

Consolidated Annual Report 2007 in accordance with IFRS

Württembergische Lebensversicherung AG



THE ENGLISH VERSION OF THE ANNUAL REPORT IS IN ACCORDANCE WITH
THE EXAMINED GERMAN ANNUAL REPORT



württembergische
Partner von Wüstenrot

THE ROCK IN THE WAVES

At a glance

WürttLeben – Consolidated (in accordance with IFRS)	2007	2006
Gross written premiums		
in EUR million	2 328.7	2 410.6
Annual premiums		
in EUR million	1 979.4	2 015.7
New business (new premium)		
in EUR million	537.9	578.5
Insurance portfolio – direct –		
Annual premium income for one year in EUR million	1 979.9	2 025.5
Number of contracts	3 084 129	3 164 861
Administration cost ratio		
in %	3.1	3.2
Acquisition cost ratio		
in %	6.1	6.2
Insurance reserves		
in EUR million	26 273.3	25 871.1
Investments		
in EUR million	27 472.6	26 841.3
Net interest		
in %	4.0	4.5
Consolidated profit for the year		
in EUR million	21.2	21.3
Overall result per share		
in EUR	1.74	1.75
Staff of the Group		
Average number of employees over the year	1 340	2 131
Württemberg share		
Dividend per share in EUR ¹	1.65	1.25
Amount paid out in EUR million	20.1	15.2
Share price on 31 December in EUR	27	36
Return on equity after tax		
in %	14.1	13.6

¹ Subject to shareholder's approval of the proposed allocation of profit at the Annual General Meeting



Formation of capital wealth



Home-ownership



Security for the future



Protection against risks

Württembergische: The Rock in the Waves

Providing for the future has a very long tradition. As early as 1828, people in the south of Germany got together to establish the “Württembergische Privat-Feuer-Versicherungs-Gesellschaft” (Württemberg private fire insurance company) in order to share the risks of fire and associated hazards. Five years later, the present-day Württembergische Lebensversicherung was established as the first private company to engage in annuity assurance business. Within this tradition, the Württembergische sees itself as a part of “W&W – The specialist in provision for the future”.

- As a “Rock in the Waves”, the Württembergische is an experienced and effective partner for our private and corporate customers in all matters relating to insurance products and provision for old age. A strong brand name within W&W, the specialist in provision for the future.
- Our highly-knowledgeable field agents are always within reach and, with the excellent advice they give, ensure a high level of customer satisfaction and loyalty.
- The Württembergische is known for the outstanding service it provides. When a claim is submitted or a policy matures, we help to resolve the details quickly and without any complication. The quality of our products and the solidity of our investments are what makes the Württembergische strong.
- The Württembergische occupies a firm position among the TOP 10 general and life insurance companies in Germany.

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Report of the Management Board – Consolidated

General Economic Situation

Overall Economic Environment

In fiscal 2007, the German economy achieved substantial growth. According to calculations of the federal office of statistics, the gross domestic product (GDP), after correction for prices, showed a plus of 2.5 per cent. Although growth was somewhat weaker than in 2006, when it amounted to 2.9 per cent, the domestic and non-domestic forces driving the economy were strong enough to withstand significant counterpressure. On the one hand, the increase in value added tax which came into force in 2007 put a brake on private consumption as it made people reluctant to spend. On the other hand, the turbulence on the international financial markets triggered by the real estate crisis in the United States exerted an adverse impact.

Demand from abroad for German products continued to boost the economy. In spite of the massive increase in the value of the euro compared to the dollar, it caused exports to grow by 8.3 per cent. Imports, in contrast, only grew by 5.7 per cent. In 2007, the German economy thus again achieved an export surplus which accounted for more than half of overall economic growth. Growth was also stimulated by domestic factors, primarily gross investments. After correction for prices, it was 4.9 per cent higher than in 2006. Companies intensified their investments in machinery and equipment.

The good order situation of the companies led to the creation of new jobs and a reduction in the number of unemployed in 2007. Altogether, over 39.7 million people were in employment on average over the year. This is a plus of 1.7 per cent compared to 2006. The fact that the upswing had

no effects on private consumption is shown by the 0.3 per cent decrease in private consumption in 2007 compared to 2006. At the same time, the savings ratio rose from 10.5 per cent to 10.8 per cent. One reason for this was that the disposable income of households rose by 1.6 per cent but, at the same time, consumer prices underwent a rise of 2.2 per cent on average for the year.

Outlook for 2008: Purchasing power stimulates consumption

According to experts, the worldwide economic growth initially expected by leading economic research institutes for 2008 will be slowed down by, among other things, the turbulence on the international financial markets triggered by the real-estate crisis in the US. This is also having an effect on Germany. Most research institutes and analysts are assuming that GDP will grow by around 1.5 per cent. In spite of the somewhat lower economic growth compared to the preceding years, 2008 can be expected to see a continuation of the good labour market situation. The average unemployment rate for the year can thus be expected to fall to around 8 per cent in Germany.

In the current year, it is possible that economic growth in Germany will be slowed down by the oil price and the higher value of the euro. According to economic researchers, however, increasing employment, higher wages specified in general trade-union agreements and the associated rise in the purchasing power of private households will stimulate consumption and therefore the economy. Only a slight change is expected in the savings ratio, which should continue to be close to 10.5 per cent of disposable income.

The Life Assurance Industry

The friendly economic situation in 2007 failed to generate growth among German life assurance companies. According to provisional figures for the industry, premium income mostly remained constant. Life assurance in the narrower sense grew slightly by 0.4 per cent. If the premiums of pension funds are taken into account, the industry experienced only 0.3 per cent growth in 2007.

In respect of new contracts, premium income for life assurance with annual premium payments fell by 2 per cent in 2007 compared to 2006. If the increase in 2006, which was solely due to the higher Riester phase, is deducted however, there was a 4.2 per cent rise in premium income for new business. Single-premium insurance again accounted for a large share of new business in 2007 although, with a plus of only 0.2 per cent, growth was not significantly boosted.

In the individual life assurance classes, the trend towards insurance with pay-outs in the form of an annuity continued in 2007. Its overall share amounts to around 54 per cent of insurance with annual premiums and 69 per cent in terms of new premium income. In particular, unit-linked annuity assurance grew by 28.9 per cent compared to 2006 and, in 2007, accounted for a 24.6 per cent share of new business.

With regard to annuity assurance, the new annual-premium income of Riester forms of life assurance rose by 12.7 per cent, thus reaching a share of 32.6 per cent of overall new business. The basic annuity in 2007 accounted for more than 20 per cent and almost doubled compared to the preceding year.

In the area of corporate pension schemes, a saturation effect was noticeable throughout the market and was reflected by a decrease in the new business figures of pension fund companies. The

annual-premium income arising from new business fell by 30.7 per cent and the sum assured or twelve times the annual annuity even decreased by 33.0 per cent compared to the preceding year. The single-premium income fell by 15.1 per cent.

For some years now, business in the life assurance industry has been marked by an overhang of contracts coming to an end compared to new contracts, the reason being that the expanding development of business in the past is now resulting in numerous regular contract expiries. These are associated with a loss of premium income for life assurance companies due to the low proportion of re-investment apparent throughout the market. In the case of the pension funds, maturities and an associated erosion of the portfolio only play a subordinate role due to the composition of the portfolio (mainly pension insurance in the phase before pension payment).

Outlook for 2008

The GDV (general association of the German insurance industry) expects that, in respect of the premium income of new business for contracts with annual premiums, the considerable and already noticeable trend in the population towards products of the life assurance industry for the provision of old age will continue to intensify in 2008. A high level of new business is anticipated especially for Riester products again. As a special effect, the last increase in the Riester grant which comes into force in 2008 will have an influence on new business. For the basic annuities, the current year is also expected to see further substantial growth.

In general, the trend towards a higher proportion of annuity assurance – especially the unit-linked tariffs – will probably continue to be a factor in the structure of the new annual premium income.

In single-premium business, life assurance compared to other forms of capital investment still has advantages such as the high level of security, the general tax conditions and – in respect of provision for old age – the right to choose an annuity. Above all, the promise of lifelong payments after payment of a single amount is an attractive prospect for middle-aged and older groups of customers. For 2008, the GDV is therefore expecting slight growth again in single-premium income compared to 2007.

In view of the overall economic development and the demand for additional private provisions for old age, the GDV is expecting premium income to grow by around 2 per cent. The prognoses for corporate pension schemes in 2008 are on the modest side. The market will again develop in a way similar to 2007. This means that pension funds in 2008 will again be faced with the challenge of achieving a positive level of new business on the market and gaining additional shares of the market.

General Notes on the Consolidated Annual Accounts

In accordance with § 315 a Para. 1 HGB, consolidated accounts must be drawn up for Württembergische Lebensversicherung AG (WürttLeben) in accordance with the International Financial Reporting Standards (IFRS).

In the year under review, there were the following changes among the consolidated companies; Berlin Leipziger Platz Grundbesitz GmbH (BLP), Berlin, and LP 1 Beteiligungs-GmbH & Co. KG (LP1), Stuttgart, were included for the first time as consolidated companies on 1 April 2007. Karlsruher Lebensversicherung AG (KLV) was merged with Württembergische Lebensversicherung AG with retrospective effect from 1 January 2007. The company is therefore no longer included among the consolidated companies.

In order to retain the name “Karlsruher Lebensversicherung AG”, we changed the name of “Karlsruher HG AG, Lebensversicherung für Beamte und Angestellte der öffentlichen Verwaltung” (Karlsruher HG AG), Karlsruhe, to “Karlsruher Lebensversicherung AG”.

The consolidated accounts of WürttLeben thus include Allgemeine Rentenanstalt Pensionskasse AG (ARA PK), Berlin Leipziger Platz Grundbesitz AG, Karlsruher Lebensversicherung AG and LP 1 Beteiligungs-GmbH & Co. KG as operating companies. In addition, mutual and special funds as well as all important associated companies are included in the scope of consolidation.

The report (consolidated) of the Management Board of WürttLeben reflects the development of business and the opportunities and risks of future development of the Group.

Wüstenrot & Württembergische AG (W&W), Stuttgart, holds 72 per cent of our share capital. W&W AG, on its part, is in a relationship of dependency with Wüstenrot Holding AG.

In accordance with § 312 AktG, the Management Board drew up a report on relationships with affiliated companies (dependency report), concluding the report as follows:

„According to the conditions known to us during the time when legal transactions took place as indicated in the report on relationships with affiliated companies, our company received an adequate return on such transactions. Measures at the request of or in the interest of the controlling companies or the companies affiliated with them were neither taken nor refrained from.“

Themes of Fiscal 2007

Renewal program bears fruit

Clear successes for “Württembergische 2009”

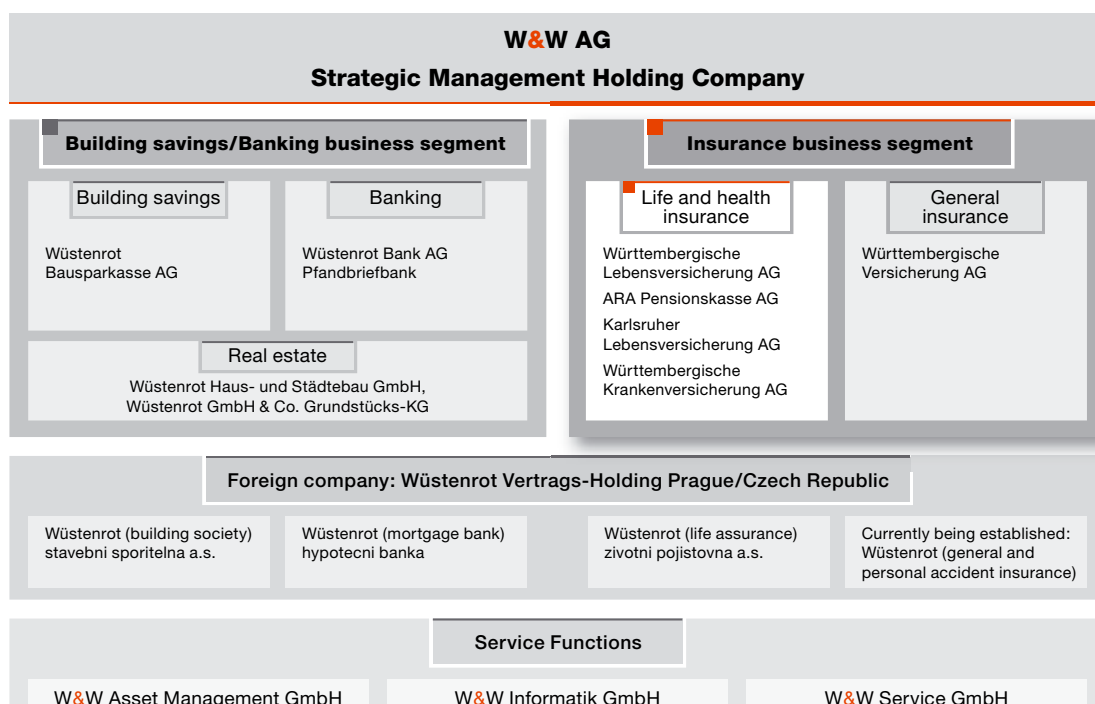
For WürttLeben, 2007 was the year when the “Württembergische 2009” renewal program started to bite. Initiated in 2006, the efficiency program already showed clear signs of success at the end of the fiscal year, whereby important intermediate goals were achieved ahead of time.

In the framework of “Württembergische 2009”, WürttLeben and its sister company, Württembergische Versicherung AG (WürttVers), completed the legal and organizational arrangements in respect of integration of the Karlsruher insurance companies with retrospective effect as of 1 January, 2007. The change of name from “Karlsruher HK AG” to “Karlsruher Lebensversicherung AG” took place subsequently.

“W&W 2009” program for the future

“Württembergische 2009” is embedded in the “W&W 2009” program for the future which is aimed at more growth, efficiency and profitability. The objective is to make the W&W financial services group into an effective specialist in provision for the future. In order to achieve this objective, the focus is being placed on the unused potential of the six million customers of the entire W&W Group – in so far as they are not primarily assigned to cooperating partners – as well as on the reinforcement and expansion of customer relations and support. The Group’s self-image as an association of brands is being strengthened and consolidated.

The “W&W 2009” program for the future is based on three pillars: firstly, the comprehensive “SPRING” sales project, secondly, the cost-reduction and efficiency-enhancement projects of the two business segments, divided into “Wüstenrot 2009” and “Württembergische 2009”, and, thirdly, the corporate project for optimisation of controlling and the reduction of complexity within the Group.



The Group project in the framework of “W&W 2009” is aimed at streamlining the structures of the Group and making them more effective. This includes the establishment of the Management Board, to which the heads of the Building Savings/Banking and Insurance business segments belong, as well as a uniform control cockpit covering all areas of business. One important aim of the program is to increase the efficiency of internal processes throughout the Group.

Stimulation of growth in cross-selling

The Group-wide sales project entitled “SPRING” is intended to strengthen sales and promote growth. The associated all-inclusive link-up of customer needs, sales channels and products is being advanced step by step by means of the Group Board Sales. This board is composed of the sales boards of the two business segments, Building Savings/Banking and Insurance, and of the persons in the Group who are responsible for sales at W&W AG. In this way, coordination and transparency are ensured across all the Group’s activities relating to products and sales.

A significant engine of growth for Wüstenrot and Württembergische consists of cross-selling – in other words, the joint sale of products belonging to both brands. In order to achieve the cross-selling goals, appropriate organisational structures, strategies and internal guidelines were created and introduced in 2007.

The first steps towards further reinforcement of the exclusive sales apparatus of the Württembergische were taken in 2007. The unification of several individual agencies in one office under the management of an agency with special strengths in terms of its production and existing contracts is intended to ensure better exploitation of the potential to be found in a joint effort.

The WürttLeben Group in 2007

Overview of Business in 2007

Top ten position strengthened

By successfully implementing their integration projects, the Württembergische insurance companies are securing their place among the top ten companies in the German insurance industry. In March 2007, Württembergische Lebensversicherung AG successfully completed the squeeze-out procedure involved in the acquisition of 100 per cent of Karlsruher Lebensversicherung AG. With retrospective effect from 1 January 2007, the former Karlsruher Lebensversicherung AG was merged with WürttLeben. At the end of 2007, the name of the former Karlsruher HK AG was changed to Karlsruher Lebensversicherung AG, in particular in order to continue the many years of successful cooperation with the banking partners under the name “Karlsruher” in future.

The WürttLeben Group, which includes not only Württembergische Lebensversicherung AG but also the subsidiaries ARA Pensionskasse AG and Karlsruher Lebensversicherung AG, was able to further strengthen its position in 2007. This created the basis for joint sustained growth and improvement in the earnings situation.

Successful with “Service for Growth”

All the efforts of the Württembergische insurance companies to improve efficiency and ensure growth are modelled on the notion of “Service for Growth”. The companies’ strong orientation to service among the office and field staff is generating above-average customer satisfaction and best practice results. This was confirmed by the independent KUBUS study of the insurance market. The orientation to service achieved through “Service for Growth” will be additionally stimulated by the initiative entitled “Service Excellence – Life” which concentrates on service throughout the Group.

Enhanced selling power of the exclusivity organizations

Our sales force which exclusively sells our products is an important pillar of our sales activities. In 2007, the previously separate sales forces of the Karlsruher and the Württembergische appeared as one integral organisation for the first time. Overall, this further strengthened the exclusivity organisation. In the coming years as well, we intend to expand this sales channel continually. The exclusivity organisation, whose great strength lies in the advice it provides, makes a very important contribution to new business by selling solutions which provide for the future and meet the needs of specific target groups.

Broker business in 2008 – Fit for success

The purpose of establishing the new company “Württembergische Vertriebservice GmbH für Makler und freie Vermittler” is to gain more new customers and exploit the opportunities of a high-growth sales channel. Pooling broker activities for life assurance and general insurance creates clear areas of responsibility. The two companies want to stimulate this sales channel by expanding the scope of existing partnerships and winning over new partners. In 2007, the company started to build up its distributed sales network. Fiscal 2008 started with a campaign for the newly set-up unit-linked concept entitled “Four Wins”, which we hope will considerably boost our business through brokers.

Respect for the interconnected relationships with our partner banks

For the customers of the Karlsruher banks, absolute data protection and respect for the relationships within the Group form the basis of our business model.

Cooperation among the banks for life assurance made a successful contribution to new business in 2007 and was once again extended to cover a wider scope.

New business again on a high level

Our exclusivity organisation and our bank partners acquired more new business in 2007 than in the preceding year. One-off effects from corporate business in 2006 nevertheless caused the total new premium income of the WürttLeben group to fall by 7 per cent to EUR 537.9 million (market: - 1.0 per cent). If the 2006 Riester stage is not included, the annual-premium income in the WürttLeben Group rose by 7.6 per cent. The single deposits in the Group fell from EUR 394.0 million to EUR 351.5 million, a decrease of 10.8 per cent, the reason being that high one-off effects from corporate business were included in the previous year. The acquired general single-premium business, in contrast, rose by 10.2 per cent but was unable to fully compensate for the special effect of the preceding year.

Growth in basic annuities above the level of the market

In the area of annuity assurance, which is continuing to gain in importance, the basic annuity did especially well in asserting itself as an additional building-block of provision for old age. Total new premium income in the WürttLeben Group rose by 138.1 per cent in 2007, thus achieving growth above the average for the market.

Company pension schemes still in demand – Decrease in single-premium income in corporate business

Apart from the successful basic annuity from layer one of provisions for old age, layer two, namely company pension schemes, increased by 11.2 per cent to EUR 128.3 million in terms of new premium income compared to the previous year.

Single-premium income in corporate business as a whole decreased by 26.9 per cent, falling from EUR 136.5 million to EUR 99.8 million, the reason being that, in the preceding year, one-off effects, for example arising from company acquisitions, had led to unusually high figures.

Unit-linked products on the upswing

New business in unit-linked products also improved considerably. Compared to the previous year, it increased by 19.2 per cent to EUR 39.4 million.

Positive development of independent permanent health insurance

The permanent health insurance, which was introduced in 2007, received excellent ratings from the rating agencies and is being very well received in the market. New premium income rose by 110.2 per cent to EUR 8.1 million.

Assets, Earnings and Financial Situation

Premium income

The good level of business done in earlier years resulted in numerous regular expiries of contracts in 2007. The life assurance company thus shows itself to be a reliable partner when it comes to provisions for old age. At the same time, the aim is to compensate for this natural decrease in the number of contracts by means of continual growth in new business.

In this context, a strong incoming flow of new business with single premiums plays an important role. However, the earnings arising from this business are less constant than income from contracts with annual premiums, considered over a period of several fiscal years. Premium income on the whole is becoming considerably more volatile.

All in all, the general sales performance in terms of single-premium business in 2007 improved, after correction of the figures to take into account special effects. However, the special effects, in the form of a very high non-recurring effect from the corporate area in 2006, had an adverse impact on the development of gross written premium income.

The gross written premium income of the Group in 2007 added up to EUR 2.329 (2.411)* billion. This corresponds to a decrease of 3.4 per cent (market: +0.5 per cent).

Of this amount, WürttLeben's annual premiums accounted for EUR 1.979 (2.016) billion and single premiums accounted for EUR 349.4 (394.9) million.

* Unless stated otherwise, the figures in brackets refer to the corresponding values in fiscal 2006

Increased efficiency

Efficiency and a commitment to service are by no means contradictory. The cost situation in the WürttLeben Group already increased in 2007 in spite of the expenditure involved in integration. The administration cost ratio as a percentage of premium fell by 0.1 percentage points to 3.1 (3.2) per cent. The acquisition cost ratio also fell by 0.1 percentage points to 6.1 (6.2) per cent.

The achievement of the efficiency goals for 2007 from the "Württembergische 2009" program was significantly based on the speedily implemented savings generated by integration of the Karlsruhe. Apart from the potential for improvement arising from coalescence of the IT sections of the two companies, the successful implementation of a scheme to reduce the number of personnel in a socially acceptable manner also contributed to this. One effect of the "Württembergische 2009" program for the companies of the Württembergische has been that, since October 2005, 840 of a planned 870 jobs have already been eliminated without any redundancies due to operating factors. By the end of fiscal 2007, almost half of all the efficiency improvements scheduled to be achieved by 2009 in the area of personnel and equipment had already been achieved.

Profit participation even more attractive in 2008

On the basis of the assessment of the capital market and the reserve situation, all the individual companies of the Group were able to make profit participation for the insured even more attractive.

In accordance with the reform of the insurance contract law (VVG) in 2008, the explicitly regulated direct participation of policyholders in the valuation reserves at the end of their contracts is a new explicit component of the benefits paid out. This applies to new contracts as well as already existing ones.

Previously, the policyholders participated in the valuation reserves by way of the pay-out of extraordinary earnings. These earnings regularly contributed to the result on investments of the individual years and, in this way, also became part of the profit participation. The level of total profit participation still depends on the principle of financial viability but, in future, will also include a further explicit component.

Economy and financial markets under the influence of the US sub-prime crisis

The increases in the prime rate of interest in the preceding years as well as the exploding crisis in the US sub-prime sector slowed down the growth of the gross domestic product to 2.2 per cent in the US. Economic growth in the European Economic and Monetary Union (EMU) in 2007 as a whole was more dynamic, rising by 2.6 per cent.

The higher inflation rate in the EMU caused the European Central Bank (ECB) to raise its prime rate by a total of 50 basis points to 4 per cent in the first six months. Nevertheless, the ECB did not pursue its restrictive monetary policy any further in spite of the inflation rate which continued to rise. The US Federal Reserve reduced the prime rates.

The dynamic economic growth in the EMU and the decreasing interest rates in the US contributed to a substantial rise in the value of the euro in the course of the year. It reached new record marks compared to the US dollar and eventually attained a level of 1.49 US dollars.

The WürttLeben Group pursued an investment policy with an awareness of risks and a focus on ensuring the high quality of its debtors. The US sub-prime crisis therefore had only slight direct effects on the investments. The WürttLeben Group was also exposed to the general re-assessment of credit risks in fiscal 2007.

The investment portfolio in the Group grew by 2.4 per cent to EUR 27.473 billion in fiscal 2007. There were no fundamental structural changes in the investment portfolio, apart from the reduction in the amount of real estate owned. With a ratio of 62.0 per cent, the "Loan" investment category was the largest item in respect of the entire investment portfolio.

Decrease in the result on investments

The result on investments decreased by EUR 90.6 million to EUR 1.092 billion compared to the year before. One of the main reasons for this was that the result arising from real estate fell by EUR 39.8 million. The major causes of this included the reduced real-estate portfolio, considerably increased scheduled depreciation due to the reassessment of the duration of use and, finally, an increase in extraordinary depreciation. Moreover, in view of the increased interest rates, the result on the sale of loans and fixed-interest securities amounting to a total of EUR 16.2 million in the preceding year fell to – EUR 40.0 million in 2007. The result on investments is shown in detail under note number 33 in the Notes - Consolidated.

