

As flexible as life.

DONAU at a Glance – Key Figures 2011

Company	31.12.2011	31.12.2010
Clients	870,000	750,000
Provincial Head Offices	8	8
Branch Offices	60	60
Car Registration Offices	137	123
Employees (thereof in Italy)	1,414 (42)	1,386 (7)

Insurance Policies	31.12.2011	31.12.2010
Property & Casualty	2,377,737	1,984,899
Life	214,025	212,569
Health	9,103	2,647
Total	2,596,758	2,199,318

Written Premiums, direct business (in EUR million)	2011	2010
Property & Casualty	660.1 (+32.6%)	497.7 (+2.7%)
Life	240.3 (+13.7%)	211.4 (+6.3%)
thereof regular premium business	173.5 (+2.7%)	168.9 (+0.6%)
Health	2.1	0.3
Total	902.5 (+27.2%)	709.4 (+3.8%)

Claims Paid, direct business (in EUR million)	2011	2010
Property & Casualty	341.3 (+1.6%)	335.9 (-3.7%)
Life	153.6 (-19.9%)	191.7 (-12.9%)
Health	0,7	0.0
Total	495.6 (-6.1%)	527.6 (-7.3%)

(in EUR million)	2011	2010
Result of ordinary activities	49.3	48.5

(in %)	2011	2010
Combined Ratio	96.2%	95.6%

Further key figures (in EUR million)	31.12.2011	31.12.2010
Capital and Reserves, and Supplementary Capital	228.1	228.8
Claims Reserves (including fund- and index-linked life insurance)	2,358.7	2,235.0
Investments	2,689.8	2,579.5

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Annual Report 2011

DONAU Versicherung AG Vienna Insurance Group

144nd Business Year

Highlights 2011

- Property & Casualty Business with double digit growth
- Life insurance growing against market trend
- Health insurance very successful in the first full year of account
- Attractive new products and product modules
- Focus on private provision for the future
- FlexPlan: New flexible provision instrument for all requirements
- Corporate-Social-Responsibility-Initiative Social active day meets high level of interest

Preface by the Management Board

**Ladies and Gentlemen,
dear customers of DONAU Versicherung,**

DONAU can look back to a successful year 2011 – despite the difficult overall economic background. As in the years before, the company was able to achieve growth in the most important classes of business.

In direct business total premium income increased to EUR 902.5 million, representing a plus of 27.2%. In contrast to the weaker and decreasing tendencies in the overall life insurance market DONAU was able to achieve a growth of 13.7%. This is mainly due to a substantial increase of one time premium business. Property & Casualty premium income increased by 32.6%. Also our latest class of business, health insurance, showed a highly positive trend in the first full year of account. The sales volume of the partial year 2010 could be increased significantly. Also the Italian branch continued its positive development and contributed to the overall growth of the company. In the year of account the main focus was laid on the expansion of the organisation. In addition to the establishment of its own claims management and the strengthening of the sales network, the product range offered was further expanded.

A large part of the stable growth of our Company is due to our attractive product portfolio. *As Flexible as Life!* This was our motto in 2011, especially in the area of product development and enhancement. It is our top priority to be as near as possible to the needs and requirements of our customers. Therefore we improved and expanded our newest class of business, health insurance, already in the first full year of account and this was reflected in the positive result. But also in the other classes of business we are continually adapting our products, introducing new modules or creating completely new products. At the end of last year

we launched *FlexPlan*. With this new pension product it is possible to invest savings, but it is also possible to withdraw the capital every six years – without any financial loss. DONAU will continue to develop tailor-made, flexible products also in the future.

As in the previous years DONAU was able to win important awards with its products. In the competition for the highly coveted *AssCompact Award* we reached second place for our homeowners' and householders' insurance products. In the competition for the *Assekuranz Award* of the Österreichische Versicherungsmaklerring DONAU was awarded three gold and two silver medals for product quality, flexibility, claims settlement, and other criteria.

In order to further improve its products and its service DONAU conducted a client satisfaction enquiry in 2011. We thank all our clients who have participated in this enquiry and who have thus supported our efforts to better meet their needs and requirements. In particular we say thank you for the overwhelmingly positive feedback.

“... despite the difficult overall economic background, DONAU has developed successfully ...”

In communication we focussed on two areas in the year of account. One was the emphasis on small and medium-sized businesses. DONAU can look back to a

long-term experience in risk management and is therefore in a position to use its know-how to create suitable products and benefits for small and middle sized companies. We have achieved our first success with a growth rate of almost 10% growth in this class of business. The second area we focussed on was pension products and health insurance. Provisions for old age and health were omnipresent in the media in 2011. The economic and demographic development will make it necessary for people to provide for the future themselves if they want to guarantee their usual standard of living. DONAU prod-



Jutta Frühberger (Member of the Extended Management Board), Roland Gröll (Management Board Member), Franz Kosyna (General Manager), Robert Haider (Management Board Member), Johanna Stefan (Deputy General Manager), Gertrud Drobesh (Member of the Extended Management Board)

ucts cover all aspects relating to pension plans, health and nursing care insurance, and has accordingly further expanded its product range in 2011. DONAU will continue to focus on both areas also in 2012.

The staff of the company showed their special social commitment in the "European Year of Volunteers". Within the framework of the Corporate-Social-Responsibility-programme of the Vienna Insurance Group the *Social active day* was launched. Our staff was invited to show their commitment in special social programmes, and many followed that invitation to help. Until the end of the year DONAU employees volunteered a total of 900 hours in various organisations. Both sides profited from this work for and with people in need. The positive feedback of the participants and the organisations shows the importance of this volunteer work. DONAU will support the social commitment of its staff also in the future. In 2012 we will again invest all our energy into the growth and stability of the company.

The success of DONAU depends on the people who work for the company. Therefore we thank our staff for their extraordinary commitment. But just as important are the people we work for – our clients. We would like to thank them for their loyalty and their faith in us, just as our partners and shareholders. We are convinced that DONAU Versicherung will meet the challenges of 2012 with equal success.

**Board of Management
DONAU Versicherung AG
Vienna Insurance Group**

Bodies

Management Board

General Manager

Franz Kosyna, Vienna
Chairman

- Management of the Company
- Representation, Public Relations
- Government Bodies and Associations
- Human Resources
- Finance
- Legal
- Buildings
- Health Insurance
- Non-domestic business

Deputy General Manager

Johanna Stefan, Vienna
Board Member

- Marketing and Advertising
- Provincial Offices
- Sales Life Insurance, Health Insurance, and Property & Casualty

Roland Gröll, Vienna
Board Member

- Life Insurance
- Investments (including real estate and shareholdings) and Asset Management
- Cash Collection

Robert Haider, Vienna
Board Member

- Underwriting
- Business Organisation/Information Technology
- Reinsurance, Property & Casualty
- Relations with BIAC Business Insurance Application Consulting GmbH

Supervisory Board

Chairman

General Director
Günter Geyer, Vienna
Vienna Insurance Group AG
Wiener Versicherung Gruppe

Deputy Chairman

General Director
Andreas Treichl, Vienna
Erste Group Bank AG

Deputy Chairman

General Director (retired)
Karl Fink, Vienna
Vienna Insurance Group AG
Wiener Versicherung Gruppe

Members

Board Member
Peter Bosek, Vienna
Erste Bank der oesterreichischen Sparkassen AG

Chairman of the Management Board
Martin Essl, Klosterneuburg
bauMax AG

Chairman of the Management Board
Gerhard Fabisch, Graz
Steiermärkische Bank und Sparkassen AG

General Manager
Friedrich Frey, Vienna
Toyota Frey Austria GmbH

Deputy General Director
Hans-Peter Hagen, Vienna
Vienna Insurance Group AG
Wiener Versicherung Gruppe

Board Member

Erwin Hammerbacher, Vienna
Sparkassen Versicherung AG
Vienna Insurance Group

President

Brigitte Jank, Vienna
Chamber of Commerce, Vienna

General Manager

Emmerich Selch, Vienna
Morawa & Co Buch und Presse

Board Member

Martin Simhandl, Purkersdorf
Vienna Insurance Group AG
Wiener Versicherung Gruppe

Staff Representatives

Johann Baier, Gmunden

Herbert Eichhorn, Leonding

Willibald Gatterer, Krems

Andreas Haim-Geist, Vienna

Manfred Lammer, Graz

Ulrike Sottopietra, Dornbirn

Trustees

Trustee

Raimund Korherr, Vienna
Finance Supervisory Board

Deputy

General Director (retired)

Paul Oppitz, Vienna

DONAU Versicherung

DONAU Versicherung AG Vienna Insurance Group is among the top insurance companies of Austria and can look back to 145 years of experience in rather turbulent times. Founded in the same year in which the famous Donauwalzer was composed by Johann Strauß, DONAU has ever since accepted the challenges with great dedication and commitment. Through their competence and reliability more than 1,400 staff working in nine provincial offices and in a great number of branch offices all over Austria offer comprehensive and individual service and support to almost 870,000 customers. It is our aim to be as close as possible to the requirements of the DONAU client with modern, innovative and flexible products and to offer optimum security in all branches of business in accordance with our motto *As Flexible as Life*.

For our Clients

It is in line with our entrepreneurial spirit to cater to the wishes and needs of our customers. Together with our clients we compile their personal requirements for security and provisions for the future. This way, we establish a long-term positive relationship, as well as mutual trust and satisfaction.

For our Staff

Our managers are role models for all members of staff. They transfer responsibility and competence, and involve their staff in the decision-making process. Every member of staff can depend on the entire team. The experience, the training and the security of a large insurance company provide DONAU staff with the background they need for their work.

For our Shareholders

Our prudent business strategy guarantees a long-term improvement of the earning position and the financial strength of the DONAU. With new ideas and improved solutions we meet economic challenges. We live the change and use our potential to enhance business results.

