation-related transactions:

Balance sheet

Amounts in EUR '000	Disposals	Additions
Capital assets	-11.611	0

Income statement

Amounts in EUR '000	Disposals	Additions
Financial result	-117	0

III. Principles of consolidation

The annual financial statements of **WIENER STÄDTISCHE** Allgemeine Versicherung Aktiengesellschaft and of the subsidiaries involved form the basis of the consolidated financial statements. The financial statement reporting date for all companies included in the consolidation scope is 31st December 2004.

Capital consolidation was carried out according to the book value method by offsetting the acquisition costs with the proportionate shareholders' equity of the subsidiaries on the date of acquisition or of the consolidation for the first time.

NOTES TO THE CONSOLIDATED ACCOUNTS.

The following first consolidation dates were selected for the companies included in the consolidated financial statements:

Fully-consolidated companies	Date of first consolidation
DONAU Allgemeine Versicherungs-Aktiengesellschaft, Vienna	1.1.1995
“Grüner Baum” Errichtungs- und Verwaltungsges.m.b.H., Innsbruck	1.1.1995
Altstadt Hotelbetriebs GmbH, Vienna	1.1.1995
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	1.1.1995
CENTER Hotelbetriebs GmbH, Vienna	1.1.1995
InterRisk Versicherungs-Aktiengesellschaft, Wiesbaden	1.1.1995
LVP Holding GmbH, Vienna	1.1.1995
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	1.1.1995
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	1.1.1995
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna	1.1.1995
Neue Heimat Oberösterreich Holding GmbH, Vienna	1.1.1996
PROGRESS Beteiligungsges.m.b.H., Vienna	1.1.1996
KOOPERATIVA poist'ovňa, a.s., Bratislava	31.12.1996
Kooperativa pojišťovna, a.s., Prague	31.12.1996
VLTAVA majetkovopravní a podílová spol.s.r.o., Prague	Date of establishment
SECURIA majetkovopravná a podielová s.r.o., Bratislava	1.1.1997
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	1.1.1998
Projektbau GesmbH, Vienna	1.1.1998
Bank Austria Creditanstalt Versicherung AG, Vienna	31.12.1998
Kvarner Wiener Städtische osiguranje d.d., Rijeka	1.1.1999
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	1.1.1999
Union Biztosító Rt., Budapest	31.12.1999
DBR Friedrichscarrée GmbH & Co KG, Stuttgart	Date of establishment
DBR Friedrichscarrée Liegenschaften-Verwaltungs GmbH, Stuttgart	Date of establishment
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Date of establishment
DBR-Liegenschaften Verwaltungs-GmbH, Stuttgart	Date of establishment
InterRisk Lebensversicherungs-Aktiengesellschaft, Wiesbaden	1.1.2000
Vienna Life Lebensversicherung Aktiengesellschaft, Schaan	1.1.2000
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	31.12.2000
CAPITOL a.s., Bratislava	1.1.2001
Celetná 25, s.r.o., Prague	1.1.2001
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	1.1.2001
KAPITOL pojist'ovaci a finanční poradenství, a.s., Brno	1.1.2001
Komunálna poist'ovňa, a.s., Bratislava	1.1.2001
St. Magdalen Projektentwicklungs- und Wertungsgesellschaft m.b.H., Vienna	30.9.2001
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Date of establishment
Metropolitan Datenservicegesellschaft m.b.H., Vienna	1.1.2002
UNITA S.A., Bucharest	1.1.2002
AGRAS – Grupul Wiener Städtische S.A., Bucharest	31.12.2002
“Wiener Städtische osiguranje” akcionarsko drustvo, Belgrade	1.1.2003
Bulgarski Imoti Life AG Insurance Company, Sofia	1.1.2003
Bulgarski Imoti Non-Life AG Insurance Company, Sofia	1.1.2003
Businesspark Brunn Entwicklungs GmbH, Vienna	1.1.2003
KONTINUITA poist'ovňa, a.s., Bratislava	1.1.2003
BML Versicherungsmakler GmbH, Vienna	1.1.2004

NOTES TO THE CONSOLIDATED ACCOUNTS.

Proportionally consolidated companies	Date of first consolidation
Union Versicherungs-Aktiengesellschaft, Vienna	1.1.1995

The annual financial statements at the following financial statement reporting dates were used for the equity valuation of the affiliated companies:

Associated companies	Reporting date of the annual financial statements
PKB Privatkliniken Beteiligungs-GmbH, Vienna (consolidated financial statements)	31.12.2003
Medial Beteiligungs-Gesellschaft m.b.H., Vienna	31.12.2003
Gewista-Werbegesellschaft m.b.H., Vienna	31.12.2003
Kapital & Wert Vermögensverwaltung Aktiengesellschaft, Vienna (consolidated financial statements)	30.09.2004
TECH-GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	31.12.2004
CROWN-WSF spol. s.r.o., Prague	31.12.2003
IMPERIAL-Székesfehérvár Ingatlankezelési Kft., Budapest	31.12.2003
Wüstenrot Versicherungs-Aktiengesellschaft, Salzburg	31.12.2004
Towarzystwo Ubezpieczeń na Życie “Compensa” S.A., Warsaw	31.12.2004
Towarzystwo Ubezpieczeń “Compensa” S.A., Warsaw	31.12.2004
Joint Belarus-Austrian Insurance Company Kupala, Minsk	31.12.2003

In the case of the fully-consolidated companies included in the consolidated financial statements as of 31.12.2004 for the first time, for newly acquired shares of companies already included in previous years or in view of other consolidation measures, there resulted differential amounts on the assets side of TEUR 7,256 (TEUR 103,726) and differential amounts on the liabilities side of TEUR 1,104 (TEUR 916). In view of the removal of a subsidiary included hitherto by way of full consolidation (Brunn am Gebirge Realbesitz GmbH, Vienna) from the consolidation scope, the differential amounts on the assets side originally placed in the consolidated reserves decreased by TEUR 1,388.

The book value method as per Section 264 Para. 1 of the Austrian Commercial Code was used with the valu-

ation of participations in associated companies. In the consolidated financial year 2004, additional differential amounts on the assets side to the extent of TEUR 1,587 (TEUR 19,803), which were offset with the consolidated reserves, resulted on balance between the book values of the participations and the respective proportionate shareholders' equity.

The determination of the profit or loss apportionable to other shareholders was effected on the basis of the net income or net loss.

Receivables and liabilities between the included companies are offset, expenses and income from internal business transactions are essentially eliminated.

NOTES TO THE CONSOLIDATED ACCOUNTS.

IV. Accounting and valuation rules

The annual financial statements underlying the consolidated financial statements for **WIENER STÄDTISCHE Allgemeine Versicherung Aktiengesellschaft** and for the included subsidiaries were uniformly prepared in accordance with the accounting and valuation principles applicable for Wiener Städtische.

The currency conversion of the annual financial statements of foreign subsidiaries is effected in accordance with the reporting date rate method.

Intangible assets, if acquired against payment, were shown on the assets side at acquisition cost with deduction of scheduled amortisations.

Land, rights and buildings equivalent to land, including buildings on foreign land, were valued at acquisition cost or construction cost, reduced by scheduled and non-scheduled depreciations; differential amounts were allocated to hidden reserves in land and buildings with two included companies.

The **capital assets of unit-linked and index-linked life insurance** are valued according to the market value principle.

The capital investment of the company is effected in fixed-interest shares, real estate, participations, shares and structured investment products, according to the strategy designated for this situation, taking into consideration the overall risk position of the company. In the determination of the volumes and of the limitation of open transactions, consideration was taken of the risk content of the designated categories and of the market risks.

The capital investment strategy is laid down in the investment guidelines, whose observance is regularly checked by the central risk controlling unit and by internal audit. The central risk controlling unit regularly reports to the tactical and strategic investment committee. Internal auditing regularly reports to the Managing Board and Supervisory Board

Essentially, a largely low-risk capital investment is effected. Depending on the risk content of the individual investment, the strategic investment committee makes a decision after complete explanation of all the risks and

strain on liquidity associated with it as well as representation of the shares already in existence in the portfolio and the impact of the individual investment on the overall risk position regarding possible investments with a higher risk.

All the known financial risks are regularly evaluated and restricted by means of specific limits or reserves. The price risk of the securities is periodically checked by means of value-at-risk and stress tests. The risks of default are measured by means of both internal and external rating systems.

An important objective of the investment and liquidity planning is the permanent guarantee of an investment outcome over and above the minimum rate of return for the life insurance class and, for all classes of business, the preservation of adequate, liquid and index-linked financial assets. Therefore, the liquidity planning is carried out taking into account the development of insurance payments and normally the overwhelming proportion of the investment income is used for reinvestment.

In the balance sheet item **Shares and other non-fixed-interest securities**, assets were shown with a book value of TEUR 13,384 and a market value of TEUR 15,090 as of 31st December 2004, where the payment of interest is guaranteed during the period, but a redemption of the capital may not apply in part or completely. Assets were not held, where an interest and/or capital loss in any combination at all may be possible.

Mortgage receivables and other loans, including those to affiliated companies and to companies with which a shareholding relationship exists, are valued essentially at the nominal value of the outstanding receivables. An additional payment discount is spread over the term of the loan and reported on the liabilities side of the balance sheet under deferrals.

The valuation of **tangible assets** (excluding land and buildings) is effected at acquisition cost, reduced by scheduled write-downs. Low-value assets are fully written off in the year of acquisition.

Shares in non-consolidated affiliated companies, which were not valued according to the equity method, and **participations** are valued according to the strict lower-of-cost-or-market principle.

NOTES TO THE CONSOLIDATED ACCOUNTS.

Securities and shares are valued at acquisition cost or the lower stock exchange or market value on the balance sheet date. In the main, the strict lower-of-cost-or-market principle was continued for all companies.

Underwriting provisions:

Underwriting provisions are essentially adopted in the consolidated financial statements without change from the annual financial statements of included companies. For risks from foreign subsidiaries, the provisions for outstanding insurance claims are valued in the consolidated financial statements with an amount higher by TEUR 4,258 (unchanged on the previous year) than in the individual financial statements.

Unearned premiums in property and casualty insurance are basically calculated pro rata temporis with deduction of a cost discount amounting to TEUR 25,139 (TEUR 23,252). In life insurance, unearned premiums are established to the extent prescribed in the business plan with no cost discounts deducted. In health insurance, unearned premiums are calculated pro rata temporis without a cost discount.

Non-underwriting provisions:

Pensions and severance provisions are established in accordance with the provisions of Section 14 of the Austrian Income Tax Act in conjunction with Section 116 of the Austrian Income Tax Act. Liabilities are shown in the balance sheet in compliance with the respective provisions under commercial or fiscal laws. Other provisions are established to the extent of estimated utilisation.

Provisions for severance payments to the extent of TEUR 83,042 (TEUR 88,626) were created in accordance with Section 14 of the Austrian Income Tax Act. The mathematical reserve determined as of 31.12.2004 in accordance with actuarial principles (entry age method), taking as a basis an actuarial interest rate of 6%, amounted to TEUR 86,431 (TEUR 85,419). The provisions shown in the balance sheet are therefore lower than the actuarially calculated provision requirement by TEUR 3,389.

The **provisions for pensions** of TEUR 347,965 (TEUR 346,325) reported in the balance sheet as of 31.12.2004 consist of the pensions provisions of

TEUR 332,472 (TEUR 324,426) calculated in accordance with the provisions of Section 14 in conjunction with Section 116 of the Austrian Income Tax Act, a taxed amount of TEUR 0 (TEUR 2,225) and the shortfall in accordance with Article X Paras. 3 and 4 of the Austrian Financial Reporting Act of TEUR 15,493 (TEUR 19,674), which is reported separately under accruals on the assets side; the shortfall decreased by TEUR 4,181 (TEUR 4,617) in 2004.

Essentially, liabilities to the tax authorities are adopted from the financial statements of the subsidiaries. Tax deferrals on the assets side were reduced by TEUR 10,500 in the consolidated financial statements on the basis of consolidation measures.

Receivables and liabilities are valued at the nominal value or repayment amount.

The following explanations are provided on the **contingent liabilities not reported in the balance sheet**: There are letters of comfort for Businesspark Brunn Entwicklungs GmbH amounting to TEUR 799 (TEUR 799) in favour of the municipality of Brunn am Gebirge regarding the assumption of costs for the construction of the motorway junction and the development of the property. In addition, there is a letter of indemnity in favour of APC-Geschäftscenter Betriebsges.m.b.H. amounting to TEUR 209 (TEUR 359) and a joint and several liability for loans that were contracted by COUNTRY INN VIC Hotelerrichtungs- und Betriebsgesellschaft m.b.H. up to a total amount of TEUR 10,450 (TEUR 10,392). Furthermore, the company is liable for the loan repayments of employees to Spar- und Vorschusskasse der Angestellten der "Wiener Städtische Allgemeine Versicherung Aktiengesellschaft" reg.Gen.m.b.H. of TEUR 198 (TEUR 267).

The liability regarding Towarzystwo Ubezpieczeń "Compensa" S.A., Warsaw, amounting to TEUR 7,018, no longer applies.

V. Significant participations

The overview of participations and the information on the consolidation scope are attached as an Annex to the notes to the consolidated accounts and show the shares directly and indirectly held in the company in total.

NOTES TO THE CONSOLIDATED ACCOUNTS.

VI. Explanatory notes on items in the balance sheet

The values of the balance sheet items shown hereinafter have developed as follows:

Amounts in EUR '000	Intangible assets	Land and buildings	Shares in associated companies	(Other) participations	Bonds and other securities from and loans to affiliated companies	Bonds and other securities from and loans to companies with which a shareholding relationship exists	Shares in affiliated companies
Position on 31st Dec. 2003	37,725	1,226,677	78,418	192,729	51,327	293,474	70,850
Additions	110,507	39,683	2,663	54,787	24,584	51,284	6,738
Disposals	-1,052	-63,181	0	-31,062	-20,616	-86,666	-220
Transfers	342	138	0	2,522	-8,699	-23,244	688
Write-downs	-26,227	-75,374	0	-8,014	-3,900	-147	-868
Position on 31st Dec. 2004	121,295	1,127,943	81,081	210,962	42,696	234,701	77,188

The real estate values of developed and undeveloped land amounted to TEUR 215,910 (TEUR 227,272) on 31.12.2004. The balance sheet value of properties used by Wiener Städtische amounted to TEUR 129,195 (TEUR 130,681).

Other loans, which are not secured by means of an insurance policy, break down as follows:

Amounts in EUR '000	2004	2003
Loans to the Republic of Austria	836.839	954.407
Receivables from loans to other public bodies	93.414	106.379
Receivables from loans to other borrowers	320.590	353.751

NOTES TO THE CONSOLIDATED ACCOUNTS.

The market values of capital assets amount to:

Items in accordance with Section 81c Para. 2 of the Austrian Insurance Supervision Act Amounts in EUR '000	Market value on 31.12.2004	Market value on 31.12.2003
Land and buildings	1,351,153	1,456,423
Shares in affiliated companies	80,732	73,563
Bonds and other securities from and loans to affiliated companies	42,696	51,327
Equity participations	147,950	145,951
(Other) participations	258,112	238,857
Bonds and other securities from and loans to companies with which a shareholding relationship exists	238,258	294,159
Shares and other non fixed-interest securities	3,346,340	2,855,792
Bonds and other fixed-interest securities	4,749,377	3,666,039
Shares in jointly-owned capital assets	99,551	93,000
Mortgage receivables	317,271	303,390
Advance payments on policies	27,396	27,628
Other loans	1,250,843	1,414,537
Committed deposits at banks	426,056	309,865
Other capital assets	716	417
Deposit receivables	74,535	70,297
	12,410,986	11,001,245

The hidden reserves increased by TEUR 263,695 to TEUR 762,128 (TEUR 498,433) overall in the reporting year.

The market values of land and buildings were determined in accordance with the recommendations of the Austrian Association of Insurance Companies. Valuation reports from the year 2004 formed the basis of the valuation for the most part.

The market values for reports from the valuation year 2005 amount to TEUR 30, 2004: TEUR 1,028,220, 2003: TEUR 302,916, 2002: TEUR 18,753, 2001: TEUR 909, 2000: TEUR 325.

The market values of shares in affiliated companies or of shares in participations correspond to the stock market values or other available fair market values. If stock market values or other available fair market values do not exist, the acquisition costs are assessed as market values. If necessary, the acquisition costs are reduced by non-scheduled depreciations or the higher openly reported proportionate capital.

Stock market values or book values (acquisition costs, if necessary reduced by non-scheduled depreciations) were valued as market values of shares and of other securities.

The remaining capital assets were valued at nominal values, if necessary reduced by non-scheduled depreciations.

From the amount reported in the item Other liabilities, TEUR 43,366 (TEUR 36,548) is apportionable to tax liabilities and TEUR 8,642 (TEUR 8,319) to social security liabilities.

Differential amounts on the assets side resulting from the capital consolidation amounting to TEUR 243,747 (TEUR 237,879) were offset with capital and revenue reserves.

The differential amounts on the assets side allocated in the previous year to hidden reserves in land and buildings decreased in 2004 by TEUR 5,963 to TEUR 65,794.

Differential amounts on the liabilities side, resulting from the capital consolidation, amounting to TEUR 17,049 (TEUR 15,945) were allocated to the capital and revenue reserves.

Differential amounts on the assets side from the equity valuation amounting to TEUR 39,517 (TEUR 37,930) were offset on balance with capital and revenue reserves.

NOTES TO THE CONSOLIDATED ACCOUNTS.

VII. Explanatory notes to items in the income statement

The accounted premiums are made up as follows:

Amounts in EUR '000	Property/Casualty	Health	Life	Total
Direct business	2,234,347	279,927	1,644,774	4,159,048
thereof from Austria	1,242,146	279,327	1,282,779	2,804,252
thereof from the Czech Republic	625,684	600	164,512	790,796
thereof from the Slovak Republic	211,099	0	84,661	295,760
Indirect business	10,408	704	12,889	24,001
thereof from Austria	10,394	704	12,889	23,987
Direct and indirect business overall	2,244,755	280,631	1,657,663	4,183,049

Accounted premiums in property and casualty insurance break down as follows in 2004:

Amounts in EUR '000	2004	2003
Direct business		
Fire and fire consequential loss insurance	284,449	220,488
Householders' insurance	131,007	116,675
Other property insurance policies	281,784	266,564
Motor vehicle liability insurance	621,928	511,588
Other motor vehicle insurance policies	365,979	295,430
Personal accident insurance	206,872	177,734
Liability insurance	162,895	142,194
Legal expenses insurance	38,777	38,075
Marine, aviation and transit insurance	36,711	36,678
Credit and surety insurance	154	538
Other insurance policies	103,791	72,863
	2,234,347	1,878,827
Indirect business		
Marine, aviation and transit insurance	613	829
Other insurance policies	9,795	21,192
	10,408	22,021
Direct and indirect business overall	2,244,755	1,900,848

The accounted premiums for health insurance policies break down as follows in 2004:

Amounts in EUR '000	2004	2003
Direct business		
Individual insurance policies	195,030	188,754
Group insurance policies	84,897	83,190
	279,927	271,944
Indirect business		
Group insurance policies	704	721
	280,631	272,665

NOTES TO THE CONSOLIDATED ACCOUNTS.

The accounted premiums for life insurance policies break down as follows in 2004:

Amounts in EUR '000	2004	2003
Direct business	1,644,774	1,422,943
Indirect business	12,889	11,701
	1,657,663	1,434,644

Premiums in direct business for life insurance are made up as follows:

Amounts in EUR '000	2004	2003
Individual insurance policies	1,581,199	1,374,891
Group insurance policies	63,575	48,052
	1,644,774	1,422,943
Policies with a single premium	537,291	519,674
Policies with renewable premiums	1,107,483	903,269
	1,644,774	1,422,943
Policies with profit participation	1,184,565	1,056,491
Policies without profit participation	65,597	78,752
Unit-linked life insurance policies	354,483	244,615
Index-linked life insurance policies	40,129	43,085
	1,644,774	1,422,943

The underwriting result is made up as follows:

Amounts in EUR '000	Property/Casualty	Health	Life	Total
Underwriting result	-6,712	5,346	63,609	62,243
thereof from Austria	-32,697	4,969	45,295	17,567
thereof from the Czech Republic	20,083	377	15,072	35,532
thereof from the Slovak Republic	12,501	0	3,697	16,198

Investment in **unit-linked life insurance** is effected in the following funds: Activest Lux Teleglobal, ADIG FONDIS, All World, Ariconsult Ausgewogen, Ariconsult Global, Ariconsult Trend, Ariconsult Wachstum, BAWAG PSK Global Bond, BFC Masterportfolio Ertrag, BFC Masterportfolio Wachstum, BFC Optima Performance, British Primes Life One, CI America Stock (A), CI America Stock (T), CI Asset Allocation Mix, CI Austria Med, CI Austria Stock, CI BetriebsService Mix, CI Biotech Stock, CI Central Europe Bond, CI Corporate Bond, CI DJE Golden Wave, CI Dollar Bond (T), CI Dollar Cash, CI Dynamic Europe Stock, CI Eastern Europe Stock, CI Energy Stock, CI Euro Bond, CI Euro Cash (T), CI Euro Corporate Bond (T), CI Euro Government Bond, CI Europe Stock (T), CI FondsBasket I, CI FondsBasket II, CI FondsBasket III, CI FondsBasket IV, CI Global Bond, CI Global High Yield Bond, CI Global Stock, CI Global

Trend Bond, CI Internet Stock, CI Inv. Programm 80, CI Latin America Stock, CI Master Fonds dynamisch (T), CI Master Fonds innovativ, CI Master Fonds konservativ, CI Master Fonds progressiv (T), CI Master Fonds traditionell (T), CI Mündel Bond, CI Pensions Invest klassisch, CI Pensions Invest klassisch, CI Pharma Stock, CI PI.Free dynamisch, CI PI.Free klassisch, CI PI.Free progressiv, CI PI.Free traditionell, CI Select Europe Stock, CI Swiss Stock, CI Teleworld Stock, CI Tiger Stock, CI Trade Rent (T), CI Trend Bond, Constantia Euro Bond, Constantia European Property, Constantia Vorsorge Aktien (T), C-Quadrat ValorInvest, CREDIT SUISSE IM (Lux) on S&P 500, Crystal Roof Rubin (T), Crystal Roof Safir (T), Crystal Roof Smaragd (T), CS Bond Fund (Lux) Euro (T), CS Bond Fund (Lux) USD (T), CS EF (Lux) – Small Cap USA (T), CS Money Market (Lux) CHF (T), DAVID ONE, Deka Rent International, DJE Golden

NOTES TO THE CONSOLIDATED ACCOUNTS.