The result on investments in 2007 was again adversely affected by effects due to consumption of the disclosed reserves - especially in the case of interest-bearing items - of the Karlsruher insurance group because of the first-time consolidation of this company on 31 December 2005.

Share markets with positive conclusion at the end of the year

The Dow Jones EURO STOXX 50 rose by just under 7 per cent to 4 400 points in 2007 as a whole while being subjected to fluctuations primarily triggered by the US sub-prime crisis. This was above all the result of the good economic environment. In Germany, the DAX 30 rose by around 22 per cent and, at the end of the year, reached a level of 8 067 points.

All in all, the share prices on the share market in the US also increased in 2007. The S&P 500, for example, gained around 3.5 per cent and closed at 1 468 points at the end of the year. All the while, share prices were exposed to two strong influences: the robust economic data, on the one hand, and the uncertainty due to the US sub-prime crisis, on the other.

Due to long-term positive performance expectations, the share portfolio of the Group was expanded in weak phases of the market. Within the share portfolio, a wide range of diversification was achieved in respect of industries, regions and investment styles.

The developments on the share market led to an improvement in the value of shares and share funds on the whole. Because these are assigned to the category “available for disposal at any time”, this change is not reflected in the profit and loss account but is added to the latent reserve for bonus payments to clients, latent taxes and equity with no effect on the result.

Interest levels reach the 5 per cent mark in Summer

The improvement of the economy and the expectation that the ECB would announce further rises in the prime rate in the first half of 2007 caused the yield on 10-year mortgage bonds to rise from around 4.2 per cent at the beginning of 2007 to almost 5 per cent in July. In the months up to September, this yield decreased again to around 4.5 per cent as a consequence of the increasing scepticism regarding further economic growth in view of the US sub-prime crisis. By the end of the year, the interest rates in the long-term area were within the range of 4.5 to 4.8 per cent.

In the first six months of the year, the yield on 10-year US government bonds rose to a high of 5.3 per cent in June. In the second half of the year, the yield fell to 3.8 per cent in November due to uncertainty on the financial markets and, at the end of the year, reached 4.0 per cent again.

The value of the fixed-interest securities in the category “available for disposal at any time” decreased due to the rising level of interest. However, this had no influence on the profit and loss account but only affected the latent reserve for bonus payments to clients and equity and was neutral in respect of its effect on the results.

Because these assets are retained until their final due date, the negative reserves are diminished until redemption. At the same time, the higher levels of interest strengthen the current yield on new investments.

Reduced real-estate portfolio

In the year under review, we exploited market opportunities for sales in the real-estate area. WürttLeben sold an office building in Karlsruhe at a price of EUR 39.7 million, thus achieving profit to the value of EUR 21.6 million.

In addition, shares in different real-estate funds which invested in Germany and abroad were returned. Given a total transaction volume of EUR 466.8 million, profits amounting to EUR 20.1 million were achieved from the real-estate sale of a consolidated fund. In addition, WürttLeben sold two real-estate participations which invested abroad for a price of EUR 64.5 million, whereby part of the sale of one participation will only be concluded sometime in 2008. In fiscal 2007, this resulted in a profit of EUR 11.2 million.

In Stuttgart, two office buildings were purchased for EUR 17.3 million. They are mainly intended for use by the Württembergische insurance companies.

Altogether, the weighting of our real-estate holdings decreased in 2007.

Participations

Whereas real-estate participations were reduced, private equity commitments were increased. In fiscal 2007, seven new participations with a total obligation to pay of 50 million US dollars as well as EUR 40 million were recorded.

The 16.0 per cent share which WürttLeben holds in W&W Asset Management GmbH and which is kept in the category “available for disposal at any time” was sold to W&W AG. This led to a profit of EUR 14.7 million.

Stress tests of BaFin passed

As in the preceding years, the company easily passed all the stress tests prescribed by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin = federal office for financial services supervision).

Derivative financial instruments

In fiscal 2007, we again made use of derivative financial instruments in the form of swaps and forward exchange transactions. These transactions were aimed at securing the portfolios, whereby all the regulations of the Insurance Supervisory Law were complied with. The requirements regarding organizational structures were adhered to, especially the strict separation of trading and administration. Apart from this, options and futures were used within the security funds.

The benefits paid to customers amounted to EUR 2 978.4 (3 024.7) million. Around two thirds of this was accounted for by maturity benefits. This demonstrates the great importance of insurance maturities in the overall portfolio. The aim is to keep maturing life assurance policies in the W&W Group by persuading customers to invest in immediately commencing annuity assurance or other financial service products.

Liquidity

The development of liquidity of the Group is shown in the section entitled “Cash Flow Statement for Fiscal 2007 - Consolidated”.

Summary of assets, financial situation and earnings

For the WürttLeben Group, fiscal 2007 was characterised by the now completed integration of Karlsruher Lebensversicherung. In new business, we profited from our exclusivity organisation and the bank partners, which acquired more new business in 2007 than in the preceding year. The consolidated result reflects the solid result on investment and the improved cost situation of the company. We were able to keep our consolidated profit for the year constant at EUR 21.1 million. The overall result per share amounted to EUR 1.74 (1.75) while the return on equity (RoE) was 14.1 (13.6) per cent.

Ratings with 'outlook stable' confirmed

In the year under review, the expectations of the Standard & Poor's rating agency were fulfilled. On 17 December 2007, Standard & Poor's confirmed its rating of all the core companies of the W&W Group, thus also confirming the "BBB+" rating of WürtttLeben and the "BBB-" rating of the public subordinate loan which was issued by WürtttLeben and amounted to EUR 130 million. All the ratings assigned were 'outlook stable'.

The agency paid tribute to the good risk management concepts and the new approaches for further exploitation of the cross-selling potential within the Group.

The FitchRatings rating agency confirmed the "A" insurer financial strength rating and the "A-" issuer default rating of WürtttLeben in August 2007. Moreover, Fitch confirmed its "BBB+" rating of the public subordinate loan of WürtttLeben amounting to EUR 130 million. All the assigned ratings continued to be "outlook stable".

FitchRatings gave a positive assessment of the restructuring program undertaken by the W&W Group and its subsidiaries which is aimed at improving profitability and increasing new business.

Both the agencies expect the W&W Group to achieve its growth and earnings targets up to 2009.

	Standard & Poor's		FitchRatings		A.M. Best	
	Financial Strength Rating	Issuer Credit Rating	Financial Strength Rating	Issuer Default Rating	Financial Strength Rating	Issuer Credit Rating
W&W AG	BBB-	BBB-		A-		
	outlook stable	outlook stable		outlook stable		
Württembergische Versicherung AG	BBB+	BBB+	A	A-	A-	A-
	outlook stable	outlook stable	outlook stable	outlook stable	outlook stable	outlook stable
Württembergische Lebensversicherung AG	BBB+	BBB+	A	A-		
	outlook stable	outlook stable	outlook stable	outlook stable		
Württembergische Krankenversicherung AG			A	A-		
			outlook stable	outlook stable		
Württembergische Lebensversicherung AG						
Hybrid capital bond	BBB-		BBB+			

Supplementary information in accordance with § 315 Para. 4 HGB

The paid-up capital of WürttLeben amounted to EUR 32 million as at 31 December 2007 and is divided into 40 000 fully paid-in bearer-owned no-par-value shares and 12 137 920 fully paid-in registered no-par-value shares. Transfer of the registered no-par-value shares requires the agreement of the Management Board, whereby such agreement can be refused without any reasons being given. In the case of registered shares, according to German share law, a shareholder in relation to the company is only someone who is entered as such on the shares register. This is important for participation in annual general meetings and for exercising the voting right. There are no further restrictions which concern the voting rights or the transfer of registered or bearer-owned no-par-value shares.

During the annual general meeting, each share represents a vote. The shares of the shareholders in the profit of the company is determined according to their share in the paid-up capital (§ 60 AktG = German share law). If the paid-up capital increases, the profit participation of new shares can be determined differently from the way prescribed by § 60 Paragraph 2 of share law. The right of the shareholder to embodiment of his share in a document is ruled out by § 5 Paragraph 3 of the articles of association.

W&W AG is the major shareholder of WürttLeben, holding 72 per cent of the shares. Ten per cent of the shares are held by Landesbank Baden-Württemberg. The free float amounts to 18 per cent.

The appointment of members to and their removal from the Management Board takes place in line with §§ 84, 85 AktG.

Alteration of the articles of association is in line with §§ 133 Para. 1, 179 Para. 1 Clause 1, Para. 2 Clause 1 AktG and requires a decision of the annual general meeting with a majority of at least three quarters of the paid-up capital represented during the decision-making procedure. In accordance with § 179 Para. 1 Clause 2 in conjunction with § 10 Para. 10 of the articles of association, the Supervisory Board has the power to make changes to the articles of association whereby such changes only concern the wording.

The Management Board does not possess any powers beyond the general legal tasks and powers of a management board according to German share law.

For a duration of five years from 31 July 2006 onwards, the Management Board has the power to increase the paid-up capital with the agreement of the Supervisory Board through the issue of new no-par-value shares against cash deposits. It can do so once or several times but not by more than EUR 16 000 000, whereby the shareholders must be granted an option on the new shares. The new shares can also be offered to one or more credit institutions with the obligation to offer them as an option to the shareholders (indirect option to buy). The Management Board has the power to except fractional amounts from the shareholders' option to buy. In the case of a capital increase, registered no-par-value shares are issued.

There are also no significant agreements which are subject to the condition of a change of control following a takeover bid. Moreover, there are no compensation agreements which have been made with the members of the Management Board or employees and apply in the event of a takeover bid. For further details, please refer to the emolument report, note number 50 in the notes.

Environmental Commitment – ECOfit certification awarded

In May 2007, the Württembergische was awarded ECOfit certification by the Baden-Württemberg Minister of the Environment, Claudia Gönner, and mayor Wolfgang Schuster. Within the framework of a one-year project, environmental protection measures for cutting back on the use of resources and saving costs were elaborated. The knowledge gained in 2007 is being implemented at all locations throughout the Group. In 2008, the energy costs will be reduced by EUR 250 000 per year.

Employees

In 2007, we paved the way for more growth, efficiency and profitability. Our employees contributed to implementation of these measures with constant dedication. The foundations were thus laid to secure the future of the company and to protect jobs over the long term. One important project was the integration of the Karlsruher insurance companies.

In 2008 as well, we intend to maintain the chosen course. In doing so, we will continue to rely on the dedication and commitment of our employees.

Number of employees reduced as a consequence of efficiency projects

The Württembergische insurance companies include WürttVers, WürttLeben, WürttKranken, ARA Pensionskasse and Karlsruher Lebensversicherung. On 31 December 2007, the Württembergische insurance companies employed a total of 5 143 (5 549) people in an active work capacity. Out of this number, 1 739 (1 909) jobs were accounted for by salaried salespersons in the field sales force.

The total number of people in our employ on 31 December 2007, including part-time staff, amounted to 6 093 (6 532) – calculated in terms of employment contracts. The 7 per cent decrease in personnel was related to the „Württembergische 2009“ program, which envisages a cut-back of around 870 jobs in the Württembergische insurance companies from October 2005 to the end of 2009. By the balance-sheet date, 840 jobs had been eliminated without redundancies due to operating factors.

Initiatives for basic and further training

The 273 trainees (321) of the Württembergische insurance companies are mainly employed in the commercial professions. We want to maintain this level in the coming years and thus fulfil our social responsibilities. We are currently training 19 young employees, in conjunction with the vocational academies in Karlsruhe and Stuttgart, to achieve qualifications in management or a Bachelor of Arts degree.

In addition to basic training and specialist further training, the W&W Group provides a multiple-stage career concept for the development and encouragement of new young managers. The "ALFA" program is used for the selection and qualification of top managers on the departmental manager level.

In focus: five corporate guidelines

Last year in the W&W Group, we defined guidelines that describe the way we see ourselves and our attitude to customers:

- Place the focus on the customer
- Strive for maximum performance
- Make team spirit a tangible experience
- Display courage for the new
- Assume responsibility

The guidelines are the foundations of a shared culture in the W&W Group. In December 2007, a new charter of objectives was ratified for the entire Group. It contains statements on strategy, employees, sales and serving the market as well as on the management of processes, services and resources. The charter of objectives is a binding point of reference for the activities of all the Group's employees and managers.

Through our guidelines and the charter of objectives, we have augmented the importance of leadership within the company. In consultation with our employees, we agree on binding goals and milestones which enable us to measure and recognise actual performance. The agreements thus arrived at are accompanied by targeted qualification measures.

Personnel work itself is being re-organised in the framework of "StEP 2009" (strategic development of personnel), a Group project that started in 2007 and will last up to 2009. The aim is to standardize work processes and make them more efficient.

Thanks to our employees

At this point, we would like to thank our employees for their commitment and exceptional dedication in 2007. The performance and competence of our employees are decisive factors that are essential for securing the future of our Group.

Our thanks also go to the employees' representatives and their committees and to the executives' committee of spokespersons for their cooperation in an atmosphere of mutual trust and for their construction contribution to the ongoing processes of change.

Risk Report

Das Risikomanagementsystem

The risk management system

Risk management in the WürtttLeben Group is the responsibility of the Management Board and also of all specialists and those in management positions. The risk management system with its early warning function helps them to carry out their duties in this respect.

Risk management in the WürtttLeben Group concentrates on those risks which endanger the continued existence of the company or can have a significant influence on its assets, finances and profit. Risk management at WürtttLeben is in accordance with the requirements of KonTraG.

The 9th amendment to VAG (Insurance Supervisory Law) defines the requirements for risk management in insurance companies. Central elements of qualitative supervision are already anchored in the supervisory law as the basis of empowerment in anticipation of “Solvency II” and MaRisk. This enables early preparation for future rulings. With specific measures for the further development of compliance to meet the needs of the future, the WürtttLeben Group is preparing itself intensively for the external requirements. In fiscal 2007, the risk strategy and the risk policy were implemented. In addition, the WürtttLeben Group has further developed its internal risk-bearing capacity model and participated in the QIS studies to make itself ready for the future requirements from the European Commission arising from the “Solvency II” project.

Depending on the type of risk, the WürtttLeben Group employs diverse risk-measurement and risk-control instruments. Apart from analysis by the persons who are distributed throughout the company and are responsible for risk, stress tests, internal risk-bearing capacity models and measuring techniques for risk concentrations are used. Our early warning instruments also include projections, planning procedures and sensitiv-

ity analyses. Information on quantitative risk analysis and portrayal of the risk situation in the WürtttLeben Group is given in the appendix of the consolidated report.

With regard to the individual companies in the WürtttLeben Group, analysed risks are reported by those persons who are responsible for the risk and are distributed throughout the company to the central risk management office for recording in the risk inventory. Apart from describing and evaluating the risks, a record is kept of control measures for reducing the risk. Risks mainly arise due to the exploitation of opportunities. The relationship between risk and opportunity is also documented in the risk list.

Risks that are especially important and currently relevant are also regularly recorded in a risk report or as ad-hoc information.

The central risk management apparatus in the WürtttLeben Group is responsible for evaluating the overall risk situation. It also ensures ongoing communication and cross-coordination of the risk situation, the monitoring of general and cumulative risks, and regular reporting to the management and supervisory boards. It also supports the persons located throughout the company who are responsible for risks and is responsible for further development of the risk management system.

On top of all this, a comprehensive risk management function for the individual companies of the Württembergische was set up in 2007. It is responsible not only for the coordination of processes but also for monitoring risks that concern all the companies in the Group.

Fiscal 2007 was strongly marked by the merger of Karlsruher and Württembergische. The risks arising from integration were countered with suitable measures.

On the basis of risk classification as set out in the German standard for publishing business accounts, the overall risk is divided into the following categories:

Underwriting risks

Life and pension assurance is characterised by the long-term nature of the obligations which are entered into. The guaranteed payments are therefore calculated with suitably cautious assumptions. In the course of time, however, the basis of calculation can change considerably.

The biometric principles of calculation such as mortality, life expectancy or the probabilities of becoming an invalid are subject to short-term risks of fluctuation and error as well as long-term changes in trends. We monitor these risks continuously by means of actuarial analyses and checks. For product development, we take these changes into account by means of corresponding actuarial models.

Evaluation of the longevity risk is of special importance for the aggregate reserve in pension and annuity assurance. In addition to observation of its own results, the company also relies on the knowledge, information and guidelines of the DAV in order to substantiate its information base. Due to the still insufficiently diminished trend in mortality improvement, the individual companies have increased the safety margins for the longevity risk in the aggregate reserve. It is possible that future considerations concerning the development of mortality or the increase in the safety margins recommended by the DAV will lead to further transfers to the aggregate reserve. The principles of calculation are subjected to an annual appropriateness test and, if necessary, the reserve is immediately adapted fully through profit or loss.

In addition to the biometric principles of calculation and the cost assumptions, special attention is made to interest rate developments which are relevant to long-term guaranteed benefits and also to the level of profit participation which is specified on a yearly basis. Close agreement between costing/actuarial practice and investment, jointly elaborated scenarios and subsequent analyses are core features of the process established in our company for this purpose. Within this frame-

work, the investment structure, which takes into account long-term market developments and also the individual portfolio and product structure on the assets and liabilities sides, is optimised according to profit risk aspects.

In order to evaluate and control the interest-guarantee risk, stress scenarios for the investment market and the development of guaranteed obligations to pay are calculated. In addition to the simulations described in the section on risks arising from investments, additional comprehensive calculations are carried out in this respect. This includes the stress tests of BaFin which our companies have passed.

In life assurance, it is ensured that at least the surrender value is maintained in the reserve and that therefore no loss can occur in the event of cancellation. By means of global adjustments based on experiential values, we have taken into account the risk of loss of accounts receivable from policyholders and accounts receivable from brokers and agents in respect of commission to be returned in the event of cancellation, where such receivables are not yet due.

Measures taken to counter portfolio and earnings risks include, for example, an underwriting policy which is adequate to the risks, suitable reinsurance of risks with reinsurance companies of excellent financial standing as well as comprehensive controlling measures on the risk, product and sales levels together with close coordination of actuarial practice and investment.

Further details of the risks of actuarial practice in life assurance and the instruments used for minimising risks as well as the structure of our aggregate reserves are given under items number 19 to 24 and 44 in the notes.

Risks arising from investments

With regard to the alignment of our investments, improving profitability while keeping the risk down to appropriate levels as well as ensuring sufficient liquidity at all times and that our guarantee obligations can be met in accordance with the legal supervisory requirements have been and still are main aspects of our strategy. We therefore make sure that investments are mixed and spread-out according to type, regions and risk classes.

For our shares and fixed-interest investments, we continually carry out simulations in the Württ-Leben Group in order to evaluate market risks. These simulations show us the change in value of our portfolio in relation to market fluctuations. The effects of possible market-price scenarios on the result and the equity of the Group are shown and explained in more detail under note number 42 in the notes of our annual report.

In our opinion, the impairment of the fixed-interest investments due to the rise in interest in the course of 2007 is not a critical problem because the annuities can be held until their final due date. Moreover, higher levels of interest on new investments are stabilising the profitability of our portfolio.

We do not need to dispose of annuities before their final due date for purposes of generating liquidity, the reason being that, thanks to timely liquidity planning and control, the necessary liquidity for servicing all cash flows arising from insurance business and other obligations is ensured.

In fiscal 2007, we again made use of derivative financial instruments such as options, swaps, share futures and forward exchange transactions in the direct portfolio and in the security funds. Preemptions on fixed-interest investments were used within the framework of the regulations of the supervisory authority. At the same time, the regulations of the Insurance Supervisory Law and the circulars of BaFin were complied with in all transactions.

In order to limit the risks relating to financial standing, credit assessment of the respective individual investments is of central importance. A very large majority of bonds have a rating of A and better. A list of the rating classes of the fixed-interest securities is provided in note number 43 in the appendix in the consolidated report. New investments are primarily made in state, federal or national bonds or in bonds of local government bodies. In addition, protected securities or receivables from banks which are protected by deposit protection systems are purchased.

There are no investments in the US sub-prime segment. In fiscal 2007, there were only slight effects due to the general re-evaluation of credit risks for a very restricted range of investments. We adjudge most of these to be only temporary and therefore uncritical. The uncertainty triggered as a result of this in the financial and especially the share markets is nevertheless affecting development of the value of our investment portfolio. We are countering the volatility of the markets with efficient risk management, which takes into account our ability to bear risks, ensures speedy reactions to severe market fluctuations and enables us to exploit any opportunities which arise.

All in all, our investments are well diversified. They are profitably and securely placed. Opportunities and risks are balanced.

Sales risks

A guarantee for the successful sale of our insurance policies is provided by our exclusive local sales partners. Our risk managers therefore pay special attention to all the risks which could impair our sales performance.

We counter the risks with, among other things, intensive and practical training courses, with extensive information, as well as with the quality and functionality of the locally used IT systems.

The cornerstone of our sales is our exclusivity organisation and, to strengthen it, we started an investment and growth project in 2007. However, in order to expand business and avoid risks arising from a one-sided sales strategy, we strive to ensure diversification through additional sales channels. Brokers as a sales channel offer promising potential for growth. The sale of our products through banking partners also continues to be very important. Within these bank cooperations, work is continually being done to consolidate and expand the business relationships.

By establishing a limited-liability sales service company in 2007, the Württembergische bundled its broker business and created the preconditions for lasting growth oriented to turnover and earnings in this sales channel. In order to avoid any possible risks of diversification, equality of opportunity between the sales channels is ensured. In order to counter the potential risks of an erosion of business when broker business is transferred from local offices to sales service company, appropriate measures to secure business are being taken.

The risks typically associated with a change of ownership such as a weakening of sales due to the uncertainty of sales partners and customers were countered successfully. Since the merger with the Karlsruher, around 85 per cent of the highly effective agencies of the main Karlsruher organisation were therefore won over and retained for the exclusivity organisation. Within the bank cooperations in 2007, there were no more losses due to the merger. The intensity of competition continued to be high, especially in the mutual area of business. The changes arising from reform of the VVG and the directive concerning the obligation to disclose information can mean more complexity for our sales partners and lead to uncertainty.

Risks arising from the loss of accounts receivable from insurance business

We minimise the risks arising from loss of accounts receivable from agents, brokers, large customers and reinsurers by means of IT-based checks of outstanding accounts and suitable protective mechanisms. As a provision against risks, we take appropriate precautions in that we form value allowance reserves for the existing accounts receivable.

Information on receivables from insurance policyholders and brokers as well as clearing accounts receivable from reinsurance business according to rating classes are shown in the notes.

The procedure for providing for risks and forming value allowance reserves, as well as their development in 2007, are shown under note number 43 in the notes of our annual report. Here, categorisations of our asset values are shown according to rating classes. The structure of due dates of our asset values is shown in the respective section of the notes from page 89 onwards.

Operational risks

Risks of information technology

All application development departments and computer centres of the Württembergische have been placed together in IT GmbH. IT GmbH operates its own risk management system, which describes the important risks from the viewpoint of the individual companies.

Our IT is characterised by a very high standard of dependability. Consistent test and back-up procedures for application and computing systems, redundant design of the internal and external telecommunications structure and additional protective measures minimise the risk of IT failure. Appropriate control measures have been initiated for risks arising from lack of an emergency power supply in our computer centres.

In fiscal 2007, the VVG reform led to extensive investment and the need for greater IT capacity. In order to implement these plans in our IT systems, impetus was given to projects with a high priority. In 2008 as well, the issue will tie up more capacities because, in particular, the recently issued directive on obligations to disclose information in the case of insurance contracts has to be implemented.

Due to the fluctuation of qualified staff in IT GmbH, the maintainability and further development of the systems of the former Karlsruher will only be possible with restrictions or at higher costs. Measures to minimize the risks involved are currently being investigated and implemented as quickly as possible.

Legal risks

The general legal situation is continually monitored by the corporate legal department and checked to find out whether any action is necessary. If necessary, the corporate legal department works to ensure compliance with the legal requirements in the framework of legal consultations, contracts and negotiations.

At the moment, ongoing processes of coordination with the corporate legal department are taking place, especially in the context of the VVG reform.

Tax risks

The corporate tax department continuously monitors and checks any changes in the general legal situation to see if there is any need to take action. This department also works to ensure that the tax obligations are complied with.

Summary of risk management

We limit our risks with a fixed long-term business policy, consistent implementation of the requirements of the insurance supervisory law and the use of appropriate risk management systems. The risk strategy defines the cornerstones of this approach. Based on the strategic stipulations, the risk policy defines the operating framework for dealing with the risks. This enables and will continue to enable us to cope with the risk situation and manage the risk potential.