For Society

We are conscious of our responsibility as an important Austrian economic factor. Information and transparency vis-à-vis the public are very important to us and are permanently maintained. In addition to our tasks on the micro- and macro-economic level we promote cultural, sports and social events.

Since its establishment in 1867 DONAU has developed into one of the leading Austrian insurance companies and is now the fifth largest property & casualty insurer of the country. Traditionally DONAU focuses on personal lines, agricultural business as well as on commercial lines. In 2011 DONAU achieved a total premium volume of approximately EUR 900 million. In order to be close to its clients and partners DONAU Versicherung has established a provincial head office in every province of the country. In addition there are 60 branch offices, almost 140 car registration offices and the Service Line, which is available for inquiries and requests via phone. In addition to the traditional and well established classes of business – property, motor and life insurance – DONAU has complemented its portfolio in 2010 by launching health insurance. In accordance with the slogan *As Flexible as Life!* DONAU has put its focus on fast reaction to changed market conditions and offers quality and service on the basis of regional customer liaison and support.

VIENNA INSURANCE GROUP

With a premium volume of approximately EUR 9 billion and around 25,000 employees, Vienna Insurance Group (VIG) is one of the leading insurance groups in Austria and Central and Eastern Europe (CEE). Innovation, strong customer relationships and an emphasis on customer service create a high quality product portfolio offering attractive solutions in both the life and non-life insurance segments.

VIG's clearly focused strategy for expansion in the CEE region enabled it to make a transition from being an Austrian insurance company to an international group at an early stage. Today, VIG is represented by approximately 50 insurance companies in 25 countries. VIG stands for financial stability, and offers a high level of security to customers, shareholders, partners and employees. One of the key reasons is its conservative investment policy. This is reflected in its A+ rating with a stable outlook, which makes Vienna Insurance Group the best-rated company in the ATX leading index of the Vienna Stock Exchange. VIG has also been listed on the Prague Stock Exchange since 2008.

In addition to economic considerations, the Group also places great importance on an involvement with social concerns and helping to create a future society worth living. In this way, Vienna Insurance Group remains true to its fundamental goal of value-oriented growth.

Core market: Austria

Vienna Insurance Group is the largest insurer in Austria, where it holds an excellent position with its group companies Wiener Städtische, DONAU Versicherung and s Versicherung. The strength shown in this core market since 1824 is one of the reasons for the successful realisation of VIG's internationalisation strategy.

Major player in the CEE region

Vienna Insurance Group started its expansion in 1990, making it one of the first Western European insurance companies to expand into Central and Eastern Europe. Today the Group is one of the most important players in this region and earns more than 50% of its total Group premiums in the CEE region. It has group companies and branches in the following countries in this region: Albania, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and the Ukraine. VIG has also been represented in Bosnia-Herzegovina since 2011. Due to many years of experience and excellent knowledge of the markets in this region, and to its expertise in all insurance matters, VIG is optimally positioned to continue benefiting from future increases in the standard of living in the CEE region and from the accompanying increased need for insurance.

Vienna Insurance Group is also represented in Germany, Liechtenstein and Italy.

A common goal: to offer security to customers

Every customer is unique. They differ in their need for insurance and retirement provisions, living circumstances and the way they like to receive advice. Vienna Insurance Group is aware of this. There is no "standard" insurance customer for VIG, it therefore pays close attention to special local characteristics, and maintains a presence with more than one brand name and broad distribution networks in many of its markets. There is one thing, however, that all Vienna Insurance Group companies have in common: the goal of providing security to customers.

VIG companies have offered a complete range of insurance solutions in Austria for many decades in both the non-life and life segments. Although the markets in Central and Eastern Europe are currently still at a different economic level, they are increasingly moving in a similar direction. While demand in this region in the period following 1989 was initially strongest for motor vehicle insurance, and then household and homeowner insurance as well, today retirement provisions, savings and investment products in the form of life insurance policies are enjoying rising popularity.

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

Strategic partnership with Erste Group

Erste Group is a strong partner for Vienna Insurance Group. It also operates independently, has the same values and follows a similar growth strategy. The two companies benefit equally from a long-term cooperation agreement concluded in 2008 for Austria and the CEE region. Erste Group distributes VIG insurance products, whereas VIG companies offer Erste Group banking products in return. The cooperative arrangement gave Vienna Insurance Group access to a well-established bank distribution network.

Capable employees bring success

Employees play a particularly important role in the success of a service company. Here too, in addition to dedication, professional advice, and excellent service, Vienna Insurance Group places great importance on understanding local markets and close customer relationships.

Further information on the Vienna Insurance Group is available at www.vig.com or in the VIG Group Annual Report.

Welcome to the family of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe



<p>AUSTRIA</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p> <p>onau VIENNA INSURANCE GROUP</p> <p>S-VERSICHERUNG VIENNA INSURANCE GROUP</p>	<p>SLOVAKIA</p> <p>Kooperativa VIENNA INSURANCE GROUP</p> <p>KOMUNÁLNA poisťovňa VIENNA INSURANCE GROUP</p> <p>POIŠŤOVŇA SLOVENSKEJ ŠPORTELNE VIENNA INSURANCE GROUP</p>	<p>BULGARIA</p> <p>BULSTRAD VIENNA INSURANCE GROUP</p> <p><i>Life</i> BULSTRAD VIENNA INSURANCE GROUP</p> <p>БЪЛГАРСКИ ИМОТИ VIENNA INSURANCE GROUP</p>	<p>UKRAINE</p> <p>КНЯЖА VIENNA INSURANCE GROUP</p> <p>ГЛОБУС VIENNA INSURANCE GROUP</p> <p>ЮПИТЕР VIENNA INSURANCE GROUP</p> <p>УКРАЇНСЬКА СТРАХОВА І ПУДІА VIENNA INSURANCE GROUP</p>	<p>TURKEY</p> <p>RAYSIGORTA VIENNA INSURANCE GROUP</p> <p>ALBANIA</p> <p>SIGMA VIENNA INSURANCE GROUP</p> <p>interalbanian VIENNA INSURANCE GROUP</p> <p>INTERSIG VIENNA INSURANCE GROUP</p>
<p>ITALY BRANCH</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p> <p>onau VIENNA INSURANCE GROUP</p>	<p>POLAND</p> <p>COMPENSA VIENNA INSURANCE GROUP</p> <p>InterRisk VIENNA INSURANCE GROUP</p> <p>BENEFIA VIENNA INSURANCE GROUP</p>	<p>CROATIA</p> <p>KVARNER VIENNA INSURANCE GROUP</p> <p>HELIOS VIENNA INSURANCE GROUP</p> <p>ERSTE OSIGURANJE VIENNA INSURANCE GROUP</p>	<p>ESTONIA</p> <p>COMPENSA VIENNA INSURANCE GROUP</p>	<p>MACEDONIA</p> <p>WINNER VIENNA INSURANCE GROUP</p> <p><i>Life</i> WINNER VIENNA INSURANCE GROUP</p>
<p>SLOVENIA BRANCH</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p>	<p>PZM TU S.A. VIENNA INSURANCE GROUP</p>	<p>HUNGARY</p> <p>UNION BIZTOSÍTÓ VIENNA INSURANCE GROUP</p> <p>ERSTE BIZTOSÍTÓ VIENNA INSURANCE GROUP</p>	<p>LATVIA</p> <p>COMPENSA VIENNA INSURANCE GROUP</p>	<p>MONTENEGRO</p> <p><i>Život</i> WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p>
<p>CZECH REPUBLIC</p> <p>Kooperativa VIENNA INSURANCE GROUP</p> <p>ČPP VIENNA INSURANCE GROUP</p> <p>POJIŠŤOVNA ČESKÉ ŠPORTITELNY VIENNA INSURANCE GROUP</p> <p>VIG Re</p>	<p>ROMANIA</p> <p>OMNIASIG VIENNA INSURANCE GROUP</p> <p>ASIROM VIENNA INSURANCE GROUP</p> <p>BCR ASIGURARI VIENNA INSURANCE GROUP</p> <p>DE VIATA BCR ASIGURARI VIENNA INSURANCE GROUP</p>	<p>SERBIA</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p>	<p>LITHUANIA</p> <p>COMPENSA VIENNA INSURANCE GROUP</p>	<p>BOSNIA HERZEGOVINA</p> <p>JAHORINA OSIGURANJE VIENNA INSURANCE GROUP</p>
			<p>BELARUS</p> <p>КУПАЛА VIENNA INSURANCE GROUP</p>	<p>GERMANY</p> <p>InterRisk VIENNA INSURANCE GROUP</p>
			<p>GEORGIA</p> <p>GPIA VIENNA INSURANCE GROUP</p> <p>IRAO VIENNA INSURANCE GROUP</p>	<p>LIECHTENSTEIN</p> <p>VIENNA-LIFE VIENNA INSURANCE GROUP</p>

Successful Teamwork

Company values such as respect and appreciation, credibility and trust are not only empty words at the DONAU, but are part of every day life at the company. DONAU staff represent the company and make a significant contribution to the long-term success of the company. They think like independent entrepreneurs and convince their customers through their extraordinary performance. They offer excellent service and always try to exceed their clients' expectations. This is the basis for the long-term client relationships and the business success of the DONAU.

Staff Development

Also internally DONAU Versicherung is looking for long-term relationships. Already in the initial aptitude tests future employees are screened with a view to achieve optimum capacity for teamwork, from which company, employees and clients will profit. Further on the central tool of staff development is the annual appraisal interview between employee and manager, in which the past performance is evaluated and targets for the following period are being agreed on. The identification of one's own strengths and development potentials as well as the importance of one's own work for achieving company and departmental targets is the basis for the success of our staff. Systematic individual furthering of the capabilities of staff with regard to their personal and company-related targets is therefore the central point of all our development measures. We accompany our staff in a continuous process and we work together in the development of their competence and career possibilities. In all of this it is the uppermost aim of the DONAU Versicherung to maintain existing knowledge and know-how on all levels and to improve it in order to secure the success of the company as a team.