Wave, DONAU Star-Fonds, DWS Biotech Aktien, DWS Flex Pension 2019, DWS Small & Mid Cap, DWS Vermögensbildungsfonds I, Ecofin Index Aktien Fonds, ESPA Bond Euro-Trend, ESPA Bond International, ESPA Cash Euro-Plus (T), ESPA Portfolio Bond, ESPA Select Med, ESPA Select Stock (T), ESPA Stock Europe, ESPA Stock Vienna, EuroBasket I, EuroBasket II, EuroBasket III, EuroBasket IV, EuroBasket V, EuroBasket VI, EuroBasket VII, EuroBasket IX, EuroBasket XI, Evolution 1, Fair Invest Balanced (T), Fidelity Euro Bond Fund, Fidelity European Growth Fund, Fidelity International Fund, Fidelity Japan Fund, Fidelity Japan Smaller Companies Fund, Fidelity Portfolio Selector Global Growth Fund, Fidelity Portfolio Selector Growth Fund, Fidelity Portfolio Selector Moderate Growth Fund, Fidelity South East Asia, Fond Istota, Fondis, FondsBasket I Ausgeglichen, FondsBasket II Dynamisch, FondsBasket III Progressiv, FondsBasket IV Rasant, GAM Star Japan Equity, Gamax Funds Top 100 A-shares, Global & Stabil-World Megastock (T), Global Max (T), GlobalGarant I, GlobalGarant II, GlobalGarant III, GlobalGarant V, GlobalGarant VII, GlobalGarant IX, GlobalGarant X, GlobalGarant XI, GlobalGarant XII, GlobalGarant XIII, GlobalGarant XV, GlobalGarant XVII, GlobalGarant XVIII, GlobalGarant XIX, Golden Roof Branchen (T), Golden Roof Welt (T), GT Invesco GF Balanced Fonds, GT Invesco GF Basic Fonds, GT Invesco GF Top Fonds, Gutmann Vorsorge Fonds, IAM Korunový dlhopisový fond, IAM Medzinárodný vyvážený fond, INVESCO Asian Equity Fund, INVESCO Global Corporate Bond, INVESCO GT Bond Fund, INVESCO GT Emerging Markets Bond, INVESCO GT Investment Fund, INVESCO GT Japan, INVESCO GT Japan Enterprise, INVESCO GT Pan European Enterprise (T), JPMF America Small Cap Fund, JPMF America Equity Fund, JPMF Emerging Markets Debt Fund, JPMF Europe Small Cap Fund, JPMF Pacific Equity, Julius Baer Swiss Stock Fund, Julius Baer Strategy Conservative und Balanced und Growth, K1 Global, K1 Invest, Kapital & Wert Premium Dynamisch (T), Kapital & Wert Premium Ausgewogen, Leonardo "Jogging" (T), Leonardo "Sprinting" (T), Leonardo "Walking" (T), MAN Multi-Strategy Series 6, Market Timing Portfolio, Master S Best-Invest A und B und C, Meinl Abfertigungs-

fonds, MLIIF Emerging Markets Fund (T), MLIIF Euro Bond (T), MLIIF European Opportunities (T), MLIIF Japan Opportunities (T), MLIIF US Flexible Equity (T), MLIIF World Financials Fund, MLIIF World Gold Fund, Morgan Stanley Emerging Markets Debt Fund (T), Morgan Stanley Emerging Markets Equity Fund (T), Morgan Stanley Japanese Value Equity Fund (T), Morgan Stanley SICAV Global Equity A, Obligationsfond, Pensionsinvest Basket-Garant, Pictet Biotech, Portfolio 20, Portfolio 40, Portfolio 60, Portfolio 80, Portfolio 100, Ringturm Absolute Return Bond Fund (T), RT Active Global Trend, RT Osteuropa Aktienfonds (T), RT Vorsorge Rentenfonds, RT Vorsorge Rentenfonds (T), RT-PIF dynamisch (T), RT-PIF traditionell (T), Schoellerbank Aktienfonds (T), Schoellerbank Aktienfonds währungsgesichert (T), Schoellerbank Anleihefonds (T), Schoellerbank Euro Alternativ (T), Schoellerbank Kurzinvest (T), Schoellerbank Realzins Plus (T), Schoellerbank USD Rentenfonds (T), Schoellerbank Vorsorgefonds (T), Select International, SLSP Konzervatívny zmiešaný fond, SLSP Korunový dlhopisový fond, SLSP Korunový peňažný fond, SLSP Progresívny zmiešaný fond, Spaengler-Spar-Trust Corporate (T), Success Absolute (T), Success Relative (T), SWISS Select Balance, SWISS Select Garantie, System Select A, TAM Americký akciový fond, TAM Európsky akciový fond, TAM Fond korporátnych dlhopisov, Templeton Emerging Markets Fund, Templeton Growth Fund, Tradecom Fondstrader, UBS Lux Bond Fund US (T), Ungarischer Aktienfond, VIF Versicherung International Fonds, VL MP Absolute Life, VL MP Life Plan, VL MP Wachstum EUR, Vontobel Emerging Markets Equity (T), Vontobel USD Bond (T), Vorsorge Max (T), Warburg-Global 100-Fonds, WSTV ESPA Dynamisch, WSTV ESPA Konservativ, WSTV ESPA Progressiv, WSTV ESPA Traditionell und Zukunftsvorsorge Aktienfonds (T).

The total **income from capital investment** in life insurance and in health insurance was transferred into the technical account, as the investment income in these two sectors constitute a component of the technical calculations. In property and casualty insurance, only the interest income from deposits for the indirect business was transferred into the technical account.

NOTES TO THE CONSOLIDATED ACCOUNTS.

The items expenses for insurance claims, operating expenses, other underwriting expenses and expenditure for capital assets include the following:

Amounts in EUR '000	2004	2003
Salaries and wages	250,367	237,807
Expenditure for severance payments	14,134	10,366
Expenditure for retirement provision	20,325	30,715
Expenditure for statutory social security contributions and wage-related levies and compulsory contributions	82,220	77,304
Other social expenditure	4,162	3,767

In the direct insurance business, **commissions** amounting to TEUR 426,613 (TEUR 413,872) accrued in the financial year 2004. **Losses from the disposal of capital assets** amounted to TEUR 43,129 (TEUR 17,583) in the financial year 2004.

The valuation reserve reported in the balance sheet as of 31st December 2004 and the transfers and releases in the financial year break down as follows (by fixed asset item):

Amounts in EUR '000	Position on 31.12.2003	Transfer	Release	Position on 31.12.2004
to land and buildings	153,349	6,220	13,773	145,796
to shares in affiliated companies	8,232	0	0	8,232
to participations	3,628	0	0	3,628
to bonds and other fixed-interest securities	7	0	7	0
to shares and other non-fixed-interest securities	26,123	0	0	26,123
to tangible assets	90	6	6	90
to intangible assets	5,305	0	318	4,987

The other untaxed reserves reported in the balance sheet as of 31st December 2004 and the transfers and releases of these reserves in the financial year break down as follows:

Amounts in EUR '000	Position on 31.12.2003	Transfer	Release	Position on 31.12.2004
Investment allowances as per Section 10 of the Austrian Income Tax Act	14,900	0	10,208	4,692
Transfer reserves as per Section 12 of the Austrian Income Tax Act	4,667	5,007	4,667	5,007

The reserve reported in the balance sheet as of 31st December 2004 as per Section 10 of the Austrian Income Tax Act breaks down as follows (by year):

Amounts in EUR '000	Investment allowances as per Section 10 of the Austrian Income Tax Act
from 1995	114,089.30
from 1996	102,915.92
from 1997	35,037.02
from 1998	431,047.51
from 1999	1,537,866.99
from 2000	2,471,511.23

NOTES TO THE CONSOLIDATED ACCOUNTS.

VIII. Other information

The composition of the Managing Board and of the Supervisory Board in the financial year may be found on page 128 of this annual report.

The average number of employees (including cleaning staff) at the fully-consolidated companies amounted to TEUR 12,230 (TEUR 11,577). Of this figure, TEUR 5,682 (TEUR 5,326) were employed in business production with personnel costs of TEUR 156,321 (TEUR 145,522) and TEUR 6,548 (TEUR 6,251) were administrative staff with personnel costs of TEUR 212,151 (TEUR 211,925).

The average number of employees (including cleaning staff) at the proportionally consolidated companies amounted to 117 (122). Of this figure, 17 (21) were employed in business production with personnel costs of TEUR 798 (TEUR 815) and TEUR 100 (TEUR 101) were administrative staff with personnel costs of TEUR 5,281 (TEUR 4,768).

No loans are outstanding with Members of the Managing Board on 31st December 2004.

Members of the Supervisory Board did not receive any loans in 2004.

There were no liabilities for Members of the Managing Board and of the Supervisory Board on 31st December 2004.

From the expenditure for severance payments and pensions amounting to TEUR 34,459 (TEUR 41,081) in total, TEUR 14,835 (TEUR 8,524) is apportionable in 2004 to severance payments and pensions expenditure for Members of the Management Board and senior executives in accordance with Section 80 Para. 1 of the Austrian Stock Company Act.

Emoluments amounting to TEUR 4,155 (TEUR 2,634) accrued to Members of the Managing Board for their work in 2004. The remuneration package of former Members of the Managing Board (excluding the surviving dependents) amounted to TEUR 2,055 (TEUR 1,373) in 2004.

The emoluments of the Members of the Supervisory Board for their work for the company amounted to TEUR 87 (TEUR 88) in 2004.

The Managing Board:

Dr. Günter Geyer

Dkfm. Karl Fink

Mag. Christian Brandstetter

Dr. Rudolf Ertl

Dr. Peter Hagen

Ing. Mag. Robert Lasshofer

Dr. Martin Simhandl

Vienna, 15th April 2005

PARTICIPATIONS.

On 31st December 2004, there were participations in the following companies:

Overview of the participations	Share in the capital	Equity capital TEUR	Net income/loss in TEUR	Last annual financial statement	Consolidation
1. Affiliated companies					
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Innsbruck	66.60%	798	-192	2004	VK
"Neue Heimat" Gemeinnützige Wohnungs- und Siedlungsgesellschaft in Oberösterreich, Gesellschaft mit beschränkter Haftung, Linz	99.81%	61,883	3,263	2003	A3
"Schillerpark Linz" Holding GmbH, Vienna	100.00%	8,297	-5	2004	A1
"Wiener Städtische osiguranje" akcionarsko drustvo, Belgrade	100.00%	5,368	-729	2004	VK
AGRAS – Grupul Wiener Städtische S.A., Bucharest	74.45%	2,146	-1,000	2004	VK
Alpenländische Heimstätte Gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	94.00%	78,769	5,071	2003	A3
Altstadt Hotelbetriebs GmbH, Vienna	100.00%	22,104	1,234	2004	VK
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	100.00%	352	7	2004	VK
AURUM osiguravajuce drustvo d.d., Zagreb	93.88%				A4
Bank Austria Creditanstalt Versicherung AG, Vienna	90.00%	29,261	5,157	2004	VK
BML Versicherungsmakler GmbH, Vienna	100.00%	115,187	-4	2004	VK
Bulgarski Imoti Life AG Insurance Company, Sofia	70.30%	2,649	2	2004	VK
Bulgarski Imoti Non-Life AG Insurance Company, Sofia	70.30%	2,148	15	2004	VK
Businesspark Brunn Entwicklungs GmbH, Vienna	100.00%	9,731	-102	2004	VK
CAPITOL a.s., Bratislava	100.00%	3,340	56	2004	VK
CAPITOL Spolka z.o.o., Warsaw	98.89%	-30	-161	2004	A1
Celetná 25, s.r.o., Prague	100.00%	8,397	874	2004	VK
CENTER Hotelbetriebs GmbH, Vienna	82.66%	60	16	2004	VK
DBR Friedrichscarrée GmbH & Co KG, Stuttgart	100.00%	16,717	-10,814	2004	VK
DBR Friedrichscarrée Liegenschaften Verwaltungs-GmbH, Stuttgart	100.00%	25	0	2004	VK
DBR-Liegenschaften GmbH & Co KG, Stuttgart	100.00%	16,069	368	2004	VK
DBR-Liegenschaften Verwaltungs-GmbH, Stuttgart	100.00%	24	0	2004	VK
DIRECT-LINE Direktvertriebs-GmbH, Vienna	100.00%	189	124	2004	A1
DONAU Allgemeine Versicherungs-Aktiengesellschaft, Vienna	89.47%	84,087	9,551	2004	VK
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	100.00%	25,292	6	2004	A1
Erste gemeinnützige Wohnungsgesellschaft "Heimstätte Gesellschaft m.b.H.", Vienna	99.45%	57,507	4,859	2003	A3
Eurocenter-Immorent d.o.o., Zagreb	100.00%				A1
EXPERTA Schadenregulierungs-Gesellschaft m.b.H., Vienna	100.00%	584	255	2004	A1
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	100.00%	24,210	1,042	2004	VK
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	100.00%	172	23	2003	A1
HUMANOCARE gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH, Vienna	100.00%	223	-347	2003	A1
HUMANOCARE Management-Consult GmbH, Vienna	75.00%	199	52	2003	A1
InterRisk Lebensversicherungs-Aktiengesellschaft, Wiesbaden	100.00%	13,338	2,000	2004	VK
InterRisk Versicherungs-Aktiengesellschaft, Wiesbaden	100.00%	79,590	-15,208	2004	VK

Use was made of the provisions as per Section 241 Para. 2 and Section 265 Para. 3 of the Austrian Commercial Code.

PARTICIPATIONS.

Overview of the participations	Share in the capital	Equity capital TEUR	Net income/loss in TEUR	Last annual financial statement	Consolidation
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	100.00%	1,284	60	2004	VK
KAPITOL pojišťovací a finanční poradenství, a.s., Brno	100.00%	9,185	901	2004	VK
Komunálna poisťovňa, a.s., Bratislava	95.14%	10,915	1,801	2004	VK
KONTINUITA poisťovňa, a.s., Bratislava	100.00%	7,520	291	2004	VK
KOOPERATIVA poisťovňa, a.s., Bratislava	100.00%	52,703	10,615	2004	VK
Kooperativa pojišťovna, a.s., Prague	87.74%	119,027	11,928	2004	VK
Kvarner Wiener Städtische osiguranje d.d., Rijeka	94.71%	7,608	33	2004	VK
LVP Holding GmbH, Vienna	100.00%	109,131	3,085	2004	VK
Metropolitan Datenservicegesellschaft m.b.H., Vienna	100.00%	1,888	265	2004	VK
Neue Heimat Oberösterreich Holding GmbH, Vienna	100.00%	19,801	657	2004	VK
Neutorgasse 2-8 Projektverwertungs GmbH, Vienna	90.00%				A1
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	85.13%	88,615	-25,037	2004	VK
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	76.93%				A1
PROGRESS Beteiligungsges.m.b.H., Vienna	60.00%	7,762	1,943	2004	VK
Projektbau GesmbH, Vienna	89.50%	278	215	2004	VK
Realitätenverwaltungs- und Restaurantbetriebs-Gesellschaft m.b.H., Vienna	100.00%	430	24	2004	A1
Renaissance Hotel Realbesitz GmbH, Vienna	67.00%	6,915	-650	2003	A1
Ringturm Kapitalanlagegesellschaft m.b.H., Vienna	91.00%	3,016	189	2004	A1
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	51.00%	216	78	2003	A1
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	100.00%	3,932	15	2004	VK
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	100.00%	-3,618	-152	2004	VK
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	66.70%	11,920	34	2004	VK
service & more Versicherungsagenturbetreuung GmbH, Vienna	74.45%	263	1	2004	A1
St. Magdalen Projektentwicklungs- und Verwertungsgesellschaft m.b.H., Vienna	89.00%	5,391	-326	2004	VK
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	60.00%	37,519	-362	2004	EK
Union Biztosító Rt., Budapest	100.00%	17,088	-3,326	2004	VK
UNITA S.A., Bucharest	100.00%	12,434	-1,477	2004	VK
Vienna Life Lebensversicherung Aktiengesellschaft, Schaan	100.00%	4,596	60	2004	VK
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	100.00%	2,534	-7	2004	VK
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	100.00%	201,877	-10,581	2004	VK
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	100.00%	147,949	807	2004	VK
Wiener Verein Bestattungs- und Versicherungs-service Gesellschaft m.b.H., Vienna	100.00%	1,471	270	2004	VK
2. Participations					
CROWN-WSF spol. s.r.o., Prague	30.00%	5,686	1,144	2003	EK
FUTURELAB Holding GmbH, Vienna (consolidated financial statements)	50.00%	-11,060	903	2003	A2
Geschlossene Aktiengesellschaft Versicherungsgesellschaft "Jupiter", Kiev	48.50%	705	62	2003	A4

Use was made of the provisions as per Section 241 Para. 2 and Section 265 Para. 3 of the Austrian Commercial Code.

PARTICIPATIONS.

Overview of the participations	Share in the capital	Equity capital TEUR	Net income/loss in TEUR	Last annual financial statement	Consolidation
Gewista-Werbegesellschaft m.b.H., Vienna	33.00%	27,748	5,980	2003	EK
HUK-Coburg Auslandsbeteiligungs-GmbH, Coburg	50.00%	60,295	-619	2003	A2
Humanomed Krankenhaus Management Gesellschaft m.b.H., Vienna	25.00%	715	324	2003	A2
IMPERIAL-Székesfehérvár Ingatlankezelési Kft., Budapest	25.00%	10,603	416	2003	EK
Kapital & Wert Vermögensverwaltung Aktiengesellschaft, Vienna (consolidated financial statements)	49.90%	22,683	1,552	2004	EK
Joint Belarus-Austrian Insurance Company Kupala, Minsk	33.10%	609	0	2003	EK
Medial Beteiligungs-Gesellschaft m.b.H., Vienna	29.63%	5,474	1,724	2003	EK
ÖBV-DIREKT Versicherungsservice GmbH, Vienna	33.33%	389	335	2003	A2
PKB Privatkliniken Beteiligungs-GmbH, Vienna (consolidated financial statements)	25.00%	25,008	-135	2003	EK
Privatklinik Villach Gesellschaft m.b.H. & Co. KG, Klagenfurt	23.29%	972	-27	2003	A2
Ruster Hotel Bau- und Betriebs-gesellschaft m.b.H. & Co KG, Vienna	47.86%	-4,551	171	2003	A2
Towarzystwo Ubezpieczeń na Życie "Compensa" S.A., Warsaw	60.82%	18,759	-2,713	2004	EK
Towarzystwo Ubezpieczeń "Compensa" S.A., Warsaw	49.92%	26,030	-7,592	2004	EK
Union Versicherungs-Aktiengesellschaft, Vienna	45.00%	70,512	14,257	2004	QK
Wüstenrot Versicherungs-Aktiengesellschaft, Salzburg	31.60%	134,209	4,508	2004	EK

Use was made of the provisions as per Section 241 Para. 2 and Section 265 Para. 3 of the Austrian Commercial Code.

The abbreviations in the column "Consolidation" mean:

VK Fully consolidated company	A1 Non-consolidated company as per Section 249 Para. 2 of the Austrian Commercial Code
QK Proportionally consolidated company	A2 Non-consolidated company as per Section 263 Para. 2 of the Austrian Commercial Code
EK Equity consolidated company	A3 Non-consolidated company as per Section 248 of the Austrian Commercial Code
	A4 Non-consolidated company as per Section 249 Para. 1 Section 2 of the Austrian Commercial Code

AUDITOR'S REPORT.

Auditor's certificate.

We have audited the **consolidated financial statements** of

**WIENER STÄDTISCHE Allgemeine Versicherung
Aktiengesellschaft, Vienna,**

as of 31st December 2004 including the accounting, which were produced in accordance with the provisions applying in Austria under commercial law. The preparation and content of these consolidated financial statements are the responsibility of the legal representatives of the company. Our responsibility lies in the submission of an audit opinion on these consolidated financial statements on the basis of our inspection.

We have carried out our audit in compliance with the legal provisions applicable in Austria and the customary principles in our profession. These principles require that the audit is planned and executed in such a way that a sufficiently reliable judgement may be submitted regarding whether the consolidated financial statements

are free from significant inaccurate statements. The audit includes an inspection of the proof for amounts and other information in the consolidated financial statements, based on random sampling. It also includes the assessment of the accounting principles applied by the legal representatives and the significant estimates undertaken as well as an appraisal of the overall message of the consolidated financial statements. We are of the opinion that our audit provides a sufficiently reliable basis for our audit opinion. On the basis of the findings of the audit conducted by us, we provide the following **unqualified audit certificate** in accordance with Section 274 Para. 1 of the Austrian Commercial Code:

"The consolidated financial statements comply with the statutory provisions according to our audit carried out in accordance with our duty. The consolidated financial statements convey an as accurate as possible picture of the net worth, financial position and earnings of the group in compliance with the proper accounting principles. The management report for the group is consistent with the consolidated financial statements."