Proper account must be taken of the risks referred to by ensuring adequate equity. The key figures of the insurance supervisory law for assessing solvability are monitored in the context of projections during the year and any changes are analysed. This ensures that the requirements of the supervisory law are complied with at all times. As at 31 December 2007, the key solvability figures for the life assurance companies of the WürttLeben Group were as follows:

	Solvability margin	Equity	Ratio
	in EUR million	in EUR million	in per cent
Allgemeine Rentenkasse Pensionskasse AG	7.5	24.6	329
Karlsruher Lebensversicherung AG (formerly KHK)	22.5	33.9	150
Württembergische Lebensversicherung AG	971.7	1 840.2	189

The past years have shown how important a comprehensive asset liability management (ALM) system is for corporate control. With our ALM system, which encompasses the liabilities and assets, we can link together and reconcile the competing aims of maximising the result, on the one hand, and ensuring that our guarantee obligations can be fulfilled, on the other. By developing an internal risk-bearing capacity model, we are also preparing ourselves for the future requirements of the European commission arising from the „Solvency II“ project. The focus of the Supervisory Board is shifting from quantitative to qualitative solvency requirements with the aim of bringing these requirements more in line with the actual risk situation of the company.

The VVG reform came into effect on 1 January, 2008. Of special importance for the life assurance company are, above all, the participation of policyholders in the valuation reserves on expiry or termination of a contract, the new rules governing surrender values and the extended obligations to disclose information. Through numerous implementation projects and development of a new tariff generation, we were able to adjust to the new legal stipulations in 2007.

Implementation of the obligation to disclose information is a great challenge and is currently in progress. The introduction of these regulations can lead to a burden on sales and thus a less favourable situation in terms of new business. Apart from implementation of the regulations in respect of content and IT, it is therefore essential to make sure that complexity and uncertainty are kept as low as possible in the sales forces.

Research and Development

Extensive and attractive range of products

One hundred years after ratification of the insurance contract law, modernization of the legal framework for customer relationships in insurance business was more than overdue. Concrete implementation of the reform was a huge organisational challenge for the whole industry. The reform concerns all classes of insurance but has especially clear effects on life assurance.

For 2008, we have created new tariffs in the spirit of the VVG reform. They put the customer in a better position when it comes to the premature termination of contracts. Moreover, they contain a new explicit profit component which enables our customers to participate in the valuation reserves in the form prescribed by law. We provide our customers with the relevant information when the contract is signed. On 1 July 2008, we will introduce further details based on the directive concerning the disclosure of information which was only ratified in December 2007. As a result, we intend to further strengthen our service for customers.

Prognosis

Württembergische 2009 program for the future and SPRING

In the current fiscal year, we are consistently and successfully implementing the measures arising from our “Württembergische 2009” and “SPRING” programs. WürttLeben is especially committed to pursuing their goals for more growth. At the same time, we intend to expand our exclusivity organisation. Improvements in technical support and an even more efficient support service are, like the products designed for specific target groups, also intended to promote progress. However, we are also expecting growth as a result of our banking cooperation and the newly established Makler Vertriebservice GmbH.

Profit targets for 2007 exceeded

Thanks to positive development, the WürttLeben Group achieved a profit for the year of EUR 21.2 million, thus considerably exceeding the target set for 2007. In the process, the cost situation improved more than expected. The WürttLeben Group’s administration cost ratio thus amounted to 3.1 per cent in 2007, whereas we had set ourselves the goal of achieving 3.3 per cent. But WürttLeben’s result on investments also exceeded the target even though there was a substantial degree of uncertainty on the financial markets in 2007.

The good level of business done in earlier years resulted in numerous maturities of an old portfolio in 2007. The decrease in premium income, which was also influenced by the lower level of single-premium income, amounted to EUR 82 million and was greater than expected.

Altered general legal situation

We prepared well for the 2008 reform of the VVG (insurance contract law) which is effective as of 1 January 2008, as well as for implementation of the EU broker directive in German law in the course of 2007. In 2008, we will continue to strengthen our support for our brokers and agents.

A flat-rate withholding tax is applicable from 2009 onwards and will apply to capital earnings. As a consequence, interest, dividends and investment profits will be taxed uniformly in future. This means that, as of 2009, the attractiveness of life and annuity assurance based on layer three of provisions for old age will increase. Many investment-oriented customers will particularly make use of unit-linked tariffs in order to utilize their investments as a form of provision for old age with tax relief.

New business expectations

The need to provide for the future remains very high, especially in view of the decreasing state pension. For the years 2008 to 2010, WürttLeben is expecting a significant increase in new business. The basis for this is our solid standing, the high level of competence of our representatives and agents when it comes to the provision of advice as well as our attractive range of products. Important pillars of new business are private provisions for old age with a focus on Riester annuities and the basic annuity as well as corporate pension schemes. We continue to see good opportunities for increasing the degree of provision for the future in small and medium-sized companies by means of pension funds and direct insurance.

Financial market situation

In spite of considerable volatility on the markets, we are expecting a positive development of share prices in the medium term. We anticipate that the long-term level of interest on the capital markets will increase moderately again in the further course of the year. In the shorter term, a slight decrease in interest is possible if the European Central Bank reduces the prime rate in order to support economic growth.

We are expecting annual growth in the single-digit percentage area for our investment portfolio. We intend to consistently pursue our successful investment strategy. Here, efficient risk management is paramount in order to ensure speedy reactions to severe market fluctuations. We will exploit the opportunities offered by the market according to our ability to bear risks in order to continue achieving a stable investment result in conformance with the market during times of low interest and to ensure solid reserves at the same time. This will ensure that we can fulfil our guarantee obligations to our policyholders at all times.

Development of the earnings and financial situation

We are confident that we will achieve a good level of new business with intensified cross-selling through the exclusivity organisation of the Wüstenrot, reinforcement of the sales organisation of the Württembergische, expansion of broker sales and intensification of bank sales. This will have a positive impact on annual-premium income in the next few years. In our opinion, single-premium income will also be on a high level in the years to come.

Our “Württembergische 2009” efficiency program reduced the cost ratios as early as 2007 and, in the medium term, we are expecting further relief in respect of costs.

In the years 2008 to 2010, we want to increase our annual profit unless the result is adversely affected by deterioration on the capital markets and decreases in interest.

Opportunities and risks, reservations in respect of prognoses

As always, our estimations of the future are subject to the following reservation: prognoses and expectations expressed in this report or statements regarding the future can be associated with known and unknown risks and uncertainties but also with opportunities. How we deal with these and other risks is shown in detail in the following risk report.

The Group assumes no obligation to update statements regarding the future.

Report of the Supervisory Board on the Consolidated Annual Accounts

Württembergische Lebensversicherung AG is making good progress in its implementation of the “Württembergische 2009” and “SPRING” strategy programs although the general situation for the industry is not an easy one. The strategy programs are part of the “W&W 2009” program for the future which was initiated throughout the Group in Spring 2006 in order to boost growth, efficiency and profitability. The first important milestones and progress in implementation for the future development of the financial services group on the way to attainment of a position on the market as a successful “specialist in provision for the future” have been achieved.

The Supervisory Board of Württembergische Lebensversicherung AG is composed of twelve members. Up to 26 March 2007, there were three committees of the Supervisory Board: the management board committee, the investment committee and the administration committee. Within the framework of realignment and improvement of corporate governance in the Group, the structure of the committees making up the Supervisory Board was also reorganised in order to increase efficiency. As of 26 March 2007, there are two committees of the Supervisory Board: the audit committee and the personnel committee. The audit committee, establishment of which is recommended by the German Code of Corporate Governance, performs auditing tasks. In addition, it has taken over the tasks of the former investment committee. The personnel committee performs the tasks of the previous management board committee. In 2007, an investment committee meeting, two audit committee meetings and four personnel committee meetings took place in which issues relating to the respective tasks were discussed in detail.

In four meetings which took place in 2007 and were prepared in writing, the Supervisory Board closely examined the development of the company and the Group and was continually informed by the Management Board both verbally and in

written form about all matters which were relevant to the company and concerned the strategic alignment, planning, the development of business, the risk situation and risk management as well as the rating of the company. The business and risk strategy were provided and re-considered by the Supervisory Board. The Management Board submitted the internal audit report and the report of the compliance officer to the Supervisory Board and completely fulfilled its legal and statutory duties towards the Supervisory Board.

The main theme of the Supervisory Board meetings was continuation of the “Württembergische 2009” and “SPRING” programs. Close consideration was given to how challenges identified throughout the Group were analysed by the Group companies and were being approached with a detailed package of measures. The Supervisory Board was also kept fully informed on these matters by the Management Board without delay and was directly involved in issues of fundamental importance to the company. Thanks to the work done and the considerable efforts made, the company has made significant advances on the way to greater efficiency and improved profitability.

All the measures requiring approval according to the law and the regulations of the company were submitted to the Supervisory Board for approval, whereby they were intended to refer to the following especially important issues:

The Supervisory Board considered the reasons for the Group-related downgrade by the Standard & Poor’s rating agency from 2006 and the preconditions for re-attainment of an “A-” rating. It also considered the requirement of reinforcing the sales of Württembergische Lebensversicherung AG.

The procedures of the Deutsche Prüfstelle für Rechnungslegung e.V. (DPR = German auditing office for the presentation of accounts) regard-

ing the consolidated annual accounts in 2005 of Württembergische Lebensversicherung AG and the resulting consequences were also dealt with in detail.

The ongoing integration of the Karlsruher insurance group in the consolidated part of the Württembergische insurance group, and in particular the merger of Karlsruher Lebensversicherung AG with Württembergische Lebensversicherung AG, were also subjects of the meetings as well as the transfer of the shares held by Württembergische Lebensversicherung AG in W&W Asset Management GmbH to Wüstenrot & Württembergische AG.

Another topic was the project for Group-wide improvement of corporate governance, in the framework of which the rules of association and corporate principles of Württembergische Lebensversicherung AG as well as those of the other strategic companies in the Group were revised and largely matched to the regulations of Wüstenrot & Württembergische AG.

The responsible actuary took part in the meeting of the audit committee on 25 March 2008 as well as in the balance-sheet meeting of the Supervisory Board on 27 March 2008 and reported on the important results of her explanatory report which provided actuarial confirmation. The audit committee and the Supervisory Board took note of the explanations of the responsible actuary and discussed the results of the explanatory report with her.

The Supervisory Board closely examined the consolidated annual accounts for 2007 as well as the Group report of the Management Board. The consolidated annual accounts and the Group report of the Management Board are complete and comply with the assessments of the Management Board in the reports to be submitted to the Supervisory Board in accordance with § 90 AktG.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Stuttgart, appointed as the auditors for the consolidated annual accounts by the Supervisory Board, has examined the 2007

consolidated annual accounts drawn up by the Management Board and the Group report of the Management Board with reference to the regular accounts and found them to be in order without any reservations.

The auditors reported to the Supervisory Board verbally and in writing on the main results of their audits. The audit report was sent to each member of the Supervisory Board. The auditors were also available for questions in the meeting of the audit committee on 25 March 2008, in the balance-sheet meeting of the Supervisory Board on 27 March 2008 and in the time during which preparations were made for the meetings. The audit report submitted accords with the legal requirements of § 321 HGB and was taken into account by the Supervisory Board in the context of its own examination of the annual accounts.

The report on relations with affiliated companies (dependency report) was submitted to the Supervisory Board and the auditors by the Management Board for examination immediately after it was drawn up. The Supervisory Board examined the dependency report and the report of the auditor. The report is in accordance with the legal stipulations and gives a complete and factually correct picture of existing relationships of the company with affiliated companies. The result of the auditors' examination of the dependency report agrees with the result of the examination carried out by the Supervisory Board. The auditors expressed the following opinion:

“In accordance with our examination and assessment, which we performed according to our duties as auditors, we confirm that

1. the actual information provided in the report is correct
2. the performance of the company in the legal transactions referred to in the report was not inappropriately high or disadvantages were balanced out.”

After the final result of the examination of the consolidated annual accounts, the Group report of the Management Board and the report on rela-

tionships with affiliated companies, the Supervisory Board raised no objections and, in its meeting on 27 March 2008, endorsed the Group annual report drawn up by the Management Board.

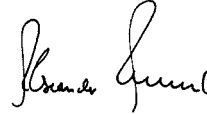
With effect from 30 June 2007, Dr. Edmund Schwake retired from the Supervisory Board. Dr. Jan Martin Wicke was appointed as his successor on the Supervisory Board on 30 August 2007 and was elected as Deputy Chairman of the Supervisory Board with effect from 25 September 2007. With effect from 30 September 2007, Peter Köhler withdrew from the Management Board as mutually agreed. Dr. Wolfram Gerdes was appointed as a new member of the Management Board with effect from 1 January 2008 and Dr. Ralf Kantik was also appointed to the Management Board with effect from 1 April 2008. Dr. Jochen Kriegmeier, previously Deputy Chairman of the Supervisory Board, was appointed as a full member of the Management Board with effect from 1 January 2008.

The Supervisory board examined the efficiency of its work at the end of 2006 and discussed the result of its examination in a balance-sheet meeting on 26 March 2007. In September 2007, the Supervisory Board and the Management Board jointly ratified an updated declaration of conformance with the German code of corporate governance. During auditing of the annual accounts, the auditors uncovered no facts that could have contradicted the declaration of conformance. In 2007, there were no conflicts of interest which had to be disclosed.

For the management and the workforce, last year brought various changes as well as new successes. The Supervisory Board thanks the Management Board as well as the managers, the employees' committee and the employees for their personal dedication and their contribution towards attainment of the shared goals.

Stuttgart, 27 March 2008

For the Supervisory Board



Dr. Alexander Erdland
Chairman

Code of Corporate Governance

Declaration of conformance by
Württembergische Lebensversicherung
AG in accordance with § 161 AktG

At WürttLeben, great value is traditionally placed on transparent and responsible corporate management. Our aim is to confirm and continually strengthen the confidence placed in us by investors, financial markets, business partners, employees and the public. Three elements are essential for this: good relations with the shareholders, transparent accounting procedures and speedy reporting as well as effective collaboration between the Management Board and the Supervisory Board.

Last revised on 14 June 2007, the code formulated in 2002 for the first time by the government-appointed German Corporate Governance Code Committee set up by the Federal Ministry of Justice is intended to make the rules applicable to corporate management and supervision transparent for national and international investors in order to strengthen their trust in the corporate management of German companies. The code contains recommendations and suggestions for dealings with shareholders, for the interaction of management board and supervisory board, for the avoidance of conflicts of interest, for a high level of transparency and for the informative presentation of accounts.

Implementation of the Code of Corporate Governance at WürttLeben is checked once a year by the Management Board and Supervisory Board and, if necessary, adapted. On 25 September 2007, the Management Board and Supervisory Board of WürttLeben recognized the stipulations of the version of the German Code of Corporate Governance dated 14 June 2007 as binding and issued the declaration of compliance in accordance with § 161 Aktiengesetz (law on shares).

The company complies with the code with only three exceptions.

1. According to section 3.8, clause 4, an agreement on an appropriate level of self-retention of liability should be agreed in the case of D&O insurance for members of the Management Board and the Supervisory Board. WürttLeben does not accord with this because a high level of self-retention, which can only be uniform because of the principle of equality which has to be observed, would affect the members of the Management Board and Supervisory Board to very different extents, depending on their private income and assets. In severe cases, a less affluent member of the Supervisory Board could encounter serious existential difficulties. This cannot be considered fair in view of the fact that all members have equal duties.
2. According to code section 5.3.3, the Supervisory board should form a nomination committee which is entirely composed of representatives of the shareholders and suggests suitable candidates to the Supervisory Board for its election proposals during the Annual General Meeting. The company does not accord with this. In view of the shareholder structure, no need is seen for such an additional body.
3. According to code section 5.4.7, clause 4, the members of the Supervisory Board should receive a success-based emolument in addition to fixed payment. The company does not adhere to this. The members of the Supervisory Board receive a fixed payment payable at the end of the fiscal year, the amount being decided by the Annual General Meeting. If the Annual General Meeting does not specify an amount, the amount of the preceding year is applicable. This method of reimbursement appears appropriate for the Supervisory Board of a life assurance company, given the business model on which it is based.

WürttLeben complied with the recommendations of the German Code of Corporate Governance as set out in the preceding version dated 12 June 2006 until publication of the above-named current version dated 14 June 2007 with the restrictions it declared in its last declaration of conformance on 28 November 2006.

The current declaration of conformance was immediately and permanently made accessible to the shareholders and the public by presenting the declaration on the company's website at www.ww-ag.com/corporate-governance. In addition, the website contains the declarations of conformance from the years 2002 to 2006.

Our shareholders are regularly informed of important dates by means of a financial calendar which is published in the annual report and on the company's website. All the documents and information regarding the Annual General Meeting, the annual report and interim reports as well as press releases and ad hoc announcements are also available on the website. Our communication activities are aimed at providing all target groups with the same information at the same time. Interested parties can find out about current developments in the Group at any time in the Internet.

Proposal for the allocation of profit

A balance-sheet profit determined according to commercial law and amounting to EUR 20 093 568.

We propose that the balance-sheet profit of EUR 20 093 568 be used to pay a dividend of EUR 1.65 per no-par-value share.

Consolidated balance sheet as at 31 December 2007

Assets	No. of note in appendix	2007 in EUR thousand	2006 in EUR thousand
A. Intangible assets	①*	183 606	196 647
B. Investments		27 472 601	26 841 291
I. Real estate held as an investment	②	1 172 930	1 195 463
II. Financial investments evaluated according to the equity method	③	116 261	64 078
III. Financial instruments		26 183 339	25 581 601
1. Loans	④	17 022 551	16 334 005
2. Securities which are available for disposal at any time	⑤	7 629 715	7 888 201
3. Valued (through profit or loss) at fair value	⑥	1 531 073	1 359 395
a. Trading assets		72 940	31 569
b. Fair value option		1 458 133	1 327 826
IV. Retained deposits arising from assumed reinsurance business		71	149
C. Share of reinsurers in the insurance reserves	⑦	1 605 218	1 594 209
D. Accounts receivable	⑧	395 375	330 693
I. Receivables from direct insurance business		140 290	141 630
II. Accounts receivable from clearing transactions arising from reinsurance business	⑨	9	2 266
III. Tax refund claims	⑩	26 414	21 715
IV. Other receivables		228 662	165 082
E. Latent tax refund claims	⑪	51 476	33 662
F. Other assets	⑫	53 286	96 505
I. Equipment and stocks		25 841	50 830
1. Company equipment		2 631	4 387
2. Stocks		6	55
3. Real estate used internally		22 789	45 947
4. Leasing assets		415	441
II. Other assets		27 445	45 675
G. Long-term assets and disposal groups held for disposal	⑬	75 336	411 188
H. Current deposits with credit institutions, cheques and cash	⑭	386 542	392 805
Total assets		30 223 440	29 896 999

* See numbered explanations in the notes from page 55 onwards

Liabilities	No. of note in appendix	2007 in EUR thousand	2006 in EUR thousand
A. Equity	⑮–⑰	163 500	177 363
I. Subscribed capital		32 000	32 000
II. Capital reserve		58 166	58 166
III. Retained profit reserves		40 238	34 034
IV. Other reserves		11 218	27 033
V. Consolidated profit for the year		21 195	21 264
VI. Shares of other partners in the equity		683	4 866
B. Subordinate liabilities	⑱	133 429	133 379
C. Insurance reserves		26 273 285	25 871 131
I. Unearned premiums	⑲	238 754	256 645
II. Aggregate reserve	⑳	23 276 873	22 744 103
III. Reserve for outstanding claims	㉑	103 798	93 867
IV. Reserve for bonus payments to clients	㉒	2 651 251	2 774 455
V. Other insurance reserves	㉓	2 609	2 061
D. Insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders (gross)	㉔	674 000	584 579
E. Other reserves		122 349	129 728
I. Pension reserves	㉕	71 852	87 532
II. Other reserves	㉖	50 497	42 196
F. Other liabilities	㉗	2 713 465	2 850 374
I. Liabilities arising from direct insurance business		725 840	872 114
II. Clearing liabilities arising from reinsurance business		9 912	4 578
III. Retained deposits arising from ceded reinsurance business		1 597 981	1 588 017
IV. Amounts payable to credit institutions		4 379	16 283
V. Tax debts	㉘	108 042	123 379
VI. Other liabilities		267 311	246 003
G. Trading liabilities	㉙	25 596	19 039
H. Derivates held for hedging purposes with a negative market value	㉚	2 398	5 679
I. Latent tax debts	㉛	115 418	125 728
Total liabilities		30 223 440	29 897 000

Further information concerning other items on the balance sheet is provided in the following note numbers:

- 41 to 45: Information on risks arising from financial instruments and insurance contracts
- 48 to 61: Other details

Consolidated Profit and Loss Account

for the period from 1 January to 31 December 2007

	No. of note in appendix	2007 in EUR thousand	2006 in EUR thousand
1. Gross written premiums	32	2 328 747	2 410 571
2. Earned premiums (net)		2 346 638	2 431 675
3. Ceded premiums arising from reinsurance, incl. share in transferred amounts		- 133 198	- 155 466
4. Premiums from the reserve for bonus payments to clients		138 180	145 423
5. Result on investments	33	1 091 559	1 182 176
Including: Result on financial investments evaluated according			
to the equity method	34	- 18 374	3 303
6. Other earnings	35	118 654	86 915
Total earnings (2. to 6.)		3 561 833	3 690 723
7. Benefits paid to customers (net)	36	- 2 978 449	- 3 024 667
8. Underwriting expenses (net)	37	- 277 291	- 301 481
9. Financing expenses	38	- 7 508	- 6 340
10. Other expenses	39	- 301 888	- 290 205
Total expenditure (7. to 10.)		- 3 565 136	- 3 622 693
11. Result before depreciation on good will values of company		- 3 303	68 030
12. Operative result before income tax		- 3 303	68 030
13. Taxes	40	24 578	-46 170
14. Result from relinquished areas of business after income tax		-	-596
15. Consolidated profit for the year		21 275	21 264
Including profit to be allocated to the shareholders of the parent company		21 195	21 264
Including profit to be allocated to the minority shareholders		80	-
Undiluted (at the same time diluted) result per share			
from ongoing business		1,74	1,80
Undiluted (at the same time diluted) result per share			
from relinquished areas of business		-	- 0,05

Further information concerning other items on the balance sheet is provided in the following note numbers:

- 41 to 45: Information on risks arising from financial instruments and insurance contracts
- 48 to 61: Other details

List of recorded earnings and expenses

	2007 in EUR	2006 in EUR
	thousand	thousand
Market evaluations of financial instruments IAS 39	- 15 812	- 4 295
Actuarial profits and losses	207	- 1 788
Changes in the scope of consolidated companies	206	149
Components – neutral in respect of success – of the financial assets evaluated according to the equity method	- 210	2 156
Balance of equity changes which have no effect on income	- 15 609	- 3 778
Consolidated profit for the year	21 275	21 264
Including amount to be allocated to shareholders of the parent company	21 195	—
Including amount to be allocated to minority shares	80	—
Total result	5 666	17 486
Including amount to be allocated to shareholders of the parent company	5 586	17 486
Including amount to be allocated to minority shares	80	—

Cash flow statement for fiscal 2007 – Consolidated

The consolidated cash flow statement indicates the change in cash amounts held in the Württ-Leben Group during the year. To this end, three cash flows are determined. These are the cash flows from ongoing business activity, investment activity and financing activity. The flow of funds from investment activity mainly includes incoming and outgoing payments relating to the purchase and sale of consolidated companies. The outgoing payments arising from the purchase of subsidiaries are essentially successive purchases of shares in Karlsruher Lebensversicherung AG (before merger and renaming). Within the flow of funds from financing activity, dividend payments and changes in the subordinate capital (option rights and subordinate liabilities) are shown. The remaining cash flows are attributed to ongoing business activity.

The cash funds consist of current deposits with credit institutions, cheques and cash. They correspond to balance-sheet item H.: “Current deposits with credit institutions, cheques and cash”.

In the current fiscal year, the cash flow from interest received amounted to EUR 757 413 (804 232) thousand, from received dividends EUR 156 369 (140 359) thousand and from paid taxes EUR 22 436 (– 53 772) thousand. These are included in the cash flow arising from ongoing business activity.