Trainees

An important part of our human resources policy is to offer young people the possibility to enter a career and to offer them profound training. Accordingly, we employed almost 50 insurance trainees in the year of account. In 2010 we organised the training to be more practice-oriented. In addition to vocational training in schools and in all administrative aspects of insurance, we now also include sales activities. In this way trainees are being best prepared for their future career in the insurance industry.

Job-Offensive "Women, Job and Family"

The demand for security and pensions – and thus the demand for appropriate insurance products – is on the increase. Insurance advisory service is therefore a job for the future. In the middle of 2011 DONAU has therefore launched a job offensive focusing on "Women, Job and Family". Its aim is to interest women in the career of "Insurance and Pensions Advisor". This occupation has the advantage of individual responsibility, flexible work hours, and it is therefore easily possible to combine family and work. This makes it very attractive.

Especially for women re-entering work after a pause or coming from a different occupational background this is a good possibility to succeed. This job offensive was accompanied by campaigns

in the provincial head offices, by reports in regional media and by the distribution of information flyers. DONAU Versicherung will continue to focus on this job offensive also in 2012.

"The employees are crucial to the long-term sustainable success of the company ..."

Responsible and Social

In 2011 DONAU has fulfilled its social responsibility vis-à-vis society with EUR 12.3 million (2010: EUR 11.8 million) spent on legally required and voluntary social benefits. Moreover, DONAU offers employment to far more people with special needs than is legally required according to the Austrian Law on the Employment of Disabled Persons.

Equal Opportunity

In the eyes of the DONAU diversity and individuality enrich relationships with the customer and also within the company. They make a significant contribution to the constant development and improvement of products and internal work processes. For DONAU it is self-understood that women and men are given equal opportunity as regards salary and career opportunities.

Health Care at the DONAU

The WHO defines health as “a state of complete physical, spiritual and social well-being and not only as the absence of disease or physical infirmity”. Since 2010 DONAU Versicherung follows this holistic approach in the health care for its staff to an even greater extent. In that year we started the promotion of “Healthy DONAU”, rounding off the already existing health care system consisting of a resident physician, a walk-in clinic and preventive in-house health screenings of staff. This promotion lays stress on various key aspects such as healthy nutrition, exercise and stress relief. The “daily apple”, which is offered to all our staff all over Austria and which represents a healthy alternative as a snack, has become very popular. In order to further the welfare of our staff various other measures are planned within the promotion “Healthy DONAU”.

Social active day

The European Union declared 2011 to be the “European Year of Volunteer Work” in order to promote active contributions from the citizens. As part of one of the leading international insurance groups in Central and Eastern Europe, the Vienna Insurance Group, DONAU Versicherung is conscious of its social responsibility and supports the Corporate Social Responsibility Programme of VIG. Therefore the “Social active day” was launched in the year of account, which is meant to support and further the social commitment of all our staff. The idea of volunteer work was taken up with great enthusiasm, and about 40% of the VIG staff contributed to this social project until the end of the year. DONAU employees invested about 900 hours in volunteer work in various organisations. The work range included gardening, handicraft, renovations, distribution of food, looking after children, elderly and disabled persons, as well as packing of Christmas gifts for needy children. The feedback from DONAU employees as well as from the organisations for which they worked was mostly positive, and shows that both sides have profited from the “Social active day”. It is planned to continue this project also in 2012.



“ ... DONAU is aware of its social responsibility ... ”

Product Highlights 2011

FlexPlan

FlexPlan is a new, flexible pension product and is suitable as a private pension option for young people, for people who are employed but also for persons in their later years of life. *FlexPlan* is a pension plan which accompanies clients over their entire life-span, but also allows withdrawal of the capital in case of need. After every 6-year period capital may be withdrawn – without any deductions and financial loss. It is possible to participate in *FlexPlan* with a minimum payment of EURO 50/per month. As in other classes of business DONAU Versicherung puts high emphasis on innovation, flexibility and customer requirement-orientation in life business products. The new pension product *FlexPlan* meets this requirement – with transparency and flexibility.

The Product Highlights at a Glance:

- Long-term pension plan
- Flexibility: capital withdrawals are possible after every 6-year period
- Clear product description based on the classic endowment insurance
- Capital withdrawals are possible up to the amount of the sum insured including the current profit participation – without deductions
- Expiry at the latest at the end of the 6-year period ending after 64th birthday
- Possibility to terminate contract annually after the 64th birthday, even if the current 6-year period is not completed
- Termination of contract is possible after every 6-year period without deductions
- Option to increase or decrease premium amount at the beginning of every cycle

SecurMed – Only the Best for your Health

The subject of provisions is at the focus of attention to an ever increasing degree, and people are becoming more and more aware of the fact that it makes sense to provide for cases of need themselves. Therefore DONAU has not only adapted the products of its youngest class of business – health insurance – to the requirements of their clients in 2011, but also introduced attractive product add-ons.

SecurMed Stationär

With *SecurMed Stationär* (Hospital Care) to stay in a hospital will be made as comfortable as possible: Comfortable rooms with a maximum of two beds, free choice of doctors, benefits paid for childbirth, daily benefits (if the patient does not make use of the special class), a second opinion before an operation, accompaniment of children during hospitalisation, surgery in outpatient departments, and so on – all these features significantly help the patient to get well again.

SecurMed Ambulant

Many diseases can be treated successfully by a physician, a specialist or in outpatient departments. *SecurMed Ambulant* (Outpatient) pays for these services. The annual benefits of the insurer may be agreed upon individually – and also treatments based on alternative medicine as well as medication and deductibles are included.

SecurMed Taggeld

A daily benefit insurance helps to carry the financial burden during hospitalisation. This type of insurance is particularly interesting for sole wage earners and self-employed persons in order to avoid possible loss of income in case of longer hospital stays. The necessary daily benefit may be chosen by the insured and is paid out from the first day of hospitalisation – in case of illness or accident.

SecurMed Sonderklasse nach Unfall

The Special Class Insurance after an accident offers the best medical care after an accident worldwide and also covers illness during travels.

SecurMed Pflege

Old, but also young people may need long-term care following an illness or an accident. Very often this not only causes an emotionally difficult situation, but also a financially demanding one. Maintaining the usual standard of living becomes difficult, especially if the only financial resource is the state allowance for nursing care. The *SecurMed Pflege* (nursing care) of the DONAU provides an income in addition to the state allowance for nursing care. Based on the level of the state allowance this may be increased by between 25 to 200%.

DONAU Aktiv

DONAU Aktiv is an add-on to the special class insurance, which offers many possibilities of an even healthier way of life. More than 200 wellness, leisure, and fitness options in Austria and abroad are part of the programme. As a member of the Vienna Insurance Group DONAU can offer this service to its clients.

SicherImHeilwesen

SicherImHeilwesen (security in health service) was developed especially by the DONAU catering for the needs and requirements of physicians and other medical staff, and offers insurance covers which are tailor-made for these occupations. In the year of account there was a change in the legal provisions relating to the professional liability for physicians. The Österreichische Versicherungsverband (VVO) (Austrian Insurance Association) and the Österreichische Ärztekammer (ÖÄK) (Austrian Chamber of Physicians) have agreed on a framework

defining and complementing the legal provisions applicable to Austrian physicians. On this basis DONAU Versicherung has adapted and extended the product *SicherImHeilwesen* in the year of account. In addition to covering the minimum legal liability there are a number of additional covers available, such as for instance cover for environmental damage or treatment of family members.

SicherZumRecht

Statistically every tenth Austrian citizen is involved in some kind of legal proceeding. However many people are not aware of the potentially high cost of legal actions.

“As Flexible as Life – with modern, innovative and customised products ...”

In order that our clients do not need to forego their right to justice DONAU's legal expenses insurance *SicherZumRecht* covers the cost of courts, lawyers, legal opinions, experts and many other related expenses in Austria and abroad. This product was adapted by DONAU in the year of account, improving legal protection and adding further coverages. In addition to services in case of a claim – such as for instance advice on the further course of action, support in evaluating official documents or the payment of expenses for mediation or diversion – *SicherZumRecht* offers many additional advantages:

- We offer the suitable product depending on age and status, e.g. legal protection insurance for singles or for retired persons.
- Children are included in the cover up to the age of 25 years as long as they do not have their own household and a regular salary.
- Consumer legal protection is available to all wage-earners and also to all self-employed persons who do not have employees. Also included in the cover is any (part/full time) professional activity without turnover limit.
- Tailor-made packages consisting of different components – for every day life (work and leisure time) as well as for road traffic.

- Additional components for travel legal expenses, insurance contract legal expenses and legal expenses for investments.
- The cover is valid all over Europe.

Disability Insurance

When you are in the middle of your work life cycle you don't think that one day it may not be possible to work in your job. An accident, a disease or the necessity of permanent care can be the reason why a person can no longer work. Employees, but also self-employed people and professionals suffer a great financial loss. The benefits paid out by the social security system are not sufficient and leave a substantial income gap. In 2011 the analyst Morgen & Morgen again awarded the highest mark of five stars to the terms and conditions of the disability insurance of DONAU Versicherung. Even so, the product details were further improved in the year of account so that DONAU clients can choose between additional flexible options.

One Product – many solutions

- Disability insurance – comprehensive cover
- Disability insurance excluding psychological and psycho-somatic disorders
- Disability insurance excluding sports and leisure time risks
- Disability insurance as additional cover of life insurance
- *StarInvest* including disability cover – the savings variant

Focus on DONAU – Marketing, Sponsoring and Public Relations

Active Public Relations

In the year of account the primary DONAU focus in communications lay on the cooperation with print media stressing selected subjects such as provisions for the future and insurance solutions for small- and medium-sized companies. Especially as regards provisions for the future it is the aim of the DONAU to inform the public and to create a consciousness for the importance of the matter. A further important aspect of the communications strategy is the company website. In 2011 a comprehensive evaluation of the DONAU website was conducted in preparation for the new website which will go online in the first half of 2012.