KPMG Alpen-Treuhand GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Michael Schlenk
Auditor and tax advisor



ppa. Friedrich Unterkircher
Tax advisor

Vienna, 15th April 2005

MANAGEMENT REPORT ON THE INDIVIDUAL FINANCIAL STATEMENT OF WIENER STÄDTISCHE AG

PORTRAYAL OF THE COMPANY.

Wiener Städtische AG

Since its foundation in 1824, Wiener Städtische Versicherung AG has developed into one of the leading insurance companies on the Austrian market. Today, it is the stock exchange-listed parent company of the international Wiener Städtische Group and operates on the Austrian insurance market as a composite insurer in all classes of business.

Role as the Group parent

As the operating insurance company, Wiener Städtische AG is at the same time the parent company of the multi-national Wiener Städtische Group and is in the main a direct shareholder in the subsidiaries in Austria and Central and Eastern Europe. As a result, clear and efficient communication and decision-making channels are ensured for the effective management of the Group. The Wiener Städtische Group is the leading Austrian insurance group operating in the countries of Central and Eastern Europe. Wiener Städtische AG also holds domestic and foreign participations outside the insurance sector, which are used for complementing the services of the business lines.

Geographical presence, customers and products of Wiener Städtische AG

Wiener Städtische AG is close to its customers – it offers its service in all Austrian federal provinces via 200 offices.

Wiener Städtische AG has a broad base both in the corporate customers sector, which in Austria primarily consists of a large number of dynamic small and medium-sized businesses, and in the private customers sector. Overall, Wiener Städtische AG's market share amounts to approximately 13.5%.

The product range is characterised by great flexibility. The customer chooses from core products, which can be supplemented with corresponding modules and adapted to the individual needs of the customer. Considerable importance is also attached to the rapid development of new product solutions. As an example, immediately after the creation of the statutory prerequisites, Wiener Städtische AG was the first insurance company in Austria to offer a product for the government-sponsored future pension plan, the state supported personal pension plan. The great success of this product from Wiener Städtische AG has impressively endorsed this strategy.

The nursing allowance insurance policy presented in 2004, with which Wiener Städtische proves its innovation leadership, is also a new impulse on the domestic market. As a result, it offers a product for private preventive medicine, which takes into account the changing age distribution of the population due, happily, to the constantly increasing life expectancy and the resulting need for new protection solutions.

Distribution

In the sales department, Wiener Städtische AG is pursuing a consistent multi-channel strategy and utilises several different marketing channels. The salaried sales force constitutes the mainstay of the marketing. Extensive efforts have been made in recent years in order to expand the sales force and to bring the qualifications of the sales force employees to an exceptionally high level. Thus, Wiener Städtische AG is the Austrian insurance company with the highest number of graduates for the examination to become a certified insurance consultant (BÖV examination).

Of course, brokers, insurance agents and the collaboration with banks also rank very highly in the distribution network in addition to our own sales force. Thus, the successful collaboration over many years between the savings bank sector and Donau Versicherung was also extended in recent years to Wiener Städtische AG and will be further intensified on a continuous basis. The premium growth rates of the past years, which were considerably above the market average, prove that this adopted route was an extremely successful one.

Personnel

The employees of the company are a central success factor. Therefore, particular attention is placed on the ongoing initial and advanced training of all employees. It is only in this way that fast problem-solving can be ensured for the customers to the highest level. A separate Group company, "Horizont Personalentwicklung GmbH", takes care of the ongoing initial and advanced training of all employees.

As of 31st December 2004, a total of 3,670 employees were working in Wiener Städtische AG. Therefore, the workforce reduced by a total of 84 employees in 2004. The reason for this decrease was the takeover of the IT infrastructure by the IBM Group. However, the number of trainees was increased to 104 overall in

+++ THE HIGH QUALIFICATIONS OF EMPLOYEES ARE A CENTRAL SUCCESS FACTOR FOR WIENER STÄDTISCHE AG. +++

PORTRAYAL OF THE COMPANY.

2004, as a result of which approximately one third of all the trainees of the Austrian insurance sector are trained at Wiener Städtische AG. The number of sales force employees was also increased in the course of the financial year 2004.

Sale of the IT infrastructure to the IBM Group

On 1st December 2004, the IT services of Wiener Städtische AG, Donau Versicherung and the subsidiary company Metropolitan Datenservice GmbH were taken over by the company BLUE IT, a subsidiary of IBM Austria. As a result, BLUE IT is responsible in future for the entire IT infrastructure of Wiener Städtische – amongst other things, for the operation of the entire policy administration, of the company network and the SAP basic operation.

The main reason for this step was the long-term preservation of the jobs of the affected employees. It is foreseeable, due to the harmonisation of Wiener Städtische's IT infrastructure, that considerably fewer employees than hitherto will be required in a few years time for the operation and the enhancement of the systems. Therefore, the employees were taken over by IBM, where – in the longer term – they can also assume functions outside Wiener Städtische. For Wiener Städtische, the collaboration with IBM opens up the opportunity to benefit from technological innovations as soon as possible in the future, to structure the administrative processes even more efficiently in this way and therefore to be able to concentrate exclusively on its core competence – insurance business in the narrower sense.

Sponsorship

Wiener Städtische AG is conscious of its social responsibility and therefore supports a multitude of social institutions, events of the most diverse kind and artists. For example, projects from the areas of architecture, theatre and movie are sponsored across Austria.

Maecenas award for sponsorship activities

For its commitment in the promotion of art and culture, Wiener Städtische AG was honoured in November 2004 with the renowned "Maecenas" art sponsorship award. In the category "Best concept", the company received the Maecenas award for sponsorship in the area of child and youth literature. A Maecenas award had already been won in 1993 for the first time for the

project "Children hear, see and join in". The project "Angels for angels for angels" for the refurbishment of the baroque angels of the Altenburg Cathedral Chapter was submitted for the Maecenas Lower Austria award. Wiener Städtische AG is one of the main sponsors and was also honoured with a recognition award for its commitment.

Caritas campaigns

Wiener Städtische AG has supported the Austrian Caritas since the year 2002. In addition to the campaign "Bedroom Street", which made help available for street children in Central and Eastern Europe, the care information offensive of Caritas was also sponsored in 2004. Wiener Städtische AG developed a separate product with the nursing care insurance policy, with which customers can also make provisions for this area. Both campaigns will be continued in 2005 as well.

Volkshilfe campaign

Wiener Städtische AG has also collaborated with the Austrian organisation Volkshilfe for a long time. This collaboration in the context of the 2004 poverty campaign under the auspices of Margit Fischer, the wife of the Austrian President, was particularly effective with the public. The aim is to bolster the aid for single parents, children and large families.

Ringturm exhibition centre

In the now internationally known exhibition series "Architecture in Ringturm", architecture exhibitions are regularly shown in the company headquarters in Vienna with free admission.

Three very well attended exhibitions took place in 2004: The exhibition organised in collaboration with the Slovak insurance company Kooperativa, "Architecture in Slovakia: stimulation and reflection in Ringturm", which was extended on account of the huge interest of visitors, also the exhibition "Europe's best buildings – Mies van der Rohe Award 2003" and finally, from September to November 2004, the exhibition "Architecture in Bucharest 1920–1945".

Awards for the advertising campaign

As in the years before, the advertisement of Wiener Städtische AG was honoured several times in 2004 as well. The awards received included an EFFIE (compe-

+++ AS IN THE YEARS BEFORE, THE ADVERTISEMENT OF WIENER STÄDTISCHE AG WAS HONOURED SEVERAL TIMES. +++

PORTRAYAL OF THE COMPANY.

tition for particularly efficient advertising), the honour for the "Kurier advertising favourite of the year 2004", second place at the "Print Oscars 2004", fourth place in ORF's "Top Spots 2004" (top advertisements) and a distinction at the New York "Midas Awards", amongst others.

New advertising campaign: Lisa and her mother

Wiener Städtische AG's new TV advertisement, started in January 2005, introduces a new image campaign on television and in the printed media. In order to do justice to the equality of rights, the popular father-son duo has now been supplemented by a mother with her small daughter, Lisa. The childlike ruthlessness of little Lisa makes her mother aware of something that one can never think early enough about: the need for the personal pension plan in good time.

Successful collaboration with ÖH

The collaboration initiated in 2003 with the Austrian Students' Union (ÖH), the representation for students' interests, was stepped up in 2004. Wiener Städtische AG had already provided the compulsory insurance of all the approximately 180,000 students in Austria in 2003. The ÖH Card was created as a joint project between ÖH, Wiener Städtische and Erste Bank, for the documentation of ÖH's membership. The ÖH Card serves as proof of the insurance, but is used also for the attainment of many benefits with co-operation partners that are tailored to the needs of students. By means of the collaboration with the ÖH, it is possible to position ourselves with the students as a competent insurance partner and above all, via products specifically devised for this target group, to build up a long-term customer relationship as well.

Carefree: Wiener Städtische's property and casualty insurance.



"Wiener Städtische has got my worries."

+++ WIENER STÄDTISCHE AG TAKES CARE OF THE FINANCING, REGISTRATION AND INSURANCE OF THE NEW CAR. +++

PROPERTY AND CASUALTY INSURANCE.

Property and casualty insurance is traditionally divided into two major lines: motor insurance and so-called non-motor insurance ("non-motor classes").

MOTOR INSURANCE

Motor vehicle liability insurance in particular and otherwise motor hull insurance fall under the motor class and have a considerable importance for the entire property and casualty class due to their high premium income and their large number of customers. The motor vehicle liability insurance policy is compulsory for every motor vehicle licensed in Austria for traffic on a public highway and covers the injuries caused to a third party in the course of an accident as well as the defence of unfounded claims for compensation of third parties, whereas a motor hull insurance policy may be concluded for the protection of one's own vehicle.

The "Top Plus-Plus" motor vehicle liability insurance policy

It is certainly bad enough being involved in an accident. In order to provide a cushion against the financial consequences of an accident, Wiener Städtische AG offers optimum protection with its product "Top Plus-Plus" with a third-party liability sum insured of EUR 10 million. Also included is a breakdown service and in addition a comprehensive benefits package, such as the return transportation costs of the car to a workshop at the place of domicile, the overnight expenses for the driver and all fellow passengers, if the vehicle cannot be returned to working order again on the day of the accident or of the breakdown or even an extended third-party liability insurance for hire cars.

Raising the third-party liability minimum sum insured

The minimum sum insured in motor vehicle liability insurance was increased by the legislator in October



www.palmers-shop.com

Collection P-Marrakesch

Continuation of the successful advertising co-operation with Palmers.

+++ IN AUSTRIA WIENER STÄDTISCHE AG IS MARKET LEADER OF COMMERCIAL INSURANCE. +++

PROPERTY AND CASUALTY INSURANCE.

2004 from EUR 1.09 million (ATS 15 million) to EUR 3 million. It may be seen as evidence for the quality of advice of the Wiener Städtische AG account managers that approximately 75% of the motor vehicle liability insurance policies had already used the now statutory minimum cover, or even a yet higher sum insured, before October 2004. The previous minimum sum insured was often no longer sufficient, namely for the coverage of claims for compensation, annuities or damages for pain and suffering in the case of accidents with people killed or severely injured casualties.

Motor hull insurance

Wiener Städtische AG's motor hull insurance, in the comprehensive hull variant, protects the customer's vehicle against the consequences of any damage – no matter whether due to accident, natural forces, damage while parked, theft or vandalism. A partial comprehensive hull insurance policy also offers extensive protection against a smaller premium, though in this variant self-perpetrated damage to one's own vehicle due to an accident is not subject to insurance protection.

Passenger accident insurance

Motor vehicle passenger accident insurance is also part of the class of motor insurance policies and is a sensible supplementary product for the third-party liability and motor hull insurance policies. It offers no fault financial indemnification for drivers and accompanying passengers in the event of an injury following a road accident. As a special highlight, the Wiener Städtische AG driver and passenger accident insurance also indemnifies if the customer is injured in the event of an accident in a third-party vehicle.

Leasing – from the dream of a car to the dream car

Wiener Städtische AG also makes leasing finance available for new cars and offers the processing of the financing, registration and insurance of the new car – all from a single source.

NON-MOTOR CLASSES

Non-motor classes are understood to be the "non-motor classes" in property and casualty insurance. This includes a great number of different insurance products – for instance, in the private customers sector, homeowners', householders' and legal expenses insurance.

Market leader in corporate customer business

Wiener Städtische AG, as the market leader in Austrian corporate customer business, offers customised insurance solutions for large customers in the fire, business interruption, engineering insurance, aviation and transit insurance lines. Large international customers are comprehensively looked after via the network of subsidiaries in the countries of Central and Eastern Europe.

Homeowners' and householders' insurance

In private customer business, Wiener Städtische AG has concentrated on product innovations in 2004, with the objective of being able to work even closer with customers and more orientated to their needs. One result of these efforts is the new generation of products for homeowners' and householders' insurance. After the example of Wiener Städtische AG's comprehensive commercial lines insurance policy, "Business Class", which was extremely successfully introduced in 2003, it is now also possible for private customers to individually piece together the primary product according to their needs.

This philosophy of the building block principle has already proved to be worthwhile and is trend-setting for all additional new developments.

"Business Class" further improved

In view of the huge success, "Business Class" will be subjected to a revision in 2005. "Business Class" turns into an attractive total operational insurance solution for a larger circle of customers through the option of higher sums insured and an increased flexibility with contractual arrangements.

+++ WIENER STÄDTISCHE AG WILL INCREAS-
INGLY INVOLVE ITSELF IN THE AREA OF
RISK PREVENTION IN THE FUTURE. +++

PROPERTY AND CASUALTY INSURANCE.

“Öko Agrar” – Protect what is dear to you

Wiener Städtische AG offers a special insurance package with the new “Öko Agrar insurance policy”, which responds to the demands of modern agriculture. By means of a flexible building block principle, it is straightforward to adapt the scope of cover and the level of cover to the greatest variety of needs. A comprehensive basic coverage may be extended, on request, to a tailor-made insurance package with optimum protection by means of freely combinable supplementary insurance policies. Specialist farms with high-value products, processing plants, room letting, guest support activities, leisure-time facilities and farm-gate sales distinguish a modern agricultural operation. “Öko Agrar” offers appropriate benefits for all these requirements.

New residential property insurance policy

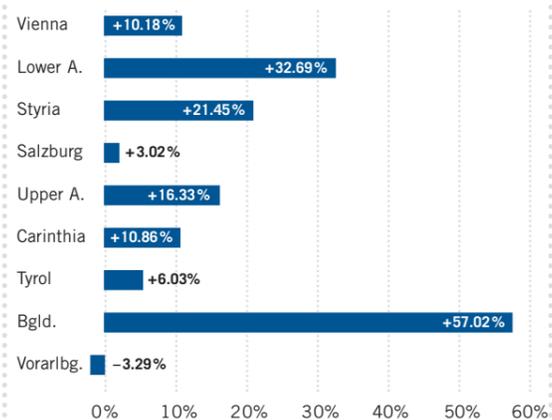
Wiener Städtische AG’s new residential property insurance policy is a comprehensive package insurance policy for multi-family residential buildings, which makes a customised cover extension possible. The target customers of this product are property managers, cooperatives, residential building associations or municipalities. It includes a building shell insurance policy for the construction phase and then a fire, windstorm, water pipe damage, glass breakage and third-party liability insurance policy for the main and all ancillary buildings.

Significant increase in burglaries

A massive increase in burglary offences in apartments and homes was recorded in 2004 – particularly in Eastern Austria. Burgenland was amongst the leaders at 57%

with an increase in the burglary claims reported to Wiener Städtische AG, followed by Lower Austria at 33% and Styria at 22%. Salzburg recorded a comparatively moderate increase with a plus of 3% and burglaries even fell by 3% in Vorarlberg in 2004. Overall, 13% more burglaries were reported than in the year 2003.

REGIONAL PORTRAYAL OF THE NUMBER OF BURGLARY CLAIMS REPORTED AT WSTV



In reaction to this trend, Wiener Städtische AG will increasingly involve itself in the area of risk prevention and grant premium discounts with the installation of equipment such as security doors and alarm systems. Thus, it is supporting its customers with targeted preventive measures for their own security and for the protection of their property.

Doing good: Wiener Städtische’s health and nursing care insurance policy.



“Wiener Städtische has got my worries.”

+++ WIENER STÄDTISCHE AG HAS ALREADY IMPLEMENTED THE EU REQUIREMENTS IN HEALTH INSURANCE IN 2004. +++

HEALTH INSURANCE.

Health reform 2004

State health insurance in Austria, with which approximately 99% of the Austrian population are insured, can today only offer a basic medical health provision. It has even been under discussion for some years as to whether the current range of benefits is also fundable in the future. In order to be able to continue ensuring the long-term ability to finance, a health reform (Agreement for the organisation and financing of public health) was approved in 2004 between Federal Government and the provinces. After a negotiating period of more than a year, a reorganisation was agreed, whose corner points were a cost-saving package for the reduction of drug costs, a reorganisation of the planning and administration bodies at the Federal Government and provinces level as well as outline laws for health telematics and quality. An increase in taxes and contributions as well as the raising of hospital costs contributions and retentions were also approved by the Austrian tax allotment system for the funding of approximately EUR 300 million for the provinces and medical insurance schemes.

The benefits of the private health insurance policy

Private health insurance policies mainly offer supplements to the social security insurance. The most important product of the private health insurance policy is the **special care insurance** policy. In addition, a lot of customers also have a **daily benefit insurance** policy in order to provide a cushion against the financial burden of a hospital stay. For example, even return transportation from abroad is only assumed by a private health insurance policy. Generally, only a small part of the expenses actually accrued is reimbursed by the state health insurance in the case of medical treatments abroad.

The subject of care and health provision is gaining more and more importance. Indeed, Austrians are now increasingly aware that in future they will have to spend more resources themselves for health benefits. However, the majority of people assume that they will not be seriously ill themselves or become a case for nursing care. In contrast to the private pension, which is accepted on a broad basis, not enough provision is yet made privately by a long way in the area of personal health. For this reason, Wiener Städtische AG

devised two completely new products in 2004 – “Extra Pflege” (Extra Care) and “Pflege Plus” (Care Plus) – which offer risk protection in spite of just a low monthly charge.

Special care category – more advantages as a private patient

The special care insurance policy offers the best possible medical health provision throughout life through the free choice of hospital and doctor. A special care category patient receives quicker care and is entitled to a double room with continuous visiting hours. The costs of the special care category in the case of an inpatient therapeutic treatment, even in a private hospital, are borne by Wiener Städtische AG.

As a special service, new customers may claim a comprehensive health check every two years, including detailed discussion of the results ascertained with a consultant. These preventive care examinations can help to spare long hospital stays and result in faster recovery.

Special care category – tariff reduction for women

There is a further incentive for women for the conclusion of a special care category insurance policy: Wiener Städtische AG has already incorporated the EU requirements for the so-called “unisex tariffs” in the health



insurance policy in 2004. The EU Equal Treatment Directive provides that the “birth cost factor” may no longer be solely laid at the door of women. Wiener Städtische AG was the only Austrian insurance company to react immediately and has therefore reduced the tariffs in the case of new priority category policies.

+++ WIENER STÄDTISCHE AG IS THE FIRST INSURER TO LAUNCH A NURSING CARE INSURANCE POLICY WITHOUT A WAITING PERIOD. +++

HEALTH INSURANCE.

“Besser Leben” (Live Better) and “Wellness Plus”

The supplementary insurance package “Besser Leben” is a positive contribution to a healthier way of life. After the conclusion of “Besser Leben”, there is a choice of three benefits packages: a stay in a luxury wellness hotel, membership of a fitness studio or a comprehensive preventive health care examination – and that every two years. So far, approximately 40,000 customers of Wiener Städtische AG have already opted for “Besser Leben” in order to be able to use these benefits. The benefits of “Besser Leben” may also be taken up with the product “Wellness Plus”. In addition, “Wellness Plus” even offers a daily benefit insurance policy if a hospital stay is unavoidable.

“Extra Pflege”

In 2004, Wiener Städtische AG was the first insurer in Austria to launch a nursing care insurance policy without a waiting period. The basic state provision is improved through the product “Extra Pflege”. The number of people in need of care in Austria has already increased in 2004 to approximately 540,000. However, the state nursing allowance in accordance with the Austrian Federal Nursing Care Act [Bundespflegegesetz] only covers the basic benefit – therefore a private supplementary provision for the person in need of care becomes more and more important. Customers receive a choice of 25%, 50% or 100% of the state nursing allowance in addition with the new nursing care insurance policy “Extra Pflege”. The state nursing allowance is available in seven levels and is paid out depending on the degree of the need for nursing. The customer may choose whether he requires a basic protection (from Care Level 4) or insurance protection even from the first level of nursing allowance.

The benefit precondition is very simply structured: As soon as the customer draws a state nursing allowance from the Care Level chosen beforehand, a benefit entitlement from the product “Extra Pflege” also exists. In contrast to the state nursing allowance, the extra nursing allowance is still paid out even if the customer has to undergo hospital treatment.

Of course, the extra nursing allowance helps not just in the event of the need for nursing in old age. Even if you become the recipient of nursing allowance at an early age through an accident or a serious illness, you draw the benefit from the “Extra Pflege”. The product is obtainable from just three euro a month (for a man around 30 years of age). As usual, younger customers pay a low premium with the conclusion of an insurance policy – and this applies during the entire insurance period.