	2007 in EUR	2006 in EUR
	thousand	thousand
1. Consolidated profit for the year	21 195	21 264
2. Change in the insurance reserves (net)	453 246	620 894
3. Change in deposits retained by others and retained by us	10 042	16 161
4. Change in deposits due and accounts receivable on clearing transactions	7 591	5 635
5. Change in other accounts receivables and other liabilities	- 219 147	157 073
6. Profits/losses on the disposal/valuation of investments	- 87 488	- 222 527
7. Change in other balance-sheet items	617	- 113 395
8. Other non-payable expenses and earnings as well as corrections of the results for the period	156 347	204 635
9. Cash flow from current business activity	342 403	689 740
10. Incoming payments from the sale of subsidiaries and other business units	-	66 532
11. Outgoing payments arising from the purchase of subsidiaries and other business units	- 6 613	- 4 144
12. Incoming payments arising from the sale and final maturity of other investments	10 049 110	8 892 450
13. Outgoing payments arising from the purchase of other investments	- 10 301 868	- 9 686 784
14. Incoming payments arising from the sale of investments of unit-linked life assurance	46 620	491
15. Outgoing payments arising from the purchase of investments of unit-linked life assurance	- 134 926	- 80 626
16. Other incoming payments	23 304	969
17. Other outgoing payments	- 2 993	- 1 345
18. Cash flow arising from investment activity	- 327 366	- 812 457
19. Incoming payments arising from transfers to equity	-	-
20. Outgoing payments to company owners and minor partners	-	-
21. Dividend payments	- 15 266	- 12 231
22. Incoming and outgoing payments arising from other financing activity	- 6 988	133 379
23. Cash flow arising from financing activity	- 22 254	121 148
24. Changes in financial funds having an effect on payment (total of 9, 10 and 23)	- 7 217	- 1 569
25. Changes due to the scope of consolidated companies	954	-
26. Financial funds at the start of the period	392 805	394 374
27. Financial funds at the end of the period	386 542	392 805

Notes – Consolidated Accounts

The Management Board of WürttLeben drew up the consolidated accounts on 18 March 2008 and released them for publication. The consolidated

annual accounts will be submitted to the ordinary Annual General Meeting on 28 May 2008 for approval.

Regulations governing the presentation of accounts

Applied International Financial Reporting Standards (IFRS) and interpretations (IFRIC)

Württemberg has drawn up its consolidated annual accounts on the basis of § 315 a Para. 1 HGB in conjunction with Article 4 of directive (EU) No. 1606/2002 of the European Parliament and Council of 19 July 2002 concerning the application of international standards to the presentation of accounts in accordance with IFRS in the way such standards are to be applied in the European Union. The adopted international financial reporting standards according to Articles 2, 3 and 6 of the above-named directive as well as the rules specified in § 313 a Para. 1 HGB of German commercial law were complied with. The consolidated annual accounts meet all the requirements of the IFRS. Our consolidated annual accounts include the consolidated balance sheet, the consolidated profit and loss account, the list of earnings and expenses, the consolidated cash flow statement and the notes to the consolidated accounts.

In addition, a consolidated report of the Management Board was drawn up. The risk report in the consolidated report of the Management Board in accordance with § 315 Para. 2 No. 2 HGB contains the information required according to DRS 5 and DRS 5 to 20.

Standards, interpretations and changes of standards and interpretations to be applied for the first time in the fiscal year

The methods of balancing, evaluation and presentation are applied according to the principle of constancy. Changes became necessary due to new or altered IFRS. We have complied with all the new and altered IFRS and IFRICs whose application became obligatory for the first time on 1 January 2007.

IFRS 7: Information on financial instruments

IFRS 7 summarises the previous regulations on the disclosure of financial instruments arising from “IAS 32 Financial Instruments: Presentation” and the entire “IAS 30 Information in Annual Accounts of Credit Institutes and Similar Institutions” in one standard. The previous disclosure requirements are supplemented with obligations to report on the nature and extent of risks arising from financial instruments and on the nature and method of managing (controlling) these risks. The aim of IFRS 7 is to indicate the significance of financial instruments for the financial situation and earning power of the company to the parties to whom the annual report is addressed. In connection with IFRS 7, the obligations to provide information on IFRS 4 insurance contracts in an appendix have been modified. The obligation to report on risks arising from insurance contracts have been adapted analogously.

IAS 1 Presentation of the annual accounts

In connection with IFRS 7, IAS 1 has been altered. The alteration is in the form of additional information on the objectives, methods and processes of capital management.

IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 10 addresses the interaction between the regulations of IAS 34 Interim Financial Reporting and the regulations regarding the recognition of impairment losses in respect of goodwill under IAS 36 and certain financial assets (IAS 39). IFRIC 10 states that an impairment which has been recognised in an interim period and for which an increase in value is forbidden by IAS 36 or IAS 39, that impairment should not be reversed in subsequent interim financial statements nor in annual/consolidated financial statements. IFRIC explicitly states that it is not permissible to apply the interpretation analogously to similar areas.

First-time application of IFRS 7 in conjunction with IFRS 4 and the amendment of IAS 1 have no effect on the presentation of the assets, financial situation and earnings of the W&W Group or its cash flows. The same applies to IFRIC 10. In the past, the W&W Group already proceeded in the way specified by IFRIC 10.

The changes in the methods of balance sheet presentation and evaluation were carried out in agreement with the regulations governing transition from one form of reporting to another.

International financial reporting standards (IFRS) and interpretations (IFRIC) which have been published but are not yet obligatory

IFRS 8 Operating Segments:

IFRS 8 contains new rules governing reporting on operating segments and is to be applied from fiscal 2009 onwards.

IAS 1 Presentation of annual accounts

The most important amendments of IAS 1 which is to be applied as of 1 January 2009 at the latest and which contains the rules for the presentation of annual accounts are the definition of the components of the annual accounts, the definition and portrayal of the success of the period, the statement on changes in equity and the portrayal of dividends.

IAS 23 Borrowing costs

IAS 23 regulates the recognition of borrowing costs as part of the acquisition of qualified assets. The main change in the standard is that, as of 1 January 2009, borrowing costs are to be recognised as the costs of the assets. Previously, the borrowing costs were recognised as an expense. The effects of implementation of IFRS 8, IAS 1 and IAS 23 on the portrayal of the assets, financial situation and earnings as well as on cash flows are currently being examined in the framework of the relevant implementation projects.

In addition, other IFRS and IFRICs have been ratified which the WürttLeben Group will not apply because there are no areas to which these regulations relate.

Revised IFRS 3 and IAS 27

In January 2008, the IASB published the revised IFRS 3 standard relating to business combinations and the revised IAS 27 standard relating

to consolidated and separate individual annual accounts in accordance with IFRS. The main changes in IFRS 3 compared to the current version are as follows:

- For the treatment of non-controlling interests on the balance sheet, there is the option of measuring them at their fair value or measuring the proportional identifiable net assets.
- In the case of a successive company acquisition, the already existing shares in the purchased company must be re-evaluated through profit and loss at the time when control of the company is acquired. The good will is therefore determined as the difference between the re-evaluated book value of the participation plus purchase-price payments for acquisition of the new shares less the acquired net assets.
- Acquisition costs must be recognised as expenses in future.
- A possible adaptation of the acquisition costs in relation to future events which are to be shown on the balance sheets as a liability at the time of purchase is no longer permissible in the subsequent evaluation of good will.
- The effects arising from the exploitation of business relationships that already existed before combination of the companies are not to be included in the change in value of what is given in the form of payment. Rights which were granted to another company before the combination of companies and are demanded back in economic form in the context of the combination of the companies are dealt with in respect of how they are carried and evaluated.

The revised IFRS 3 is to be applied prospectively to company combinations, whose acquisition time falls within annual reporting periods that commence on or after 1 July 2009.

The main amendments to IAS 27 are as follows:

- If the ratio of the participation changes without there being any loss of control, this event is to be recognised solely as an equity transaction.

- If a parent company loses control over a subsidiary, the consolidated assets and debts must be removed from the books. A remaining investment in a former subsidiary is to be measured at fair value the first time it is carried. Any difference which results is to be posted through profit and loss.
- If the losses attributable to minority interests exceed the share of the minority interests in the equity of the subsidiary, they are to be attributed to the minority interests even if a negative balance is created.

The revised IAS 27 is to be applied prospectively to annual reporting periods that begin on or after 1 July 2009.

Presentation of annual accounts

The consolidated accounts are presented in euros.

Balance sheet changes

In the framework of further improvement in the information provided by the consolidated annual accounts of WürttLeben and implementation of IFRS 7, the structure of the balance sheet was adapted in fiscal 2007.

In the course of this, the financial assets evaluated according to the equity method are posted as a separate item on the balance sheet. The financial assets evaluated according to the equity method as well as the shares in affiliated companies were transferred to the item "Financial instruments available for disposal at any time" after adaptation of the previous year's figures. In addition, the investments for the account and risk of life assurance policyholders, which were posted separately on the balance sheet last year, were transferred to the balance sheet item "Fair value option".

Notes on the Consolidated Accounts

Consolidated companies

WürttLeben is the parent company of the Group. The scope of consolidation includes the parent company and all the subsidiaries unless they are of minor significance for the presentation of the Group's assets, financial standing and earnings. On the balance-sheet date, 4 subsidiaries (3 last year) as well as 21 (22 last year) mutual funds and special funds as well as 5 (1 last year) associated companies were included in the annual accounts in addition to the parent company. The consolidated annual accounts include the annual accounts of Württembergische Lebensversicherung AG as well as all important subsidiaries, mutual funds, special funds and the important associated companies.

In fiscal 2007, there were the following changes in the scope of consolidated companies: Berlin Leipziger Platz Grundbesitz GmbH, Berlin, and the newly established LP 1 Beteiligungs-GmbH & Co. KG, Stuttgart, were included in the scope of consolidated companies as of 1 April 2007.

In September 2007, Karlsruher Lebensversicherung AG was merged with Württembergische Lebensversicherung AG with retrospective effect from 1 January 2007. The company is therefore no longer a consolidated company. In order to retain the name "Karlsruher Lebensversicherung AG", we changed the name of "Karlsruher HK AG Lebensversicherung für Beamte und Angestellte der öffentlichen Verwaltung" to "Karlsruher Lebensversicherung AG".

The W&W Global Strategies South East Asia Equity Fund, Dublin, was included in the scope of consolidated companies as of 1 January 2007.

The special fund „iii-Badenimmo“, Munich, which is currently being processed, was removed from the scope of consolidated companies on 31 March 2007. BWInvest-79, Stuttgart, was re-

moved from the scope of consolidated companies on 31 December 2007 and has been dissolved.

A list of the companies included in the scope of consolidated companies is given in the appendix in note number 57.

The complete list of shares held is shown in the electronic registry of companies.

Principles of consolidation

Balance-sheet date of consolidated accounts:

The consolidated accounts were drawn up on the balance sheet date of the parent company (31 December 2007). If the balance sheet dates of subsidiaries differ from the balance sheet data of the parent company, they are included in the consolidated accounts on the basis of the interim accounts drawn up on the balance-sheet date of the parent company.

Methods of consolidation:

Capital consolidation takes place according to the acquisition method. The assets, debts and contingent liabilities of the acquired company are evaluated at their fair value at the time of purchase or at the time when control over the acquired company is obtained and compared to the costs of acquisition (purchase price allocation).

The good will acquired when companies are combined is posted under intangible assets. Expenses and earnings as well as receivables and liabilities between the companies involved are consolidated. This also applies to profits and losses arising from the internal sale of assets.

The book value of the good will is checked at least once a year to determine whether it has retained its value (impairment test). If there are any signs of a possible impairment, an impairment test is also carried out at other times during the year.

If an impairment of good will is determined, extraordinary depreciation is carried out.

The shares in the fair values of assets and debts, whereby these shares are held by non-consolidated third-party entities, are posted in the item "Shares of other partners in the equity".

Expenses and earnings as well as receivables and liabilities between the companies included in the accounts are consolidated. This also applies to profits and losses arising from the sale of assets within the Group.

We include all important associated companies in the consolidated accounts according to the equity method.

Companies belonging to the Group and disclosure

Wüstenrot Holding AG, Ludwigsburg, holds the majority of shares in Wüstenrot & Württembergische AG, Stuttgart. The latter in turn holds the majority of shares in Württembergische Lebensversicherung AG, Stuttgart, in the consolidated accounts of which our company is included. The consolidated accounts of Wüstenrot Holding AG, the consolidated accounts of Wüstenrot & Württembergische AG as well as the consolidated accounts of Württembergische Lebensversicherung AG are published in the electronic gazette (Bundesanzeiger).

Currency conversion

Foreign currency transactions are converted according to the nature of the underlying business involved. Monetary items as well as non-monetary items which are measured at fair value are converted at the reference rate of the ECB on the balance sheet date. Non-monetary items which are carried at historical acquisition costs or the costs of manufacture on the balance sheet are converted at the historical rates. Conversion differences are recorded in the profit and loss account through profit and loss.

Critical estimations and assumptions

Determination of the aggregate reserve

The aggregate reserve is calculated according to actuarial methods and is determined as the balance of the cash value of future obligations less the cash value of future premiums. When the value of the reserve is being determined, the assumptions regarding costs, guaranteed interest, mortality and other biometric principles applicable at the time the contracts were closed are used.

Changes in costs, mortality and investment yields achieved on the capital market can mean that the principles of calculation have to be adapted and that the aggregate reserve has to be increased.

Evaluation at fair value

If the financial instruments are traded on active markets with sufficient liquidity, stock-exchange prices or market prices are used as the basis for determining the fair value.

If the instruments are not traded on liquid markets, recognised financial mathematical models based on prices of observed current market transactions with the same instrument, with comparable instruments or available market data are used to determine the fair value.

Structured products for which there is no market price are evaluated as a whole or are broken down into their components with the help of recognised mathematical models used in the financial world. If they are broken down, the individual results of evaluation are aggregated to form an overall price.

The recognised evaluation model of the cash value method, whereby the cash flows to be expected in future are discounted at the rates of interest applied to the corresponding remaining periods and markets, is used for the evaluation of receivables and liabilities, securities with fixed agreed cash flows, subordinate capital, interest swaps and non-optional futures.

The fair values of options are calculated with the corresponding recognised option price models for the respective types and the underlying base values of options. The models are used on the basis of generally recognised assumptions. Accordingly, the value of an option is especially determined according to the value of the underlying base object and its volatility, the agreed base price, the interest rate or index, the non-risk interest rate as well as the remaining period of the contract.

Apart from the interest structures and market prices, the respective market and creditworthiness risks, risk structures and, if relevant, volatility are taken into consideration. The fair values of means of payment and equivalents to means of payments, of short-term receivables and liabilities, approximately correspond to the book value, which is primarily due to the short period of these instruments.

The evaluation results are significantly influenced by the underlying assumptions and especially by the cash flows determined and the discounting factors.

The change in the fair values due to a change in the credit risk is determined by means of a comparison of the financial instrument and a corresponding financial instrument without a credit risk, whereby the credit or creditworthiness spread is calculated. The changes in the credit risk are continually monitored in the Group.

Segment reporting

Segment reporting according to IAS 14 is dispensed with because the Group only engages in life assurance business and the business area is limited to Germany.

Methods of Accounting and Valuation

The annual accounts of all the companies included in the consolidated accounts have been drawn up in accordance with methods of accounting and valuation which are uniform throughout the Group.

Balance sheet – Consolidated

Intangible assets

Purchased and self-created software, the value of purchased insurance portfolios as well as good will are posted under the balance-sheet item “Intangible assets”.

Purchased and self-created software is valued at the continued historical cost and is usually depreciated linearly (straight line method) over a period of three years.

Software is checked on the balance-sheet date to determine its intrinsic value and, if necessary, is subjected to extraordinary depreciation.

The portfolio value of life assurance contracts is the cash value of the expected net payment flows from existing insurance contracts at the time of purchase. Depreciation is carried out linearly over a period of 15 years. In addition, the portfolio value is subjected to an impairment test on the balance-sheet date and, if necessary, it is subjected to extraordinary depreciation.

The difference between the costs of acquiring a subsidiary and its share in Group equity after revelation of the hidden reserves and burdens at the time of purchase is posted as good will. Posting on the balance sheet is carried out at the cost of purchase, less accumulated extraordinary depreciation. The impairment expenses result from an impairment test to be carried out at least once a year on the basis of cash-generating units. The WürttLeben Group uses the legal units as the cash-generating units.

Within the framework of the impairment test, the recoverable value of the respective cash-generating unit is compared with the book value (including good will) of the cash-generating unit. In respect of the cash-generating unit, the WürttLeben Group used the fair value determined on the basis of the stock-exchange price on the balance sheet date as the recoverable amount while taking the costs of disposal into consideration. In the WürttLeben Group, the IFRS equity of the respective subsidiary or parent company is used as the book value. If the book value (including good will) exceeds the recoverable value, the value of the good will is reduced accordingly. Depreciation which has been carried out is not reversed. The depreciation applicable to the good will due to impairment is posted as a separate item in the profit and loss account.

Borrowing costs are not carried as costs of acquisition or manufacture of qualified assets in the Group.

Real estate held as an investment

The balance sheet item “Land and buildings held as financial investments” includes land and buildings which are kept in order to achieve rental income or for the purpose of increasing their value. The real estate held as a financial investment is evaluated at its costs of acquisition or construction, including transaction costs. Subsequent evaluation is carried out at the costs of acquisition or construction, less the accumulated depreciation and the accumulated impairment expenses (acquisition cost model). Each part of an item of real estate with a significant acquisition value compared to the value of the entire piece of real estate is depreciated separately. Here, a minimum distinction is made between various components such as the shell of the building, the interior structures and technical features.

The individual periods of use of the components such as the shell of the building, the interior structures and the technical features are estimated by Group experts and is a maximum of 80 years for the shell of the building and a maximum of 40 years for commercial buildings. For the interior structures and technical features, a maximum period of use of 25 years is assumed.

The shell of a building and the interior structures and technical features are depreciated linearly over the expected remaining duration of use.

On the balance-sheet date, a check is made to find out whether there are any signs of impairment in the case of “real estate held as an investment”. If this is the case, the foreseeably recoverable proceeds from selling the respective objects is determined in the framework of a discounted cash-flow valuation. If this value is below the continued historical cost, the foreseeably recoverable amount is subjected to extraordinary depreciation.

When the discounted cash flow is being determined, different discount rates (IRR – Internal Rate Returns) are used, depending on the object in question. In the framework of valuation, discount rates between 4.5 per cent and 6.5 per cent are used on the balance sheet date. The IRRs represent our entitlement to interest on the item of real estate. The value results from the interest rate of a riskless investment plus an extra amount for the respective risks of the evaluated objects of this class of investment. We use a ten-year period of consideration as the basis for this as the specialist and market-related knowledge of our real-estate managers enables reliable prognoses for this period. As regards the objects in the portfolio, this valuation is carried out by our own real estate management staff.

Financial investments evaluated according to the equity method

The shares in associated companies are carried on the Group balance sheet at the costs of acquisition at the time of acquisition. In subsequent years, the equity value on the balance sheet is revised according to the proportional changes in the part of the equity held by the participating company. The proportional result for the year of the participating company flows into the item “Result on financial investments evaluated according to the equity method” in the consolidated profit and loss account.

If there are any signs of impairment of the shares in a company shown on the balance sheet at equity, they are checked and, if necessary, (extraordinary) depreciation is carried out. The value is increased if the reasons for extraordinary depreciation cease to exist. Impairments and increases in value are recorded through profit and loss under the item “Result on financial investments evaluated according to the equity method”.

Profits and losses on sales arising from the disposal of financial assets evaluated according to the equity method are also posted under “Result on financial investments evaluated according to the equity method”.

Financial instruments

Loans

Under loans, financial instruments with specific or specifiable cash flows in the future are posted unless they are traded on an active market and are not derivative financial instruments. They include loans, debentures, bonds and deposits with credit institutions. The financial instruments of this category are carried at their continued historical cost.

Deferred interest is posted directly under the item in question.

The fair value of loans shown in the appendix is determined by means of a theoretical price calculation according to the cash-value method, if necessary taking into account extra interest due to financial standing.

On each balance-sheet date, the WürttLeben Group checks to see if there are any objective indications of a possible impairment of a financial asset. If this is the case, depreciation is carried out on the cash value of the expected future cash flow through profit and loss.

Financial instruments available for disposal at any time

Under the item “Financial instruments available for disposal at any time”, non-derivative financial instruments which are traded on an active market but are not held for trading purposes are posted. They consist of participations, shares, investment certificates and other non-fixed-interest securities as well as bearer bonds and other fixed-interest securities. They are posted at their fair value.

In order to determine the fair value, the stock-exchange prices of the last stock-exchange day of the period under review are used as the basis for listed financial instruments. If there are no stock-exchange prices for the fixed-interest securities, the fair values are determined by theoretically determining the prices in accordance with the cash value method, if necessary, with account being taken of extra interest due to financial standing. If there are no stock-exchange prices for non-fixed-interest securities, they are evaluated either on the basis of external expert assessments or with internal valuation models based on the discounted cash flow method.

Investment certificates are valued at the redemption price set by the investment company on the balance-sheet date.

Changes in the fair value are always included in the revaluation reserve of the equity with no effect on income. In the case of impairment, the unrealized losses previously included in the revaluation reserve are recorded through profit

and loss in the profit and loss account. Otherwise, profits and losses are not realized through profit and loss until they items are sold. Redemption premiums and discounts are distributed over the period through profit or loss in accordance with the effective-interest method and are included in the result on investments.

At the end of each quarter, a check is made to see whether there are any objective indications that impairments of financial assets are imminent. In the WürttLeben Group, equity securities are regarded as impaired if their fair value is below the historical costs of purchase by at least 20 per cent or for more than 12 months.

If value increases occur in subsequent periods, they are shown through profit and loss in the case of borrowed capital instruments. In the case of equity instruments, they are included in equity with no effect on profit and loss.

Financial instruments evaluated at fair value through profit or loss

The category “Financial instruments evaluated at fair value through profit or loss” are composed of trading assets (held for trading purposes) and the financial assets (fair value option) classified as “evaluated at fair value through profit or loss”.

Derivative financial instruments which are not shown on the balance sheet according to the rules of hedge accounting are carried under trading assets.

Under financial assets “evaluated at fair value through profit or loss”, only those financial instruments are included on the balance sheet which contain embedded derivatives that otherwise have to be split off. These are interest-bearing instruments, the interest on which is considerably affected by the embedded derivatives. In addition, investments for the account and risk of life assurance policyholders is carried under financial instruments classified as “evaluated at fair value through profit and loss” in order to avoid the occurrence of an accounting mismatch which would otherwise be caused by the fact that the

changes in the balance sheet value of the “insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders” are carried in the profit and loss account through profit and loss. “Financial instruments evaluated at fair value through profit and loss” are posted on the balance sheet at their fair value.

The changes in the fair value of financial instruments evaluated at fair value through profit and loss are posted in the profit and loss account through profit and loss.

Time when financial instruments are entered on the balance sheet

Purchases and sales of financial instruments are always entered in the books on the day of settlement (settlement date accounting). Derivative financial instruments which are booked at the time the contract is closed are an exception to this.

Retained deposits arising from assumed reinsurance business

Retained deposits are posted at their continued historical costs.

Shares of reinsurers in the insurance reserves

All reinsurance contracts transfer a significant insurance risk, i.e. they are insurance contracts in the sense of IFRS 4. Shares of reinsurers in the insurance reserves are calculated from the gross insurance reserves according to the terms of contract.

The intrinsic value of the shares of the reinsurers in the insurance reserves is checked on each balance-sheet date.

Accounts receivable

Accounts receivable from direct insurance business, accounts receivable from clearing transactions arising from reinsurance business and Other accounts receivable are posted at their continued historical cost. Default risks are taken into account by means of individual and global value adjustments.

Accounts receivable from policyholders arising from direct insurance business include claims against policyholders which are not yet due. They are determined according to the Zillmer method.

Tax refund claims and debts

The current tax refund claims and debts are posted at the value of an expected refund or the value of a foreseeable payment to the respective tax authority.

Latent tax refund claims and debts

The calculation of latent taxes is based on temporary differences between the book values of assets and debts in the consolidated accounts and the tax accounts. Latent taxes are calculated at the currently applicable rate of tax. Tax rate changes implemented by the balance-sheet date are taken into account. For purposes of simplification, a uniform tax rate is used for the consolidated companies in the Group. Active latent taxes on deferred tax losses are posted in so far as it can be assumed that they can be realized in future.

Equipment and stocks

The “Equipment and stocks” item basically includes company equipment, stocks and real estate used internally. Company equipment is posted at the continued historical cost. On the balance-sheet day, a check is made to see whether there are any indications of impairment and, if so, what the recoverable value is. If this value is below the book value, extraordinary depreciation is carried out on the recoverable value. “Real estate used internally” refers to land and buildings which are used by consolidated companies in the Group. Real estate used internally is posted on the balance sheet in the same way as “real estate held as a financial investment”

The equipment is depreciated linearly over the following periods:

	Foreseeable planned useful life in years
Company plant and equipment	1 to 14 years
Purchased EDP equipment	1 to 10 years
Internally used buildings	See explanation under „real estate held as a financial investment“

Long-term assets and disposal groups held for disposal

A long-term asset or a disposal group is to be classified as for disposal in accordance with IFRS 5 if the book value is to be realized by means of disposal and not by continued use. The asset or the disposal group is to be posted at the book value or fair value, whichever is the lower, less disposal costs. If the book value exceeds the fair value less the disposal costs, the difference between the two values is to be booked immediately through profit and loss.

Current deposits with credit institutions, cheques and cash

Our cash in hand consists of daily occurring deposits, cheques and liquid funds. They are posted at the continued historical costs.