DONAU Receives Several Awards

DONAU Versicherung is proud to have been granted awards for its products also in the past year. For instance in the *Assekuranz Award* of the Österreichische Versicherungsmaklerring (ÖVM – Austrian Insurance Brokers) DONAU won two times gold (commercial insurance for trade, motor third party liability insurance) and three times silver (householders'/homeowners' insurance, motor hull insurance, agricultural insurance). Brokers voted and helped DONAU to reach this top result. The basis for their vote was the evaluation of product quality, claims settlement, flexibility, accessibility, broker relations, premiums, policy issuing as well as technical knowledge of the staff. In autumn DONAU was given a second award: In homeowners'/householders' business DONAU reached second place in the vote by *AssCompact*. In this case the factors products, sales and policy administration were voted on.

“...last year DONAU was also honoured for their products ...”

DONAU Versicherung – An Austrian Economic Factor with Cultural Commitment

In order to conserve cultural assets for later generations DONAU sees it as its social responsibility to support domestic art. In addition to its own small collection DONAU Versicherung is active in selective art sponsoring of the Essl Collection and of the Austrian National Library. This is where the “DONAU collection” is being kept, for which the company received the art sponsoring award *Maecenas* in 1999.

Enquiry on Health Care & Alternative Medicine

In May 2011 DONAU Versicherung conducted an enquiry on alternative medicine, hospital care, and health care together with *SOPHIE KARMASIN Market Intelligence GmbH*. 1,208 persons aged between 20 and 50 were interviewed all over Austria. The results showed that people are highly interested in alternative medical methods and in insurances which cover these benefits. 97% of the people interviewed understood the concept of “alternative medicine”, 62% had already been treated with alternative medical methods. Eight persons out of ten resorted to homeopathy, 39% had submitted to acupuncture. As regards the subject of hospitalisation, seven out of ten persons showed an interest in taking out a private health insurance. High value was placed primarily on quick access to treatment, comfort components such as single or double occupancy in hospital rooms, good food, and so on were not regarded as very important. As regards health care and prevention of diseases, the Austrian population in the age bracket 20 to 50 years lays particular stress on exercise and healthy food. 71% think their health is very good or good. Almost 50% of the people interviewed go

health screenings on a regular basis. They rate a comprehensive blood test and melanoma screening as the most important elements of disease prevention. The results of this enquiry show that DONAU Versicherung is on the right path since the introduction of health insurance in 2010, and is covering the needs and requirements mentioned in the enquiry with its innovative product line.

Client Satisfaction Enquiry Achieves Excellent Results

In the second half of the year DONAU conducted a client satisfaction enquiry in order to determine its positioning with its clients and to develop strategies based on the results to better meet the requirements of existing and potential customers. Clients who had taken out a new insurance policy within the last three to four years with the DONAU and/or had received a claims payment from the DONAU were included in the survey. The study was conducted by the Institut für empirische Sozialforschung (IFES) in Vienna. The overall excellent results and the high satisfaction level of the clients show that DONAU Versicherung is on the right way.

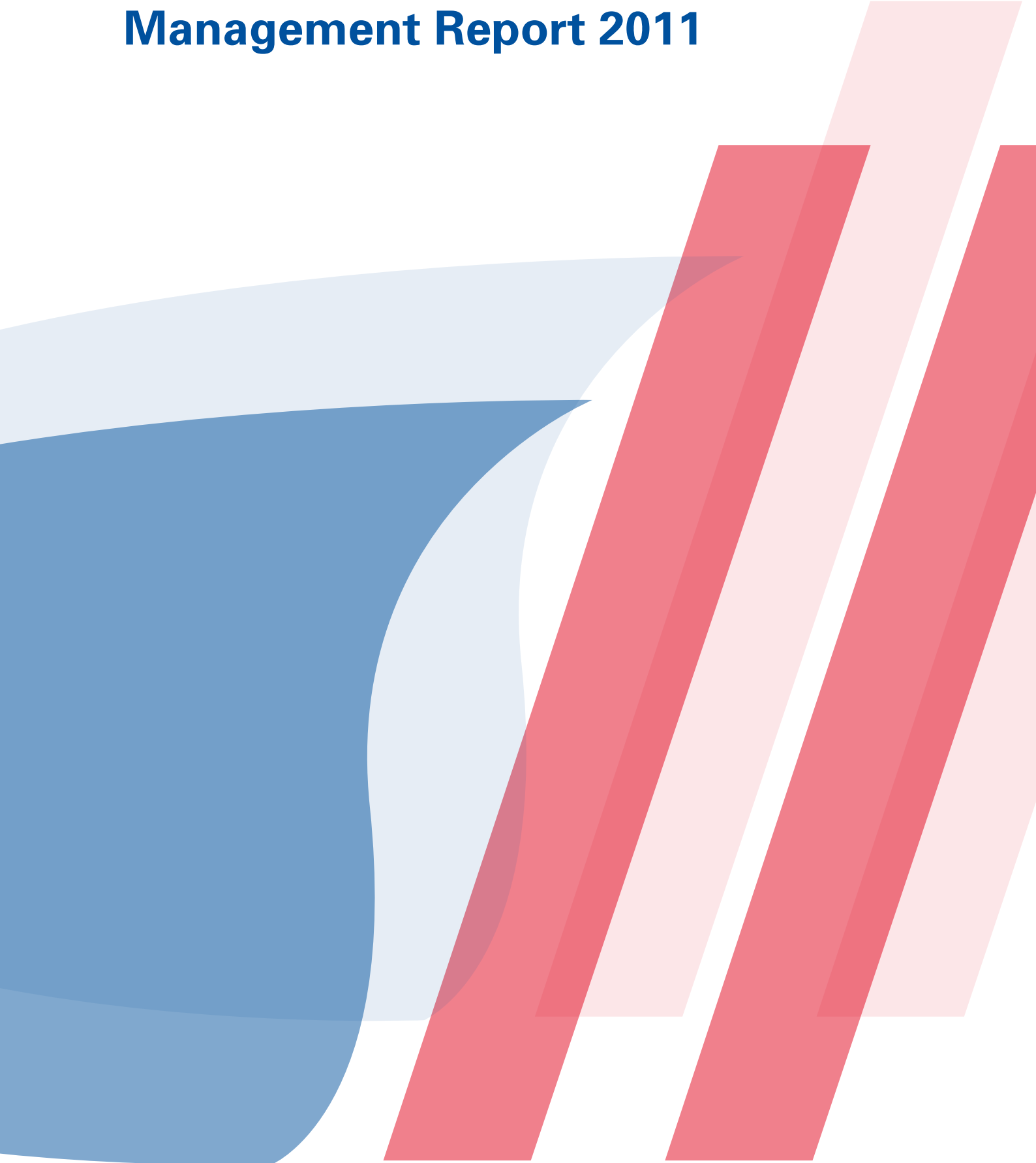
DONAU as Main Sponsor of Austria's Leading Companies

Within the framework of the competition Austria's Leading Companies (ALC) the Austrian daily newspaper WirtschaftsBlatt awarded a price in October 2011 together with PwC Austria and the KSV1870 to the most successful companies of every Austrian province. In 2011 DONAU acted as the main sponsor of this event for the first time. Awards were given to the most dynamic companies in the categories "Stable small-sized companies", "Golden medium-sized companies" and "Big players". The basis for the classification into these categories was the turnover of the company. Another significant evaluation factor in addition

to net turnover, company result, result on ordinary activities, and capital & reserves, was sustainability. DONAU Versicherung will continue to sponsor this event also in 2012.

"... high level of customer satisfaction shows that the DONAU has taken the right direction ..."

Management Report 2011



The Economic Background in 2011

The economic growth rate of 2.1% forecast by the Austrian National Bank at the end of 2010 was exceeded in the year 2011 with a rate of 3.3% (source: December forecast of the Austrian National Bank). As in 2010, the economy developed far better in 2011 than was expected by economic researchers. Growth in the year of account was also boosted by a significant plus in exports as in the year before. Nevertheless, the (only minimal) rise in household income in real terms as well as the reduced rate of unemployment hardly increased private consumption in 2011. The second half of the year of account was affected by the intensified national debt crisis and the increasingly depressed growth forecasts for 2012.

The Year 2011 from the Viewpoint of Private Insurers

Worldwide the year 2011 was very costly for the insurance industry. Claims in the amount of US dollars 108 billion make it the second worst year of all times (2010: US dollar 48 billion). The claims resulted mainly from the severe earthquakes in Japan and in New Zealand as well as from the flood catastrophe in Thailand. In Austria there were no big environmental disasters in 2011. The growth forecast for the insurance industry of 1.7% was converted into a minus of the same size by the end of the year.

According to the Austrian Association of Insurance Companies (VVO) the premium volume of 2011 amounted to EUR 16.5 billion, overall claims reached a volume of EUR 12.3 billion (+ 4.4%). The life insurance premium volume decreased by 7.5% in the year of account, benefits increased by 1.6% to EUR 5.6 billion. Government-subsidised premium business increased by 4.8%, whereas there was a minus of one-time premium life insurances of 32.2%. Health insurance business increased by 3.6% to EUR 1.7 billion in 2011, claims increased by 1.2% to EUR 1.1 billion. The premium volume of property & casualty business (including motor third party insurances) increased by 2.9% to EUR 7.8 billion. Claims remained at the rather high level of EUR 4.9 billion. The slight decrease of 0.4% as compared to the previous year is caused by the fact that there were no major natural disasters in the year of account.

(VVO numbers only preliminary, February 2012)

DONAU in 2011

Balance Sheet Structure

The relevant financial performance indicators shown in the balance sheet of an insurance

company are the investments under assets, the capital & reserves and the technical provisions under liabilities.