“Pflege Plus” – Professional help at home

“Pflege Plus” is a new product from Wiener Städtische AG, which offers support for the period after an operation in a hospital. “Pflege Plus” helps with the organisation of the nursing services and reimburses the costs of professional help for medical health provision if, for example, support by means of certified nursing staff is necessary. In addition, the costs are assumed if a home help (assistance with the shopping, cooking, child care, etc.) is enlisted. “Pflege Plus” also assumes the costs for a stay in a nursing home, in a senior citizens residence or in the hospice if nursing is not possible at home in the short-term.

The drawing of the benefit is possible as soon as the customer has been released from the hospital. On the submission of proof for the expended costs, he receives up to EUR 120 daily and that applies for up to 21 days per annum. “Pflege Plus” may be concluded separately or combined with already existing health or life insurance policies.

Future Lab

Wiener Städtische AG has acquired a substantial part in the company Future Lab, which operates centres of excellence for laboratory medicine in Austria and is setting up in the Czech Republic, the Slovak Republic and in Hungary. The idea behind it is that today, of course, every major hospital has expensive diagnosis and analysis equipment, though they are often only in use a few hours a day. It is the objective of Future Lab to utilise the equipment around the clock and therefore to be able to offer the services correspondingly more competitively, which is also a contribution to cost reduction in public health.

Making provisions: Wiener Städtische's life insurance policy.



“Wiener Städtische has got my worries.”

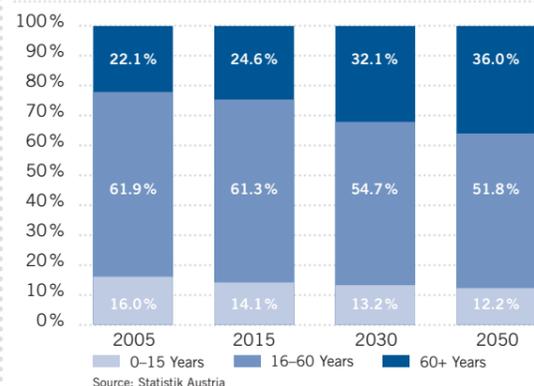
+++ THE STATE PENSION WILL ONLY BE ABLE TO OFFER A BASIC PROVISION IN THE FUTURE. +++

LIFE INSURANCE.

Demographic development up to 2050

Far-reaching changes can be expected for Austria through demographic development. Viewed statistically, every third Austrian will be 60 years of age or older in 50 years time. Experts expect that, in Austria in 2050, for each person gainfully employed there will be one person not gainfully employed (children, people engaged in education and pensioners).

DEMOGRAPHIC DEVELOPMENT IN AUSTRIA



The State has taken several measures in order to adapt the existing pension scheme to this challenge for the future. The most important adaptations were effected by the pensions reforms of recent years. The 2003 reform to safeguard public pensions set the objective to safeguard pension benefits for the long-term and has in essence taken two important measures: The lowering of the net compensation rate (i.e. a lower pension in proportion to working income) and the raising of the pension accrual age (i.e. a later start of the pension). The 2005 pension harmonisation ultimately had as its theme the fairness between the occupational groups – “same contribution, same benefit”.

Private retirement provision was promoted through the introduction of the government-sponsored future pension plan as supporting measures for the pension reforms. Due to the introduction of the occupational retirement provision under the employee pension funds, the socio-politically obsolete instrument for the handling of the employment relationships established from 1.1.2003 was abolished and instead a compulsory occupational retirement provision for everyone introduced. Retirement provision will be boosted further by an additional, radical reform of the occupational retirement pro-

vision. Thus, in the course of the implementation of the EU Pension Funds Directive, life insurance companies may also offer products from the area of occupational group insurance under the same regulatory framework as pension funds as from 23.9.2005.

Significance of private retirement provision for the maintenance of the standard of living

Despite the measures described, the state pension will only be able to offer a basic provision in future. Anyone who would like to have more, in order to actively enjoy his later life, has to start the private retirement provision as early as possible. Increasing life expectancy and better medical health provision resulted in the satisfactory circumstance that today, with commencement of the pension, you enter into a new period of life, in which – mentally and physically in top form – you can still have many years of life ahead of you and do more: travel, a new car, even a new apartment are topics again for many in this period of life. Only someone who starts early can comfortably and securely make provisions for these future needs with low premiums and also enjoy his usual standard of living in retirement.

The solutions of Wiener Städtische AG

On this subject, Wiener Städtische AG offers a multitude of attractive pension products, which flexibly adjust to the financial means of the customers. In life insurance, there are very different product forms for that: For example, the traditional life insurance policy for pension provision, conservative and yet profit-orientated, with a statutory minimum rate of return of 2.75% per annum. The unit-linked life insurance policy, with higher yield opportunities, but also greater risk. Or the special-rate future pension plan with capital guarantee and state subsidy. Finally, the life insurance policy with single-premium payment, which mainly lends itself to the profitable investment of already available capital.

Wiener Städtische AG offers its customers the security of a large company for their invested money. As an Austrian company, it knows the needs on the local market.

The classic – the traditional life insurance policy

One has a double guarantee with the traditional life insurance policy for pension provision: Firstly, one is insured for possible unforeseen events during the saving period, secondly one creates a lifelong monthly private pension with low monthly premiums. The minimum rate

+++ A FURTHER APPLICATION OF THE PRÄMIENPENSION GAINED IMPORTANCE DUE TO THE PENSIONS REFORM: “BRIDGING”. +++

LIFE INSURANCE.

of return guaranteed by law currently represents 2.75% per annum, though customers have an entitlement to profit participation and the final bonus, so the actual interest rate of the traditional life insurance policy is currently more than 4% per annum.

Lifelong supplementary pension with the “Garantie-Pension” (Guaranteed Pension)

Many reasons militate in favour of private retirement provision with a “Garantie-Pension”. Financial independence in old age is ensured by a lifelong monthly supplementary pension with this traditional form of retirement provision with its returns in line with the capital market. At the same time, the family is also financially protected at all times. A loss is excluded thanks to a guaranteed minimum rate of return. Premium payment is extremely flexible as well: regular premium payments or a single-premium payment are possible. Tax benefits are received (non-applicability of capital gains tax) and the premium payment is deductible as a special allowance under the statutory provision. The profit participation comes in addition to the minimum rate of return.

“Prämienpension”: private retirement provision with the additional contribution of the State

Wiener Städtische AG was the first insurance company in Austria to recognise the benefits of the future pension plan with subsidised premiums and reacted to it even in 2003 with an appropriate insurance product – the “Prämienpension”. In addition to saving for a pension, the “Prämienpension” also offers an insurance protection in the event of death, a higher protection against death in the event of accidental death and, on request, the supplementary package “Family Plus” – continuation of premium payments by Wiener Städtische AG during maternity leave or a period of rest at a family hospice.

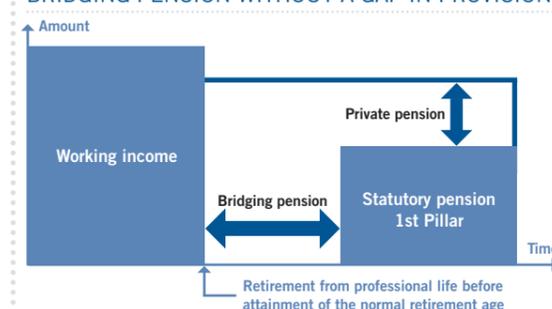
The state subsidy is a further significant reason for the attractiveness of the product. The state consideration on the premium paid-up each year is composed of a base of 5.5% combined with the relevant bonus on building society deposits at the time. This represents, for 2004 and for 2005 as well, a total of 9% in each case. A further advantage of the product is the tax exemption: Neither insurance tax nor speculation tax is accruable. When the pension is paid out, the “Prämienpension” is exempt both from income tax and capital gains tax. To that is added the capital guarantee – with disbursement as a pension, the capital employed –

including the state subsidies – is guaranteed, regardless of how the capital market performs.

Bridging – bridging pension without a gap in provision

A further variant for the use of the “Prämienpension” gained importance through the pensions reforms: so-called bridging. That means the possibility to bridge the period between the normal retirement age and an earlier retirement from working life. Up to 2/3 of the saved-up capital may already be used for this purpose. The remainder is used thereafter for a private supplementary pension.

BRIDGING PENSION WITHOUT A GAP IN PROVISION



Junior's Best – retirement provision even for the youngest

The “Prämienpension” was increasingly taken up by younger customers in 2004. The proportion of the under 30-year-olds already amounted to 50% in the case of new business. One reason for this is the product “Junior's Best”, a special variant of the “Prämienpension”, through which the conclusion of a “Prämienpension” for the new generation is possible even from a monthly premium level of just EUR 10.

Investment in Eastern Europe as well – equity funds

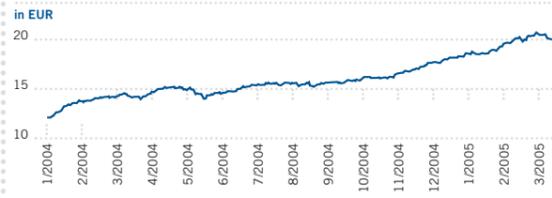
The investment of the “Prämienpension” is effected with 60% in the cover fund of Wiener Städtische AG, 40% in shares. Equity investment is effected mainly in the “Future Pension Plan Equity Fund” of Ringturm KAG, which invests in Austrian shares, and a performance of 50% could be shown in 2004. Since autumn 2004, a proportion of the equity investment has also been effected in the “Ringturm Eastern Europe Equity Fund” managed by the renowned asset management company Vontobel, whereby the “Prämienpension” also participates in the excellent growth opportunities of the new EU markets.

+++ "SYMPHONY" IS A SPECIAL FORM OF MONETARY INVESTMENT WITH THE ADVANTAGES OF A LIFE INSURANCE POLICY. +++

+++ THE PROFIT ON ORDINARY ACTIVITIES COULD BE INCREASED BY 126% IN 2004. +++

LIFE INSURANCE.

EXCELLENT PERFORMANCE OF THE FUTURE PENSION PLAN EQUITY FUND



Limited Edition "Symphony"

The latest product from the popular "Limited Edition" series of life insurance policies with a single-premium payment is "Symphony". The product is a special form of monetary investment with the advantages of a life insurance policy. The single-premium payment is invested in a structured bond (issuer: Erste Bank), which is supported with four different indices:

- Shares from the euro area – Dow Jones Eurostoxx 50 index
- European government bonds – Euro MTS 5–7 year index
- Real estate fund – European Public Real Estate Index
- Hedge funds index – the MSCI hedge investor Lyxor Tracker Fund Ltd., EUR Class.

The index with the highest performance is valued at 50%, the second-highest at 30% and the third-highest at 20% at the end of the period of twelve years. The index with the lowest performance is not valued and as a result does not reduce the success of the investment.

The profits from "Symphony" are exempt from capital gains tax and speculation tax. The capital employed is protected by a capital guarantee from Erste Bank. To that is added a special insurance protection of 150% of the sum insured in the event of accidental death. At the end of the period, the customer may choose between a monthly supplementary pension or disbursement of the earned amount.

"United Funds of Success" – Wiener Städtische AG's unit-linked life insurance policy

"United Funds of Success" is the successful combination of a risk protection and capital investment in different investment funds. In this way, the customer protects his relatives with the unit-linked life insurance policy – and has the opportunity at the same time to build up sizeable assets for his own future. "United Funds of Success" consists of the most promising investment fund in the world, carefully selected according to strict criteria – according to risk diversification, continuity, international orientation and yield opportunity.

Yet the customer has the freedom to choose the investment strategy and the management of the fund himself and can opt for regular or one-off additional contributions depending on his individual situation in life. There is the option to arrange partial disbursements at any time as well as to change funds without charges. The customer may also individually protect his profits already obtained by switching them into funds with a guaranteed interest rate (lock-in).

In addition, the unit-linked life insurance policy enjoys the same tax advantages as the traditional life insurance policy: neither capital gains tax nor income tax is accruable.

Profit participation

A profit participation taking a 4% per annum total interest yield as a basis is credited to insurance policies in traditional life insurance. In addition, this profit from interest is supplemented by profit commissions from the underwriting result. A distribution of 4% per annum is considerably more than the currently achievable yields of most other secure forms of investment. In addition to the tax advantages of a life insurance policy, one should also take into account additionally that, with a life insurance policy, an annual minimum distribution is certainly guaranteed to the level of the statutory actuarial interest rate with the conclusion of the policy.

BUSINESS DEVELOPMENT & EARNINGS POSITION.

Wiener Städtische AG was able to achieve a **profit on ordinary activities** (calculated in accordance with the provisions of the Austrian Commercial Code) of EUR 69.04 million in the 2004 financial year. This represents an increase by almost 126% compared with the profit on ordinary activities for the year 2003 (EUR 30.55 million).

KEY FIGURES OF BUSINESS DEVELOPMENT

in EUR million	2004	Change on 2003
Gross earned premium	1,935.38	+9.1%
Gross expenses for insurance claims	1,580.04	+8.3%
Gross expenses for insurance operations	397.01	+1.6%
Profit on ordinary activities	69.04	+126.0%
Capital assets	7,786.91	+6.1%

The **gross earned premiums** amounted to EUR 1,935.38 million in the financial year 2004 across all classes of business. This represents a plus of 9.1% compared with the year 2003. As a result, Wiener Städtische AG was considerably above the growth of the Austrian insurance market, as in previous years. Wiener Städtische's

total premium income in 2004 consisted of approximately 45% from property and casualty insurance, approximately 41% from life insurance and approximately 14% from health insurance.

The **expenses for insurance claims** (including the change in the actuarial reserve) increased by 8.3% compared with the previous year to EUR 1,580.04 million.

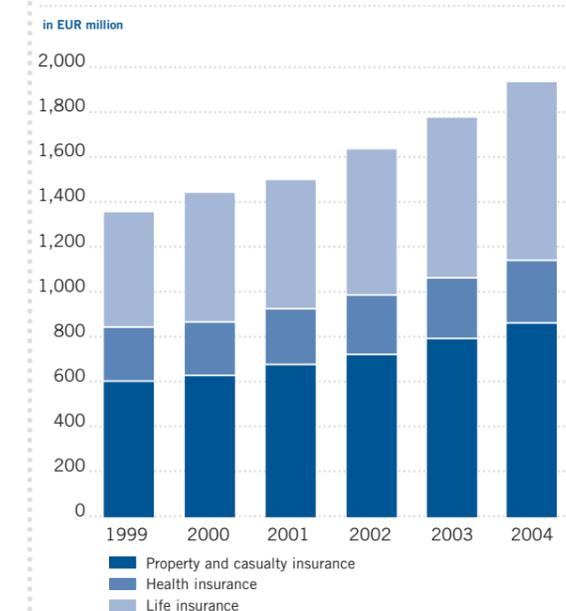
The tidal wave triggered by the tsunami in South Asia in December 2004 had practically no repercussions on Wiener Städtische AG's result in view of only minor indemnity events.

Operating expenses increased by 1.6% to EUR 397.01 million.

The **financial result** of the year 2004 increased by 11.4% to EUR 293.19 million compared with the financial result of the year 2003.

The **capital assets position** as of 31.12.2004 amounted to EUR 7,786.91 million (+6.1%), of this EUR 446.09 million (+48.1%) was attributable to the capital assets of the unit-linked and index-linked life insurance. The capital assets position excluding these increased by 4.3% to EUR 7,340.81 million.

PREMIUM DEVELOPMENT WIENER STÄDTISCHE AG



Property and casualty insurance

The year 2004 ran very successfully for Wiener Städtische AG in the property and casualty class. Austria remained spared from serious storms, such as the hail-storm in May 2003 or the flood in 2002, so the combined ratio after reinsurance could be improved even further to 96.4%.

KEY FIGURES PROPERTY AND CASUALTY INSURANCE

in EUR million	2004	Change on 2003
Gross earned premium	862.62	+9.0%
Gross expenses for insurance claims	515.93	+5.1%
Gross expenses for insurance operations	204.87	+5.3%
Profit on ordinary activities	31.87	+120.6%

Gross earned premiums could be increased significantly and rose by 9.0% in 2004, compared with the previous year, to EUR 862.62 million. In 2004, expenses for insurance claims advanced by 5.1% to

+++ IN LIFE INSURANCE, GROSS EARNED PREMIUMS WERE INCREASED BY 11.6 PER CENT. +++

+++ THE AVERAGE RETURN OF THE NEW ISSUES REMAINED AT THE LOW LEVEL OF THE PREVIOUS YEAR IN 2004 AS WELL. +++

BUSINESS DEVELOPMENT & EARNINGS POSITION.

EUR 515.93 million, which is considerably less than the increase in the premium income. Operating expenses amounted to EUR 204.87 million in 2004, which corresponds to an increase of 5.3%.

Motor insurance

In 2004, gross earned premiums increased across all motor classes by 10.9%, compared with 2003, to EUR 305.75 million. This outcome is attributable in particular to the strong growth in new policies. The policy count has risen in 2004 by approximately 4% in the case of motor third-party liability and by 5.2% with motor hull insurance. In motor hull insurance, a tariff adjustment of 3% was achieved on 1.4.2004 and, in motor vehicle liability insurance, the sales tariff was adjusted by 1.8% on 1.4.2004. A tariff increase in motor vehicle liability insurance has only been possible to the extent of the consumer price index (CPI) since October 2004.

The expenses for insurance claims in all motor classes increased by 7.3% in 2004 compared with 2003 and amounted to EUR 208.58 million. Motor vehicle repair costs at 3.4% have also increased considerably greater than the inflation rate (2.1%) in the previous year. Employment costs, which have risen by 3.7% in 2004, contribute the major proportion of this increase in repair costs. The costs for replacement parts, which nevertheless only represent approximately one third of the repair costs with a crash repair, were higher by 2.8% at the end of 2004 than at the beginning of the year.

Non-motor classes of business

In 2004, Wiener Städtische AG was able to achieve an excellent premium growth in the non-motor sector and to increase gross earned premiums by 8.0% to EUR 556.87 million. Several factors were responsible for the increase. On the one hand, Wiener Städtische AG was able to widen the collaboration with international brokers through the rating from Standard & Poor's and to gain new internationally-operating customers, on the other hand, the premium income was increased through a premium calculation adequate to the risk in the large risk division. The insurance product introduced in 2003, "Business Class" – a flexible comprehensive commercial lines insurance policy for the small and medium-sized businesses that are so important in Austria in particular – was also very well regarded by the market.

Life insurance

In **life insurance**, it is pleasing that gross earned premiums could be increased by 11.6%, in comparison with the year 2003, to EUR 792.93 million. EUR 562.77 million (+ 16.9%) of this was apportioned to life insurance policies with renewable premium payment and EUR 230.16 million (+ 9.0%) to single-premium policy products. New business in unit-linked life insur-

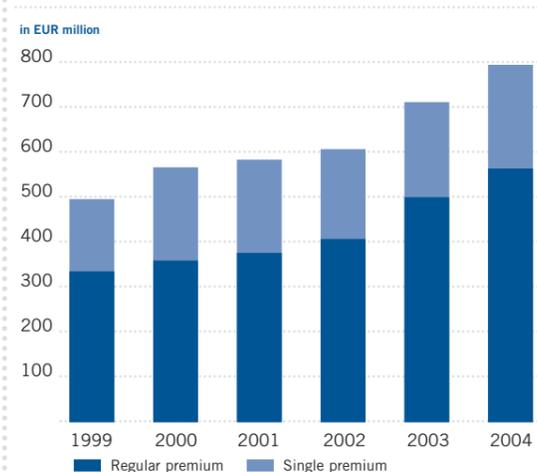
KEY FIGURES LIFE INSURANCE

in EUR million	2004	Change on 2003
Gross earned premium	792.93	+11.6%
Gross expenses for insurance claims*)	824.26	+12.2%
Gross expenses for insurance operations	156.80	-3.5%
Profit on ordinary activities	32.17	+166.5%

*) including the change in the actuarial reserve

ance, especially the "Prämienpension" product launched by Wiener Städtische AG in the context of the government-sponsored future pension plan has contributed above all to the positive growth with products against renewable premium. After the "Prämienpension" exceeded all expectations in 2003, more than 32,000 further new policies were concluded in 2004. Overall, the portfolio of the "Prämienpension" amounted to almost 86,000 units at the year-end 2004. The average annual premium was EUR 750. An excellent

PREMIUM DEVELOPMENT LIFE INSURANCE



BUSINESS DEVELOPMENT & EARNINGS POSITION.

sales result was also achieved with the single-premium policy products, particularly with the aid of the "Limited Edition Quattro", which was very well regarded by the market. For the continuation of this success, a new single-premium policy product, the new "Limited Edition Symphony", was devised at the start of 2005, which has so far sold quite excellently in the first months of the year 2005.

The gross expenses for insurance claims rose by 12.2% in 2004 compared with the previous year, while gross expenses for insurance operations fell by 3.5%.

Health insurance

The accounted premium income in **health insurance** amounted to EUR 279.83 million in the past financial year. As a result, an increase of 2.9% could be accomplished compared with the year 2003. The expenses for insurance claims in the year 2004 amounted to EUR 239.85 million, which corresponds to an increase of 2.7% on the previous year. The funding for the ageing provision has already been included in this figure. The ageing provision protects the financing of future benefits regardless of demographic movement. The profit on ordinary activities in health insurance could be increased by 23.8% to EUR 4.99 million.

KEY FIGURES HEALTH INSURANCE

in EUR million	2004	Change on 2003
Gross earned premium	279.83	+2.9%
Gross expenses for insurance claims*)	239.85	+2.7%
Gross expenses for insurance operations	35.34	+4.8%
Profit on ordinary activities	4.99	+23.8%

*) including the change in the actuarial reserve

Financial result

The **financial result** of the year 2004 increased by 11.4% to EUR 293.19 million compared with the financial result of the year 2003.