Equity

Equity includes the subscribed capital, the capital reserve, the retained profit reserves, the Other reserves, the consolidated profit for the year and the shares of other partners in the equity.

In the capital reserve, redemption premiums from the issue of shares are posted. The retained profit reserves include the legal reserves and the retained results. The Other reserves contain the revaluation reserve as well as the actuarial profits and losses arising from performance-based schemes.

Shares of other partners in the equity include the shares in the equity of subsidiaries where these shares are held by third parties outside the Group. In addition, the share of non-consolidated third parties in the result of subsidiaries is posted under the shares of other partners in the equity.

Subordinate liabilities

Subordinate liabilities are liabilities which, in the event of liquidation or insolvency, it is permissible to settle only after the claims of other debtors have been settled. Subordinate liabilities are valued at their continued historical costs.

Insurance reserves

All insurance items are posted and valued in accordance with IFRS and according to the regulations which have been used up to now and are specified by commercial law governing the presentation of accounts (especially § 341 and RechVersV).

The insurance reserves are posted gross on the liabilities side, i.e. before deduction of the share accounted for by reinsurers. The share of reinsurers is determined according to the contractual agreements and is posted separately on the assets side.

All insurance contracts in the portfolio transfer a significant insurance risk, i.e. they are insurance contracts in the sense of IFRS 4.

The **unearned premiums** are that part of the collected and written gross premiums which represents income for a certain time after the balance sheet date. The unearned premiums are deferred exactly for each month for each insurance contract.

The **aggregate reserve** in life assurance is always determined for each individual contract and prospectively in accordance with actuarial principles, with account taken of the starting month. It is calculated as the cash value of the future guaranteed insurance benefits, less the cash value of the future net premiums. For times when no premiums are paid, an administration cost reserve is formed within the aggregate reserve, the administration cost reserve being sufficient according to present-day assessment. With regard to unit-linked life and annuity assurance, only contingent guarantee components are taken into account in the aggregate reserve.

Non-recurring contract acquisition costs in life assurance are taken into account according to the Zillmer method. They are carried as assets as part of the receivables from policyholders arising from direct insurance business in so far as § 15 RechVers allows this.

The guaranteed interest and the biometric principles of calculation always correspond to those also incorporated in the calculation of tariff premiums or surrender values. The highest value which was permissible in accordance with legal regulations or the provisions of the insurance supervisory law on closure of the contract was taken as the guaranteed interest.

When the aggregate reserve is calculated, interest rates between 2.25 and 4 per cent are used. The average guaranteed interest is 3.5 per cent. For the biometric principles of calculation, tables which are standard in the industry and are recommended by the Deutsche Aktuarvereinigung (DAV= German association of actuaries) are used. In exceptions, we use our own tables based on experiential values.

For annuity assurance contracts whose original calculating principles no longer include sufficient safety margins, the calculating principles which are held to be sufficient and are published by the Deutsche Aktuarvereinigung (DAV) are used. In fiscal 2007, the safety level was increased again because this adaptation had been recommended by the working group entitled "Biometric Principles of Calculation" of the DAV due to the current trends in the mortality of customers with annuity assurance. This increase amounted to a twentieth of the difference between the DAV 2004 R Bestand mortality tables and the DAV 2004 RB 20 mortality tables, whereby probabilities of capital pay-out were taken into account.

(Supplementary) permanent health insurance contracts are collectively assessed with reference to the currently applicable calculating principles of the DAV and, if necessary, an additional aggregate reserve is formed.

The principles of calculation used for calculating the aggregate reserves are examined annually, with account being taken of the calculating principles recommended by the DAV and the developments observed in the portfolio. This is done in order to check whether the safety margins are sufficient. In the explanatory report of the responsible actuary in accordance with § 11 a (3) 2. VAG, verification is provided that all calculating principles are carefully selected in accordance with the regulations of insurance supervisory law and commercial law.

The aggregate reserve is subjected to an annual adequacy test and, if necessary, the aggregate reserve is adapted immediately and completely through profit and loss.

The **reserve for outstanding claims (claims reserve)** is formed for future obligations to pay which result from claims which occurred but were not settled before the balance sheet date. It includes the foreseeable expenses for the outstanding insurance claims that occurred but were not settled before the balance sheet date as well as the expenses for the settlement of claims. The level of the insurance benefits or the times when the insurance benefits are to be paid are still uncertain.

The reserve for claims already known on the balance sheet date was determined individually in all cases (individual evaluation). For risks which occurred but were still unknown on the balance sheet date, a global reserve was formed, the level of which is based on observations of the preceding years.

As a consequence of a verdict of the federal supreme court on 12 October 2005 in respect of formation-of-wealth and annuity assurance policies taken out between 1 January 1995 and 30 June 2000 to the effect that a minimum redemption value must be guaranteed, an additional reserve is formed in accordance with §341 g HGB for affected insurance contracts which are no longer in the portfolio. This additional reserve takes into account the fact that only part of the amounts due will be claimed.

The reserve for settlement expenses was determined in accordance with the tax regulations as specified in the coordinated decree of German states on 22 February 1973.

The reserve for outstanding claims is subjected to an annual adequacy test and, if necessary, is adapted immediately and completely through profit and loss.

The **reserve for bonus payments to clients (RfB)** consists of two parts. The part of the respective insurance company's profit which is due to the policyholder but is not directly credited is assigned to the first part (allocated amounts in accordance with the regulations of the HGB). This also includes amounts which are marked to be

set off against future premiums. The amounts are allocated in accordance with the minimum legal requirements.

The second part of the reserve for bonus payments to clients consists of the policyholders' shares in the accumulated valuation differences between the annual accounts drawn up for the individual companies in accordance with commercial law and the consolidated accounts drawn up in accordance with IFRS (reserve for latent bonus payments to clients). These temporary valuation differences are included in the latent RfB to the amount of the share to which the policyholders are at least entitled on realization.

In the case of investment portfolios managed by life and health insurance companies and held via intermediate companies, the formation of a reserve for latent bonus payments to clients was previously refrained from. Within the framework of voluntary adaptation of the methods of balance sheet presentation and evaluation, the W&W Group changed over to an approach whereby a reserve for latent bonus payments to clients is formed for these investment portfolios as well in accordance with IFRS 4.30.

The **insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders** (aggregate reserves of the unit-linked life and annuity assurance without any contingent guarantee components) is determined for each individual contract in accordance with the retrospective method. The incoming premiums are invested in funds unless they are used for guarantees. The risk and cost components are withdrawn monthly from the funds – whereby, if appropriate, they are offset against the corresponding profit components. They are posted on the balance sheet at the fair value of the fund components accounted for by the insurance contracts on the balance sheet date in accordance with § 341 d HGB. The balance sheet value of this item corresponds to the balance sheet value of the investments for the account and risk of life assurance policyholders, such investments being posted under the financial instruments evaluated at fair value through profit and loss.

The **Other insurance reserves** contain the reserves for co-insurance business.

Other reserves

Pension reserves

The pension reserves include the reserves arising from performance-based pension obligations. The pension obligations are valued in line with IAS 19 in accordance with the procedure applicable to persons with a future pension entitlement. Actuarial profits and losses from performance-based schemes are booked in the equity immediately and fully in the year they occur with no effect on profit.

Other reserves

Reserves for other payments due to employees in the long term

The reserves for other payments to employees are formed for obligations arising from agreements relating to early-retirement and part-time retiree work. In the framework of presentation on the balance sheet, there are no actuarial profits and losses. The posted reserves therefore correspond to the cash value of the obligations.

Other remaining reserves

The other remaining reserves are evaluated as the foreseeable amount for the fulfilment of obligations and are posted on the balance sheet in so far as there are legal or de facto obligations to third parties that are based on business transactions or events in the past and are probable. The amount for the fulfilment of obligations is determined on the basis of the best possible estimate. The obligations thus determined are discounted to the amount of the corresponding guaranteed interest in conformance with the period of the contract in so far as the resulting effects are significant.

Other liabilities

Liabilities in the form of retained deposits, clearing liabilities arising from reinsurance business

and liabilities arising from direct insurance business are posted on the balance sheet to the amount of the repayment sum. The other liabilities are carried at continued historical costs.

Trading liabilities

The trading liabilities include those types of derivative financial instruments which are kept for trading purposes as well as those which are kept for hedging purposes but are not posted on the balance sheet according to the rules of hedge accounting. They are evaluated in a manner analogous to the way that the trading assets are evaluated.

Derivates held for hedging purposes with a negative market value

The different evaluation of financial instruments results in the necessity of regulations governing the portrayal of hedge transactions. IAS 39 contains corresponding regulations, which, under certain preconditions, ensure appropriate recognition of changes in the value of basic and hedging transactions. The Group only applies the regulations to the fair value hedge. With a fair value hedge, protection against the risk of a change in the fair value of financial assets is provided. The derivative financial instrument used as a hedging instrument is posted on the balance sheet at fair value. Basic business is categorised in accordance with IAS 39.9. The results arising from the changes in fair value and the hedging instrument, on the one hand, and the changes in the fair value of the basic business due to the hedged risk, on the other, are carried in the profit and loss account through profit and loss.

Debts of disposal groups

Debts of a disposal group classified as being “held for disposal” are posted in this item on the balance sheet separately from other debts.

Methods of Accounting and Evaluation

Profit and loss account – Consolidated

Earned premiums (gross)

The earned premiums (gross) include all the premium payments collected in the fiscal year from direct and indirect insurance business. The premium payments are deferred according to period by the formation of premium reserves and withdrawals from these reserves.

Result on investments

In this item, interest, dividends, the proceeds of disposals as well as depreciation and value additions through profit or loss are posted. In addition, the expenses for management of the investments are included here. Interest income and interest expenditure are deferred according to period in line with the effective interest method. Dividends are included according to the principle of when they are received by the beneficiaries.

Benefits paid to customers (net)

The benefits paid to customers include the payments for insurance claims, the change in the reserve for outstanding insurance claims, the change in the aggregate reserve, the transfers to the reserve for bonus payments to clients formed in accordance with commercial law, the change in the latent RfB formed through profit and loss and the change in the other insurance reserves.

The share of the reinsurers is deducted from the benefits (gross) paid to customers.

Underwriting expenses

The underwriting expenses include the acquisition costs, i.e. the expenditure incurred when insurance contracts are entered into, as well as the expenses for the management of insurance contracts. The received commission and profit participations arising from ceded insurance business is deducted from the gross underwriting expenses.

Result from relinquished business segments

Subsidiaries which were only purchased with the intention of re-selling them are regarded as relinquished business segments according to IFRS 5. The post-tax result arising from relinquished business segments is posted under “Result from relinquished business segments after income tax” in the profit and loss account.

Explanatory Notes – Assets *

1. Intangible assets

	Good will value	Self-created software	Software obtained externally	Purchased insurance portfolios	Total
	2007 in EUR thousand	2007 in EUR thousand	2007 in EUR thousand	2007 in EUR thousand	2007 in EUR thousand
Gross book value 01.01	75 662	6 063	25 473	106 757	213 955
Accumulated depreciation 01.01	–	– 2 495	– 7 696	– 7 117	– 17 308
Balance sheet value 01.01	75 662	3 568	17 777	99 640	196 647
Change in scope of consolidated companies	–	–	–	–	–
Additions	1 979	–	17	–	1 996
Disposals	–	–	– 343	–	– 343
Scheduled depreciation	–	– 2 024	– 5 553	– 7 117	– 14 695
Extraordinary depreciation	–	–	–	–	–
Increases in value	–	–	–	–	–
Balance sheet value 31.12	77 641	1 544	11 898	92 523	183 606
Accumulated depreciation 31.12	–	4 519	13 249	14 234	32 002
Gross book value 31.12	77 641	6 063	25 147	106 757	215 608

	Good will value	Self-created software	Software obtained externally	Purchased insurance portfolios	Total
	2006 in EUR thousand	2006 in EUR thousand	2006 in EUR thousand	2006 in EUR thousand	2006 in EUR thousand
Gross book value 01.01	76 143	5 815	24 641	106 757	213 356
Accumulated depreciation 01.01	–	– 309	– 131	–	– 440
Balance sheet value 01.01	76 143	5 506	24 510	106 757	212 916
Change in scope of consolidated companies	–	–	–	–	–
Additions	26	249	837	–	1 112
Disposals	– 508	–	– 4	–	– 512
Scheduled depreciation	–	– 2 186	– 7 565	– 7 117	– 16 868
Extraordinary depreciation	–	–	–	–	–
Increases in value	–	–	–	–	–
Balance sheet value 31.12	75 662	3 568	17 777	99 640	196 647
Accumulated depreciation 31.12	–	2 495	7 696	7 117	17 308
Gross book value 31.12	75 662	6 063	25 473	106 757	213 955

* See consolidated balance sheet and consolidated profit and loss account from page 34 onwards

Karlsruher Lebensversicherung AG was merged with Württembergische Lebensversicherung AG. The good will which was previously assigned to Karlsruher Lebensversicherung AG (old) and amounted to EUR 31.8 million was re-assigned to Württembergische Lebensversicherung AG in the course of this merger. The good will which was posted in the consolidated annual accounts on 31 December 2007 and amounted to EUR 77.6 million is therefore completely attributable to the cash-generating unit, Württembergische Lebensversicherung AG.

Extraordinary depreciation was not carried out on the good will either in the past or in the current period of reporting.

Within the framework of cost allocation, the depreciation on software is distributed among the acquisition costs, administration costs, claims settlement costs, investment management costs and other costs.

The remaining period of use of purchased insurance portfolios is 13 years.

2. Real estate held as investment

	2007 in EUR	2006 in EUR
	thousand	thousand
Gross book value 01.01	1 382 518	1 925 318
Accumulated depreciation 01.01	- 187 055	- 204 097
Balance sheet value 01.01	1 195 463	1 721 221
Change in scope of consolidated companies	79 882	-
Additions	30 847	8 969
Disposals	- 30 316	- 117 350
Scheduled depreciation	- 36 104	- 33 377
Extraordinary depreciation	- 30 592	- 361
Increases in value	-	1 678
Re-assignment to item „Long term assets and disposal groups held for disposal“	36 249	- 385 317
Balance sheet value 31.12	1 172 930	1 195 463
Accumulated depreciation 31.12	253 752	187 055
Gross book value 31.12	1 426 682	1 382 518

The additions refer to purchased office buildings (fiscal year) and retrospectively capitalised historical costs.

The fair value of the „real estate held as financial investment“ amounted to EUR 1 346.4 (1 294,0) million on the balance sheet date. The land and buildings include hidden reserves to the amount of EUR 173.5 (98.5) million.

There are no restrictions regarding the disposability of real estate held as a financial investment or the transfer of earnings and proceeds of disposals.

There are no significant contractual obligations to purchase, construct or develop real estate held as a financial investment or to repair, maintain or improve such real estate.

In the year under review, we re-estimated the remaining period of use of our real-estate portfolio. This led to an increase in scheduled depreciation. The increase in the fiscal year amounted to EUR 10.5 million.

Assuming that the real-estate portfolio will not significantly change, we are expecting that the next few years will require scheduled depreciation comparable with the depreciation in the year under review.

3. Financial investments evaluated according to the equity method

Under investments evaluated according to the equity method, WürttLeben posts shares in BWK GmbH Unternehmensbeteiligungsgesellschaft (BWK-U), in which it has a 17.5 per cent holding. WürttLeben assumes that it has a determining influence on the company in accordance with IAS 28.7 because it provides two of the six members of the supervisory board of BWK-U.

The following overview show the assets, debts, proceeds of sales and annual results of the associated companies evaluated according to the equity method.

Values as at 31.12.2007	Asset - values in EUR thousand	Debts in EUR thousand	Proceeds- of sales in EUR thousand	Result for the year in EUR thousand	Share in %
BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart	581 000	281 000	18 000	1 000	17.50
Tertianum – Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	29 367	209	1 173	- 6 421	25.00
Tertianum – Besitzgesellschaft München Jahnstraße 45 mbH, Munich	44 379	274	2 712	800	33.33
Tertianum – Besitzgesellschaft Konstanz Markt- stätte 2-6 und Sigismundstraße 5-9 mbH, Munich	37 151	583	2 183	- 15 087	25.00
VV Immobilien GmbH & Co. US City KG, Munich	288 856	126 677	19 217	1 664	23.10

Values as at 31.12.2006	Asset - values in EUR thousand	Debts in EUR thousand	Proceeds- of sales in EUR thousand	Result for the year in EUR thousand	Share in %
BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart	619 299	253 900	29 481	18 091	17.50

Financial instruments (4 to 6)

4. Loans

	Continued historical cost		Fair value	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand
Mortgages	2 485 377	2 646 704	2 460 215	2 625 676
Loans and advance payments on insurance policies	200 503	213 967	200 503	213 968
Other loans	14 336 671	13 473 334	13 585 666	13 329 132
Total	17 022 551	16 334 005	16 246 384	16 168 776

Remaining period of contract	2007 in EUR	2006 in EUR
	thousand	thousand
Up to one year	1 959 949	2 227 701
More than one year and up to two years	2 538 385	1 171 591
More than two years and up to three years	587 486	1 009 033
More than three years and up to four years	369 427	722 739
More than four years and up to five years	412 172	1 519 837
More than five years	11 155 132	9 683 004
Total	17 022 551	16 334 005

	Value changes of the fiscal year in EUR thousand							
	Initial portfolio	Additions	Con-sumption	Change in scope of consolidated companies	With-drawal	Currency effects	Discount effects	Final portfolio
	1.1.2007							31.12.2007
Loans								
Specific value allowance reserves	13 151	5 270	882	—	2 175	—	931	14 133
Portfolio value allowance reserves	—	2 545	—	—	—	—	—	2 545

	Value changes of the fiscal year in EUR thousand							
	Initial portfolio	Additions	Con-sumption	Change in scope of consolidated companies	With-drawal	Currency effects	Discount effects	Final portfolio
	1.1.2006							31.12.2006
Loans								
Specific value allowance reserves	11 274	6 508	3 064	—	1 567	—	—	13 151
Portfolio value allowance reserves	—	—	—	—	—	—	—	—

5. Financial instruments available for disposal at any time

	Fair value		Non-realized profits/losses		Continued historical costs	
	2007 in EUR thousand	2006 in EUR thousand	2007 in EUR thousand	2006 in EUR thousand	2007 in EUR thousand	2006 in EUR thousand
Fixed-interest securities	3 312 685	3 814 666	- 183 903	- 57 217	3 496 588	3 871 883
– Public issuers	559 924	830 977	- 8 825	5 240	568 749	825 737
– Other issuers	2 752 761	2 983 689	- 175 078	- 62 457	2 927 839	3 046 146
Non-fixed interest securities	4 317 030	4 073 535	403 519	406 079	3 913 511	3 667 456
– Participations	365 507	586 578	72 042	86 934	293 465	499 645
– Shares	2 793 807	2 224 552	280 402	208 924	2 513 405	2 015 628
– Investments funds	1 009 291	1 076 177	57 327	108 608	951 964	967 568
Share funds	549 300	558 148	61 761	103 631	487 539	454 517
Real estate funds	185 822	196 924	5 413	1 997	180 409	194 927
Annuity funds	226 729	318 460	- 11 435	2 928	238 164	315 532
Other funds	47 440	2 645	1 588	52	45 852	2 592
– Option certificates	85 102	119 451	- 6 252	1 613	91 354	117 838
– Other	63 323	66 777	–	–	63 323	66 777
Total	7 629 715	7 888 201	219 616	348 862	7 410 099	7 539 340

After deduction of the reserve for latent bonus payments to clients, latent taxes and the shares of other partners in the equity, an amount of EUR 11.5 (27.5) million was entered in the revaluation reserve.

In the fixed-interest securities of other issuers EUR 884.5 (776.9) million mortgage bonds in Danish crowns are included. These mortgage bonds have a debtor's right of termination.

Remaining period of fixed-interest securities	2007 in EUR thousand	2006 in EUR thousand
Up to one year	72 562	104 227
More than one year and up to two years	19 973	48 482
More than two years and up to three years	21 181	59 599
More than three years and up to four years	72 845	76 918
More than four years and up to five years	118 398	331 918
More than five years	3 007 726	3 193 522
Total	3 312 685	3 814 666

6. Financial instruments valued at fair value through profit and loss

a) Trading assets

The category „trading assets“ only includes derivatives amounting to EUR 72.9 (31.6) million. Of this amount, EUR 8.0 (7.6) million is attributed to interest-related transactions, EUR 28.3 (17.0) million to currency-related transactions and EUR 36.6 (6.0) million to share/index transactions as well as EUR 0.0 (1.0) million to other derivatives.

The Group uses derivative financial instruments within the framework of its investment activity.

The derivative financial instruments are used especially for the efficient control of risks relating to shares, currency and interest.

Derivative financial instruments are used in the Group within the framework of the regulations of the supervisory law and are subject to internal financial and risk control. The transactions engaged in with derivative financial instruments are mostly covered by corresponding basic transactions.

Remaining periods	Interest- yielding transactions	Currency transactions	Share/index ransactions	Other Derivates	Total Derivates
Nominal values in EUR thousand	2007	2007	2007	2007	2007
Up to 1 year	160 934	1 872 405	723 667	—	2 757 006
1 to 2 years	—	—	5 853	—	5 853
2 to 3 years	15 000	—	2 475	—	17 475
3 to 4 years	225 000	—	—	—	225 000
4 to 5 years	190 000	—	2 798	—	192 798
Over 5 years	365 000	—	1 190	—	366 190
Total	955 934	1 872 405	735 983	—	3 564 322

Remaining periods	Interest- yielding transactions	Currency transactions	Share/index ransactions	Other Derivates	Total Derivates
Nominal values in EUR thousand	2006	2006	2006	2006	2006
Up to 1 year	145 116	796 655	471 021	120 000	1 532 792
1 to 2 years	35 790	—	—	—	35 790
2 to 3 years	15 339	—	—	—	15 339
3 to 4 years	15 000	—	—	—	15 000
4 to 5 years	15 000	—	—	—	15 000
Over 5 years	440 000	—	—	—	440 000
Total	666 245	796 655	471 021	120 000	2 053 921

Remaining periods of trading assets at fair value	2007 in EUR thousand	2006 in EUR thousand
Up to 1 year	36 833	23 763
1 to 2 years	12 719	—
2 to 3 years	12 103	—
3 to 4 years	3 502	—
4 to 5 years	5 244	78
Over 5 years	2 539	7 728
Total	72 940	31 569

b) Fair value option

Structured products

We took up the „fair value option“ for securities with a fair value of EUR 1 458.1 (1 327.8) million. This concerns structured products as well as

investments for the account and risk of life assurance policyholders.

	2007 in EUR thousand	2006 in EUR thousand
Structured products	784 133	743 247
Investments for the account and risk of life assurance policyholders	674 000	584 579
Total	1 458 133	1 327 826
Remaining periods for fair value option		
Fair value in EUR thousand	2007	2006
Up to 1 year	157 054	30 568
1 to 2 years	46 834	164 829
2 to 3 years	19 517	72 537
3 to 4 years	35 208	23 810
4 to 5 years	27 845	20 121
Over 5 years	497 675	431 382
Indefinite period	674 000	584 579
Total	1 458 133	1 327 826

7. Shares of the reinsurers

Shares of the reinsurers in the insurance reserves	2007 in EUR thousand	2006 in EUR thousand
Unearned premiums	20 059	19 498
Aggregate reserve	1 562 851	1 554 733
Reserve for outstanding insurance claims	8 204	9 015
Reserve in the area of life assurance in so far as the investment risk is borne by the policyholder	14 104	10 963
Total	1 605 218	1 594 209

In the year under review and in the preceding year, there was no need to correct the values assigned to reinsurance shares posted as assets.

8. Accounts receivable

	2007 in EUR	2006 in EUR
	thousand	thousand
Accounts receivable on direct insurance business	140 290	141 630
Including:		
– from policyholders	129 281	128 473
– from insurance agents	11 009	13 157
Accounts receivable for clearing transactions from reinsurance business	9	2 266
Tax refund claims	26 414	21 715
Other receivables	228 662	165 081
Total	395 375	330 693

Remaining period of accounts receivable	2007 in EUR	2006 in EUR
	thousand	thousand
Up to one year	250 127	308 779
More than one year and up to two years	–	1 222
More than two years and up to three years	–	1 082
More than three years and up to four years	–	1 081
More than four years and up to five years	–	1 358
More than five years	145 248	17 171
Total	395 375	330 693

Due to the general default risks, we offset a global value allowance reserve amounting to EUR 3 925 (4 504) thousand against the receivables arising from direct insurance business from policyholders. With regard to the receivables from insurance brokers, value allowance reserves amounting to EUR 417 (808) thousand were implemented. In addition, value allowances to the amount of EUR

1 667 (887) thousand were made for outstanding interest and rent.

The book values of the receivables in this item correspond to their fair value.