ASSETS in EUR million	2011		2010	
	Investments (incl. investments of fund- and index-linked life insurance)	2,695.0	91.2%	2,583.6
Other assets	259.3	8.8%	212.4	7.6%
	2,954.3	100.0%	2,796.0	100.0%

LIABILITIES in EUR million	2011		2010	
	Capital and reserves	127.8	4.4%	128.0
Technical provisions (incl. technical provisions of fund- and index-linked life insurance)	2,358.7	79.8%	2,235.0	79.9%
Other liabilities	467.8	15.8%	433.0	15.5%
	2,954.3	100.0%	2,796.0	100.0%

The **capital and reserves** developed as follows over the last two years:

in EUR million	Share capital	Capital reserves	Profit reserves	Risk reserve per sect 73a VAG	Balance sheet profit	Total
Amount 1/1/2010	16.6	16.6	14.4	11.8	53.7	113.1
Dividend					-25.0	-25.0
Transfer/release						0.0
Profit for the financial year					39.9	39.9
Amount 31/12/2010	16.6	16.6	14.4	11.8	68.6	128.0
Dividend					-33.4	-33.4
Transfer/release			25.0			25.0
Profit for the financial year					8.2	8.2
Amount 31/12/2011	16.6	16.6	39.4	11.8	43.4	127.8

Total Business

In the year 2011 DONAU Versicherung achieved a growth rate of 27% with total written premi-

ums of EUR 902.5 million. As in the years before, customer loyalty as well as the modern, very flexible products were the decisive factors for the excellent overall result of DONAU.

Written premiums in EUR million	2011	2010	Change in percent
Property & casualty, direct	660.1	497.7	32.6
Health insurance, direct	2.1	0.3	-
Life insurance, direct	240.3	211.4	13.7
Total, direct business	902.5	709.4	27.2
Property & casualty, indirect	1.3	1.2	8.3
Life insurance, indirect	6.4	6.4	0.0
Total, inward reinsurance	7.7	7.6	1.3
Property & casualty, reinsurance direct	222.0	121.6	82.6
Property & casualty, reinsurance indirect	0.4	0.4	0.0
Life insurance, reinsurance direct	2.6	2.5	4.0
Life insurance, reinsurance indirect	0.0	0.0	0.0
Total, outward reinsurance	225.0	124.5	80.7
Net retained written premiums	685.2	592.5	15.6

Property & Casualty Business

As compared to the previous year of account direct property & casualty written premiums grew by 32.6% in 2011 and reached a volume of EUR 660.1 million.

Regular premium business grew by 2.7% to EUR 173.5 million. One time premium business grew by 57.1%. In health insurance the written premiums amounted to EUR 2.1 million in the first full year of account.

Personal Lines

Direct written life insurance premiums amounted to EUR 240.3 million in 2011. This represents a considerable growth rate of 13.7%.

Claims Paid

In direct business claims payments (including claims settlement expenses) sank by 6.1% to EUR 495.6 million.

Claims paid in EUR million	2011	2010	Change in percent
Property & casualty, direct	341.3	335.9	1.6
Health insurance, direct	0.7	0.0	-
Life insurance, direct	153.6	191.7	-19.9
Total, direct business	495.6	527.6	-6.1
Property & casualty, indirect	0.6	1.1	-45.5
Life insurance, indirect	3.0	2.7	11.1
Total, inward reinsurance	3.6	3.8	-5.3
Property & casualty, reinsurance direct	72.9	70.3	3.7
Property & casualty, reinsurance indirect	0.2	0.3	-33.3
Life insurance, reinsurance direct	1.2	1.6	-25.0
Total, outward reinsurance	74.3	72.2	2.9
Net retained claims paid	424.9	459.2	-7.5

Payments for non-profit-related premium returns in direct property & casualty business amounted to EUR 1.3 million (2010: EUR 1.4 million). Refunds from reinsurers amounted to EUR 0.7 million (2010: EUR 0.4 million) in the year of account. A detailed breakdown according to classes including the reinsurance balances of property & casualty business, the balances of inward reinsurances, the written premiums of direct life and health insurance business as well as the reinsurance balances of life insurance business are listed in the Appendix under "Commentary to Items of the Profit and Loss Account".

Operating Expenses

As compared to the previous year operating expenses increased by 4.5% to EUR 156.8 million (2010: EUR 150.0 million).

Investment Income

Capital investments (minus deposits due, plus current bank balances) as at December 31st, 2011 amounted to EUR 2,689.8 million (December 31st, 2010: EUR 2,579.5 million). This represents an increase of 4.3%. EUR 267.8 million (December 31st, 2010: EUR 293.0 million) thereof are allocated to fund- and index-linked life insurances. Overall the current investment income increased by 2.9% to EUR 110.2 million (December 31st, 2010: EUR 107.1 million) in the year of account.

Combined Ratio

In 2011 the Combined Ratio (after reinsurance) was slightly above 96%.

Result on ordinary activities in EUR million	2011	2010
Result on ordinary activities (UGB)	49.3	48.5

DONAU in Italy

In the year 2011 the Italian subsidiary concentrated on the organisation of its expansion. In view of the increasing growth it was necessary to adapt work processes to the increased requirements. The special customer orientation of DONAU Versicherung is the focus of this development. In the year of account we concentrated mainly on the development of an efficient claims administration with the aim to provide fast settlement of claims.

The Milan based subsidiary, which was founded in 2007, was able to consolidate its position in the market in the property insurance segment. The product range was expanded by additional products in 2011 to include householders' and homeowners' insurance, motor and personal accident insurance as well as special products for small and medium sized companies and agricultural enterprises.

In line with our product range we also expanded our sales organisation. It is the aim of our sales efforts to convince our partners (brokers, multiple agents and financial institutions) that the comprehensive service and the tailor-made products of DONAU Versicherung are the best. Long lasting relationships with our partners and clients should have top priority in Italy too – this has been the central motto of DONAU Versicherung. The organisational development in Italy was supported by the innovative, integrated web module "Millennium". This administration system facilitates the cooperation with sales partners as well as a fast reaction to customer requirements.

Property & Casualty Insurance

DONAU Versicherung is the fifth largest property & casualty insurer of the country. Besides the traditionally well established property and motor insurance products, the company also offers innovative products in the commercial lines.

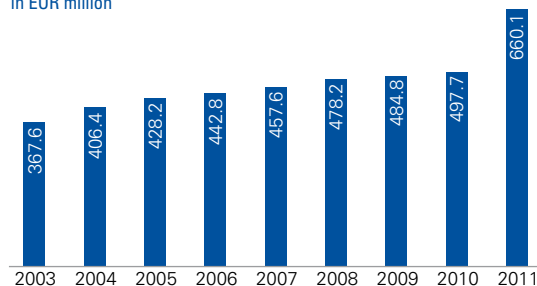
Result

In 2011 the premium income of direct property & casualty business amounted to 660.1 million. This represents an increase of 32.6% as compared to the previous year. In non-motor business the premium increase amounted to 8.0%. The premium income of motor business increased by 63.3%.

Claims payments of direct property & casualty business increased by 1.5% to EUR 328.8 million.

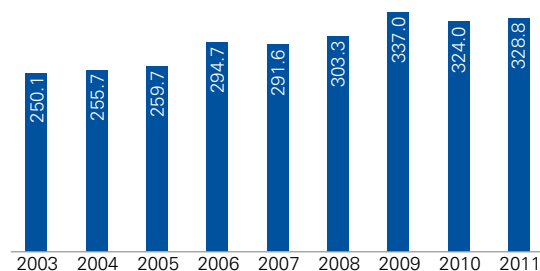
Written premiums	2011	2010	Change in percent
in EUR million	2011	2010	
Non-motor business	298.0	276.1	8.0
Motor business	362.1	221.6	63.3
Total, property & casualty insurance	660.1	497.7	32.6

Premium Development
in EUR million



Claims paid	2011	2010	Change in percent
in EUR million	2011	2010	
Non-motor business	166.7	170.4	-2.2
Motor business	162.1	153.6	5.5
Total, property & casualty insurance (without claims settlement and claims prevention expenses)	328.8	324.0	1.5

Development of Claims Payments
in EUR million



Operating expenses	2011	2010	Change in percent
in EUR million	2011	2010	
Operating expenses	120.1	115.0	4.4

Result on ordinary activities	2011	2010
in EUR million	2011	2010
Result on ordinary activities	33.5	28.7

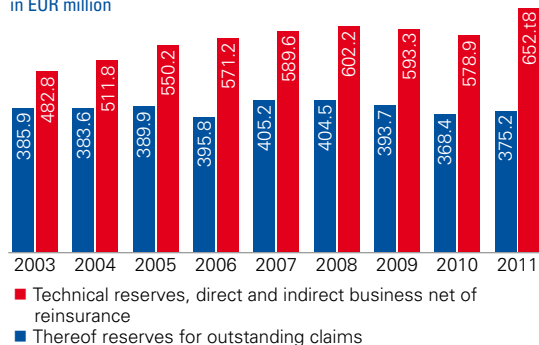
Motor Insurance

Premium income of motor business amounted to EUR 362.1 million in 2011, claims amounted to EUR 162.1 million.

Non-Motor Insurance

In 2011 the premium income of non-motor business increased by 8.0% to EUR 298.0 million. Claims payments of non-motor business decreased by 2.2% to EUR 166.7 million.

Technical Reserves
in EUR million



The **technical reserves of direct business** are composed of the following items:

in EUR million	31.12.2011	31.12.2010	Change in percent
Premiums carried forward	118.6	63.5	86.8
Reserve for outstanding claims	505.4	453.2	11.5
Reserve for profit participation	1.5	1.5	0.0
Equalisation reserve	154.0	141.3	9.0
Other technical reserves	5.1	5.4	-5.6
Total	784.6	664.9	18.0

Life Insurance

A reliable partner and flexible life insurance products were very much in demand. These factors were responsible for the positive results in 2011.