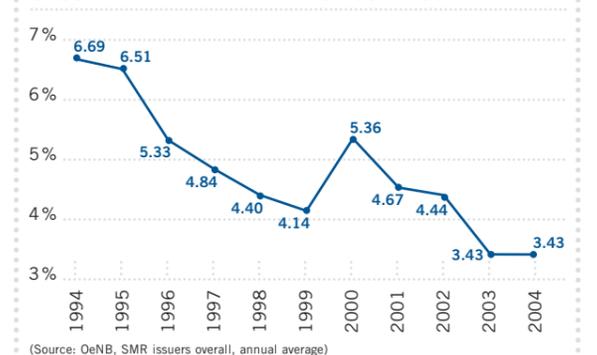
FINANCIAL RESULT

in EUR million	2004	Change on 2003
Financial result	293.19	+11.4%
Capital assets	7,786.91	+6.1%

Securities markets

The performance of the securities markets has a decisive influence on the financial result of Wiener Städtische AG. A considerable proportion of Wiener Städtische AG's capital assets – approximately 45% – is invested in bonds (predominantly quoted in euro). In 2004, the average return of the new issues remained at the low level of the previous year. The secondary market yield of the year 2004 (SMR issuers overall) was 3.43% and thus at the level of the year

SECONDARY MARKET YIELDS 1994-2004



2003. Due to the persistent US\$ weakness, many investors moved over into the euro bond market, so there was a considerable inflow of funds there. The prices for euro bonds increased accordingly, while US securities trended sideways slightly.

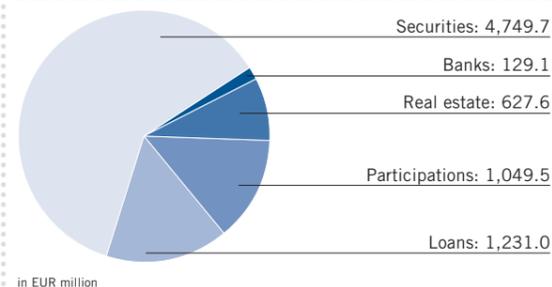
2004 was comparatively a rather quiet year for shares, which corresponded to the average over many years with capital gains in the upper single-digit range in the case of the most important guiding indices. High profits were only possible away from the established markets. This applied both regionally and for the different market segments. Investments in smaller stock markets (for example in Central and Eastern Europe or in Vienna) were perfectly able to achieve high share price gains. Investments in certain commodities and in smallcaps or midcaps also achieved a better performance on average than investments in the established largecaps. For shares, the trend with many companies in 2004 also called for increasing dividends. The number of takeovers and mergers – on the increase again – was also a support for the market.

+++ A CENTRAL ELEMENT WAS THE CAPITAL INJECTION IN THE FAST-GROWING SUBSIDIARIES IN CENTRAL AND EASTERN EUROPE. +++

BUSINESS DEVELOPMENT & EARNINGS POSITION.

Wiener Städtische AG's direct share investment is approximately 2% of the total capital assets and, with the inclusion of shares in funds, approximately 8% was invested in shares at the year-end.

BREAKDOWN OF CAPITAL ASSETS



Real estate

Real estate and real estate funds, with a volume of more than EUR 627.62 million or more than 8.1% of the invested assets, occupy an important position in Wiener Städtische's portfolio. The strategy of changing from directly held real estate into real estate funds will be systematically developed in view of the interesting returns with the simultaneous spreading of risk through diversification.

In the context of the privatisation process for the four federal housing companies (Buwog), Wiener Städtische AG secured the contract as a member of the Austrian consortium. As a result, Wiener Städtische AG together with its partners took over approximately 25,000 apartments of the WAG (Wohnungsanlagen Ges.m.b.H.) and EBS (former Gemeinnützige Eisenbahnsiedlungsgesellschaft Linz Ges.m.b.H.). The aim of this takeover is both the good servicing and long-term security of the tenants and a steady return from this investment.

Participations

A central element in Wiener Städtische AG's participations division in 2004 was the injection of capital in the fast-growing subsidiaries in Central and Eastern Europe as well as further selective acquisitions. The enlargement of the EU on 1st April 2004 resulted in Wiener Städtische AG now working with its biggest companies in the European internal market. In the case of the largest subsidiary, the Czech company Kooperativa Prague, the share capital was doubled in the course of a capital increase in the first quarter

2004 for the financing of acquisitions and the organic growth of the company.

In the Slovak Republic, Wiener Städtische – which hitherto had an interest of 80% in Kontinuita – acquired the remaining shares as well at the start of 2004. In Croatia, where the Wiener Städtische Group is already represented with Kvarner Wiener Städtische, the market share was further extended through the acquisition of Aurum, a non-life and life insurance company. At the end of 2004, entry into a further growth market was fulfilled with the acquisition of the Ukrainian insurance company Jupiter. A foundation stone for reforms and economic growth was laid through the most recent political development in this country, in which the insurance industry should also take a decisive part.

In addition to the measures in the area of the insurance participations, actions were also taken in the non-insurance sector:

Future Lab emerged from the joint venture entered into in the spring of 2004 between Wiener Städtische AG and the largest Austrian laboratory group, IMCL (Institut für medizinisch-chemische Labordiagnostik). The aim of Future Lab is the acquisition and operation of medical diagnostic laboratories in Austria and the new EU countries. Numerous advantages, both economic and medical, result through nationwide organisational structures, such as the establishment of "laboratory medicine centres of excellence" with the transfer of expertise at the highest medical level. Future Lab now holds shares in companies in Austria, the Slovak Republic, the Czech Republic and Hungary. Thus, the opportunities of EU enlargement may not only be used optimally in the economic sector, but also in the medical sector.

Wiener Städtische AG increased its stake in the Austrian company Verkehrsbüro in 2004 by approximately 10% with the acquisition of a further shareholding and as a result now holds on estimation around 31.6%.

The extended report in accordance with the Austrian Fair Value Assessment Act (FVBG) regarding financial instruments in the case of insurance companies is shown in the annex on pages 119 et seq. The risk report (pages 12–13) contains general statements on the risk position.

+++ THE DIVIDEND PROPOSAL IS INCREASED CONSIDERABLY FOR 2004 COMPARED WITH THE FINANCIAL YEAR 2003. +++

PROPOSAL FOR DISTRIBUTION OF PROFITS.

The Wiener Städtische Allgemeine Versicherung Aktiengesellschaft has concluded the financial year 2004 with a net profit of EUR 66,230,702.15. The following distribution of profits will be proposed at the ordinary Annual General Meeting:

The 76,907,600 ordinary shares will receive a dividend of EUR 0.45 per share. Overall, a distribution of EUR 34,608,420 will be effected to ordinary shares.

The 9,450,000 preference shares will receive a dividend of EUR 0.55 per share. Overall, a distribution of EUR 5,197,500 will be effected to preference shares.

After distribution of the dividend of EUR 39,805,920 in total, the remaining net profit of the financial year 2004 amounting to EUR 26,424,782.15 should be carried over to the new account.

The Managing Board:


Dr. Günter Geyer


Dkfm. Karl Fink


Mag. Christian Brandstetter


Dr. Rudolf Ertl


Dr. Peter Hagen


Ing. Mag. Robert Lasshofer


Dr. Martin Simhandl

Vienna, April 2005

BALANCE SHEET AS OF 31st DECEMBER, 2004

ASSETS	PROPERTY & CASUALTY		HEALTH		LIFE		TOTAL BUSINESS IN 2004		2003
in EUR									in EUR '000
A. Intangible Assets									
I. Expenditure for the acquisition of an insurance portfolio		10,500,000.00		0.00		0.00		10,500,000.00	11,900
II. Other intangible assets		14,178,823.50		0.00		26,361.11		14,205,184.61	12,504
TOTAL INTANGIBLE ASSETS		24,678,823.50		0.00		26,361.11		24,705,184.61	24,404
B. Capital assets									
I. Land and buildings		175,620,369.62		73,433,044.50		252,490,465.34		501,543,879.46	617,728
II. Capital assets in affiliated companies and participating interests									
1. Shares in affiliated companies thereof gain from restructuring	298,430,247.79		100,806,342.62 8,883,755.76		406,099,245.44		805,335,835.85 8,883,755.76		837,098 8,884
2. Bonds and other securities from affiliated companies and loans to affiliated companies	46,015,932.89		14,568,747.35		210,147,773.99		270,732,454.23		281,174
3. Participations	69,315,785.98		45,080,187.40		129,798,769.61		244,194,742.99		238,359
4. Bonds and other securities from and loans to companies with which a shareholding relationship exists	4,061,568.50	417,823,535.16	10,872,457.40	171,327,734.77	34,294,384.33	780,340,173.37	49,228,410.23	1,369,491,443.30	61,108
III. Other capital assets									
1. Shares and other non fixed-interest securities	111,196,536.40		367,802,447.59		1,720,189,818.00		2,199,188,801.99		1,928,100
2. Bonds and other fixed-interest securities	33,561,544.47		52,236,202.89		1,927,084,647.97		2,012,882,395.33		1,648,398
3. Shares in jointly-owned capital assets	0.00		0.00		82,581,345.42		82,581,345.42		75,725
4. Mortgage receivables	89,574,204.19		60,552,362.47		170,943,114.77		321,069,681.43		298,964
5. Advance payments on policies	0.00		0.00		21,790,563.72		21,790,563.72		22,120
6. Other loans	35,986,668.89		81,831,679.99		585,359,471.74		703,177,820.62		808,389
7. Deposits at banks	52,616,978.60	322,935,932.55	11,379,663.89	573,802,356.83	87,618.85	4,508,036,580.47	64,084,261.34	5,404,774,869.85	90,240
IV. Deposit receivables from the assumed reinsurance business		1,162,435.14		1,268,770.25		103,277,726.53		105,708,931.92	92,477
TOTAL CAPITAL ASSETS		917,542,272.47		819,831,906.35		5,644,144,945.71		7,381,519,124.53	6,999,880
C. Capital assets of the unit-linked and index-linked life insurance policies		0.00		0.00		446,094,158.69		446,094,158.69	301,140
D. Receivables									
I. Receivables from the direct insurance business									
1. from policyholders	63,368,256.98		5,059,487.79		18,582,292.22		87,010,036.99		95,518
2. from insurance intermediaries	28,478,118.07		0.00		469,708.56		28,947,826.63		11,301
3. from insurance companies	5,280,355.29	97,126,730.34	187,207.11	5,246,694.90	1,470,603.93	20,522,604.71	6,938,166.33	122,896,029.95	3,713
II. Accounts receivable from the reinsurance business		44,970,290.34		5,861,818.53		4,887,799.43		55,719,908.30	36,255
III. Other receivables		252,601,032.27		2,189,935.32		46,810,156.94		301,601,124.53	80,497
TOTAL RECEIVABLES		394,698,052.95		13,298,448.75		72,220,561.08		480,217,062.78	227,284
E. Pro rata interest		1,205,685.60		2,036,063.10		80,978,399.35		84,220,148.05	82,924
F. Other assets									
I. Tangible assets (excluding land and buildings) and inventories		19,195,889.16		0.00		78,739.45		19,274,628.61	20,426
II. Cash at banks and cash in hand		55,705,742.39		1,009,042.49		8,288,885.23		65,003,670.11	130,148
III. Other assets		22,892,380.50		0.00		7,507,715.29		30,400,095.79	45,414
TOTAL OTHER ASSETS		97,794,012.05		1,009,042.49		15,875,339.97		114,678,394.51	195,988
G. Accruals and deferrals									
I. Shortfall as per Article X, Paragraphs 3 and 4 of the Austrian Financial Reporting Act [RLG]		0.00		0.00		0.00		0.00	15,214
II. Tax deferral on the assets side		39,993,473.44		7,496,123.39		10,376,953.54		57,866,550.37	36,910
III. Other deferred charges		20,537,043.87		141.58		4,208,866.73		24,746,052.18	31,689
TOTAL DEFERRED CHARGES		60,530,517.31		7,496,264.97		14,585,820.27		82,612,602.55	83,813
H. Offsetting items between the departments		-5,947,656.20		-9,431,634.45		15,379,290.65		0.00	0
Balance sheet total		1,490,501,707.68		834,240,091.21		6,289,304,876.83		8,614,046,675.72	7,915,433

BALANCE SHEET AS OF 31st DECEMBER, 2004

LIABILITIES	PROPERTY & CASUALTY		HEALTH		LIFE		TOTAL BUSINESS IN 2004		2003
in EUR	in EUR '000								
A. Shareholders' equity									
I. Share capital									
1. Nominal value	44,827,511.03		17,931,004.41		26,896,506.62		89,655,022.06		89,655
II. Capital reserves									
1. Committed	129,610,682.54		43,968,805.39		99,436,710.91		273,016,198.84		273,016
III. Revenue reserves									
1. Free reserves	89,875,665.66		6,919,632.80		45,709,464.97		142,504,763.43		141,414
IV. Risk reserve as per Section 73a of the Austrian Insurance Supervision Act, taxed portion	5,997,652.25		1,753,843.71		16,411,207.51		24,162,703.47		19,049
V. Net profit	22,556,559.90		10,534,012.45		33,140,129.80		66,230,702.15		20,037
<i>thereof profit brought forward</i>	186,666.51		28,879.33		187,190.64		402,736.48		626
TOTAL SHAREHOLDERS' EQUITY	292,868,071.38		81,107,298.76		221,594,019.81		595,569,389.95		543,171
B. Untaxed reserves									
I. Risk reserve as per Section 73a of the Austrian Insurance Supervision Act	19,406,564.75		9,208,223.29		14,825,539.49		43,440,327.53		43,440
II. Valuation reserve due to special write-downs	32,742,023.77		14,543,339.83		120,015,697.63		167,301,061.23		171,226
III. Other untaxed reserves	8,315,284.47		2,137.60		1,368,938.82		9,686,360.89		12,135
TOTAL RESERVES	60,463,872.99		23,753,700.72		136,210,175.94		220,427,749.65		226,801
C. Underwriting provisions in the retention									
I. Unearned premiums									
1. Overall account	102,649,728.36		1,210,689.30		57,255,558.25		161,115,975.91		157,024
2. Reinsurers' share	-8,302,436.79		94,347,291.57		0.00		-342,441.83		56,913,116.42
2. Reinsurers' share	-8,302,436.79		94,347,291.57		0.00		-342,441.83		56,913,116.42
2. Reinsurers' share	-8,302,436.79		94,347,291.57		0.00		-342,441.83		56,913,116.42
II. Actuarial reserve									
1. Overall account	0.00		566,029,460.00		4,808,848,959.83		5,374,878,419.83		5,082,322
2. Reinsurers' share	0.00		0.00		-1,904,164.00		564,125,296.00		-23,450
2. Reinsurers' share	0.00		0.00		-1,904,164.00		564,125,296.00		-23,450
III. Provision for outstanding insurance claims									
1. Overall account	795,696,927.77		41,639,585.00		25,973,889.10		863,310,401.87		836,224
2. Reinsurers' share	-172,104,010.59		623,592,917.18		-247,966.00		41,391,619.00		-174,061,337.84
2. Reinsurers' share	-172,104,010.59		623,592,917.18		-247,966.00		41,391,619.00		-174,061,337.84
IV. Provision for the refund of premium not related to results									
1. Overall account	12,309,683.00		14,245,000.00		0.00		26,554,683.00		22,370
2. Reinsurers' share	-3,898,621.23		8,411,061.77		0.00		14,245,000.00		-3,898,621.23
2. Reinsurers' share	-3,898,621.23		8,411,061.77		0.00		14,245,000.00		-3,898,621.23
V. Provision for the refund of premium related to results or the profit participation for policyholders									
1. Overall account	628,786.88		3,601,112.52		80,223,556.25		84,453,455.65		87,849
2. Reinsurers' share	0.00		628,786.88		0.00		3,601,112.52		-15,000.00
2. Reinsurers' share	0.00		628,786.88		0.00		3,601,112.52		-15,000.00
2. Reinsurers' share	0.00		628,786.88		0.00		3,601,112.52		-15,000.00
VI. Equalisation reserve	101,773,933.00		0.00		0.00		101,773,933.00		73,296
VII. Other underwriting positions									
1. Overall account	5,912,585.28		553,697.67		1,549,935.12		8,016,218.07		7,440
2. Reinsurers' share	-922,677.40		4,989,907.88		0.00		553,697.67		1,549,935.12
2. Reinsurers' share	-922,677.40		4,989,907.88		0.00		553,697.67		1,549,935.12
TOTAL TECHNICAL PROVISIONS	833,743,898.28		625,127,414.49		4,950,324,539.31		6,409,195,852.08		6,063,550
D. Underwriting provisions of the unit-linked and index-linked life insurance policies	0.00		0.00		443,880,669.43		443,880,669.43		281,841
Amount carried forward	1,187,075,842.65		729,988,413.97		5,752,009,404.49		7,669,073,661.11		7,115,363

BALANCE SHEET AS OF 31st DECEMBER, 2004

LIABILITIES	PROPERTY & CASUALTY		HEALTH		LIFE		TOTAL BUSINESS IN 2004		2003
in EUR	in EUR '000								
Amount brought forward	1,187,075,842.65		729,988,413.97		5,752,009,404.49		7,669,073,661.11		7,115,363
E. Non-underwriting provisions									
I. Provisions for liabilities and charges	0.00		0.00		71,865,529.49		71,865,529.49		66,359
II. Provisions for pensions	0.00		0.00		331,933,850.00		331,933,850.00		273,094
III. Provisions for taxation	31,319,700.00		7,211,700.00		593,100.00		39,124,500.00		28,833
IV. Other provisions	57,796,991.99		15,660,279.19		7,408,261.45		80,865,532.63		63,879
TOTAL OTHER PROVISIONS	89,116,691.99		22,871,979.19		411,800,740.94		523,789,412.12		432,165
F. Deposit liabilities from the ceded reinsurance business	57,025.03		1,268,657.97		20,683,918.32		22,009,601.32		20,836
G. Other liabilities									
I. Liabilities from the direct insurance business									
1. to policyholders	48,578,065.16		5,153,076.46		42,894,548.60		96,625,690.22		81,438
2. to insurance intermediaries	21,037,272.20		0.00		1,093,685.55		22,130,957.75		24,216
3. to insurance companies	4,775,108.68		74,390,446.04		263,248.02		5,416,324.48		6,450
II. Unsettled claims from the reinsurance business	36,626,246.32		29,024.72		3,998,442.04		40,653,713.08		23,071
III. Liabilities to banks	54,366.80		70,336,417.08		24,353,647.71		94,744,431.59		71,112
IV. Other liabilities	93,415,262.42		4,293,464.87		31,954,042.56		129,662,769.85		127,173
TOTAL LIABILITIES	204,486,321.58		80,075,231.15		104,297,964.87		388,859,517.60		333,460
H. Accruals and deferrals	9,765,826.43		35,808.93		512,848.21		10,314,483.57		13,609
Balance sheet total	1,490,501,707.68		834,240,091.21		6,289,304,876.83		8,614,046,675.72		7,915,433

The sum of EUR 4,787,388,403.67 as of 31st December 2004 shown in life insurance under the heading "actuarial reserve" includes the actuarial reserve for own business of EUR 4,715,283,626.77 and for business assumed as reinsurance of EUR 93,565,333.06, net of the share ceded to the reinsurer of EUR 21,460,556.16. The sum of EUR 56,913,116.42 shown under the heading "unearned premiums" includes the unearned premiums for own business of EUR 47,483,572.00 and for business assumed as reinsurance of EUR 9,771,986.25, net of the share ceded to the reinsurer of EUR 342,441.83. I hereby confirm that the actuarial reserve and the unearned premiums for own business are calculated in accordance with the provisions and actuarial principles applying in this respect.

Vienna, 29th March 2005



Ebner

The sum of EUR 564,125,296.00 as of 31st December 2004 shown in health insurance under the heading "actuarial reserve" includes the actuarial reserve for own business of EUR 564,940,402.00 and for business assumed as reinsurance of EUR 1,089,058.00, net of the share ceded to the reinsurer of EUR 1,904,164.00. The sum of EUR 1,210,689.30 shown under the heading "unearned premiums" includes the unearned premiums for own business of EUR 1,209,634.12 and for business assumed as reinsurance of EUR 1,055.18. I hereby confirm that the actuarial reserve and the unearned premiums for own business are calculated in accordance with the provisions and actuarial principles applying in this respect.

Vienna, 29th March 2005



Ebner

I hereby confirm in accordance with Section 81a Para. 1 of the Austrian Insurance Supervision Act that the coverage requirement for the departments of the cover fund in accordance with Section 20 Para. 2 Z 1 to 5 of the Austrian Insurance Supervision Act (additional pensions insurance policy, other life insurance policy, other unit-linked life insurance policy, index-linked life insurance policy, health insurance policy) is complied with in full by means of the dedication of suitable assets for the cover.