Value changes of the fiscal year in EUR thousand								
	Initial	Additions	Con-	Change in	With-	Currency	Discount	Final
	portfolio		sumption	scope of	drawal	effects	effects	portfolio
	1.1.2007			con-				31.12.2007
				solidated				
				com-				
				panies				
Receivables arising from direct insurance business								
Individual value allowance reserves	808	145	—	—	536	—	—	417
Global value allowance reserves	4 504	600	—	—	1 179	—	—	3 925
Accounts receivable for clearing transactions from reinsurance business								
Individual value allowance reserves	—	—	—	—	—	—	—	—
Global value allowance reserves	—	—	—	—	—	—	—	—
Other receivables								
Individual value allowance reserves	791	1 391	16	—	591	—	5	1 570
Global value allowance reserves	58	40	—	—	—	—	—	97

Value changes of the fiscal year in EUR thousand								
	Initial	Additions	Con-	Change in	With-	Currency	Discount	Final
	portfolio		sumption	scope of	drawal	effects	effects	portfolio
	1.1.2006			con-				31.12.2006
				solidated				
				com-				
				panies				
Receivables arising from direct insurance business								
Individual value allowance reserves	830	248	—	—	270	—	—	808
Global value allowance reserves	4 919	237	—	—	652	—	—	4 504
Accounts receivable for clearing transactions from reinsurance business								
Individual value allowance reserves	—	—	—	—	—	—	—	—
Global value allowance reserves	—	—	—	—	—	—	—	—
Other receivables								
Individual value allowance reserves	714	298	—	—	221	—	—	791
Global value allowance reserves	116	3	—	—	61	—	—	58

9. Accounts receivable for clearing transactions from reinsurance business

Accounts receivable for clearing transactions from reinsurance business are always processed within a fiscal year.

Accounts receivable for clearing transactions from reinsurance business	2007 in EUR thousand
Up to 3 months	9
3 months to 1 year	—
1 to 5 years	—
Over 5 years	—
Indefinite period	—
Total	9

10. Tax refund claims

The tax refund claims concern the deferred ongoing tax receivables and will foreseeably be realized to the amount of EUR 7.5 (0) million within twelve months.

11. Latent tax refund claims

Latent tax refund claims were posted in connection with the following items:

	2007 in EUR thousand	2006 in EUR thousand
Tax losses carried forward	2 327	498
Real estate held as financial investment	7 739	11 115
Other investments	31 571	18 660
Insurance reserves	365	249
Pension reserves	5 276	2 771
Long-term assets held for disposal	4 196	—
Other	—	370
Total	51 476	33 662

In the case of ARA PK, latent taxes amounting to EUR 882 (498) thousand on losses carried forward amounting to EUR 2 091 (822) thousand were recorded as assets.

On tax losses carried forward amounting to EUR 13 688 (15 536) thousand, no latent taxes were posted because, in the medium term, it cannot be assumed that they can be realized in the medium term.

In the case of latent tax refund claims amounting to EUR 7 299 (4 172) thousand as well as latent taxes on tax losses carried forward amounting to EUR 271 (0) thousand, it is assumed that they will be realized within twelve months.

Latent taxes which have no effect on success and relate to reserves for pension reserves existed on the balance sheet date to the amount of EUR 104 (287) thousand.

12. Other assets

Equipment

	2007 in EUR	2006 in EUR
	thousand	thousand
Gross book value 01.01	5 537	6 952
Accumulated depreciation 01.01	- 1 150	-
Balance sheet value 01.01	4 387	6 952
Change in scope of consolidated companies	-	-
Additions	394	234
Disposals	- 711	- 457
Scheduled depreciation	- 1 439	- 2 342
Extraordinary depreciation	-	-
Balance sheet value 31.12	2 631	4 387
Accumulated depreciation 31.12	2 590	1 150
Gross book value 31.12	5 221	5 537

Internally used real estate

	2007 in EUR	2006 in EUR
	thousand	thousand
Gross book value 01.01	47 250	47 250
Accumulated depreciation 01.01	- 1 303	-
Balance sheet value 01.01	45 947	47 250
Change in scope of consolidated companies	-	-
Additions	603	-
Disposals	- 8 700	-
Scheduled depreciation	- 1 208	- 1 303
Extraordinary depreciation	-	-
Reclassification	- 13 853	-
Balance sheet value 31.12	22 789	45 947
Accumulated depreciation 31.12	2 511	1 303
Gross book value 31.12	25 300	47 250

In the year under review, we re-estimated the residual period of use of our real estate portfolio. This led to an increase in scheduled depreciation. In the fiscal year, the increase amounted to EUR 0.4 million.

For fiscal 2008, we are expecting scheduled depreciation amounting to a level comparable with last year because we assume that the real-estate portfolio will only change insignificantly. For the following years, only a marginal change in the levels of depreciation is expected.

13. Long-term assets and disposal groups held for disposal

The amount posted for this item breaks down as follows:

	2007 in EUR	2006 in EUR
	thousand	thousand
Externally used (not used by companies in the group) buildings	32 532	286 455
Externally used land	8 233	98 863
Shares in associated companies	34 571	25 870
Total	75 336	411 188

Under „Shares in associated companies“, a participation in an associated company which is to be sold in the course of 2008 is included.

Under externally used buildings and land, 10 pieces of real estate originally held as an investment are posted and are also to be sold in fiscal 2008. These concern a building in Böblingen and nine pieces of real estate from the special assets of the CS-WV real-estate fund. The sale of real estate serves to optimise the asset portfolio in the WürttLeben Group.

14. Current deposits with credit institutions, cheques and cash

The fair value of the balance sheet item „Current deposits with credit institutions, cheques and cash“ amounts to EUR 386.5 (392.8) million and corresponds to the book value.

Explanatory Notes – Liabilities *

15. Equity

On 31.12.2007, the equity amounting to EUR 32.0 million was composed of 40 000 fully paid-up registered no-par-value shares without a nominal value and 12 137 920 fully paid-up registered no-par-value shares without a nominal value. This results in voting rights and dividend rights, the right to a share in the proceedings of liquidation and option rights. There are no preference rights or restrictions. The number of shares issued did not change in the course of the year.

Up to 31 July 2011, the Management Board is entitled to increase the subscribed capital by up to a total of EUR 16.0 million with the agreement of the Supervisory Board once or several times by issuing new no-par-value shares against payment.

It will be proposed to the Annual General Meeting that a dividend of EUR 1.65 (1.25) be paid out for each WürttLeben no-par-value share which is entitled to participate in profit, i.e. a total of EUR 20 093 568 (15 222 400).

16. Development of group equity

Development of equity in fiscal 2007

	Subscribed capital in EUR thousand	Capital reserve in EUR thousand	Profit reserves in EUR thousand	Revaluation reserve in EUR thousand
Equity 1.1.2007	32 000	58 166	55 298	27 479
Unrealized profits and losses on investments				- 16 022
Other changes				
Change in the scope of consolidated companies			207	
Result for the period				
Dividend pay-out			- 15 267	
Equity 31.12.2007	32 000	58 166	40 238	11 457

	Actuarial losses on performance- based pension schemes in EUR thousand	Consolidated profit for the year in EUR thousand	Sum in EUR thousand	Shares of other partners in the equity in EUR thousand	Total equity in EUR thousand
Equity 1.1.2007	- 446	-	172 497	4 866	177 363
Unrealized profits and losses on investments			- 16 022		- 16 022
Other changes	207		207	- 4 263	- 4 056
Change in the scope of consolidated companies			207		207
Result for the period		21 195	21 195	80	21 275
Dividend pay-out			- 15 267		- 15 267
Equity 31.12.2007	- 239	21 195	162 817	683	163 500

* See consolidated balance sheet and profit and loss account from page xx onwards

Development of equity in fiscal 2006

	Subscribed capital in EUR thousand	Capital reserve in EUR thousand	Profit reserves in EUR thousand	Revaluation reserve in EUR thousand
Equity 1.1.2006	32 000	58 166	46 116	31 405
Unrealized profits and losses on investments	—	—	—	– 3 926
Other changes	—	—	—	—
Change in the scope of consolidated companies	—	—	149	—
Result for the period	—	—	—	—
Dividend pay-out	—	—	– 12 231	—
Equity 31.12.2006	32 000	58 166	34 034	27 479

	Actuarial losses on performance- based pension schemes in EUR thousand	Consolidated profit for the year in EUR thousand	Sum in EUR thousand	Shares of other partners in the equity in EUR thousand	Total equity in EUR thousand
Equity 1.1.2006	– 424	—	167 263	9 984	177 247
Unrealized profits and losses on investments	—	—	– 3 926	—	– 3 926
Other changes	– 21	—	– 21	– 5 118	– 5 139
Change in the scope of consolidated companies	—	—	149	—	149
Result for the period	—	21 264	21 264	—	21 264
Dividend pay-out	—	—	– 12 231	—	– 12 231
Equity 31.12.2006	– 446	21 264	172 497	4 866	177 363

17. Revaluation reserve

	2007 in EUR thousand	2006 in EUR thousand
Investments evaluated according to the equity method	20 319	29 940
Financial instruments available for disposal at any time		
– Fixed interest	– 183 903	– 57 218
– Non-fixed interest	403 519	401 728
Long-term assets and disposal groups held for disposal	10 769	2 920
Total revaluation reserve (gross)	250 704	370 370
Less:		
– Reserve for latent bonus payments to clients	– 230 432	– 322 389
– Latent taxes	– 4 200	– 17 701
– Liabilities to minority shareholders of consolidated funds arising from results which have not been realized	– 4 615	– 2 801
Total	11 457	27 479

The revaluation reserve contains the non-realized profits and losses arising from the valuation of investments available for disposal and the investments evaluated according to the equity method after account has been taken of the latent reserve for bonus payments to clients and latent taxes.

In the fiscal year, – EUR 167.6 (- 49.6) million was recorded as equity due to the evaluation of the investments available for disposal at fair value and EUR 50.6 (61.8) million was withdrawn from the equity and transferred to the profit and loss account through profit and loss.

18. Subordinate liabilities

	Continued historical cost		Fair value	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand
Subordinate liabilities	133 429	133 379	128 224	132 147

The subordinate liabilities break down into the following periods:

Remaining period	2007 in EUR	2006 in EUR
	thousand	thousand
More than five years	133 429	133 379
Total	133 429	133 379

The subordinate liabilities existing on 31 December 2007 will be subject to the following interest rates until 2016:

Interest rate in %	Nominal value in EUR thousand
5.38	130 000

Insurance reserves and share of reinsurers in the insurance reserves (notes 19 to 24)

19. Unearned premiums

	2007 in EUR	2006 in EUR
	thousand	thousand
Gross	238 754	256 645
Share of reinsurers	20 058	19 498
Net	218 696	237 147

Development of unearned premiums

	Gross		Share of reinsurers	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand
As at 1.1	256 645	277 748	19 498	19 817
Change	- 17 891	- 21 103	560	- 319
As at 31.12	238 754	256 645	20 058	19 498

20. Aggregate reserve

	2007 in EUR	2006 in EUR
	thousand	thousand
Gross	23 276 873	22 744 103
Share of reinsurers	1 562 851	1 554 733
Net	21 714 022	21 189 370

Breakdown of the gross aggregate reserve according to insured risk

	2007 in EUR	2006 in EUR
	thousand	thousand
Mainly mortality risk	14 936 820	15 115 120
Mainly survival risk (annuity)	7 895 660	7 302 069
Mainly disability risk	444 393	326 914
Total	23 276 873	22 744 103

Breakdown of the gross aggregate reserve according to guaranteed interest

	2007 in EUR	2006 in EUR
	thousand	thousand
Guaranteed interest 2.25 %	155 200	—
Guaranteed interest 2.75 %	1 432 398	1 045 982
Guaranteed interest 3.0 %	2 960 792	3 137 044
Guaranteed interest 3.25 %	2 531 519	2 242 499
Guaranteed interest 3.5 %	9 803 982	10 105 964
Guaranteed interest 4.0 %	6 392 982	6 212 614
Total	23 276 873	22 744 103

Development of the aggregate reserve

	Gross		Share of reinsurers	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand
As at 1.1	22 744 103	22 216 019	1 554 733	1 541 320
Change	532 770	528 084	8 118	13 413
As at 31.12	23 276 873	22 744 103	1 562 851	1 554 733

Development of the balanced aggregate reserve

When insurance contracts are closed, receivables which are to be paid by policyholders but are not yet due are formed and are paid out of the first premiums. Only after this do we form aggregate reserves or insurance reserves in so far as the investment risk is borne by the policyholders.

The main influences on the change in the balance of aggregate reserves, insurance reserves in so far as the investment risk is borne by the policyholders as well as receivables from the policyholders which are not yet due are shown in the following table:

	Gross	
	2007 in EUR thousand	2006 in EUR thousand
Portfolio as at 1.1		
Aggregate reserve	22 744 103	22 216 019
Insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders	584 579	477 755
Receivables not yet due	- 83 359	- 103 844
	23 245 323	22 589 930
Transfer from premiums	1 972 928	2 052 690
Account interest	808 993	785 410
Benefit payments	- 2 018 514	- 2 063 016
Other	- 134 204	- 119 691
Final portfolio as at 31.12	23 874 527	23 245 323
Aggregate reserve	23 276 873	22 744 103
Insurance reserve in the area of life assurance in so far as the investment risk is borne by the policyholders	674 000	584 579
Receivables not yet due	- 76 347	- 83 359

21. Reserve for outstanding claims

	2007 in EUR thousand	2006 in EUR thousand
Gross	103 798	93 867
Share of reinsurers	8 204	9 015
Net	95 594	84 852

Development of the reserve for outstanding claims

	Gross		Share of reinsurers	
	2007 in EUR thousand	2006 in EUR thousand	2007 in EUR thousand	2006 in EUR thousand
As at 1.1	93 867	88 641	9 015	7 972
Change	9 931	5 226	- 811	1 043
As at 31.12	103 798	93 867	8 204	9 015

22. Reserve for bonus payments to clients

Development of the net reserve for bonus payments to clients

	2007 in EUR	2006 in EUR
	thousand	thousand
a) Reserve for bonus payments to clients (gross) in accordance with commercial law		
As at 1.1	1 991 593	1 889 352
Transfer	461 759	449 365
Withdrawals	- 336 423	-347 125
Including: – withdrawal with effect on liquidity	- 189 065	-167 036
– withdrawal with no effect on liquidity	- 147 356	-180 089
Change in the scope of consolidated companies		
As at 31.12	2 116 929	1 991 592
b) Reserve for latent bonus payments to clients (gross)		
As at 1.1	782 863	866 682
Change in latent RfB	- 250 680	-83 819
– Change due to revaluations with no effect on profit or loss	- 84 288	45 999
– Change due to revaluations through profit or loss	- 166 392	-129 818
Change in scope of consolidated companies	2 139	–
As at 31.12	534 322	782 863
Total	2 651 251	2 774 455

23. Other insurance reserves

	Gross		Share of reinsurers	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand
As at 1.1	2 061	2 113	–	–
Other changes	548	- 53	–	–
Change in group of consolidated companies	–	–	–	–
As at 31.12	2 609	2 061	–	–

24. Insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders

	2007 in EUR		2006 in EUR	
	thousand		thousand	
Gross	674 000		584 579	
Share of reinsurers	14 104		10 963	
Net	659 896		573 616	

	Gross		Share of reinsurers	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand
Insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders 1.1	584 579	477 755	10 963	8 595
Other changes	89 421	106 825	3 141	2 368
Insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders 31.12	674 000	584 580	14 104	10 963

25. Pension reserves

In the Group, there are employee schemes which are based on contributions and performance. In the case of the performance-based schemes, the employees receive direct pledges. These pledges are based on fixed-amount schemes or final-salary schemes. Contribution-based schemes are a form of private provision for old age through ARA Pensionskasse AG, the pension scheme of the Württembergische and direct insurance premiums. Contributions specified in advance

and depending on salary are paid to the respective provider. The beneficiary has a claim against the pension scheme or the insurance company. The obligation of the employer has been fulfilled when the contributions are paid. In the period under review, contributions amounting to EUR 2 474 (3 472) thousand were paid. For the performance-based schemes, the following assumptions regarding parameters are applicable:

	2007 in %	2006 in %
Guaranteed interest rate	5,25	4,50
Pension trend	2,00	1,75
Trend in respect of people entitled to a pension	3,00	2,50
Salary trend	3,00	2,50
Fluctuation probability	3,50	3,50
Inflation trend	2,00	1,75

The mortality tables 2005 of Prof. Klaus Heubeck were used as biometric assumptions.

The development of the cash value of pensions where there is a future pension entitlement and the development of the pension reserve shown below.

	Cash value of future pension entitlements 2007 in EUR thousand	Cash value of future pension entitlements 2006 in EUR thousand
As at 01.1	87 532	89 208
Pension expenses in the profit and loss account		
– Expenses for length of service	1 650	2 403
– Interest expenses	3 898	4 096
Actuarial profits (-) and losses (+) included in equity with no effect on income	- 18 640	- 258
Pension payments	- 2 155	- 2 067
Persons changing within the W&W Group	- 432	- 5 850
As at 31.12.	71 852	87 532

The cash value of future entitlements on 1 January and 31 December of each fiscal year corresponds to the balance sheet value of the pension reserve.

The development of the cash value of obligations to pay (cash value of entitlements), the fair value of the plan assets, the surplus/deficit of the plans and the respective experience-based adaptations have been as follows since 2004.

	2007	2006	2005	2004
Cash value of the obligation to pay (DBO) in EUR thousand	71 852	87 532	89 208	12 588
Fair value of the plan assets in EUR thousand	–	–	–	–
Surplus/deficit of the plans in EUR thousand	71 852	87 532	89 208	12 588
Experience-based adaptation of the cash value of the obligation to pay (DBO) in per cent	- 7.9	- 2.9	1.2	1.6
Experience-based adaptation of the fair value of the plan assets in per cent	–	–	–	–

26. Other reserves

The 'Other' reserves include reserves for other benefits due in the long term to employees amounting to EUR 11 959 (15 146) thousand as well as the other remaining reserves to the amount of EUR 38 538 (27 049) thousand. The reserves for other benefits due in the long term to employees are reserves for early retirement benefits/part-time retiree work amounting to EUR 9 147 (12 610) thousand as well as reserves for anniversary payments amounting to EUR 2 812 (2 536) thousand.

For the evaluation of other benefits due in the long term to employees, we used a rate of guaranteed interest corresponding to the shorter periods of the obligations (pledges for early retirement 4.5 per cent, part-time retiree contracts 4.5 per cent, anniversary payments 5 per cent).

The development of the other remaining reserves is shown in the following overview:

	31.12.2006	Additions	Withdrawal	Allocation	Interest-effect	31.12.2007
	in EUR	in EUR	in EUR	in EUR	in EUR	in EUR
	thousand	thousand	thousand	thousand	thousand	thousand
Commission	7 827	- 7 787	- 40	8 474	-	8 474
Holiday and time credits	2 263	- 1 280	-	1 417	-	2 400
Other	16 959	- 7 745	- 414	18 864	-	27 664
Total	27 049	- 16 812	- 454	28 755	-	38 538

The reserves referred to in the table above will foreseeably all be realized within one year.

27. Other liabilities

The remaining periods of the „Other accounts payable“ are as follows:

Remaining contractual period of liabilities	2007 in EUR	2006 in EUR
	thousand	thousand
Up to one year	719 725	856 735
From 1 to 5 years	150 364	168 132
From 5 to 10 years	118 907	112 063
From 10 to 15 years	56 211	55 669
From 15 to 20 years	30 517	30 015
Over 20 years	39 760	39 743
Unspecified number of years	1 597 981	1 588 017
	2 713 465	2 850 374

In the following table, the fair values of the liabilities are compared with their book values. For most of the liabilities, internal valuation models

with current market parameters were used due to the lack of market prices.

	Fair value		Book value	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand
Liabilities arising from direct insurance business	725 840	872 114	725 840	872 114
Clearing liabilities arising from reinsurance business	9 912	4 578	9 912	4 578
Retained deposits arising from ceded reinsurance business	1 597 981	1 588 017	1 597 981	1 588 017
Amounts payable to credit institutions	4 379	16 283	4 379	16 283
Tax debts	108 042	123 379	108 042	123 379
Other liabilities	267 311	246 003	267 311	246 003
Total	2 713 465	2 850 374	2 713 465	2 850 374

The other liabilities include, among other things, accounts payable arising from supplies and services amounting to EUR 29.0 (2.3) million as well

as liabilities in the area of personnel amounting to EUR 9.3 (12.4) million.

28. Trading liabilities

The category „trading liabilities“ contains derivatives amounting to EUR 25.6 (19.0) million. Out of this amount, EUR 6.2 (13.0) million is attributed to interest-related transactions, EUR

2.0 (0.4) million is attributed to currency-related transactions and EUR 17.4 (4.5) million is attributed to share/index transactions and EUR 0.0 (1.2) is attributed to other derivatives.

Breakdown of remaining period	Interest	Currency	Share/index	Other	Total
Trading assets and	transactions	transactions	transactions		
Trading assets and liabilities	Derivates	Derivates	Derivates	Derivates	Derivates
Nominal values in EUR thousand	2007	2007	2007	2007	2007
Up to 1 year	160 934	1 872 405	723 667	—	2 757 006
1 to 2 years	—	—	5 853	—	5 853
2 to 3 years	15 000	—	2 475	—	17 475
3 to 4 years	225 000	—	—	—	225 000
4 to 5 years	190 000	—	2 798	—	192 798
Over 5 years	365 000	—	1 190	—	366 190
Total	955 934	1 872 405	735 983	—	3 564 322

Breakdown of remaining period	Interest	Currency	Share/index	Other	Total
Trading assets and	transactions	transactions	transactions		
Trading liabilities	Derivates	Derivates	Derivates	Derivates	Derivates
Nominal values in EUR thousand	2006	2006	2006	2006	2007
Up to 1 year	145 116	796 655	471 021	120 000	1 532 792
1 to 2 years	35 790	—	—	—	35 790
2 to 3 years	15 339	—	—	—	15 339
3 to 4 years	15 000	—	—	—	15 000
4 to 5 years	15 000	—	—	—	15 000
Over 5 years	440 000	—	—	—	440 000
Total	666 245	796 655	471 021	120 000	2 053 921

Breakdown of remaining periods for trading liabilities	2007 in EUR	2006 in EUR
Fair value in EUR thousand	thousand	thousand
Up to 1 year	25 596	14 082
1 to 2 years	—	1 627
2 to 3 years	—	675
3 to 4 years	—	—
4 to 5 years	—	—
Over 5 years	—	2 655
Total	25 596	19 039

29. Derivates held for hedging purposes with a negative market value

The derivative financial instruments which were used for hedging purposes in the framework of hedge accounting are interest swaps.

Breakdown of remaining periods of derivatives held for hedging purposes with a negative market value		
Fair value in EUR thousand	2007	2006
Up to 1 year	1 471	3 594
1 to 2 years	927	—
Over 5 years	—	2 085
Total	2 398	5 679

The negative market values of the derivatives which are involved as a hedging instrument in a hedging relationship recognised according to the criteria of hedge accounting are as follows:

	2007 in EUR thousand	2006 in EUR thousand
Fair value hedges	2 398	5 679

From fair value hedges, the following profits and losses were achieved in respect of the hedging instruments and the hedged items:

	2007 in EUR thousand	2006 in EUR thousand
Result from hedging instruments	1 355	4 189
Result from hedged basic transactions	- 1 410	- 4 424

30. Tax debts

The tax debts concern current tax liabilities and will foreseeably be realised within twelve months to the amount of EUR 32.7 (49.3) million.

31. Latent tax debts

Latent tax debts were recorded in connection with the following items:

	Liabilities 2007 in EUR thousand	Liabilities 2006 in EUR thousand
Intangible assets	55 732	19
Real estate held as investment	45 265	1 829
Other investments	14 310	9 153
Insurance reserves	111	112 965
Other	—	1 762
Total	115 418	125 728

In the case of latent tax debts amounting to EUR 10 456 (6 229) thousand, it is assumed that they will be realised within twelve months.

Explanatory Notes – Profit and Loss Account

32. Premiums

	2007 in EUR	2006 in EUR
	thousand	thousand
Gross written premiums	2 328 747	2 410 571
Ceded reinsurance premiums	– 133 759	– 155 146
Net written premiums	2 194 988	2 255 425
Change in unearned premiums	18 452	20 785
– Gross	17 891	21 104
– Share of reinsurer	561	– 319
Net earned premiums	2 213 440	2 276 209

33. Result on investments

Result from:	2007 in EUR	2006 in EUR
	thousand	thousand
Real estate held as financial investment	65 014	104 789
Investments evaluated according to the equity method	– 18 374	3 303
Loans	650 497	641 069
Financial instruments which are available for disposal at any time		
– Fixed-interest	140 362	161 278
– Non-fixed interest	184 892	182 872
Financial assets valued at fair value through profit or loss		
– Trading portfolio	141 859	97 825
– Fair value option	17 467	60 786
Including: – Structured products	5 536	24 531
– Investments for the account and risk of life assurance policyholders	11 931	36 255
Result from hedging relationships	– 55	210
Retained deposits from assumed insurance business	8	8
Expenses for the management of investments	– 90 111	– 69 964
Total	1 091 559	1 182 176

The result on „real estate held as financial investment“ includes rent income amounting to EUR 82.5 (105.4) million. Operating costs and expenses for repairs and maintenance of land and buildings with which rental income has been achieved

were incurred to the amount of EUR 36.7 (32.6) million in the year under review and are posted under the item „expenditure for the management of investments“. This only concerns objects with which rental income was achieved.