Result

Overall direct life insurance premiums grew by 13.6% to EUR 240.3 million. In one-time premium business DONAU achieved a growth rate of 57.1%, regular premium income of direct business grew by 2.7% to EUR 173.5 million.

Written premiums	2011	2010	Change in percent
in EUR million			
Regular premiums	173.5	168.9	2.7
One time premiums	66.8	42.5	57.1
Total, life insurance	240.3	211.4	13.7

Benefits paid	2011	2010	Change in percent
in EUR million			
Whole life	8.3	8.8	-5.7
Endowment	92.5	124.0	-25.4
Annuities	11.5	11.6	-0.9
Redemption surrenders	39.2	45.4	-13.7
Total, life insurance (without expenditure for paying out the benefits)	151.5	189.8	-20.2

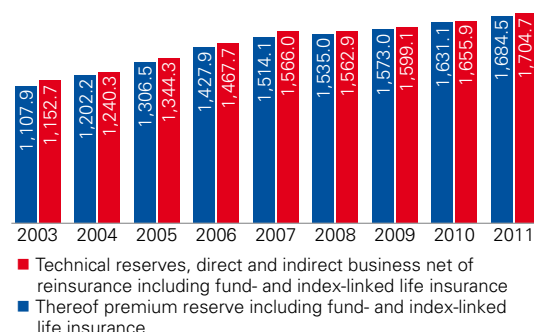
in EUR million	2011	2010	Change in percent
Operating expenses	35.0	34.4	1.7

in EUR million	2011	2010
Result on ordinary activities	16.1	20.2

Benefits

Direct life insurance benefits paid decreased by 20.2% in 2011, payments on endowment insurance policies decreased by 25.4%. The minus in redemption surrenders amounted to 13.7%. Death benefits paid (including benefits paid in case of severe illness) sank by 5.7%.

Technical Reserves
in EUR million



The **technical reserves of direct business** (without fund- and index-linked life insurance) are composed of the following items:

in EUR million	31.12.2011	31.12.2010	Change in percent
Premiums carried forward	10.2	10.6	-3.8
Premium reserve	1,403.9	1,329.7	5.6
Reserve for outstanding claims	6.1	5.8	5.2
Reserve for profit-related premium bonuses and profit participation for policyholders	3.5	7.5	-53.3
Other technical reserves	0.3	0.2	50.0
Total	1,424.0	1,353.8	5.2

Health Insurance

Health insurance, which was included in the product portfolio of the DONAU Versicherung in 2010, showed a positive development in the first full year of account. This is not only thanks to the increased public discussion and the resulting awareness of the people, but also to the flexible product range offered by DONAU in this class of business.

Result

In direct health insurance business DONAU achieved a written premium income of EUR 2,071.2 thousand (2010: EUR 294.5 thousand) in 2011.

Written premiums in EUR thousand	2011	2010
Health Insurance, total	2,071.2	294.5

in EUR thousand	2011	2010
Operating expenses	1,599.2	570.8

in EUR thousand	2011	2010
Result of ordinary activities	-347.2	-355.2

Claims

In 2011 direct health insurance claims amounted to EUR 682.5 thousand (2010: EUR 39.9 thousand). **Technical reserves of direct business** are composed of the following items:

in EUR thousand	31.12.2011	31.12.2010
Premiums carried forward	86.2	29.1
Premium reserve	891.3	207.0
Reserve for outstanding claims	151.1	20.5
Reserve for non-profit-related premium bonuses	30.0	0.0
Other technical reserves	6.9	0.0
Total	1,165.5	256.6

Outlook 2012

Overall Economy – Forecast for 2012

In view of the strained economic condition the forecasts were revised at the end of the year 2011. The Austrian National Bank (OeNB) expects a growth of the gross domestic product of 0.7% for 2012. This forecast puts Austria only by 0.3% above the Eurozone average. The Austrian National Bank expects a slow recovery of the economy in the second half of 2012.

The Association of Austrian Insurance Companies (VVO) expects a total premium volume of EUR 16.7 billion according to its first prognosis, representing an increase of 1.3%. There are also preliminary forecasts for the individual classes of business. In life insurance business a slight decrease of 0.5% is expected, in health insurance an increase of 3.2%, and in property & casualty business a plus of 2.5%.

DONAU Versicherung in 2012

As in 2011 DONAU Versicherung will focus mainly on the subject of provisions for the future as well as on commercial business. At the beginning of the year the "Pollen-SMS" – a new product addition – was added in the health care area. This is a free of charge add-on for all new health insurance policy holders of the DONAU. Furthermore, there will be a new edition of the successful one-time premium product StarBond. This index-linked life insurance, which has enjoyed high popularity in the past, offers a high endowment benefit as well as the option of cash withdrawals after ten years. In commercial business DONAU is also offering a new insurance product since the beginning of the year: The BetriebsAllrisk offers comprehensive insurance cover under the motto "Everything is included in the cover unless it is expressly excluded". It is understood that it remains the top priority of DONAU Versicherung in all classes of business to improve

and adapt products to client requirements on a continuous basis.

In 2012 DONAU will also aim to come even closer to its clients. The ninth provincial office will be opened in Burgenland, so that DONAU will be represented in every Austrian province with its own office and will be able to offer faster service and more personal advice. Also in Vienna a new client office will be opened next to the Head Office on Schottenring, where clients can contact DONAU staff directly and personally.

There will be a change in the Management as of June 1st, 2012. The General Manager Franz Kosyna will hand over the management of the company to the Deputy General Manager Johanna Stefan, and will then move on to act as Deputy General Manager of the Group Management of Vienna Insurance Group. Johanna Stefan, who has served on the Management Board of DONAU Versicherung since 2007, will continue the past successful course of the company.

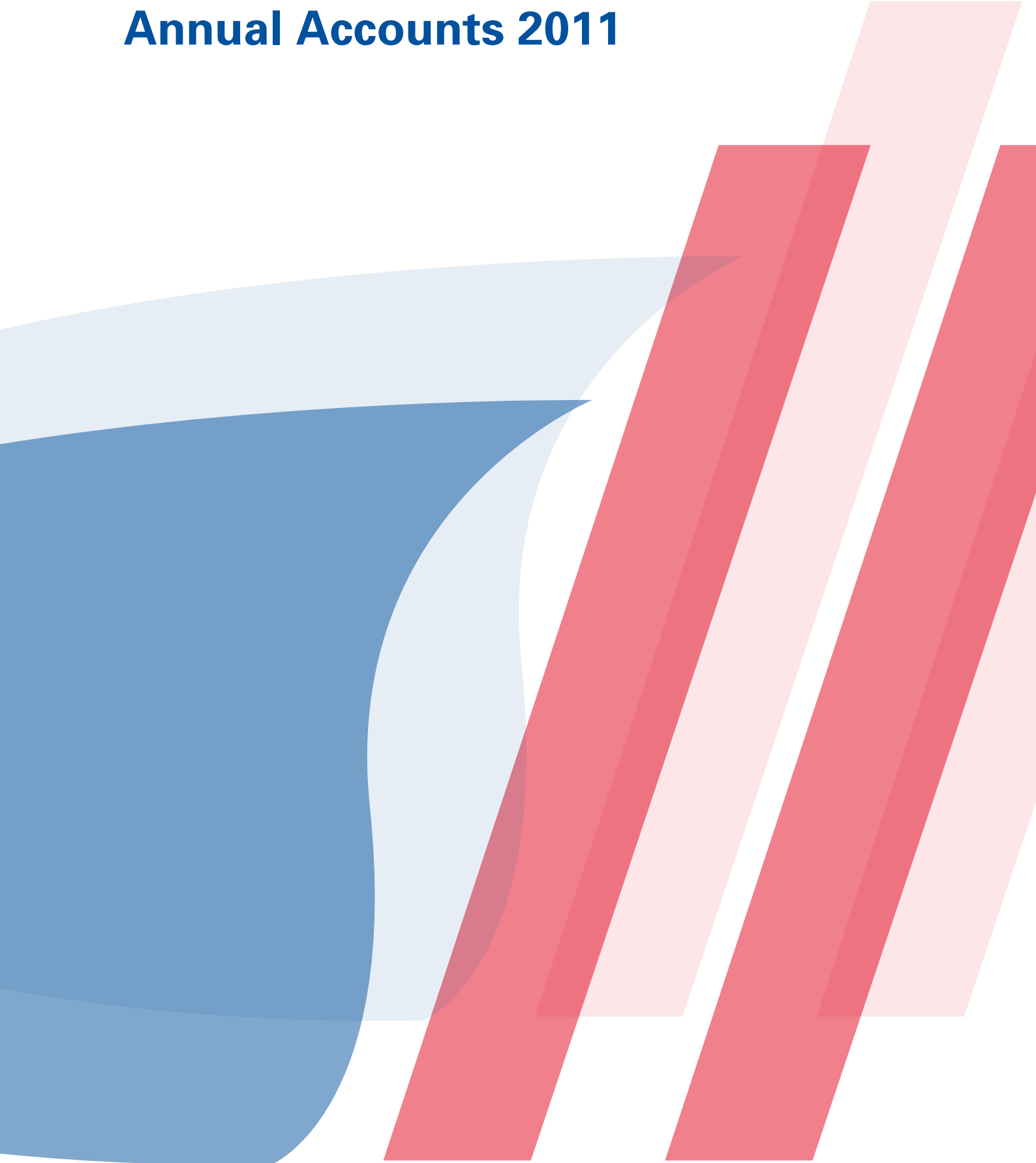
As in the years before, DONAU will aim at stability for its clients and partners and will continue to show its innovative spirit in the area of product development and service.

DONAU – as Flexible as Life!

Occurrences after the Balance Sheet Date

After the balance sheet date there were no occurrences of special significance.