Vienna, 30th March 2005



Freitag

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2004

PROPERTY AND CASUALTY INSURANCE	2004		2003
	in EUR		in EUR'000
Underwriting account			
1. Earned premiums			
Accounted premiums			
Overall account	866,867,262.39		
Ceded reinsurance premiums	-228,829,175.30	638,038,087.09	601,037
Change due to premium deferral			
Overall account	-4,244,476.57		
Reinsurers' share	1,421,475.74	-2,823,000.83	-5,305
TOTAL PREMIUMS	635,215,086.26		595,732
2. Investment income for the technical account		68,878.62	57
3. Other underwriting income		3,818,447.09	3,289
4. Expenses for insurance claims			
Payments for insurance claims			
Overall account	497,903,778.45		
Reinsurers' share	-77,895,459.19	420,008,319.26	398,550
Change in the provision for outstanding insurance claims			
Overall account	18,031,192.36		
Reinsurers' share	-8,993,257.65	9,037,934.71	5,012
TOTAL INSURANCE CLAIMS	-429,046,253.97		-403,562
5. Increase in underwriting provisions			
Other technical provisions			
Overall account	761,700.00		
Reinsurers' share	0.00	761,700.00	0
TOTAL INCREASE IN UNDERWRITING PROVISIONS	-761,700.00		0
6. Decrease in underwriting provisions			
Other underwriting provisions			
Overall account	0.00		
Reinsurers' share	0.00		1,045
TOTAL DECREASE IN UNDERWRITING PROVISIONS	0.00		1,045
7. Expenditure for the refund of premium related to results			
Overall account	9,754,063.94		
Reinsurers' share	-916,164.99		
TOTAL EXPENDITURE FOR THE REFUND OF PREMIUM RELATED TO RESULTS	-8,837,898.95		44
8. Operating expenses			
Acquisition expenses	161,467,138.10		151,467
Other operating expenses	43,404,815.69		43,014
Reinsurance commissions and profit commissions from reinsurance cessions	-42,595,916.55		-36,951
TOTAL OPERATING EXPENSES	-162,276,037.24		-157,530
9. Other underwriting expenses	-11,639,137.74		-17,830
10. Change in the equalisation reserve	-28,478,317.00		-15,436
Underwriting result (amount carried forward)	-1,936,932.93		5,809

PROPERTY AND CASUALTY INSURANCE	2004		2003
	in EUR		in EUR'000
Underwriting result (amount brought forward)	-1,936,932.93		5,809
Non-underwriting account			
1. Income from capital assets and interest income			
Income from participations	56,969,249.19		67,799
Income from land and buildings	9,102,770.49		6,077
Income from other capital assets	17,792,720.72		26,102
Profits from the disposal of capital assets	7,542,152.68		9,134
Other income from capital assets and interest income	7,663,537.62		13,927
TOTAL INVESTMENT INCOME	99,070,430.70		123,039
2. Expenditure for capital assets and interest charges			
Expenditure for asset management	6,090,192.75		3,533
Write-downs on capital assets	54,064,349.26		94,609
Interest charges	910,213.34		3,089
Losses from the disposal of capital assets	3,165,587.38		1,262
Other expenditure for capital assets	698,594.63		12,115
TOTAL CAPITAL EXPENDITURE	-64,928,937.36		-114,608
3. Investment income transferred into the underwriting account	-68,878.62		-57
4. Other non-underwriting income	333,588.59		770
5. Other non-underwriting expenditure	-598,623.03		-507
Profit on ordinary activities (property/casualty)	31,870,647.35		14,446

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2004

HEALTH INSURANCE	2004		2003
	in EUR		in EUR'000
Underwriting account			
1. Earned premiums			
Accounted premiums			
Overall account	280,030,776.57		
Ceded reinsurance premiums	-5,773,530.25	274,257,246.32	266,446
Change due to premium deferral			
Overall account	-205,566.17		
Reinsurers' share	0.00	-205,566.17	-81
TOTAL PREMIUMS		274,051,680.15	266,365
2. Investment income for the technical account		6,951,090.24	7,631
3. Other underwriting income		28,075.07	24
4. Expenses for insurance claims			
Payments for insurance claims			
Overall account	198,667,099.05		
Reinsurers' share	-11,252,014.64	187,415,084.41	185,902
Change in the provision for outstanding insurance claims			
Overall account	461,594.00		
Reinsurers' share	-42,927.00	418,667.00	356
TOTAL INSURANCE CLAIMS		-187,833,751.41	-186,258
5. Increase in underwriting provisions			
Actuarial reserve			
Overall account	40,723,418.00		
Reinsurers' share	-228,935.00	40,494,483.00	
TOTAL INCREASE IN UNDERWRITING PROVISIONS		-40,494,483.00	-35,925
6. Expenditure for the refund of premium not related to results		-11,009,749.59	-10,525
7. Operating expenses			
Acquisition expenses	22,640,235.22		21,452
Other operating expenses	12,695,737.87		12,271
Reinsurance commissions and profit commissions from reinsurance cessions	-193,698.67		-196
TOTAL OPERATING EXPENSES	-35,142,274.42		-33,527
8. Other underwriting expenses	-1,581,599.70		-3,756
Underwriting result (amount carried forward)	4,968,987.34		4,029

HEALTH INSURANCE	2004		2003
	in EUR		in EUR'000
Underwriting result (amount brought forward)	4,968,987.34		4,029
Non-underwriting account			
1. Income from capital assets and interest income			
Income from participations	132,576,251.13		9,628
Income from land and buildings	6,726,916.69		6,928
Income from other capital assets	29,381,692.95		19,209
Profits from the disposal of capital assets	2,846,782.11		3,837
Other income from capital assets and interest income	69,696.17		982
TOTAL INVESTMENT INCOME	171,601,339.05		40,584
2. Expenditure for capital assets and interest charges			
Expenditure for asset management	2,119,195.64		1,022
Write-downs on capital assets	80,864,198.46		29,458
Interest charges	3,031,469.47		0
Losses from the disposal of capital assets	78,605,687.13		0
Other expenditure for capital assets	29,698.11		2,473
TOTAL CAPITAL EXPENDITURE	-164,650,248.81		-32,953
3. Investment income transferred into the underwriting account	-6,951,090.24		-7,631
4. Other non-underwriting income	24,019.88		3
5. Other non-underwriting expenditure	-101.16		0
Profit on ordinary activities (health)	4,992,906.06		4,032

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2004

LIFE INSURANCE	2004		2003
	in EUR		in EUR'000
Underwriting account			
1. Earned premiums			
Accounted premiums			
Overall account	792,117,481.98		
Ceded reinsurance premiums	-7,493,307.94	784,624,174.04	705,793
Change due to premium deferral			
Overall account	814,135.33		
Reinsurers' share	-33,858.10	780,277.23	-897
TOTAL PREMIUMS	785,404,451.27	784,624,174.04	704,896
2. Investment income for the technical account	252,099,308.65		247,041
3. Non-realised profits from capital assets as per Item C of the Assets	28,490,388.95		14,952
4. Other underwriting income	141,422.65		76
5. Expenses for insurance claims			
Payments for insurance claims			
Overall account	454,621,775.69		
Reinsurers' share	-3,865,634.18	450,756,141.51	521,792
Change in the provision for outstanding insurance claims			
Overall account	7,520,294.27		
Reinsurers' share	-899,050.49	6,621,243.78	6,270
TOTAL INSURANCE CLAIMS	-457,377,385.29	450,756,141.51	-528,062
6. Increase in underwriting provisions			
Actuarial reserve			
Overall account	362,114,882.87		
Reinsurers' share	221,278.91	362,336,161.78	202,330
TOTAL INCREASE IN UNDERWRITING PROVISIONS	-362,336,161.78	362,336,161.78	-202,330
7. Expenditure for the refund of premium related to results or profit participation of the policyholders			
Overall account	50,825,000.00		
Reinsurers' share	-15,000.00	50,810,000.00	54,500
TOTAL PROFIT PARTICIPATION	-50,810,000.00	50,810,000.00	-54,500
8. Operating expenses			
Acquisition expenses		125,617,682.07	135,008
Other operating expenses		31,186,215.29	27,531
Reinsurance commissions and profit commissions from reinsurance cessions		-709,900.73	-542
TOTAL OPERATING EXPENSES	-156,093,996.63	125,617,682.07	-161,997
9. Non-realised losses from capital assets as per Item C of the Assets	-2,007,496.73		-2,658
10. Other underwriting expenses	-5,013,683.34		-5,856
Underwriting result (amount carried forward)	32,496,847.75		11,562

LIFE INSURANCE	2004		2003
	in EUR		in EUR'000
Underwriting result (amount brought forward)	32,496,847.75		11,562
Non-underwriting account			
1. Income from capital assets and interest income			
Income from participations	5,392,094.67		4,177
Income from land and buildings	14,241,929.38		19,178
Income from other capital assets	238,322,473.31		222,537
Profits from the disposal of capital assets	24,530,513.66		49,563
Other income from capital assets and interest income	13,357,155.21		8,993
TOTAL INVESTMENT INCOME	295,844,166.23		304,448
2. Expenditure for capital assets and interest charges			
Expenditure for asset management	7,275,878.86		2,899
Write-downs on capital assets	25,879,513.64		32,113
Interest charges	3,604,351.49		10,911
Losses from the disposal of capital assets	4,875,777.29		7,181
Other expenditure for capital assets	2,109,336.30		4,303
TOTAL CAPITAL EXPENDITURE	-43,744,857.58		-57,407
3. Investment income transferred into the underwriting account	-252,099,308.65		-247,041
4. Other non-underwriting income	80,507.57		555
5. Other non-underwriting expenditure	-402,945.59		-43
Profit on ordinary activities (life)	32,174,409.73		12,074

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1.1. TO 31.12.2004

PROPERTY/CASUALTY + HEALTH + LIFE = TOTAL BUSINESS	2004	2003
	in EUR	in EUR'000
Underwriting result Property/Casualty	-1,936,932.93	5,809
Underwriting result Health	4,968,987.34	4,029
Underwriting result Life	32,496,847.75	11,562
TOTAL UNDERWRITING RESULT	35,528,902.16	21,400
Non-technical result		
1. Income from capital assets and interest income		
Income from participations	194,937,594.99	81,604
Income from land and buildings	30,071,616.56	32,183
Income from other capital assets	285,496,886.98	267,848
Profits from the disposal of capital assets	34,919,448.45	62,534
Other income from capital assets and interest income	21,090,389.00	23,902
TOTAL INVESTMENT INCOME	566,515,935.98	468,071
2. Expenditure for capital assets and interest charges		
Expenditure for asset management	15,485,267.25	7,454
Write-downs on capital assets	160,808,061.36	156,180
Interest charges	7,546,034.30	14,000
Losses from the disposal of capital assets	86,647,051.80	8,443
Other expenditure for capital assets	2,837,629.04	18,891
TOTAL CAPITAL EXPENDITURE	-273,324,043.75	-204,968
3. Investment income transferred into the underwriting account	-259,119,277.51	-254,729
4. Other non-underwriting income	438,116.04	1,328
5. Other non-underwriting expenditure	-1,001,669.78	-550
6. Profit on ordinary activities	69,037,963.14	30,552
7. Extraordinary activities result		
Extraordinary income from activities	91,059,202.38	0
Expenditures for extraordinary activities	-94,811,561.62	0
TOTAL EXTRAORDINARY ACTIVITIES RESULT	-3,752,359.24	0
8. Taxes on income	1,146,500.12	150
9. Profit for the year	66,432,104.02	30,702
10. Release of reserves		
Release of the valuation reserve due to special write-downs	8,688,563.77	5,213
Release of other untaxed reserves	7,276,576.88	18,856
TOTAL RELEASE OF RESERVES	15,965,140.65	24,069
11. Transfer to reserves		
Transfer to the risk reserve as per Section 73a of the Austrian Insurance Supervision Act	5,113,208.00	4,807
Transfer to the valuation reserve due to special write-downs	5,363,825.08	25,946
Transfer to other untaxed reserves	4,993,892.92	4,600
Transfer to free reserves	1,098,353.00	7
TOTAL TRANSFER TO RESERVES	-16,569,279.00	-35,360
12. Profit for the year	65,827,965.67	19,411
13. Profit brought forward	402,736.48	626
Net profit	66,230,702.15	20,037

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I. General information on the accounting and valuation methods

The annual financial statements were prepared in **compliance with proper accounting principles** and in compliance with the general practice to convey an as accurate as possible picture of the company's net worth, financial position and earnings.

The **principle of prudence** was fulfilled because only the profits realised on the balance sheet reporting date were reported and all identifiable risks and impending losses have been recorded in the balance sheet. The figures are always provided in thousands of euro (TEUR). Previous year values are identified as such or placed in brackets.

II. Accounting and valuation principles

Land is valued at acquisition cost and **buildings** at acquisition or construction cost, reduced by scheduled write-downs. Maintenance expenditure for residential buildings that are rented to people who are not employed by the company are essentially spread over ten years.

The **capital assets of unit-linked and index-linked life insurance** are valued according to the market value principle. Investment in unit-linked life insurance is effected in the following funds: Zukunftsvorsorge Aktienfonds (T), Fair Invest Balanced (T), Global & Stabil-World Megastock (T), Crystal Roof Rubin (T), Crystal Roof Smaragd (T), Crystal Roof Safir (T), Leonardo "Sprinting" (T), Vorsorge.Max (T), Global.Max (T), CI Trade Rent (T), Active Global Trend, RT-PIF dynamisch (T), RT-PIF traditionell (T), Spaengler-Spar-Trust Corporate (T), Golden Roof Branchen (T), Leonardo "Walking" (T), Leonardo "Jogging" (T), CI Master Fonds traditionell (T), CI Master Fonds dynamisch (T), CI America Stock (T), CI Euro Corporate Bond (T), CI Euro Cash (T), CI Dollar Bond (T), ESPA Portfolio Bond, Golden Roof Welt (T), ESPA Select Stock (T), Schoellerbank Aktienfonds (T), Schoellerbank Euro Alternativ (T), Schoellerbank Anleihefonds (T), Schoellerbank Kurzinvest (T), Schoellerbank Realzins Plus (T), RT Vorsorge Rentenfonds, RT Vorsorge Rentenfonds (T), VIF Versicherung International Fonds, CI Euro Bond, Constantia Euro Bond, CI Dollar Cash, ADIG FONDIS, Deka Rent International, MLIIF US Flexible Equity (T), MLIIF European Opportunities (T), MLIIF Japan Opportunities (T), Fidelity Euro Bond Fund, JPMF America

Equity Fund, JPMF – America Small Cap Fund, Vontobel USD Bond (T), UBS Lux Bond Fund US (T), INVESCO GT Japan, Vontobel Emerging Markets Equity (T), MLIIF Emerging Markets Fund (T), CS EF (Lux) – Small Cap USA (T), Fidelity Japan Smaller Companies Fund, Fidelity International Fund, Fidelity European Growth Fund, Fidelity Japan Fund, CS Money Market (Lux) CHF (T), MLIIF Euro Bond (T), JPMF Europe Small Cap Fund, INVESCO GT Pan European Enterprise (T), CS Bond Fund (Lux) USD (T), CS Bond Fund (Lux) Euro (T), JPMF Emerging Markets Debt Fund, Morgan Stanley Emerging Markets Equity Fund (T), BAWAG PSK Global Bond, ESPA Cash Euro-Plus (T), ESPA Stock Vienna, ESPA Stock Europe, Fidelity Portfolio Selector Global Growth Fund, Fidelity Portfolio Selector Growth Fund, Fidelity Portfolio Selector Moderate Growth Fund, Morgan Stanley Japanese Value Equity Fund (T), INVESCO GT Japan Enterprise, INVESCO GT Emerging Markets Bond, Morgan Stanley Emerging Markets Debt Fund (T), Templeton Emerging Markets Fund, Kapital & Wert Premium Dynamisch (T), Success Absolute (T), Success relative (T), Gutmann Vorsorge Fonds, WSTV ESPA Dynamisch, WSTV ESPA Progressiv, WSTV ESPA Traditionell, Constantia Vorsorge Aktien (T), Kapital & Wert Premium Ausgewogen, Schoellerbank USD Rentenfonds (T), Schoellerbank Vorsorgefonds (T), RT Osteuropa Aktienfonds (T), Ringturm Absolute Return Bond Fund (T), All World, Schoellerbank Aktienfonds währungsgesichert (T).

All other **securities, including the shares in affiliated companies and participations**, are valued according to the strict lower-of-cost-or-market principle.

The capital investment of the company is effected in fixed-interest shares, real estate, participations, shares and structured investment products, according to the strategy designated for this situation, taking into consideration the overall risk position of the company. In determining the volumes and the limitation of open transactions, consideration was taken of the risk content of the designated categories and of the market risks.

The capital investment strategy is laid down in the investment guidelines, whose observance is regularly checked by the central risk controlling unit and by internal audit. The central risk controlling unit regularly reports to the tactical and strategic investment committee. Internal auditing regularly reports to the Managing Board.

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Essentially, a largely low-risk capital investment is effected. Depending on the risk content of the individual investment, the strategic investment committee makes a decision after complete explanation of all the risks associated with it and of the strain on liquidity as well as representation of the shares already in existence in the portfolio and the impact of the individual investment on the overall risk position regarding possible investments with a higher risk.

All the known financial risks are regularly evaluated and restricted by means of specific limits or reserves. The price risk of the securities is periodically checked by means of value-at-risk and stress tests. The risks of default are measured by means of both internal and external rating systems.

An important objective of the investment and liquidity planning is the permanent guarantee of an investment outcome over and above the minimum rate of return for the life insurance class and, for all classes of business, the preservation of adequate, liquid and index-linked financial assets. Therefore, the liquidity planning is carried out taking into account the development of insurance payments and normally the overwhelming proportion of the investment income is used for reinvestment.

The company has concluded no derivative transaction contracts in the financial year 2004. Equally, no assets were concluded where the payment of interest is guaranteed during the period but a redemption of the capital may not apply in part or completely and where an interest and/or capital loss in any combination at all may be possible.

Mortgage receivables and other loans, including those to affiliated companies and to companies with which a shareholding relationship exists, are valued essentially at the nominal value of the outstanding receivables. An additional payment discount is spread over the term of the loan and reported on the liabilities side of the balance sheet under deferrals.

For **receivables**, whose collectibility is questionable, adequate individual value adjustments are established, which are deducted from the nominal amounts. The valuation of **tangible assets** (excluding land and buildings) is effected at acquisition cost, reduced by scheduled write-downs. Low-value assets are fully written off in the year of acquisition. No **write-ups** on assets were arranged.

Unearned premiums in property and casualty insurance are basically calculated pro rata temporis with deduction of a cost discount amounting to TEUR 15,951 (TEUR 14,553). In life insurance, unearned premiums are established to the extent prescribed in the business plan with no cost discounts deducted. In health insurance, unearned premiums are calculated pro rata temporis without a cost discount.

The **actuarial reserve** is calculated using the calculation bases in the business plan in accordance with the computational formulae that are stipulated in the business plans authorised by the Austrian regulatory authority or submitted to the regulatory authority.

The **provision for outstanding insurance claims** in direct business for property and casualty insurance and for life insurance is measured by individual evaluation for losses reported up to the balance sheet date for loss events not yet settled and supplemented by lump-sum contingency loadings for unidentifiable, major losses. Lump-sum reserves are established for incurred but not reported losses (IBNR reserve), measured in accordance with past experience.

In health insurance, the provisions for outstanding insurance claims are quantified using lump-sum percentages of the payments carried out for insurance claims in the financial year. The percentages remained unchanged compared with the previous year.

In indirect business, the provisions for outstanding insurance claims are based for the most part on the notifications of ceding companies as of the reporting date of 31st December 2003 and 31st December 2004 respectively. The notified amounts were supplemented by loadings if this was considered necessary in accordance with past experience.

The **equalisation reserve** is calculated in accordance with the provisions of the Ordinance of the Federal Minister of Finance, Austrian Federal Law Gazette No. 545/1991 as amended by Austrian Federal Law Gazette II. No. 66/1997.

The **provision for the refund of premium related to results or profit participation of the policyholders** includes the amounts that were set aside for premium refunds for policyholders on the basis of the business

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plans and the Articles of Association and regarding which no allocation had yet been made on the balance sheet date.

The **provisions for severance payments** were determined on the balance sheet date in accordance with actuarial principles according to the entry age method, using the calculation bases for the pension insurance policy AVÖ 1999-P (salaried employees) with an actuarial interest rate of 4%. As the retirement starting age, 65 years of age (men) or 60 years of age (women) were taken as a basis, taking into account the transitional arrangements of the pensions reform 2003 as well as provisions for each individual policy.

The **provisions for pensions** were determined on the balance sheet date in accordance with actuarial principles according to the entry age method, using the calculation bases for the pension insurance policy AVÖ 1999-P (salaried employees) with an actuarial interest rate of 4%.

The **provisions for anniversary bonuses** were determined on the balance sheet date in accordance with actuarial principles according to the entry age method, using the calculation bases for the pension insurance policy AVÖ 1999-P (salaried employees) with an actuarial interest rate of 4% (previous year: 6%).

These provisions were permissibly shown on the liabilities side as of 31st December 2003 with the amounts deductible for tax purposes. The entire difference between the reported provisions on 31st December 2004 and those on 31st December 2003 was recorded in the financial year 2004 with an affect on the operating result. The provisions for severance payments and pensions shown in the balance sheet as of 31st December 2004 now comply with the amended and supplemented expert reports KFS-RL 2 and 3 of the Expert Committee for Commercial Law and Auditing of the Austrian Chamber of Business Trustees.

The additional expenditure for the adjustment of the provisions for severance payments, pensions and anniversary bonuses amounting to a total of TEUR 94,812, which arises from the amendment of the calculation carried out on the balance sheet date relative to a calculation executed on the balance sheet date and on the previous year's balance sheet date, was

recorded in the extraordinary expenditure in order to ensure the comparability of the individual income statements over several periods and to ensure an as accurate as possible insight into the earnings position of the company.

The amounts denominated in a **foreign currency** are converted into euro at the prevailing average rate of exchange.

In some cases, **technical items of the assumed reinsurance business** and the associated retrocession cessations are recorded in the annual financial statements one year in arrears in life insurance and in property and casualty insurance.