The earnings and expenditure arising from investments are made up as follows:

	2007 in EUR	2006 in EUR
	thousand	thousand
Earnings on investments	1 818 955	1 688 417
– Rent income	82 514	105 384
– Interest income	878 458	837 938
– Dividend income	181 916	157 275
– Income from increases in value	88 248	141 151
Including: Investments for the account and risk of life assurance policyholders	33 673	51 971
– Profits from the disposal of investments	560 146	400 119
– Other earnings	27 673	46 549
Expenses for investments	- 727 396	- 506 241
– Current expenses	- 28 573	- 39 433
– Depreciation on investments	- 228 149	- 113 552
Including:		
Real estate held as financial investment	- 66 696	- 33 738
Investments evaluated according to the equity method	- 19 643	—
Loans	- 8 060	- 6 508
Financial instruments available for disposal at any time	- 68 687	- 28 832
Financial instruments classified at fair value through profit or loss	- 63 653	- 40 494
– Trading assets	- 10 386	- 8 145
– Fair value option	- 53 266	- 32 349
Including: – Structured products	- 19 920	- 7 061
– Investments for the account and risk of life assurance policyholders	- 33 346	- 25 289
Derivates held for hedging purposes	- 1 410	- 3 980
Retained deposits from assumed reinsurance business	—	—
– Losses from the disposal of investments	- 353 295	- 239 259
– Administration expenses, interest expenses, other expenses	- 117 380	- 113 998
Total	1 091 559	1 182 176

Result of disposal of financial instruments available for disposal at any time

	Result of disposal		Realized profits		Realized losses	
	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR	2007 in EUR	2006 in EUR
	thousand	thousand	thousand	thousand	thousand	thousand
Fixed-interest securities	-33 118	-3 648	13 384	14 908	-46 501	-18 556
Non-fixed interest securities	83 669	65 458	305 672	188 868	-222 003	-123 409
Total	50 551	61 810	319 055	203 776	-268 504	-141 966

The change in the revaluation reserve is shown in the following table:

	2007 in EUR	2006 in EUR
	thousand	thousand
Transfer to the revaluation reserve	- 167 596	- 49 601
Withdrawal from the revaluation reserve and transfer to the profit and loss account	50 551	61 810

34. Result on financial investments evaluated according to the equity method

The earnings from the companies evaluated according to the equity method amounted to EUR 1 269 (3 303) thousand. These were accompanied by expenses arising from companies evaluated according to the equity method amounting to EUR 19 643 (0) thousand.

35. Other earnings

Other earnings include exchange rate profits amounting to EUR 17.0 (14.7) million, other insurance earnings amounting to EUR 21.1 (26.1) million, other interest earnings amounting to EUR 16.6 (8.1) and earnings from services performed, amounting to EUR 24.8 (17.1) million.

36. Benefits paid to customers (net)

	2007 in EUR	2006 in EUR
	thousand	thousand
Gross		
Claims expenses		
– Payments for claims	2 202 622	2 238 571
– Change in the reserve for outstanding claims	9 931	5 226
Change in the other insurance reserves		
– Aggregate reserve	622 068	634 909
– Other	351	302
Expenses for bonus payments to clients	295 367	319 547
Total payments	3 130 340	3 198 554
Share of reinsurers		
Claims expenses		
– Payments for claims	146 824	162 383
– Change in the reserve for outstanding claims	– 492	1 043
Change in the other insurance reserves		
– Aggregate reserve	5 559	10 459
– Other	–	1
Expenses for bonus payments to clients	–	–
Total payments	151 891	173 887
Net		
Claims expenses		
– Payments for claims	2 055 797	2 076 188
– Change in the reserve for outstanding claims	10 424	4 182
Change in the other insurance reserves		
– Aggregate reserve	616 509	624 449
– Other	351	300
Expenses for bonus payments to clients	295 367	319 547
Total payments	2 978 449	3 024 667

37. Underwriting expenses (net)

	2007 in EUR	2006 in EUR
	thousand	thousand
Acquisition expenses	227 513	247 443
Administration expenses	71 169	76 575
Underwriting expenses (gross)	298 682	324 018
Earnings from commission arising from reinsurance business	– 21 391	– 22 537
Underwriting expenses (net)	277 291	301 481

In the period under review, EUR 2 474 (3 472) thousand was paid in the form of premiums for premium-based plans.

38. Financing expenses

This item mainly includes interest expenses arising from emitted subordinate capital.

39. Other expenses

Other expenses include exchange rate losses amounting to EUR 61.1 (67.8) million but mainly consist of expenses for services performed amounting to EUR 25.1 (18.2) million and

similar expenses amounting to EUR 16.6 (15.5) as well as other insurance expenses amounting to EUR 119.4 (137.7) million.

40. Tax income/expenses

	2007 in EUR	2006 in EUR
	thousand	thousand
Actual taxes for the year under review	- 18 372	- 73 843
Actual taxes from outside the period under review	- 2 322	14 319
Total actual taxes	- 20 694	- 59 524
Latent taxes due to occurrence or reversal of temporary differences	51 471	15 936
Latent taxes due to occurrence or use of losses carried forward	-	123
Total latent taxes	51 471	16 059
Taxes on earnings (total sum and latent taxes)	30 777	- 43 464
Other taxes	- 6 199	- 2 706
Tax earnings or tax expenses	24 578	- 46 170

The profit tax rate of 39.19 per cent which was selected as the basis for the transition statement is composed of 25 per cent corporate tax plus 5.5 per cent solidarity tax (for German reunification) and an average tax rate of 17.39 per cent for commercial tax.

In consideration of the business tax reform of 2008 which will lead to a reduction of the tax rates, the profit tax as of 1 January 2008 is 30.58 per cent, whereby commercial tax is no longer tax-deductible as it was before. This was already taken into account when the latent taxes on the assets side and liabilities side in 2007 were calculated.

Tax transition statement	2007 in EUR	2006 in EUR
	thousand	thousand
Result before profit taxes (after other taxes)	- 9 583	64 728
Derive taxes on earnings*	- 3 756	25 367
Tax rate differences	- 13 752	- 47
Tax effects arising from deviation of the assessment basis	- 5 656	21 756
Aperiodic effects	- 8 988	- 12 914
Other	1 374	9 302
Posted profit tax	- 30 778	43 464

* Uniform Group tax rate

Notes on risks arising from financial instruments and insurance contracts

41. Risk management

The WürttLeben Group has a comprehensive risk management apparatus. This concentrates on such risks which can endanger the continued existence of the companies or have a significant

influence on their assets, financial situation or earnings. The method of risk management adopted satisfies the requirements of KonTraG. Please refer to the comprehensive description of the risk management process in the report of the Management Board from page 20 onwards.

42. Market-price risks

Interest-change risks

The interest-change risk as a form of market-price risk describes the danger that a change in market interest rates will have adverse effects on the expected and/or planned results and/or assets and debts of the Group. The interest-change risk results from the market value risks of an investment in connection with the obligation to generate the guaranteed interest as well as the guaranteed surrender values for the policyholders.

If the interest rate remains at a low level, risks in terms of the result can occur for the Group because new investments and reinvestments are only possible at lower rates of interest but, at the same time, the obligation to pay the pledged guaranteed interest to the customer still has to be fulfilled.

In order to control the interest-change risk, financial derivatives are used within the Group, especially interest swaps, futures and forwards. In the risk management and controlling process, they are reflected as economic hedging transactions. If the preconditions for hedge accounting have been met for these economic hedging transactions, the hedging relationships are also shown in the annual accounts as such. In the Group,

fixed-interest receivables are hedged in order to protect against asset value losses (fair value hedge).

Interest-change risks are controlled actively in the Group on the level of individual transactions, whereby interest swaps and government-issued futures contracts and forwards are used for purposes of economic hedging.

The main purpose of using interest derivatives in the Group is to hedge against interest-change risks.

The effects of a possible increase or decrease in the interest level by 100 basis points (parallel shift of the interest structure curve) on the consolidated result and on the consolidated equity are shown in the following table. The effects are after latent tax and after adjustment of the latent reserve for bonus payments to clients. As a result of the latter, the effect of market-interest changes on the consolidated result and the revaluation reserve is relatively small. In the case of portfolios which are posted on the balance sheet in "Loans and receivables at continued historical costs", there is no interest-change risk relating to asset values in respect of the period under consideration. This does not apply to the basic transactions of a fair value hedging relationships because these are evaluated at fair value.

Net effect after latent tax and latent RfB in EUR thousand	Consolidated result		Revaluation reserve	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Interest-change risk				
+ 100 basis points ¹	- 2 814.8	- 1 196.4	- 11 557.3	- 15 581.2
- 100 basis points ²	3 265.4	1 250.5	12 576.7	17 430.9

¹ Effect of a change in interest of + 100 basis points on the net consolidated result/net equity

² Effect of a change in interest of - 100 basis points on the net consolidated result/net equity

Risks of a change in the price of equity instruments

The risk of a change in the price of equity instruments involves the danger that, due to movements on the market, the assets and therefore the result/equity can alter to the disadvantage of the company. It also involves a specific risk concerning issuer-related aspects. Within the Group, the risk of a change in the price of equity instruments primarily involves the share-price risk. The share-price risk is the risk that losses due to changes in price can result from open share items.

The risk of a change in the price of equity instruments is controlled by means of financial derivatives and, especially, share options. These are used to implement certain investment strategies in fund assets and also to achieve additional earnings.

The Group analyses the changes in value of the investment portfolio in relation to market fluctuations on the basis of simulations and stress scenarios.

The following overview shows what effects a 10 or 20 per cent increase or decrease in the market values of equity instruments would have had on the consolidated result or on the revaluation reserve. The effects are after tax and after adjustment of the latent reserve for bonus payments to clients. It becomes clear that the risks of a change in the price of equity instruments have a greater effect in terms of equity as they are primarily carried in the category "available for disposal at any time" and, therefore, their value changes affect the revaluation reserve in so far as there is no impairment.

Net effect after latent tax and latent RfB in EUR thousand	Consolidated result		Revaluation reserve	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Risk of a change in the price of equity instruments				
+ 10 %	- 1 961.2	- 1 311.7	17 090.3	18 966.5
- 10 %	576.8	77.4	- 16 258.9	- 18 531.9
+ 20 %	- 4 987.3	- 3 345.2	34 096.7	37 895.1
- 20 %	1 758.3	2 167.9	- 32 571.6	- 37 078.5

Currency risks

A currency risk is the danger that losses will be incurred due to a change in the currency exchange rates. The extent of this risk depends on the value of the open items and on the potential for change exhibited by the currency in question. Currency risks in the area of investments result from open net currency items and essentially exist in globally oriented investment funds. In the framework of continually reviewed exchange-rate expectations by the fund managers, currency risks are recorded and analysed systematically. If necessary, measures to reduce the risks are taken.

In the Group, forward currency exchange transactions are used to provide protection against foreign-currency risks.

The effects of an increase or decrease in the main currency exchange rates on the consolidated result and on the revaluation reserve are shown in the table below. The effects are after tax and after adjustment of the latent reserve for bonus payments to clients. The currency exchange-rate risk as shown is the result of items on the assets side and the liabilities side and only includes monetary assets, i.e. cash and entitlements in the form of amounts of money, as well as obligations that have to be settled with an amount of money that is fixed or can be determined. Currency exchange-rate risks arising from equity instruments (non-monetary assets) are not included.

Net effects in EUR thousand of changes in the currency exchange rate on		Consolidated result		Revaluation reserve	
		31.12.2007	31.12.2006	31.12.2007	31.12.2006
USD	+ 10 %	985.0	652.1	149.3	42.2
	- 10 %	- 985.0	- 652.1	- 149.3	- 42.2
GBP	+ 10 %	11.5	435.4	67.5	107.2
	- 10 %	- 11.5	- 435.4	- 67.5	- 107.2
YEN	+ 10 %	96.1	523.3	277.1	231.2
	- 10 %	- 96.1	- 523.3	- 277.1	- 231.2
DKK	+ 1 %	937.3	745.9	—	—
	- 1 %	- 937.3	- 745.9	—	—

The foreign-currency risk of a foreign currency item in Danish crowns as part of an investment strategy results from exchange-rate fluctuations that mainly have an impact on the profit and loss

account through profit and loss, whereby this currency fluctuates less than the euro. Forward exchange transactions are used to provide protection against foreign-currency risks.

43. Default risks

The default risk is a major risk which is typical of the industry and is assumed by the consolidated companies. The risk of a loss or lost profit due to the default of a party to a contract is designated as a default risk. The term 'default risk' covers the following basic types of risk:

Credit risk: The credit risk is the danger that a party to a contract will be unable to fulfil his obligations after receiving the liquid funds, securities or services provided for in the contract (e.g. risk of default of a debtor or a bond issuer; utilisation risk in the case of collateral provided).

Counterparty risk: The counterparty risk is the danger that a non-realised profit on pending transactions can no longer be collected due to default of a party to a contract (e.g. default of a swap counterparty in the case of a swap with a positive market value).

Country risk: A credit risk or counterparty risk which is not due to the individual situation of the party to the contract himself but arises due to his activity abroad. This risk can be caused by political crises or economic developments in this country which lead to transfer problems and therefore additional default risks.

Shareholder risk: The shareholder risk is the danger that asset losses will occur as a result of equity being made available to third parties.

Default risks are especially the result of investment activity and of direct-insurance and reinsurance business done by the insurance companies of the Group (receivables default risk).

In controlling the default risks, we comply equally with the legal requirements and the insurance supervisory law.

The Group monitors risks arising from default on receivables due from agents, brokers, insurance policyholders and reinsurers with the help of EDP-based checks of outstanding amounts.

For acute and latent default risks, adequate provision for risks is ensured and posted in the annual accounts. Receivables are checked individually as to whether they have retained their value. Impairment or the impossibility of collection is the case when the expectations regarding the future cash flow arising from a financial asset or a group of assets change, i.e. when it is to be assumed that the newly expected cash flow arising from the asset or the portfolio of assets is no longer the same as the originally expected cash flow.

For significant receivables (significant value of receivables and significant outstanding repayments of capital), specific value allowance reserves are formed. Specific value allowances reserves are used to cover acute default risks in the event that it is probable that not all the interest payments and repayments of capital can be made.

Objective signs of impairment are losses which have occurred and been detected. Such losses are regularly the result of financial difficulties experienced by the debtor or the latter's violation of a contract. Objective signs that indicate impairment of a financial asset or group of financial assets are as follows:

- Considerable financial difficulties experienced by the debtor
- Violations of clauses in a contract such as delay or failure to make interest payments and capital repayments
- Delay in payment of more than 90 days
- Deferment of payment obligations or failure to comply with them
- Initiation of coercive measures
- Imminent danger of insolvency or excessive debts
- Application for bankruptcy or initiation of bankruptcy proceedings
- Failed rehabilitation measures
- Disappearance of an active market for financial assets due to the financial difficulties of the debtor
- The existence of observable data which suggest that the recoverable amount of the expected future cash flow is decreasing without this reduction being attributable to a single financial instrument

In order to determine the value allowance reserves on a portfolio basis or to determine homogeneous portfolios with comparable risk features, reference is made to specific credit risk characteristics which are significant for the insolvency of the borrower during the period of the receivables. The branch industry, geographical locations and the delay status are used as indications of the credit risk. Within the Group, a distinction

is made between types of debtor (e.g. insurance representatives, policyholders, parties owing interest/rent). When the value allowance reserves are being determined, reference is made to historical default probabilities and also to current developments in the economic environment.

These reserves are reduced if the objective signs of impairment cease to exist, an unexpected repayment is made or the recoverable amount increases. The latter case can be contingent upon an increase in or earlier due date of the repayments.

We carry out depreciation on receivables if the assessment of the credit risk manager shows that receivables cannot be collected. Depreciation is always carried out on a receivable if all economically reasonable methods of collecting the debt have been unsuccessful. If the debtor is unable to fulfil his obligations due to his economic situation or if the proceeds obtainable from the sale of collateral which has been provided are not sufficient to settle the debt, depreciation is carried out.

Reinsurance contracts are engaged in with companies in the insurance market that are of excellent financial standing. The default risk in this case is greatly reduced.

In order to limit the risk of bonds, assessment of the creditworthiness of the respective issuer is of central importance. In addition to classification by international rating agencies, internal assessment is a primary selection criterion. The great majority of bonds have a rating of "A" or better (see "Breakdown of assets which are neither overdue nor impaired according to rating class", table on page 93). Moreover, many of the bonds in the portfolio continue to be protected by public guarantor liability and deposit protection systems or the guarantee fund prescribed by law.

The maximum credit risk associated with financial assets evaluated at fair value through profit and loss amounts to EUR 857 072 (774 815) thousand.

In the event of impairment of borrowed capital in the category of financial instruments "available for disposal at any time", depreciation through profit and loss is carried out if one of the following criteria is met:

- Considerable financial difficulties
- Violation of the contract (e.g. a failure to make interest payments or repayments of the capital or delay in doing so)
- Concessions to the debtor in connection with the financial difficulties
- Increased probability of bankruptcy proceedings
- Active market for financial assets disappears due to financial difficulties of the debtor
- Verifiable data which imply smaller cash flows in future (change in the paying habits of a group, adverse general economic conditions)

Given that the Group's business activities are mainly restricted to Germany, the country risk is classified as small. Foreign business is transacted in countries of the European Union or in countries with a stable political and economic environment.

On the balance sheet date, the following assets which are subject to a default risk are posted as well as the following assets which are subject to a default risk and which arise from direct-insurance and reinsurance contracts. Existing collateral which minimizes the credit risk is not taken into account in the following table.

31.12.2007 in EUR thousand	Value of assets which are neither overdue nor individually impaired	Value of assets which are , overdue and not individually impaired	Value of assets which are individually impaired	Value of existing portfolio value allowance reserves	Total (balance sheet value)
Investments					
Financial instruments/ retained deposits	21 082 748	93 257	18 921	- 2 545	21 192 381
Loans	16 912 918	93 257	18 921	- 2 545	17 022 551
Mortgage loans	2 375 744	93 257	18 921	- 2 545	2 485 377
Loans and advance payments on insurance policies	200 503	—	—	—	200 503
Other loans	14 336 671	—	—	—	14 336 671
Financial instruments available for disposal at any time	3 312 685	—	—	—	3 312 685
Fixed-interest securities	3 312 685	—	—	—	3 312 685
Financial instruments evaluated at fair value through profit and loss	857 073	—	—	—	857 073
Trading assets	72 940	—	—	—	72 940
Fair value option (excluding investments for the account and risk of life assurance policyholders)	784 133	—	—	—	784 133
Retained deposits arising from assumed reinsurance business	71	—	—	—	71
Share of reinsurers in the insurance reserves	1 605 218	—	—	—	1 605 218
Accounts receivable	372 047	—	936	- 4 022	368 961
Receivables from direct insurance business	143 423	—	792	- 3 925	140 290
– from policyholders	133 206	—	—	- 3 925	129 281
– from insurance brokers	10 217	—	792	—	11 009
Accounts receivable from clearing transactions arising from reinsurance business	9	—	—	—	9
Other receivables	228 615	—	144	- 97	228 662
Current deposits with credit institutions, cheques and cash	386 542	—	—	—	386 542
Total	23 446 554	93 257	19 857	- 6 567	23 553 101

31.12.2006 in EUR thousand	Value of assets which are neither overdue nor individually impaired	Value of assets which are , overdue and not individually impaired	Value of assets which are individually impaired	Value of existing portfolio value allowance reserves	Total (balance sheet value)
Investments					
Financial instruments/ retained deposits	20 798 940	99 349	25 346	—	20 923 635
Loans	16 209 310	99 349	25 346	—	16 334 005
Mortgage loans	2 522 009	99 349	25 346	—	2 646 704
Loans and advance payments on insurance policies	213 967	—	—	—	213 967
Other loans	13 473 334	—	—	—	13 473 334
Financial instruments available for disposal at any time	3 814 666	—	—	—	3 814 666
Fixed-interest securities	3 814 666	—	—	—	3 814 666
Financial instruments evaluated at fair value through profit and loss	774 815	—	—	—	774 815
Trading assets	31 569	—	—	—	31 569
Fair value option (excluding investments for the account and risk of life assurance policyholders)	743 246	—	—	—	743 246
Retained deposits arising from assumed reinsurance business	149	—	—	—	149
Share of reinsurers in the insurance reserves	1 594 209	—	—	—	1 594 209
Accounts receivable	311 914	—	1 626	– 4 562	308 978
Receivables from direct insurance business	145 000	—	1 134	– 4 504	141 630
– from policyholders	132 977	—	—	– 4 504	128 473
– from insurance brokers	12 023	—	1 134	—	13 157
Accounts receivable from clearing transactions arising from reinsurance business	2 266	—	—	—	2 266
Other receivables	164 648	—	492	– 58	165 082
Current deposits with credit institutions, cheques and cash	392 805	—	—	—	392 805
Total	23 097 868	99 349	26 972	– 4 562	23 219 627

The overdue but not individually impaired assets include not only overdue instalment payments but also the respective underlying overall receivable. Default risks that exist are also minimized by the acceptance of collateral, primarily in the area of real-estate financing.

The loans of the WürttLeben Group which are issued in the framework of building finance transactions are fully secured by means of land charges.

In addition, consolidated companies have engaged in business that have no effect on the balance sheet and that also entail credit risks. This includes irrevocable credit pledges made by consolidated companies to the amount of EUR 66.0 (71.9) million.

The following table shows a breakdown of the assets according to external rating classes, these assets being neither overdue nor impaired on the balance sheet date.

31.12.2007 in EUR thousand	Breakdown of assets according to external rating classes, these assets being neither overdue nor impaired on the balance sheet date							Total
	AAA	AA	A	BBB	BB	B or worse	Without rating	(balance sheet value)
Investments								
Financial instruments								
retained deposits	10 493 328	4 840 959	1 553 201	582 821	70 354	47 466	3 494 619	21 082 748
Loans	8 291 753	4 189 979	954 804	108 575	—	—	3 367 806	16 912 918
Mortgage loans	—	—	—	—	—	—	2 375 744	2 375 744
Loans and advance payments on insurance policies	—	—	—	—	—	—	200 503	200 503
Other loans	8 291 753	4 189 979	954 804	108 575	—	—	791 559	14 336 671
Financial instruments available for disposal at any time	2 153 510	208 862	432 243	358 739	49 921	47 466	61 945	3 312 685
Fixed-interest securities	2 153 510	208 862	432 243	358 739	49 921	47 466	61 945	3 312 685
Financial instruments evaluated at fair value through profit and loss	48 065	442 117	166 153	115 507	20 433	—	64 798	857 073
Retained deposits arising from assumed reinsurance business	—	—	—	—	—	—	71	71
Share of reinsurers in the insurance reserves	—	1 533 153	—	2 237	—	—	69 828	1 605 218
Accounts receivable	99 447	9	—	69 322	—	—	203 269	372 047
Receivables from direct insurance business	98 573	—	—	10 021	—	—	34 829	143 423
– from policyholders	98 573	—	—	10 021	—	—	24 612	133 206
– from insurance brokers	—	—	—	—	—	—	10 217	10 217
Accounts receivable from clearing transactions arising from reinsurance business	—	9	—	—	—	—	—	9
Other receivables	873	—	—	59 301	—	—	168 441	228 615
Current deposits with credit institutions, cheques and cash	972	142 316	124 965	117 880	—	—	409	386 542
Total	10 593 747	6 516 436	1 678 165	772 260	70 354	47 466	3 768 126	23 446 554

31.12.2006 in EUR thousand	Breakdown of assets according to external rating classes, these assets being neither overdue nor impaired on the balance sheet date							
	AAA	AA	A	BBB	BB	B or worse	Without rating	Total (balance sheet value)
Investments								
Financial instruments								
retained deposits	10 339 618	4 639 821	1 786 334	614 700	56 952	54 375	3 307 140	20 798 940
Loans	7 681 539	4 133 398	911 725	258 555	8 128	—	3 215 966	16 209 310
Mortgage loans	—	—	—	—	—	—	2 522 009	2 522 009
Loans and advance payments on insurance policies	—	—	—	—	—	—	213 967	213 967
Other loans	7 681 539	4 133 398	911 725	258 555	8 128	—	479 989	13 473 334
Financial instruments available for disposal at any time	2 526 927	284 504	548 003	288 194	46 058	54 375	66 604	3 814 666
Fixed-interest securities	2 526 927	284 504	548 003	288 194	46 058	54 375	66 604	3 814 666
Financial instruments evaluated at fair value through profit and loss	131 152	221 919	326 606	67 952	2 766	—	24 421	774 815
Retained deposits arising from assumed reinsurance business	—	—	—	—	—	—	149	149
Share of reinsurers in the insurance reserves	—	1 591 889	—	2 320	—	—	—	1 594 209
Accounts receivable	76 840	2 266	—	10 021	7 943	—	214 843	311 914
Receivables from direct insurance business	76 840	2 266	—	10 021	7 943	—	50 195	145 000
– from policyholders	98 573	—	—	10 021	7 943	—	38 173	132 977
– from insurance brokers	—	—	—	—	—	—	12 023	12 023
Accounts receivable from clearing transactions arising from reinsurance business	—	2 266	—	—	—	—	—	2 266
Other receivables	—	—	—	—	—	—	164 648	164 648
Current deposits with credit institutions, cheques and cash	19 662	243 556	107 206	13 449	—	—	8 932	392 805
Total	10 416 458	6 233 977	1 786 334	628 093	64 895	54 375	3 913 736	23 097 868

On the balance sheet date, financial assets with a balance sheet value of EUR 93.3 (99.3) million were overdue in the Group but were not

individually impaired. The details of overdue assets in terms of times are shown in the following table.