Annual Accounts 2011



Balance Sheet as at 31 December 2011

Assets

in EUR, 2010 amounts in EUR thousands

A. Intangible Assets

- I. Expenditure for the acquisition of an insurance portfolio
- II. Other intangible assets

Total intangible assets

B. Investments

- I. Land and buildings
- II. Interests in associated undertakings and participating interests
 - 1. Shares in associated undertakings
 - 2. Bonds and other securities issued by associated undertakings and loans to associated undertakings
 - 3. Participating interests
 - 4. Bonds and other securities issued by and loans to undertakings in which a participating interest is held
- III. Other investments
 - 1. Shares and other variable yield securities
 - 2. Bonds and other fixed interest securities
 - 3. Mortgage loans
 - 4. Prepayments on policies
 - 5. Other loans
 - 6. Deposits with credit institutions
- IV. Deposit receivables associated with inward reinsurances

Total Investments

C. Capital investments of fund- and index-linked life insurance

D. Receivables

- I. Receivables arising out of direct insurance operations
 - 1. Policyholders
 - 2. Intermediaries
 - 3. Insurance companies
- II. Receivables arising out of reinsurance operations
- III. Other receivables

Total Receivables

E. Accrued interest

F. Other assets

- I. Tangible assets and inventory (not including land and buildings)
- II. Cash at banks and in hand
- III. Other

Total other assets

G. Deferred expenses and accrued income

- I. Active tax deferral
- II. Other deferred expenses and accrued income

Total deferred expenses and accrued income

H. Offset items between divisions

Balance Sheet Total

Property & Casualty	Health	Life	Total 2011	Total 2010
0.00	0.00	0.00	0,00	255
6,726,763.49	0.00	0.00	6,726,763.49	4,361
6,726,763.49	0.00	0.00	6,726,763.49	4,617
31,691,802.73	0.00	29,103,598.68	60,795,401.41	58,865
70,261,839.90	0.00	28,530,201.45	98,792,041.35	81,521
110,000,000.00	0.00	36,339,905.00	146,339,905.00	114,840
13,806,382.58	0.00	0.00	13,806,382.58	12,584
66,672,987.84	0.00	23,883,555.03	90,556,542.87	92,088
86,429,895.74	0.00	281,039,463.25	367,469,358.99	381,776
357,670,670.13	17,880,000.00	1,104,291,975.31	1,479,842,645.44	1,440,918
86,786.03	0.00	4,792,466.00	4,879,252.03	152
0.00	0.00	4,089,914.45	4,089,914.45	3,957
29,965,077.80	0.00	24,486,187.72	54,451,265.52	68,094
80,609,338.87	0.00	0.00	80,609,338.87	9,202
66,958.53	0.00	7,165,692.32	7,232,650.85	8,141
847,261,740.15	17,880,000.00	1,543,722,959.21	2,408,864,699.36	2,272,139
0.00	0.00	286,135,122.87	286,135,122.87	311,446
24,639,025.11	111,421.17	3,807,895.86	28,558,342.14	42,590
40,522,181.68	0.00	0.00	40,522,181.68	13,323
1,074,145.28	0.00	195,666.82	1,269,812.10	933
21,753,701.45	0.00	140,821.56	21,894,523.01	14,476
43,216,569.44	0.00	1,849,803.79	45,066,373.23	13,364
131,205,622.96	111,421.17	5,994,188.03	137,311,232.16	84,686
10,815,980.35	530,456.86	33,453,402.34	44,799,839.55	43,829
5,635,547.61	0.00	0.00	5,635,547.61	5,684
15,693,952.13	408,737.67	4,252,812.07	20,355,501.87	22,436
4,109,494.96	0.00	0.00	4,109,494.96	1,218
25,438,994.70	408,737.67	4,252,812.07	30,100,544.44	29,339
31,646,921.69	2,270.67	2,076,021.99	33,725,214.35	41,702
5,663,509.39	392,664.01	589,913.42	6,646,086.82	8,274
37,310,431.08	394,934.68	2,665,935.41	40,371,301.17	49,976
39,273,048.22	-14,579,533.70	-24,693,514.52	0.00	0
1,098,032,580.95	4,746,016.68	1,851,530,905.41	2,954,309,503.04	2,796,032

Liabilities

in EUR, 2010 amounts in EUR thousands

A. Capital and reserves

I. Ordinary share capital

Nominal amount

II. Capital reserves

1. Tied

2. Not-tied

III. Revenue reserves

1. Legal reserve

2. Free reserves

IV. Risk reserve per section 73a Insurance Supervisory Act, taxed portion

V. Balance sheet profit

thereof profit carried forward

Total capital and reserves

B. Untaxed reserves

I. Risk reserve per section 73a Insurance Supervisory Act

II. Valuation reserve on account of special write-downs

III. Other untaxed reserves

Total Reserves

C. Subordinated liabilities

D. Technical provisions, net retained business

I. Provision for unearned premiums

1. Gross amount

2. Reinsurers' share

II. Long term business provision

1. Gross amount

2. Reinsurers' share

III. Provision for outstanding claims

1. Gross amount

2. Reinsurers' share

IV. Provision for premium refunds

1. Gross amount

2. Reinsurers' share

V. Provision for profit participation bonuses for policyholders

Gross amount

VI. Claims equalisation provision

VII. Other technical provisions

1. Gross amount

2. Reinsurers' share

Total technical provisions

E. Technical provisions for fund- and index-linked life insurances

I. Gross amount

F. Non-technical provisions

I. Provisions for severance payments

II. Provisions for pensions

III. Provisions for taxation

Total non-technical provisions

G. Deposit liabilities associated with outward reinsurances

H. Liabilities

I. Liabilities arising out of direct insurance operations

1. Policyholders

2. Intermediaries

3. Insurance companies

II. Liabilities arising out of reinsurance operations

III. Amounts owed to credit institutions

IV. Other liabilities

Total liabilities

I. Accruals and deferred income

Balance sheet total

Property & Casualty	Health	Life	Total 2011	Total 2010
8,855,878.86	1,500,000.00	6,213,527.33	16,569,406.19	16,569
1,492,237.75	0.00	327,027.75	1,819,265.50	1,819
6,531,797.47	1,000,000.00	7,226,673.84	14,758,471.31	14,758
152,612.95	0.00	654,055.51	806,668.46	807
23,601,702.49	0.00	14,996,138.32	38,597,840.81	13,598
5,979,756.77	13,636.00	5,813,247.53	11,806,640.30	11,807
23,945,338.26	-527,519.48	20,060,207.02	43,478,025.80	68,656
16,130,386.47	-266,923.80	19,392,986.26	35,256,448.93	28,734
70,559,324.55	1,986,116.52	55,290,877.30	127,836,318.37	128,015
10,106,876.23	0.00	3,961,479.47	14,068,355.70	14,068
27,900.26	0.00	0.00	27,900.26	28
8,069,796.46	0.00	2,596,077.23	10,665,873.69	11,177
18,204,572.95	0.00	6,557,556.70	24,762,129.65	25,273
37,000,000.00	1,500,000.00	37,000,000.00	75,500,000.00	75,500
118,554,470.02	86,186.51	10,479,172.04	129,119,828.57	74,417
-1,053,972.44	0.00	-156,325.41	-1,210,297.85	-1,133
0.00	891,257.91	1,410,723,449.26	1,411,614,707.17	1,337,600
0.00	0.00	-4,742,539.45	-4,742,539.45	-5,606
507,370,948.03	151,135.00	6,140,629.65	513,662,712.68	461,664
-132,164,337.03	0.00	-117,124.55	-132,281,461.58	-86,889
1,460,027.00	30,000.00	0.00	1,490,027.00	1,534
-567,386.45	0.00	0.00	-567,386.45	-431
0.00	0.00	3,509,008.27	3,509,008.27	7,471
154,593,491.00	0.00	0.00	154,593,491.00	141,529
5,208,906.04	6,908.50	328,664.29	5,544,478.83	5,682
-633,237.91	0.00	0.00	-633,237.91	-179
652,768,908.26	1,165,487.92	1,426,164,934.10	2,080,099,330.28	1,935,658
0.00	0.00	278,554,473.80	278,554,473.80	299,353
13,728,465.51	13,027.00	12,331,010.00	26,072,502.51	25,459
15,838,002.00	15,050.00	14,245,774.00	30,098,826.00	28,904
21,429,290.12	1,650.00	6,614,475.62	28,045,415.74	28,632
50,995,757.63	29,727.00	33,191,259.62	84,216,744.25	82,995
67,418,305.13	0.00	4,898,864.86	72,317,169.99	24,753
37,987,880.98	27,820.41	4,413,489.34	42,429,190.73	51,906
9,736,115.13	0.00	0.00	9,736,115.13	5,966
1,734,443.92	0.00	0.00	1,734,443.92	2,431
1,586,952.11	0.00	2,288,815.75	3,875,767.86	3,556
115,377.63	25,093.75	43,312.50	183,783.88	177
148,159,024.35	3,542.12	2,823,877.84	150,986,444.31	159,236
199,319,794.12	56,456.28	9,569,495.43	208,945,745.83	223,273
1,765,918.31	8,228.96	303,443.60	2,077,590.87	1,212
1,098,032,580.95	4,746,016.68	1,851,530,905.41	2,954,309,503.04	2,796,032