The following explanations are provided on the **contingent liabilities not reported in the balance sheet**: There are letters of comfort in favour of Businesspark Brunn Entwicklungs GmbH amounting to TEUR 799 (TEUR 799) to the municipality of Brunn am Gebirge regarding the assumption of costs for the construction of the motorway junction and the development of the property. In addition, there is a liability in favour of Unita S.A. to the extent of up to TEUR 82 (TEUR 0), a letter of indemnity in favour of APC-Geschäftszentrum Betriebsges.m.b.H. amounting to TEUR 209 (TEUR 359) and a joint and several liability for loans that were taken out by Country Inn VIC Hotelerrichtungs- und Betriebsgesellschaft m.b.H. for up to a total amount of TEUR 10,450 (TEUR 10,392). Furthermore, the company is liable for the loan repayments of employees to Spar- und Vorschusskasse der Angestellten der "Wiener Städtische Allgemeine Versicherung Aktiengesellschaft" reg.Gen.m.b.H. of TEUR 198 (TEUR 267). In addition, together with Collegium Augustinum GmbH, Wiener Städtische Versicherung AG has signed a letter of comfort, without an assumption of liability relating to amount, in favour of Gesundheitspark Wien- Oberlaa Gesellschaft m.b.H.

In total, TEUR 1,090 (TEUR 44,355) is apportionable to contingent liabilities with affiliated companies.

The guarantee in favour of Kooperativa Prague (TEUR 43,197) no longer applies. The assumption of liability for "Compensa" S.A. (TEUR 8,078) has also expired at 31.12.2004. There was a letter of comfort in favour of Vienna Life Lebensversicherung AG, to accept

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liability to a limited extent for the open insurance claims from eight life insurance policies of one policyholder in the event of the insolvency of the company. The effectiveness of this letter of comfort lapsed in January 2005.

III. Explanatory notes on items in the balance sheet

Intangible assets that were acquired from affiliated companies are included with a balance sheet value of TEUR 638 (TEUR 982).

The **real estate values of developed and undeveloped land** amounted to TEUR 100,891 (TEUR 129,112) on 31st December 2004.

The **balance sheet value of the land used by Wiener Städtische** amounts to TEUR 69,656 (TEUR 72,884).

Other loans, which are not secured by means of an insurance policy, break down as follows: Loans to the Republic of Austria amounting to TEUR 501,089 (TEUR 588,702), receivables from loans from other public bodies amounting to TEUR 74,752 (TEUR 85,508) and receivables from loans from other borrowers amounting to TEUR 127,337 (TEUR 134,179).

The market values of capital assets amount to:

Items in accordance with Section 81c Para. 2 of the Austrian Insurance Supervision Act Amounts in EUR '000	Market value on 31.12.2004	Market value on 31.12.2003
Land and buildings	650,781	747,126
Shares in affiliated companies	1,484,719	1,629,228
Bonds and other securities from and loans to affiliated companies	270,822	281,173
Participations	425,009	417,873
Bonds and other securities from and loans to companies with which a shareholding relationship exists	49,228	61,108
Shares and other non fixed-interest securities	2,414,267	1,996,898
Bonds and other fixed-interest securities	2,095,682	1,672,384
Shares in jointly-owned capital assets	87,011	81,286
Mortgage receivables	321,070	298,965
Advance payments on policies	21,790	22,120
Other loans	703,178	808,389
Deposits at banks	64,084	90,240
Deposit receivables	105,709	92,477
	8,693,350	8,199,267

The hidden reserves increased by TEUR 112,443 to TEUR 1,311,831 (TEUR 1,199,388) overall in the reporting year. The market values of shares in affiliated undertakings or of shares in participations correspond to the stock market values or other available fair market values. If stock market values or other available fair market values do not exist, the acquisition costs are assessed as market values. If necessary, the acquisition costs are reduced by non-scheduled depreciations or the higher openly reported proportionate capital. Stock market values or book values (acquisition costs, if necessary reduced by non-scheduled depreciations) were valued as market values of shares and of other securities. The remaining capital assets were valued at nominal values, if necessary reduced by non-scheduled depreciations.

The market values of land and buildings were determined in accordance with the recommendations of the Austrian Association of Insurance Companies. Valuation reports from the year 2004 formed the basis of the valuation for the most part.

The market values for reports from the valuation year 2005 amount to TEUR 30, 2004: TEUR 432,767, 2003: TEUR 205,538, 2002: TEUR 11,856, 2001: TEUR 590.

In **health insurance**, the **calculation of the actuarial reserve** is carried out in accordance with Section 18c of the Austrian Insurance Supervision Act in all portfolio categories according to actuarial principles.

In individual insurance, the calculation of the actuarial reserve is effected exclusively for each individual policy. This applies also for the new entrant into group insurance covered by the 1994 amendment to the Austrian Insurance Policy Act. A lump-sum actuarial reserve is established for the remaining group insurance business. The calculation of the actuarial reserve is effected exclusively in accordance with the prospective method. The calculation of the actuarial reserve takes into account that the actuarial reserve of the respective policy lapses in favour of the policyholder community in the event of premature policy termination or the death of the insured person.

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Claims frequencies are derived predominantly from evaluations of our own claims portfolio as the actuarial bases for the calculation of the actuarial reserve. Mortalities were taken in the main from the Austrian general mortality tables 1990/92. The actuarial reserve is calculated for the most part using an assumed interest rate of 3% p.a., in line with the premium calculation.

In **life insurance**, the **calculation of the actuarial reserve** is effected in accordance with the principles specified in the business plan and authorised by the regulatory authority or in accordance with the principles notified to the regulatory authority.

The actuarial reserve is individually calculated for each particular case; the prospective method is almost exclusively applied in the process.

The most important probability tables used are: For endowment insurance policies: DM 24/26, ÖVM 80/82, ÖVM /ÖVF 90/92

For annuity insurance policies: EROM/EROF, AVÖ 1996 R

The actuarial reserve is calculated using an assumed interest rate of 3% p.a. for the predominant proportion of the portfolio. An assumed interest rate of 4% p.a. was used for certain tariffs from 1995 and an assumed interest rate of 3.25% p.a. between 1.7.2000 and 31.12.2003. The assumed interest rate amounts to 2.75% p.a. for policies with a policy inception from 1.1.2004.

From the amount included in the item **Other liabilities**, TEUR 25,230 (TEUR 21,076) is apportionable to **tax liabilities** and TEUR 4,019 (TEUR 3,962) to **social security liabilities**.

The following balance sheet items are apportionable to affiliated companies and to companies with which a shareholding relationship exists:

Amounts in EUR '000	Affiliated companies		Companies with which a shareholding relationship exists	
	2004	2003	2004	2003
Mortgage receivables	75,792	61,821	4,166	8,452
Deposit receivables	12,094	8,591	73,832	64,978
Receivables from the direct insurance business	713	1,047	19	15
Accounts receivable from the reinsurance business	3,181	1,744	2,180	2,727
Other receivables	216,249	50,020	1,446	5,617
Deposit liabilities	481	421	0	0
Liabilities from the direct insurance business	789	250	426	106
Unsettled claims from the reinsurance business	5,083	3,724	8	561
Other liabilities	61,704	64,281	2,366	6,807

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The balance sheet values of intangible assets, land and buildings and capital assets in affiliated companies and participations have developed as follows:

Amounts in EUR '000	Intangible assets	Land and buildings	Shares in affiliated companies	Bonds and other securities from and loans to affiliated companies	Participations	Bonds and other securities from and loans to companies with which a shareholding relationship exists
Position on 31st December 2003	24,404	617,728	837,098	281,174	238,359	61,108
Additions	3,831	5,345	265,254	21,222	49,261	170
Disposals	841	97,897	177,915	13,664	30,404	11,033
Transfers	0	0	7	-18,000	14	-1,017
Writeoffs	2,689	23,632	119,108	0	13,035	0
Position on 31st December 2004	24,705	501,544	805,336	270,732	244,195	49,228

IV. Explanatory notes to items in the income statement

In 2004, the accounted premiums, earned premiums, expenses for insurance claims, operating expenses and the reinsurance balance in property and casualty insurance break down as follows:

Overall account	Accounted premiums	Earned premiums	Expenses for insurance claims	Operating expenses	Reinsurance balance
Amounts in EUR '000					
Direct business					
Fire and fire consequential loss insurance	134,943	135,276	63,195	30,023	-45,475
Liability insurance	78,643	79,393	48,843	21,417	-7,678
Householders' insurance	62,845	62,919	30,959	17,507	-1,917
Motor vehicle liability insurance	197,643	196,273	136,339	38,540	3,117
Legal expenses insurance	21,961	22,070	10,360	5,743	3
Marine, aviation and transit insurance	29,633	28,620	14,539	6,226	-6,538
Other insurance policies	19,524	19,475	12,177	4,128	-6,037
Other motor vehicle insurance policies	103,481	102,646	83,018	23,487	-2,171
Other property insurance policies	109,536	108,340	73,908	28,471	-20,962
Personal accident insurance	72,879	72,506	35,140	17,511	-4,684
	831,088	827,518	508,478	193,053	-92,342
(Values for previous year)	764,841	759,450	474,432	186,516	-66,947
Indirect business					
Marine, aviation and transit insurance	237	236	-5	42	6
Other insurance policies	35,543	34,867	7,462	11,776	-5,587
	35,780	35,103	7,457	11,818	-5,581
(Values for previous year)	30,574	31,792	16,414	7,966	-4,327
Direct and indirect business overall	866,868	862,621	515,935	204,871	-97,923
(Values for previous year)	795,416	791,242	490,847	194,482	-71,274

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The accounted premiums for health insurance policies break down as follows in 2004:

Amounts in EUR '000	2004	2003
Direct business		
Individual insurance policies	194,430	188,222
Group insurance policies	84,897	82,974
Indirect business		
Individual insurance policies	0	0
Group insurance policies	704	721
	280,031	271,917

The accounted premiums for life insurance policies break down as follows in 2004:

Amounts in EUR '000	2004	2003
Direct business	764,999	688,516
Indirect business	27,119	22,220
	792,118	710,736

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

Amounts in EUR '000	2004	2003
Individual insurance policies	707,243	645,359
Group insurance policies	57,756	43,157
	764,999	688,516
Policies with a single premium	230,156	211,067
Policies with renewable premiums	534,843	477,449
	764,999	688,516
Policies with profit participation	556,914	526,679
Policies without profit participation	4,937	5,357
Unit-linked life insurance policies	183,555	122,923
Index-linked life insurance policies	19,593	33,557
	764,999	688,516

In 2004, the **reinsurance balance in life insurance** was negative at TEUR 3,125 (TEUR 1,465). The **reinsurance balance in health insurance** was positive in 2004 at TEUR 5,903 (TEUR 5,963). The earned premiums in **indirect business** in property and casualty insurance of

TEUR 35,103 (TEUR 31,792) were recorded in the income statement one year in arrears in some cases. TEUR 104 (TEUR 120) of the earned premiums of TEUR 25,770 (TEUR 22,010) in **indirect business** in life insurance was recorded in the income statement one year in arrears.

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The following amounts are apportionable to affiliated companies from the income from participations and income from other capital assets reported in the income statement:

Amounts in EUR '000	2004	2003
Income from participations		
Property and casualty insurance	52,113	67,048
Health insurance	131,388	7,436
Life insurance	460	2,834
Total	183,961	77,318
Income from other capital assets		
Property and casualty insurance	3,972	4,069
Health insurance	1,324	1,320
Life insurance	11,934	12,222
Total	17,230	17,611

The total **income from capital investment** in life insurance and in health insurance was transferred into the technical account, as the investment income in these two sectors constitute a component of the technical calculations. In property and casualty insurance, only the interest income from deposits for the indirect business was transferred into the technical account.

The items expenses for insurance claims, operating expenses, other underwriting expenses and expenditure for capital assets include the following:

Amounts in EUR '000	2004	2003
Salaries and wages	123,191	124,344
Expenditure for severance payments	9,717	7,582
Expenditure for pension scheme	13,901	23,416
Expenditure for statutory social security contributions and wage-related duties and compulsory contributions	40,110	39,697
Other social expenditure	2,153	1,961

In the direct insurance business, **commissions** amounting to TEUR 162,666 (TEUR 165,399) accrued in the financial year 2004.

Losses from the disposal of capital assets amounted to TEUR 86,647 (TEUR 8,442) in the financial year 2004.

The amount shown as **extraordinary income** is the result of the investment of shares in an affiliated company in a 100% subsidiary by application of Article III

of the Austrian Reorganisation Tax Act in conjunction with Section 202 Para. 1 of the Austrian Commercial Code and serves as the first step for the production of an optimised Group structure with regard also to the utilisation of the provisions of the Austrian Tax Reform Act 2005. The **extraordinary expenditure** resulted from the additional expenditure for the adjustment executed on the balance sheet date of the calculation for the provisions for severance payments and pensions, as described in detail in Section II.

ANNEX.

The valuation reserve reported in the balance sheet as of 31st December 2004 and the transfers and releases in the financial year break down as follows (by fixed asset item):

Amounts in EUR '000	Position on 31.12.2003	Transfer	Release	Position on 31.12.2004
to land and buildings	129,803	5,364	8,405	126,762
to shares in affiliated companies	8,187	0	600	7,587
to participations	3,626	0	0	3,626
to shares and other non-fixed-interest securities	26,123	0	0	26,123
to intangible assets	3,486	0	283	3,203

The other untaxed reserves reported in the balance sheet as of 31st December 2004 and the transfers and releases of these reserves in the financial year break down as follows:

Amounts in EUR '000	Position on 31.12.2003	Allocation	Transfer	Release	Position on 31.12.2004
Investment allowances as per Section 10 of the Austrian Income Tax Act	7,534	0	2,677	-165	4,692
Transfer reserves as per Section 12 of the Austrian Income Tax Act	4,600	4,994	4,600	0	4,994

The reserve reported in the balance sheet as of 31st December 2004 as per Section 10 of the Austrian Income Tax Act breaks down as follows (by year):

Amounts in EUR	Investment allowances as per Section 10 of the Austrian Income Tax Act
from 1995	114,089
from 1996	102,916
from 1997	35,037
from 1998	431,047
from 1999	1,537,867
from 2000	2,471,511

The expenditure for taxes on income and earnings increased in the financial year by TEUR 1,536 (TEUR -2,812) due to the formation and release of untaxed reserves.

V. Profit participation

The overview regarding the calculation of the profit participation is provided in the Notes on pages 130 to 133.

VI. Significant participations

The overview of participations is attached in the notes to the consolidated accounts on pages 81 to 83 and shows the directly and indirectly held shares in companies in total.

VII. Other information

The **share capital** of the company amounts to EUR 89,655,022.06. In the ordinary Annual General Meeting on 16th June 2004, the proposal of a share split in the ratio 1:7 was approved. Therefore, the share capital is divided into 76,907,600 no-par-value shares with voting rights made out to bearer and 9,450,000 non-voting preference shares made out to bearer, whereby each no-par-value share participates in the share capital to the same extent. The preference shares are listed for official trading on the Vienna Stock Exchange.

The Managing Board is authorised, until 30th June 2008 at the latest, to increase the share capital of the company – in several tranches where necessary – by a nominal value of EUR 19,354,229.20 by issuing 18,642,400 no-par-value shares registered or made payable to bearer against cash or contribution in kind. The Managing Board, with the agreement of the Supervisory Board, decides on the capacity of the share rights and the other conditions of the share issue. In the process, non-voting preference shares may also be issued, which are on a par with the rights from preference shares already in existence. The issue prices of no-par-value and preference shares may vary greatly.

ANNEX.

The Supervisory Board consisted of the following people in the financial year:**Chairman:**Chairman Komm.-Rat Dkfm. Klaus **Stadler****Deputy Chairman:**Komm.-Rat Dr. Karl **Skyba****Members:**Abbot General Provost Bernhard **Backovsky**Peter **Haunschmidt**Dipl.-Ing. Guido **Klestil**Dkfm. Helmut **Mayr**Komm.-Rat Walter **Nettig**Hofrat Dkfm. Heinz **Öhler**Komm.-Rat Wolfgang **Radlegger**Dr. Johann **Sereinig**Mag. Dr. Friedrich **Stara****Representatives of employees:**Peter **Grimm**Dietfried **Kreiner**Heinz **Neuhauser**Franz **Urban**Gerd **Wiehart**Fritz **Zickbauer****The following people were members of the Managing Board in the financial year:****Chairman:**Dr. Günter **Geyer****Members:**Mag. Christian **Brandstetter**Kurt **Ebner** (until 31.10.2004)Dr. Rudolf **Ertl**Dkfm. Karl **Fink**Dr. Peter **Hagen** (from 1.7.2004)Mag. Robert **Lasshofer**Dr. Franz **Lauer** (until 30.06.2004)Dr. Martin **Simhandl** (from 1.11.2004)**In addition, the following people were also members of the Extended Board of Management in the financial year:**Mag. Robert **Haider**Dr. Peter **Hagen** (until 30.6.2004)Dr. Martin **Simhandl** (until 31.10.2004)**Trustees in accordance with Section 22 Para. 1 of the Austrian Insurance Supervision Act [VAG]:**Robert **Freitag**Ernestine **Graßberger**, Deputy

ANNEX.

The **average number of employees** (including cleaning staff) amounted to 3,820 (3,854). Of the 3,712 (3,737) employees on average, 1,938 (1,905) were employed in business production with personnel costs of TEUR 87,595 (TEUR 85,671) and 1,774 (1,832) were administrative staff with personnel costs of TEUR 101,477 (TEUR 111,329).

No loans are outstanding with **Members of the Managing Board** on 31st December 2004 (TEUR 0).

Members of the Supervisory Board did not receive any loans in 2004.

There were no liabilities for Members of the Managing Board and of the Supervisory Board on 31st December 2004.

From the expenditure for severance payments and pensions amounting to TEUR 23,618 (TEUR 30,998) in total, TEUR 14,835 (TEUR 8,524) is apportionable in 2004 to severance payments and pensions expenditure for **Members of the Management Board and senior executives in accordance with Section 80 Para. 1 of the Austrian Stock Company Act**. From the additional expenditure shown in the extraordinary expenditure as

a result of the adjustment effected in 2004 of the calculation for severance payment and pensions provisions, an amount of TEUR 26,668 is apportionable to **Members of the Managing Board and senior executives in accordance with Section 80 Para. 1 of the Austrian Stock Company Act**.

In 2004, emoluments accrued to the **Members of the Managing Board** for their work amounting to TEUR 3,798 (TEUR 2,334), reduced by elements debited by affiliated companies. The remuneration package of former Members of the Managing Board (excluding the surviving dependents) amounted to TEUR 2,055 (TEUR 1,373) in 2004.

The emoluments of the **Members of the Supervisory Board** for their work for the company amounted to TEUR 87 (TEUR 88) in 2004.

WIENER STÄDTISCHE Allgemeine Versicherung Aktiengesellschaft is included in the consolidated financial statements prepared by Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung with its headquarters in Vienna. The published consolidated financial statements are available for inspection in the offices of this company in 1010 Vienna, Schottenring 30.

The Managing Board:



Dr. Günter Geyer



Dkfm. Karl Fink



Mag. Christian Brandstetter



Dr. Rudolf Ertl



Dr. Peter Hagen



Ing. Mag. Robert Lasshofer



Dr. Martin Simhandl

Vienna, 15th April 2005

PROFIT PARTICIPATION.

The calculation of the profit participation is effected in accordance with following principles:

HEALTH INSURANCE

All insurance policies concluded according to rates with an escalator clause will receive a special bonus as of 31st December 2005 if their premium was not increased to the extent actuarially necessary with the 2005 premium adjustment.

The level of the respective profit commission will correspond to the single premium that is necessary for this measure to be used as relief for older health insurance policyholders.

LIFE INSURANCE

Profit Class A

1. All insurance policies in Profit Class A, which belong to Settlement Class 92, will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) an interest bonus amounting to 1% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) a total bonus amounting to 2.5% of the sum insured on death for policies with a proper adjustment letter, but amounting to 1% for all other policies.
- c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the total matured capital.

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

- a) an interest bonus amounting to 1% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the total matured capital.

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

a) an interest bonus amounting to 1% of the actuarial reserve specified in the business plan on commencement of the current insurance year.

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

c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the total matured capital.

Profit Class B

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

Ordinary life insurance policies with a sum insured of at least EUR 726.73 and an insurance period of at least 12 years and which belong to Profit Class B will receive in addition a final bonus of 20% of the sum insured on maturity of the sum insured in 2006 in the event of survival. The special bonuses approved in the years 1983 and 1984 will be offset against this final bonus.

Profit Class D

In accordance with the insurance terms and conditions underlying the policies, all insurance policies in Profit Class D will receive a total bonus to the extent of 2% of the sum insured on death for policies with a proper adjustment letter, but amounting to 1% for all the rest.

Interest bonuses and final bonuses on maturity of the endowment sum in 2006 are set to zero.

Profit Classes F, H, I, J, L, X, Y

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

- a) an interest bonus amounting to 1.25% of the contractual actuarial reserve on commencement of the current insurance year.
- b) a total or additional bonus amounting to 1% of the sum insured on death or of the endowment value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the contractual actuarial reserve.

PROFIT PARTICIPATION.

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

- a) an interest bonus amounting to 0.75% of the contractual actuarial reserve on commencement of the current insurance year.
- b) a total or additional bonus amounting to 1% of the sum insured on death or of the endowment value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the contractual actuarial reserve.

Profit Class WVN

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

- a) an interest bonus amounting to 1.25% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 25% of the risk premium included in the total premium for the current insurance year.

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

- a) an interest bonus amounting to 1% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 25% of the risk premium included in the total premium for the current insurance year.