Profit and Loss Account 2011

Property & Casualty Insurance			
in EUR, 2010 amounts in EUR thousands			
Technical Account		2011	2010
1. Earned premiums			
Written premiums			
Gross written premiums	661,473,829.75		
Outward reinsurance premiums	-222,428,833.19	439,044,996.56	376,889
Change in the provision for unearned premiums			
Gross amount	-51,762,656.42		
Reinsurers' share	27,227,919.85	-24,534,736.57	-2,953
Total net earned premiums		414,510,259.99	373,937
2. Investment income allocated to the technical account		683.33	0
3. Other technical income		1,515,187.08	1,722
4. Claims incurred			
Claims paid			
Gross amount	-341,862,224.30		
Reinsurers' share	73,051,250.15	-268,810,974.15	-266,367
Change in the provision for outstanding claims			
Gross amount	-52,183,927.01		
Reinsurers' share	45,699,232.30	-6,484,694.71	25,732
Total net incurred claims		-275,295,668.86	-240,635
5. Increase of technical reserves			
Other technical reserves			
Gross amount	-345,550.00		
Reinsurers' share	0.00	-345,550.00	-347
Total increase of technical reserves		-345,550.00	-347
6. Expenditure for profit-independent premium refunds			
Gross amount	-1,241,863.08		
Reinsurers' share	673,453.36	-568,409.72	-1,019
Total expenditure for premium refunds		-568,409.72	-1,019
7. Operating expenses			
Acquisition costs		-147,200,884.29	-115,513
Other operating expenses		-27,111,479.07	-22,889
Reinsurance commissions and profit participation associated with outward reinsurances		54,191,480.42	23,362
Total operating expenses		-120,120,882.94	-115,040
8. Other technical expenses		-3,859,739.20	-2,280
9. Change in equalization provision		-13,064,031.00	-6,432
Technical result (carried forward)		2,771,848.68	9,905

Non-Technical Account	2011	2010
Technical result (carried forward)	2,771,848.68	9,905
1. Investment income and interest earned		
Income from participating interests, of which affiliated companies accounted for EUR 2,165,712.5 (2010: EUR 1,383,882.5)	2,586,465.04	1,590
Income from land and buildings, of which affiliated companies accounted for EUR 57,872.43 (2010: EUR 33,936.34)	4,455,892.85	4,787
Income from other investments, of which affiliated companies accounted for EUR 5,134,684.95 (2010: EUR 5,256,113.20)	32,204,168.70	30,277
Income from write-ups	0.00	0
Profit from the sale of investments	12,151,064.38	4,794
Other investment income and interest earned	5,231,449.53	2,565
Total investment income	56,629,040.50	44,013
2. Investment expenditures and interest paid		
Asset management expenses	-5,966,490.30	-5,055
Write-downs on investments	-7,281,093.27	-7,617
Interest paid	-9,466,873.82	-10,404
Loss from the sale of investments	-309,469.71	-1
Other investment expenses	-2,914,071.71	-2,224
Total investment expenditures	-25,937,998.81	-25,301
3. Investment income transferred to the technical account	-683.33	0
4. Other non-technical income	101,988.18	221
5. Other non-technical expenditures	-51,500.69	-172
Profit on ordinary activities, property and casualty insurance	33,512,694.53	28,666

Health Insurance			
in EUR, 2010 amounts in EUR thousand			
Technical Account		2011	2010
1. Earned premiums			
Written premiums			
Gross written premiums	2,071,213.04		
Outward reinsurance premiums	0.00	2,071,213.04	295
Change in the provision for unearned premiums			
Gross amount	-64,016.18		
Reinsurers' share	0.00	-64,016.18	-29
Total net earned premiums		2,007,196.86	265
2. Investment income allocated to the technical account		817,148.76	219
3. Other technical income		3.01	0
4. Claims incurred			
Claims paid			
Gross amount	-726,388.17		
Reinsurers' share	0.00	-726,388.17	-41
Change in the provision for outstanding claims			
Gross amount	-130,635.00		
Reinsurers' share	0.00	-130,635.00	-21
Total net incurred claims		-857,023.17	-62
5. Increase of technical reserves			
Premium reserves			
Gross amount	-684,210.99		
Reinsurers' share	0.00	-684,210.99	-207
Total increase of technical reserves		-684,210.99	-207
6. Expenditure for profit-independent premium refunds			
Gross amount	-30,000.00		
Reinsurers' share	0.00	-30,000.00	0
Total, expenditure for non profit-related premium bonuses		-30,000.00	0
7. Operating expenses			
Acquisition costs		-1,276,953.83	-425
Other operating expenses		-322,211.08	-146
Total operating expenses		-1,599,164.91	-571
8. Other technical expenses		-1,187.48	0
Technical result (carried forward)		-347,237.92	-355

	2011	2010
Non-Technical Account 2011		
Technical result (carried forward)	-347,237.92	-355
1. Investment income and interest earned		
Income from other investments, of which affiliated companies accounted for EUR 0.00 (2010: EUR 0.00)	950,080.63	253
Other investment income and interest earned	630.31	7
Total investment income	950,710.94	260
2. Investment expenditures and interest paid		
Asset management expenses	-9,978.43	-3
Interest paid	-123,583.75	-38
Total investment expenditures	-133,562.18	-41
3. Investment income transferred to the technical account	-817,148.76	-219
Loss on ordinary activities, health insurance	-347,237.92	-355

Life Insurance			
in EUR, 2010 amounts in EUR thousand			
Technical Account:		2011	2010
1. Earned premiums			
Written premiums			
Gross written premiums	246,671,676.83		
Outward reinsurance premiums	-2,583,508.15	244,088,168.68	215,333
Change in the provision for unearned premiums			
Gross amount	257,588.06		
Reinsurers' share	22,415.11	280,003.17	-214
Total net earned premiums		244,368,171.85	215,119
2. Investment income allocated to the technical account			
		58,821,893.76	58,696
3. Non-realised profits from investments per item C. of the assets (fund- and index-linked life insurances)			
		3,651,646.88	32,450
4. Other technical income			
		314,764.21	242
5. Claims incurred			
Claims paid			
Gross amount	-156,619,219.51		
Reinsurers' share	1,248,175.64	-155,371,043.87	-192,776
Change in provision for outstanding claims			
Gross amount	289,911.72		
Reinsurers' share	34,430.82	324,342.54	-1,515
Total net claims incurred		-155,046,701.33	-194,291
6. Increase of technical reserves			
Long-term business reserve			
Gross amount	-48,607,449.33		
Reinsurers' share	-772,976.12	-49,380,425.45	-54,977
Total net increase of technical reserves		-49,380,425.45	-54,977
7. Operating expenses			
Acquisition costs		-23,116,783.29	-22,674
Other operating expenses		-12,437,070.31	-12,181
Reinsurance commissions and profit participation associated with outward reinsurances		504,197.36	504
Total operating expenses		-35,049,656.24	-34,351
8. Non-realised losses from investments per item C. of the assets (fund- and index-linked life insurance)			
		-50,617,843.08	-2,452
9. Other technical expenses			
		-936,388.40	-264
Technical result (carried forward)		16,125,462.20	20,174

	2011	2010
Non-technical account:		
Technical result (carried forward)	16,125,462.20	20,174
1. Investment income and interest earned		
Income from land and buildings, of which affiliated companies accounted for EUR 560,781.24 (2010: EUR 0.00)	3,819,757.38	3,417
Income from other investments, of which affiliated companies accounted for EUR 528,428.09 (2010: EUR 526,154.53)	65,228,316.85	66,727
Income from write-ups	1,439,925.11	0
Profit from the sale of investments	6,212,446.61	3,939
Other investment income and interest earned	4,355,834.27	6,076
Total investment income	81,056,280.22	80,159
2. Investment expenditures and interest paid		
Asset management expenses	-8,059,039.31	-7,944
Write-downs on investments	-7,327,584.42	-3,711
Interest paid	-3,877,960.50	-5,623
Loss from the sale of investments	-2,423.64	-645
Other investment expenses	-2,967,378.59	-3,539
Total investment expenditures	-22,234,386.46	-21,463
3. Investment income transferred to the technical account	-58,821,893.76	-58,696
4. Other non-technical income	1,004.86	0
Profit on ordinary activities, life insurance	16,126,467.06	20,174

Total Business		
in EUR, 2010 amounts in EUR thousand		
	2011	2010
Non-technical account		
Technical result (Property & Casualty and Life carried forward)	18,550,072.96	29,723
1. Investment income and interest earned		
Income from participating interests, of which affiliated companies accounted for EUR 2,165,712.50 (2010: EUR 1,383,882.50)	2,586,465.04	1,590
Income from land and buildings, of which affiliated companies accounted for EUR 618,653.67 (2010: EUR 226,327.66)	8,275,650.23	8,205
Income from other investments, of which affiliated companies accounted for EUR 5,663,113.04 (2010: EUR 5,782,267.73)	98,382,566.18	97,257
Income from write-ups	1,439,925.11	0
Profit from the sale of investments	18,363,510.99	8,733
Other investment income and interest earned	9,587,914.11	8,647
Total investment income	138,636,031.66	124,432
2. Investment expenditures and interest paid		
Asset management expenses	-14,035,508.04	-13,002
Write-downs on investments	-14,608,677.69	-11,328
Interest paid	-13,468,418.07	-16,065
Loss from the sale of investments	-311,893.35	-646
Other investment expenses	-5,881,450.30	-5,764
Total investment expenditures	-48,305,947.45	-46,805
3. Investment income transferred to the technical account	-59,639,725.85	-58,916
4. Other non-technical income	102,993.04	221
5. Other non-technical expenditures	-51,500.69	-172
6. Profit on ordinary activities	49,291,923.67	48,485
7. Income tax	-16,581,083.11	-9,289
8. Profit after tax	32,710,840.56	39,196
9. Release of reserves		
Release of other untaxed reserves	510,736.31	727
Total of reserve releases	510,736.31	727
10. Transfer to reserves		
Transfer to other untaxed reserves	-25,000,000.00	0
Total of reserve transfers	-25,000,000.00	0
11. Profit for the financial year	8,221,576.87	39,922
12. Profit carried forward	35,256,448.93	28,734
Balance Sheet Profit	43,478,025.80	68,656

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Disclaimer/Imprint

IMPRINT

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Schottenring 15, A-1010 Vienna
FN 32002m
DVR 0016683

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be.public
Werbung Finanzkommunikation GmbH

Photo

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These Annual Accounts were prepared with utmost care in order to guarantee the correctness and completeness of the information given in all parts. Nevertheless it is not possible to completely rule out rounding, typing, printing, and translation mistakes.