Profit Class FLV

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

- a) policies against renewable premium payment: a bonus amounting to 3% of the premium that is set for the insurance year commencing in 2006.
- b) policies against a single premium: a bonus amounting to 3% of the single premium of the master insur-

ance policy on commencement of the insurance year falling in the year 2006.

The premium components that are invested in the cover fund of the traditional life insurance policy (guarantee fund) are not subject to a profit participation in the traditional sense. A total interest yield to the extent of 4% p.a. will be credited to the corresponding actuarial reserve in 2005.

Profit Class BU with profit participation

In accordance with the insurance terms and conditions underlying the policies, all occupational disability insurance policies in Profit Class BU with profit participation will receive profit commissions amounting to 35% of the insurance premium, which bears interest of 4% and is paid out on expiry of the policy period.

Profit Class BU with premium bonus

In accordance with the insurance terms and conditions underlying the policies, all occupational disability insurance policies and additional occupational disability insurance policies against renewable premium payment, which belong to Profit Class BU with premium bonus, will receive a premium bonus amounting to 35% of the insurance premium or additional insurance premium, which is set for the insurance year commencing in 2006.

Profit Class K/DD additional insurance policy

1. In accordance with the insurance terms and conditions underlying the policies, all term insurance policies in Profit Class K with a constant sum insured against renewable premium payment, which belong to Settlement Class 99, will receive a premium bonus amounting to 65% of the premium, which is set for the insurance year commencing in 2006.

2. In accordance with the insurance terms and conditions underlying the policies, all term insurance policies and additional term insurance policies in Profit Class K with a constant sum insured against renewable premium payment - excluding policies in Settlement Class 99 - will receive a premium bonus amounting to 25% of the premium, which is set for the insurance year commencing in 2006.

3. In accordance with the insurance terms and conditions underlying the policies, all dread disease additional insurance policies against renewable premium

PROFIT PARTICIPATION.

payment for capital payment and premium waiver in the event of serious illnesses or a requirement for extensive nursing care will receive a premium bonus amounting to 10% of the additional insurance premium, which is set for the insurance year commencing in 2006.

Profit Class R

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

- a) an interest bonus amounting to 1% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 1‰ of the endowment value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the total matured capital.

2. For insurance policies with annuity payments already being paid, which belong to the 2000 Settlement Class, are in the second year at the earliest of ongoing annuity payment and have become payable before 1.9.2004, the annuities already being paid will receive an increase of 1.75% of the annuity last paid from 1st January 2006. The increase amounts to 0.75% of the annuity last paid for annuity policies that have become payable from 1.9.2004. No increase takes place as a result of the already anticipated profit participation in the event of a bonus annuity agreement.

3. For insurance policies with annuity payments already being paid, which do not belong to the 2000 Settlement Class, are in the second year at the earliest of ongoing annuity payment and have become payable before 1.9.2004, the annuities already being paid will receive an increase of 2% of the annuity last paid from 1st January 2006. The increase amounts to 1% of the annuity last paid for annuity policies that have become payable from 1.9.2004. No increase takes place as a result of the already anticipated profit participation in the event of a bonus annuity agreement.

Profit Class S

1. All insurance policies in Profit Class S, which belong to the 2004 Settlement Class, will receive profit com-

missions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) an interest bonus amounting to 1.25% of the contractual actuarial reserve on commencement of the current insurance year.
- b) a total or additional bonus amounting to 1‰ of the endowment value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the contractual actuarial reserve.

2. All insurance policies in Profit Class S – excluding policies in the 2004 Settlement Class – will receive profit commissions to the following extent in accordance with the insurance terms and conditions underlying the policies:

- a) an interest bonus amounting to 0.75% of the contractual actuarial reserve on commencement of the current insurance year.
- b) a total or additional bonus amounting to 1‰ of the endowment value or of the survival sum.
- c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the contractual actuarial reserve.

Profit Class Z

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

- a) a bonus amounting to 1.125% of the actuarial reserve specified in the business plan on commencement of the current insurance year.
- b) an additional bonus amounting to 1‰ of the endowment value.
- c) a final bonus on maturity of the endowment sum in 2006 to the extent of an interest bonus as per Item a) on the entire actuarial reserve.

2. For insurance policies with annuity payments already being paid, which belong to the Profit Class Z, are in the second year at the earliest of ongoing annuity payment and have become payable before 1.9.2004, the annuities already being paid will receive an increase of 2% of the annuity last paid from 1st January 2006. The increase amounts to 1% of the annuity last paid for annuity policies that have become payable from 1.9.2004.

PROFIT PARTICIPATION.

Profit Class FPZ

1. In accordance with the insurance terms and conditions underlying the policies, all insurance policies in Profit Class FPZ in the "Single" policy form will receive profit commissions amounting to 25% of the risk premium of the fund balance on commencement of the current insurance year – so long as the first annuity

payment has not yet become payable. These will be allocated to an investment fund for the acquisition of fund units.

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

AUDITOR'S REPORT.

Auditor's certificate.

We have audited the **annual financial statements** of

WIENER STÄDTISCHE Allgemeine Versicherung Aktiengesellschaft, Vienna,

as of 31st December 2004 including the accounting, which were produced in accordance with the provisions applying in Austria under commercial law. The preparation and content of these annual financial statements are the responsibility of the legal representatives of the company. Our responsibility lies in the submission of an audit opinion on these annual financial statements on the basis of our inspection.

We have carried out our audit in compliance with the legal provisions applicable in Austria and the customary principles in our profession. These principles require that the audit is planned and executed in such a way that a sufficiently reliable judgement may be submitted regarding whether the annual financial statements are

free from significant inaccurate statements. The audit includes an inspection of the proof for amounts and other information in the annual financial statements, based on random sampling. It also includes the assessment of the accounting principles applied by the legal representatives and the significant estimates undertaken as well as an appraisal of the overall message of the annual financial statements. We are of the opinion that our audit provides a sufficiently reliable basis for our audit opinion. On the basis of the findings of the audit conducted by us, we provide the following **unqualified audit certificate** in accordance with Section 274 Para. 1 of the Austrian Commercial Code:

"The accounting and the annual financial statements comply with the statutory provisions according to our audit carried out in accordance with our duty. The annual financial statements convey an as accurate as possible picture of the net worth, financial position and earnings of the company in compliance with the proper accounting principles. The management report is consistent with the annual financial statements."

KPMG Alpen-Treuhand GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Michael Schlenk
Auditor and tax advisor



ppa. Friedrich Unterkircher
Tax advisor

Vienna, am 15th April 2005

REPORT OF THE SUPERVISORY BOARD.

The Supervisory Board has received, examined and carefully checked the annual financial statements 2004 together with the Notes to the accounts and the Management Report from the Managing Board. As the outcome of this examination, the Supervisory Board has passed the unanimous resolution to approve the annual financial statements prepared by the Managing Board and to declare its agreement with the proposal of the Managing Board for the distribution of profits.

Consequently, the annual financial statements 2004 have been adopted.

The Supervisory Board additionally reports that it has taken the opportunity, both as a whole and occasionally through its Chairman and his deputy, to review the management of the company. Repeated discussions with the members of the Managing Board also served this pur-

pose, who gave exhaustive explanations and proof about the management of the business of the company by means of books and reports.

In 2004, one ordinary Annual General Meeting and five meetings of the Supervisory Board were held.

Furthermore, the Supervisory Board informs the Annual General Meeting that the annual financial statements 2004 and the Management Report were audited by the auditor, KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, that the audit report was received, examined and discussed by the Supervisory Board and that this examination has provided no reason for complaints according to its final conclusion. The Supervisory Board declares for its part that it has nothing to add to the auditor's report.

The Supervisory Board therefore submits the

proposal to the Annual General Meeting

that it adopts a resolution regarding the distribution of profits in accordance with the proposal of the Managing Board and that it grants formal approval to the acts of the Managing Board and Supervisory Board.

Vienna, May 2005

The Supervisory Board:



KR Dkfm. Klaus Stadler
(Chairman)

ADVISORY COUNCILS.

Advisory councils

The following people belong to the advisory councils in the individual federal provinces designated in the Articles of Association for advising the Managing Board (Position at March 2005):

Provincial advisory council for Vienna

Manfred **Anderle**
 Dr. Peter **Bosek**
 Dr. Ilse **Brandner-Radinger**
 Liane **Garnhaft**
 Major Michael **Hafner**
 Komm.-Rat Mag. Dr. Erich **Haider**
 Mag. Franz **Hauberl**
 Komm.-Rat Franz **Häussler**
 Komm.-Rat Dkfm. Volkmar **Hutschinski**
 Komm.-Rat Willibald **Keusch**
 Mag. Josef **Leopold**
 Dr. Michael **Ludwig**
 Dr. Ernst **Nonhoff**
 Mag. Friedrich **Primetzhofer**
 Komm.-Rat Dkfm. Dr. Carl Ludwig **Richard**
 Dr. Gerhard **Schuster**
 Günter **Wandl**
 Ing. Wilhelm **Wohatschek**

Provincial advisory council for Lower Austria

Konsistorialrat Dr. Burkhard **Ellegast**
 Konsistorialrat Prälat Berthold **Heigl**
 Mag. Gertrude **Baumgartner**
 Bernhard **Clermont**
 Komm.-Rat Dr. Wolfgang **Frank**
 Rudolf **Gabmann**
 Wilhelm **Gelb**
 Mag. Helmut **Guth**
 Mag. Dr. Herwig **Hofstätter**
 Mag. Herbert **Kaufmann**
 Hans **Knoll**
 Hans **Kocevar**
 Otto **Korten**
 Werner **Magyer**
 Dipl.-Ing. Rudolf **Schraml**
 Dr. Dietmar **Steinbrenner**
 Ing. Gerhard **Zinner**

Provincial advisory council for Upper Austria

Dr. Othmar **Bruckmüller**
 Dr. Erich **Diplinger**
 Dr. Franz **Dobusch**

Walter **Ernhard**
 Mag. Othmar **Friedl**
 Mag. Alois **Froschauer**
 Ing. Mag. Peter **Halatschek**
 Heinz **Hillinger**
 Dr. Hermann **Keplinger**
 Komm.-Rat Dr. Richard **Kirchweger**
 Helmut **Oberchristl**
 Dr. Josef **Peischer**
 Komm.-Rat Dr. Ludwig **Scharinger**
 Mag. Wolfgang **Schneckenreither**
 Roland **Stiebler**
 Dkfm. Max **Stockinger**
 Reinhard **Winterauer**

Provincial advisory council for Styria

Herbert **Gritzner**
 Dr. Josef **Groß**
 Dipl.-Ing. Manfred **Heinrich**
 Mag. Werner **Heinzl**
 Karl **Hofmeister**
 Dr. Josef **Lackner**
 Kurt **Leitner**
 Mag. Dr. Karl-Franz **Maier**
 Ernst **Meixner**
 Mag. Dr. Arno **Pichler**
 Rudolf **Pirker**
 Heinz **Robinson**
 Oberamtsrat Peter **Schlacher**
 Hofrat Dr. Franz **Stingl**

Provincial advisory council for Carinthia and Eastern Tyrol

Kurt **Auer**
 Ingo **Appè**
 Franz Christian **Berger**
 Dkfm. Helmut **Eder**
 Dipl.-Ing. Dr. Hermann **Egger**
 Helmut **Fanzott**
 Dr. Horst **Felsner**
 Mag. Alois **Hochegger**
 Komm.-Rat Rudolf **Kandussi**
 Ing. Franz **Liposchek**
 Helmut **Manzenreiter**
 Komm.-Rat Franz **Mlinar**
 Ing. Hans Michael **Offner**
 Ing. Josef **Podesser**
 Dr. Herwig **Rettenbacher**
 Mag. Hans **Schönegger**

Dipl.-Ing. Oskar **Seidler**
 Dr. Michael **Stattmann**
 Mag. Siegfried **Trost**
 Mag. Alfred **Wurzer**

Provincial advisory council for Salzburg

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

Provincial advisory council for Tyrol

Prälat Prof. Mag. Raimund **Schreier**
 Dipl.-Ing. Martin **Baltes**
 Univ.-Prof. Dr. Manfred **Gantner**
 Hannes **Gschwentner**
 Komm.-Rat Dipl.-Vw. Helmut **Holzmann**
 Dipl.-Vw. Hansjörg **Mölk**
 Mag. Tobias **Moretti**
 MMag. Hermann **Nagiller**
 Mag. Jakob **Ringler**
 Dr. Elmar **Schmid**
 Komm.-Rat Karl **Schranz**
 Siegmund **Strohschein**
 Dipl.-Ing. Andreas **Wecht**

Provincial advisory council for Vorarlberg

Mag. Alois **Aichbauer**
 Mag. Wilfried **Berchtold**
 Walter **Durig**
 Jürgen **Gabriel**
 Werner **Gunz**
 Dipl.-Ing. Guntram **Jäger**
 Dr. Peter **Mennel**
 Ing. Wilhelm **Muzyczyn**
 Dipl.-Ing. Peter **Oksakowski**

Komm.-Rat Kuno **Riedmann**
 Hugo **Rogginer**
 Dkfm. Franz **Salzmann**
 Dr. Walter **Thöny**

Provincial advisory council for Burgenland

Wirkl. Konsistorialrat Matthias **Reiner**
 Mag. Mario **De Martin De Gobbo**
 Komm.-Rat Erich **Horvath**
 Komm.-Rat Michael **Koch**
 Mag. Hans **Lukits**
 Hans **Niessl**
 Mag. Dr. Günther **Ofner**
 Ing. Josef **Orovits**
 Ing. Frank **Pfnier**
 Ernst **Schmid**
 Komm.-Rat Erwin **Schneeberger**
 Mag. Rudolf **Simandl**
 Gertrude **Spieß**
 Gerhard **Steier**
 Georg **Stiegelmar**
 Dr. Csaba **Szekely**
 Hofrat Dr. Robert **Tauber**
 Josef **Wein**

Advisory council for funeral insurance

The following people belong to the advisory council designated in the Articles of Association and established for advising the Managing Board on funeral matters and funeral insurance (Position at March 2005):

Monsignore Mag. Karl **Wagner**
 Komm.-Rat Wilhelm **Fuchs**
 Walter **Hämmerle**
 Mag. Hermine **Heuer**
 Erich **Hohenberger**
 Manfred **Klingler**
 Prof. Dkfm. Franz **Knispel**
 Superintendent Hansjörg **Lein**
 Mag. Arno **Molinari**
 Eduard **Schreiner**
 Ing. Wilhelm **Sereinigg**
 Dr. Helmut **Stadler**
 Eduard **Wimmer**
 Dr. Peter **Winter**

PEOPLE TO CONTACT.

General secretariat

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 Fax: +43 (0) 1 53139-1066
 E-mail: sascha.bock@staedtische.co.at

Property insurance

Divisions

Motor insurance

Dipl.-Ing. Dr. Michael **Schlögl**
 Phone: +43 (0) 1 53139-1530
 Fax: +43 (0) 1 53139-3140
 E-mail: m.schloegl@staedtische.co.at

General third-party liability insurance

Legal expenses insurance

Dr. Alfred **Biegl**
 Phone: +43 (0) 1 53139-1407
 Fax: +43 (0) 1 53139-3132
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Personal-lines business

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GLOSSARY.

Accounted premiums

Premiums imposed on the policyholders without elements of taxes, levies and fees.

Actuarial reserve

Provision for future insurance payments in life and health insurance, calculated in accordance with mathematical principles. This is also described in health insurance as an ageing provision.

Affiliated companies

Affiliated companies are deemed to be the parent company and its subsidiaries, in so far as the parent company can exert a controlling influence over the business policy of the subsidiary. This is the case even if, inter alia, the parent company directly or indirectly has more than half of all the voting rights, if there are contractual controlling rights or the possibility exists to appoint the majority of the Members of the Managing Board or other managing bodies of the subsidiary (Section 244 of the Austrian Commercial Code).

Austrian Commercial Code

HGB (Handelsgesetzbuch)

Austrian Insurance Policy Act

The Austrian Insurance Policy Act (Versicherungsvertragsgesetz, VersVG) governs the general law relating to insurance policies.

Austrian Insurance Supervision Act

Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz, VAG), which governs the law concerning organisations and the supervisory law for insurance companies.

Capital assets

Assets such as securities, loans, real estate and company participations, which basically serve as cover for the liabilities from the insurance business.

Ceded reinsurance premiums

Share of the premiums, which are due to the reinsurer because he assumes reinsurance cover for certain risks.

Combined ratio (CR)

Ratios for evaluation of the development of the business in property and casualty insurance. All underwrit-

ing expenditure apart from the change in the equalisation reserve, divided by the earned premiums (= total from expense ratio and loss ratio). Includes no financial earnings.

Consolidation

During the preparation of the consolidated financial statements by the parent company, the annual financial statements of the parent company and the annual financial statements of the subsidiaries are combined. In the process, intra-group capital linkages, interim results, receivables and liabilities as well as income and expenses are offset.

Consolidated financial statements

Annual financial statements prepared by the parent company of a Group, in which the net worth, financial position and earnings of the Group are presented. In the process, the net income of the parent company is presented consolidated with the net incomes of the subsidiaries.

Consolidation scope

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

Deposit receivable, deposit liability

Receivable of the reinsurance company from the previous insurer, which accrues to it by virtue of the insurance business assumed under reinsurance cover as a capital asset substitute. Its level is consistent with the amount of the securities placed with the previous insurer. Deposit liability is analogous.

Direct business

Business produced by the company itself, increased by assumed co-insurance shares less ceded co-insurance shares.

Earned premiums

That part of the accounted premiums that is apportionable to the financial year.

Equalisation reserve

One of the underwriting provisions. This is set up in years with a below average burden of losses and used in years with an above average burden of losses.

GLOSSARY.

Expense ratio

Ratio of the operating expenses over the earned premiums.

Expenses for insurance claims

Insurance payments paid out plus the provisions for already occurred but outstanding losses and plus the costs for claims handling and loss prevention (e.g. experts' fees, solicitor's fees).

Financial result

Income and expenditure for capital assets and interest. This includes, for example, income from securities, loans, properties and company participations or also bank interest as well as the expenditure resulting from the finance division and the scheduled depreciations from property ownership, non-scheduled depreciations to the lower stock market prices in the case of securities, bank charges etc.

Hidden reserve

The actual value (market value) of an asset item in the balance sheet that is greater than the book value (arises, for example, due to the rise in price of securities).

Incurred but not reported (IBNR) losses

Loss that has occurred in the current financial year, but is first notified in subsequent years.

Indirect business

Business assumed under reinsurance cover (active reinsurance).

Insurance payments

See "Expenses for insurance claims".

Insurance regulators

The insurance regulatory authority is the Austrian Financial Market Authority (Finanzmarktaufsicht, FMA), which monitors the operation of all insurance companies, banks, employee pensions and pension funds in Austria as an independent authority.

Loss ratio

Ratio of the expenses for insurance claims over the earned premiums.

Loss reserve

A reserve for outstanding insurance claims (= already occurred, but not yet or only partly settled).

Market value

Value of an asset item in the balance sheet, which is achievable on the market through its sale to third parties.

Non-motor classes

Non-motor classes are understood to be the "non-motor classes" in property and casualty insurance.

Operating expenses

Commissions, personnel costs, material costs and other expenditure for the marketing and the administration of insurance policies.

Premium

Agreed fee for the assumption of a risk by an insurance company.

Premium reserve

The share of the premium income, which represents the fee for the insurance term after the balance sheet reporting date and therefore not yet earned at the balance sheet reporting date. Unearned premiums are reported in the balance sheet under underwriting provisions.

Profit/loss/result on ordinary activities

Profit on ordinary activities: total of the underwriting result, of the financial result and of the other non-technical expenses and income before taking into consideration the tax charge.

Profit participation

See "Refund of premium (related to results)".

Refund of premium (related to results)

Profit participation for policyholders, which depends on the success of the respective insurance class (life/health/property & casualty).

Refund of premium (not related to results)

Contractually granted refund of premiums to the policyholders.

Reinsurance

Insurance protection for insurance companies. In the process, an insurance company insures a share of its risk with another insurance company, the reinsurer.

Reinsurance company

A company that assumes risks from a primary insurer or another reinsurer (in this case one talks of retrocession) against an agreed premium.

Revenue reserves

Revenue reserves contain the profits produced by the company, in so far as they were not distributed as a dividend.

Risks/risk

Insured people, objects, perils or interests.

Shareholders' equity

Consists of the share capital and reserves.

Single-premium policy

This is when the policyholder fulfils the premium payment obligation on commencement of the policy with a single payment for the entire insurance period.

Underwriting provisions

They consist of the provision for outstanding insurance claims, the actuarial reserve, the premium reserve, the provisions for the refund of premium related to results and not related to results, the equalisation reserve and the other underwriting provisions.

Unit-linked life insurance

In the case of this special form of life insurance, the level of benefit depends to a considerable extent on the performance of the assets combined in a fund. The investment risk is borne by the policyholder, who therefore has the opportunity to directly participate in a disproportionate appreciation in value of the fund, but must also accept the risk of value depreciations.

Volatility

Fluctuations of security prices, exchange rates and interest rates.

Wiener Städtische AG

Short for Wiener Städtische Allgemeine Versicherung Aktiengesellschaft.

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Notes

The forecasts that relate to the future development of the company represent assessments that were made on the basis of the information available for the printing of the annual report. Should the assumptions underlying the forecasts not be fulfilled or should risks occur at a level not computed, the actual results may differ from the forecasts.

Minor differences may arise with the summation of amounts rounded off and with the calculation of the rates of change compared with the assessment from the calculation bases that are not rounded off.

Errors and misprints excepted. In cases of doubt the German version shall prevail.

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