31.12.2007 in EUR thousand	Maturity structure of assets being neither overdue nor impaired					
	on the balance sheet date					
	Up to	Between	Between	Between	More than	Balance
	1 months	1 and 2	2 and 3	3 months	1 year	sheet value
	overdue	months	months	and 1 year	overdue	
		overdue	overdue	overdue		
Investments						
Financial instruments	28 999	13 257	7 668	28 182	15 151	93 257
Loans	28 999	13 257	7 668	28 182	15 151	93 257
Mortgage loans	28 999	13 257	7 668	28 182	15 151	93 257
Total	28 999	13 257	7 668	28 182	15 151	93 257

31.12.2006 in EUR thousand	Maturity structure of assets being neither overdue nor impaired					
	on the balance sheet date					
	Up to	Between	Between	Between	More than	Balance
	1 months	1 and 2	2 and 3	3 months	1 year	sheet value
	overdue	months	months	and 1 year	overdue	
		overdue	overdue	overdue		
Investments						
Financial instruments	17 807	13 971	13 296	26 130	28 145	99 349
Loans	17 807	13 971	13 296	26 130	28 145	99 349
Mortgage loans	17 807	13 971	13 296	26 130	28 145	99 349
Total	17 807	13 971	13 296	26 130	28 145	99 349

The overdue, not individually impaired receivables resulting from building loans are fully secured by means of land charges.

On the balance sheet date, there were also individually impaired assets with a balance sheet value of EUR 19.9 (27.0) million. The gross values of the corresponding assets, direct depreciation carried out up to the balance

sheet date, individual value allowance reserves formed up to the balance sheet date and the balance sheet values of the corresponding assets are shown in the overview below.

31.12.2007 in EUR thousand	Individually impaired assets			
	Gross value	Direct depreciation	Individual value allowance reserve	Balance sheet value
Investments				
Financial instruments	33 764	- 276	- 14 567	18 921
Loans	33 764	- 276	- 14 567	18 921
Mortgage loans	33 764	- 276	- 14 567	18 921
Accounts receivable	1 472	—	- 536	936
Receivables arising from direct insurance business	1 209	—	- 417	792
– from insurance brokers	1 209	—	- 417	792
Other receivables	263	—	- 119	144
Total	35 236	- 276	- 15 103	19 857

31.12.2006 in EUR thousand	Individually impaired assets			
	Gross value	Direct depreciation	Individual value allowance reserve	Balance sheet value
Investments				
Financial instruments	40 539	- 175	- 15 018	25 346
Loans	40 539	- 175	- 15 018	25 346
Mortgage loans	40 539	- 175	- 15 018	25 346
Accounts receivable	3 226	—	- 1599	1 626
Receivables arising from direct insurance business	1 942	—	- 808	1 134
– from insurance brokers	1 942	—	- 808	1 134
Other receivables	1 284	—	- 791	492
Total	43 765	- 175	16 617	26 972

Most of the individually impaired assets are attributable to housing loans, the majority of which are secured by means of land charges.

44. Insurance risks

Notes on insurance risks

a) Portrayal of the insurance portfolio

In the WürttLeben Group, life assurance business is engaged in with endowment assurance, term assurance, annuity assurance and permanent health insurance. The life assurance contracts essentially consist of long-term policies with a discretionary level of profit participation. Unit-linked life and annuity assurance policies are lodged congruently with the fund shares attributable to the life assurance policies.

The Group does not engage in active reinsurance business.

b) Portrayal of the risks resulting from existing insurance contracts and portrayal of the risk management system

It is characteristic of life assurance that the obligations entered into are long-term obligations. The guaranteed benefits are calculated with correspondingly cautious assumptions. In the course of time, however, the underlying factors involved in calculation can change substantially with the result that significant payment flows diverge from their expected value.

Risks arising from life assurance business essentially consist of the mortality risk and other biometric risks as well as the interest risk and the cost risk.

The biometric variables used for calculation such as mortality, life expectancy or probabilities of disability are subject to short-term risks of fluctuation and error as well as long-term change trends. We monitor these risks continually by means of actuarial analyses and checks. For product development, we take these changes into account by means of corresponding actuarial models.

The assessment of the longevity risk is especially important for the aggregate reserve in annuity assurance. In addition to monitoring its own results, the company relies on knowledge, reports and guidelines of the DAV in order to stabilise its information basis. Due to the still insufficiently weakened trend in the improvement of mortality, WürttLeben has further increased the safety margins for the longevity risk in the aggregate reserve. Future gains in knowledge in respect of mortality development or the safety-margin increase recommended by the DAV can lead to further transfers to the aggregate reserve. The methods of calculation are regarded as appropriate both by the supervisory authority and the DAV. In internal reports to the supervisory authority, figures are checked against the actual results. Small changes in the assumptions which the calculation is based on and which have been made regarding biometry, interest and costs are absorbed by the safety margins adopted in the process of calculation.

If there is any change in the expectations regarding risks, costs and/or interest, the effect on the result is considerably reduced by adaptation of the policyholders' future participation in profit.

The risks are limited by means of suitable passive reinsurance contracts engaged in with first-class reinsurance companies.

c) Notes on concentrations of insurance risks

Concentrations of insurance risks in life assurance result from regional risk concentrations as well as from individual insurance contracts if the insured risks are correspondingly high.

The Group counters the problem of regional risk concentrations by selling its insurance products throughout the whole of Germany. Risk concentration arising from individual insurance contracts (cluster risk) is reduced by means of passive reinsurance contracts with first-class reinsurers.

Other risk concentrations result from the respective insured risks, the mortality risk, the longevity risk and the disability risk. In order to illustrate the existing risk concentration, the following table shows the aggregate reserve broken down in terms of the insured risk.

Aggregate reserves in life assurance according to risk in EUR	31.12.2007		31.12.2006	
	Gross	Net	Gross	Net
Mainly mortality risk	14 936 820	13 789 543	15 115 120	13 981 711
Mainly survival risk	7 895 660	7 539 139	7 302 069	6 933 657
Mainly disability risk	444 393	385 340	326 914	274 002
Total	23 276 873	21 714 022	22 744 103	21 189 370

In the area of life assurance, there are no risk concentrations (cluster risks) arising from individual insurance contracts either on a gross or net basis. This is shown in the following table, in which the gross aggregate reserve is broken down according

to the sums assured (12 times the yearly annuity in the case of annuity assurance) of the underlying insurance contracts. The risk concentration is, again, considerably reduced by means of reinsurance.

Aggregate reserves of the underlying insurance policies according to sums assured in EUR	31.12.2007		31.12.2006	
	Gross		Gross	
Sums assured < EUR 0.5 million	22 723 992	97.62%	22 203 527	97.62%
Sums assured EUR 0.5 million to EUR 1 million	267 181	1.15%	261 271	1.15%
Sums assured EUR 1 million to EUR 5 million	216 482	0.93%	212 059	0.93%
Sums assured EUR 5 million to EUR 15 million	16 860	0.07%	16 166	0.07%
Sums assured EUR 15 million to EUR 50 million	52 358	0.23%	51 081	0.23%
Sums assured > EUR 50 million	—	—	—	—
Total	23 276 873	100.00%	22 744 103	100.00%

The contracts with sums assured of between EUR 15 and 50 million are endowment life assurance policies which involves payment of a single premium. The mortality risk of single-premium insurance policies is in any case low and is reduced even further by means of appropriate reinsurance.

d) Underwriting risks

Sensitivity analysis

In life assurance, the guaranteed benefits are calculated with large safety margins in order to do justice to the long-term nature of the insurance. Discretionary profit participation is used as a method of passing on safety margins which are not needed to the customer. Short-term fluctua-

tions are compensated for by reducing or increasing the transfer to the reserve for bonus payments to clients which is intended for future profit participation. In the case of long-term changes, the profit participation is also adapted accordingly.

Biometric risk

In the case of life assurance policies (endowment and term assurance), an increase in mortality reduces the result whereas, in the case of annuity assurance, the result is increased. The expected mortality rates are clearly taken into account by the existing safety margins. A change only has marginal effects in the gross result according to the previously described mechanism if these effects are not absorbed by a change in the transfer to the reserve for bonus payments to clients. The

passive reinsurance which is engaged in further reduces this effect. In the area of permanent health insurance, the probability of disability is subject to social and economic developments as well as medical and legal changes. The safety margins included in the calculation are also clearly present here. The expected disability will therefore produce a positive result. A realistically assumed change in the probability of disability does not lead to more than marginal effects on the business result, either gross or net.

Cancellation risk

Increased cancellations by customers can lead to greater losses of liquidity than expected. Changes in the cancellation rate in the past, however, have not been subject to any severe fluctuation and, therefore, only slight changes are to be classified as realistic. These effects are insignificant in terms of the result, both gross and net. Negative effects on the result occur in the first few years after the contract has been signed if claims against the policyholder which are not yet due and which can no longer be realised after cancellation are posted. Cancellations are dealt with by the formation of an appropriate value allowance reserve. The formation of value allowance reserves is based on cautious assumptions, based on the experience of the preceding years.

In the case of a surrender in later years, charges for cancellation have a positive effect on the business result because the reserves at least include the surrender value so that pay-out is countered by withdrawal from the reserve.

Unit-linked types of insurance are congruently covered with the corresponding funds and additionally made guarantee pledges have also been taken into account in the aggregate reserve. An increase or reduction in the cancellation rate does not lead to any significant effects on the result.

e) Risks arising from options and guarantees included in insurance contracts

Unit-linked life and annuity assurance: guaranteed minimum benefits

In the case of unit-linked annuity assurance, the investment risk is borne by the policyholders. There is no market risk because all contracts are covered congruently. The products are designed in such a way as to ensure that parts of the premium are reserved for the guaranteed minimum benefits.

Annuity assurance: right to choose pay-out of the capital sum

Exercising the right to choose pay-out of the capital sum is always influenced by individual factors relating to the policyholder because insurance components are always concerned.

Life assurance: option of converting to an annuity

Conversion of the capital sum to an annuity is carried out at the tariffs applicable to new contracts. This option is neutral in respect of the result and the balance sheet.

Surrender and premium-release option

In the cases of all contracts with a surrender option, the aggregate reserve on the balance sheet is at least as high as the surrender value. Probabilities of cancellation are not taken into account. Release from premium payments with reduced guaranteed benefits is the same as a partial surrender and this therefore taken into account on the balance sheet analogously.

Dynamic premium option

The option of increasing the insurance benefits by paying a higher premium without a renewed check of the risk is calculated with a fixed rate of guaranteed interest but, as previous experience shows, the decision of the policyholder is influenced more by the insurance character of the contract or by the expectation of higher interest due to profit participation. The interest risk arising from this option is insignificant.

45. Liquidity risks

The liquidity risk is the danger that a company will not be able to obtain the financial funds needed to fulfil the obligations it has assumed. Liquidity risks can also arise if an asset cannot be disposed of at its fair value in good time at short notice or if the acquisition of liquid funds is more expensive than anticipated.

Liquidity risks are therefore composed of the risk of insolvency and the market liquidity risk.

Companies in the Group are subject to specific requirements specified by the law and the supervisory authority in order to ensure that present or future obligations to pay can be fulfilled at any time. The companies in the Group satisfied these requirements at all times.

In order to ensure that payment obligations can be fulfilled, cash-flow statements and detailed liquidity plans are drawn up on the level of the individual company. These provide an overview of the expected incoming and outgoing cash flows. Sensitivity calculations are used to analyse the effects of and the possibilities of covering special reactions on the part of the capital market or customer reactions and the associated risks are countered by means of emergency plans.

Known or foreseeable liquidity risks are reported immediately to the Group risk management team.

The future gross pay-outs resulting from the financial instruments in the portfolio on the balance sheet date are shown in the following tables.

2007 in EUR thousand	Up to 3 months	3 months to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Contractually agreed payment flows							
Subordinate liabilities			34 938	157 950			
Liabilities to credit institutes	4 379						
Other liabilities	267 311						
Trading liabilities	14 549	11 047					
Derivates with a negative market value held for hedging purposes		1 471	927				
Total	286 239	12 518	35 865	157 950			
Foreseeable due payments of the amounts recorded on the balance sheet							
Liabilities arising from direct							
insurance business	270 591	62 490	150 364	118 907	56 211	30 517	39 760
Accounts payable	9 912						
Insurance reserves							
Aggregate reserve	487 054	1 796 091	6 991 199	5 990 435	3 350 580	1 822 376	2 839 138
Reserve for outstanding claims	56 913	46 885					
Other insurance reserves	1 236	1 373					
Insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders	10 284	25 285	111 588	132 045	90 088	59 382	245 328
Total	835 990	1 932 124	7 253 151	6 241 387	3 496 879	1 912 275	3 124 226

2006 in EUR thousand	Up to 3 months	3 months to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Contractually agreed payment flows							
Subordinate liabilities			34 938	164 938			
Liabilities to credit institutes	16 283						
Other liabilities	246 003						
Trading liabilities		14 083	2 301	2 655			
Derivates with a negative market value held for hedging purposes		3 594		2 085			
Total	262 286	17 677	37 239	169 678			
Foreseeable due payments of the amounts recorded on the balance sheet							
Liabilities arising from direct insurance business	399 913	66 579	168 132	112 063	55 669	30 015	39 743
Accounts payable	4 578						
Insurance reserves							
Aggregate reserve	475 854	1 668 295	6 848 646	5 828 239	3 330 491	1 838 708	2 753 870
Reserve for outstanding claims	51 465	42 402					
Other insurance reserves	1 264	797					
Insurance reserves in the area of life assurance in so far as the investment risk is borne by the policyholders	8 114	23 803	99 249	112 487	87 010	51 012	202 904
Total	941 188	1 801 876	7 116 027	6 052 789	3 473 170	1 919 735	2 996 517

Capital Management

The WürttLeben Group is integrated in the capital management apparatus of our parent company, W&W AG. As the holding company, W&W AG controls the equity of the companies belonging to the WürttLeben Group. W&W AG also collects dividends and carries out equity measures such as capital increases and decreases or issues loans to the consolidated companies.

The main aim of capital management is to efficiently allocate the IFRS equity and gain interest yield on this equity. In order to ensure this in the W&W Group, RoE targets are set for the Group and the major subsidiaries. These targets are calculated on the basis of the respective IFRS equity.

On 31 December 2007, the IFRS equity of the WürttLeben Group amounted to EUR 163.5 (177.4) million. The changes in the individual components of the equity are shown in note number 16.

Other objectives of equity control are to ensure risk-bearing capacity on the basis of internal risk-bearing capacity models of the Group and to meet the minimum regulatory equity requirements arising from the regulations of the VAG (Insurance Supervisory Law), among other things.

Another requirement in respect of equity is that the individual subsidiaries have sufficient equity to enable a minimum financial-strength rating

of "A". Within the framework of efficient equity control, subordinate capital is also used to meet the supervisory law's requirements regarding solvability.

46. Solvability according to the insurance supervisory law

The insurance companies are subject to supervision by BaFin in accordance with VAG on the level of the individual companies. This supervision entails requirements in respect of the equity of these companies.

It is ensured that all supervised subsidiaries have at least the equity they need to meet the regulatory requirements. In this respect, equity and subordinate capital form the basis for capital management in accordance with the standards of the supervisory law. The composition of the subordinate capital is described in note number 18. The changes in the individual equity components are described in note number 16.

In fiscal 2007, all the companies of the WürttLeben Group which are subject to supervision fulfilled all the minimum capital requirements of the supervisory law.

The following table shows the key equity figures of the consolidated companies in accordance with the supervisory law:

	Existing equity in		Solvability requirement in		Ratio	
	accordance with VAG		accordance with VAG			
	in EUR	in EUR	in EUR	in EUR	in %	in %
	thousand	thousand	thousand	thousand	2007	2006
	2007	2006	2007	2006		
Württembergische						
Lebensversicherung AG	1 840.2	1 715.5	971.7	955.2	189	180
ARA Pensionskasse AG	24.6	22.5	7.5	5.3	329	422
Karlsruher Lebensversicherung AG	33.9	29.9	22.5	20.6	150	145

47. Risk-bearing capacity models

In order to obtain a quantitative assessment of the overall risk profile by adding together the risks observed on the company level, a Group-wide risk-bearing capacity system, oriented to cash value, has been developed. Now that this system has been validated, we are continually optimising and expanding it. The significant risks are aggregated to form an overall value and compared with the financial funds available for risk coverage.

The model enables a quantitative assessment of all significant risks and thus forms the overall risk profile. The management is informed at any early stage of any need for action in matters of risk control and are provided with details of measures to compensate for the risks or reduce them. The model supplies the basis for the definition of risk limits and thus serves the goal of risk-oriented corporate controlling.

Profit targets

For fiscal 2007, an RoE goal of 10.6 per cent (after taxes) was set for WürttLeben as an individual company. This goal was clearly surpassed with an RoE of 13.6 per cent.

By means of projections during the year and comparisons of the plans with the actual situation, it is ensured that deviations on the way to the RoE target are detected and that corresponding control measures can be initiated.

Other informations

48. Supplementary notes on the effect of financial instruments in the profit and loss account and in the equity

The net profits and losses per category of financial instrument are shown in the table below and are composed as follows:

- Interest income and expenses as well as commission earnings and expenses are not included in the net profits and losses. Dividends are also not posted in the net profits.

- The net profits include profits on disposals, increases in value through profit and loss, retrospective earnings on depreciated financial instruments, and currency profits arising from the evaluation of foreign capital instruments on the balance sheet date.
- Net losses include losses on disposals, impairments through profit and loss, and currency losses arising from the evaluation of foreign capital instruments on the balance sheet date.

	2007 in EUR thousand	2006 in EUR thousand
Financial instruments evaluated at fair value through profit and loss		
Trading assets and liabilities		
Net profits	230 590	183 320
Net losses	84 257	78 274
Financial assets and liabilities designated as evaluated at fair value		
Net profits	55 333	78 674
Net losses	62 634	36 291
Financial investments available for disposal		
Net profits	325 843	216 823
Net losses	391 025	158 950
Accounts receivable		
Net profits	4 204	39 465
Net losses	16 342	23 209
Accounts payable		
Net profits	—	—
Net losses	—	—

The financial investments available for disposal resulted in the following influences on the equity and the profit and loss account in the period un-

der review before adaptation of the latent reserve for bonus payments to clients and latent taxes.

	2007 in EUR thousand	2006 in EUR thousand
Unrealised profits and losses	- 167 596	- 49 601
Earnings or expenses rebooked from equity to the profit and loss account	50 551	61 810

As a supplement to the explanations concerning the profit and loss account, the yield on the categories of financial instruments that are not

evaluated at fair value through profit and loss are shown below.

	2007 in EUR thousand	2006 in EUR thousand
Yield on financial investments available for disposal	173 864	303 424
Yield arising from receivables	653 013	622 601
Yield on financial instruments not evaluated at fair value through profit and loss	826 877	926 025
Interest expenses arising from liabilities	470	275
Interest expenses arising from subordinate capital	7 038	6 065
Interest expenses of the financial instruments not evaluated at fair value through profit and loss	7 508	6 340

49. Information on relationships with closely related companies and persons

W&W AG, Stuttgart, holds 72.0 per cent of our equity. W&W AG, in turn, is in a relationship of dependence with Wüstenrot Holding AG. Wüstenrot Holding holds the majority of shares in W&W AG.

In accordance with § 312 AktG has drawn up a report on relationships with affiliated companies (dependency report) and concluded the report as follows:

„According to the conditions known to us during the time when legal transactions took place as indicated in the report on relationships with affiliated companies, our company received an adequate return on each such transaction. Measures at the request of or in the interest of the controlling companies or the companies affiliated with them were neither taken nor refrained from.“

Business transactions with related companies and persons are always conducted at the terms and conditions normal on the market.

Legal transactions with closely related companies and persons

W&W AG

Various transfer-of-services agreements exist between WürttLeben and W&W AG. Within the framework of these agreements the companies perform certain administrative services for each other.

In addition, W&W AG has taken out reinsurance with WürttLeben in order to cover performance-based pension pledges in the framework of salary conversions. Moreover, there is a passive reinsurance contract (insurance surplus on a risk basis) between WürttLeben and W&W AG. In addition, the W&W AG has assumed the entire debt liability arising from WürttLeben's pledges regarding provision for old age by way of debtor accession.

With effect as of 1 April 2007, all the shares of the company in W&W Asset Management GmbH, Stuttgart, (16.04 per cent) were sold to W&W AG at a price of EUR 16.0 million.

Sister companies

Between WürttLeben and various subsidiaries of W&W AG (sister companies of WürttLeben), there are various transfer-of-services agreements. Within the framework of these agreements, subsidiaries of W&W AG perform certain administrative services for WürttLeben (e.g. in the area of investment management). In addition, Bausparkasse Wüstenrot AG acts as a mediator for the sale of WürttLeben insurance products.

Associated companies

The dividend payments of the associated companies are posted under the transactions with associated companies.

Closely related persons

Closely related persons have entered into insurance contracts with the companies of the Group. The insurance contracts are based on standard terms for employees.

Non-consolidated subsidiaries of WürttLeben

Between WürttLeben and various non-consolidated subsidiaries of the WürttLeben Group, there are various transfer-of-services agreements.

Within the framework of these service agreements, the non-consolidated subsidiaries of the WürttLeben Group perform various administrative services for the WürttLeben Group.

Receivables, liabilities, income and expenses arising from transactions with closely related companies and persons are as follows:

	2007 in EUR thousand	2006 in EUR thousand
Receivables from		
W&W AG	60 437	13 092
Affiliated companies apart from W&W AG	279 166	147 386
Associated companies	—	—
Liabilities to		
W&W AG	5 225	5 676
Affiliated companies apart from W&W AG	74 128	14 265
Associated companies	—	—
Income from transactions with		
W&W AG	15 757	1 108
Affiliated companies apart from W&W AG	64 222	76 878
Associated companies	1 269	5 399
Closely related persons	108	101
Expenses arising from transactions with		
W&W AG	2 892	2 522
Affiliated companies apart from W&W AG	241 377	192 964
Associated companies	19 643	49

50. Report on emoluments

Emoluments of the Management Board

The system of remuneration for the Management Board consists of a fixed salary component (fixed salary plus fixed fee) and a success-based component in the form of a variable bonus which is determined yearly by the Supervisory Board, starting in 2007.

The success-based component for fiscal 2006 which was paid out in 2007 was determined for the last time by a discretionary decision of the Supervisory Board after the annual accounts had been completed. Option rights or share-based rewards were not granted.

As additional benefits, the members of the boards receive a company car in accordance with the W&W Group's guideline on company cars, as well as collective personal-accident insurance, luggage insurance, and insurance which is in the form of an additional contribution to the pension scheme plus flat-rate tax and which is usual according to the rules for Württembergische employees, in so far as they are voluntary members of the pension scheme.

Within the framework of re-organisation of the pension system in the entire W&W Group in August 2006, there was a changeover from the pure performance-based pension pledge to a contribution-based pledge as of November 2006 for all new board members. The pension pledge is linked to a reinsurance scheme. The contribu-

tion amounts to 23 per cent of the fixed salary. Bridging payments after withdrawal from the boards are not envisaged. For all board members already in office, the pension pledge remains as it was before. The new pension system only applies to Dr. Jochen Kriegmeier.

The service-time expenses to be paid for the pledges to members of the Management Board amount to TEUR 121 (113) thousand. No service-time expenses which had to be allocated retrospectively were incurred. These payments are long-term payments after cessation of the work relationship. For Dr. Kriegmeier, a non-

recurring deposit was also paid into the reinsurance scheme. The share attributable to the Group amounts to EUR 1 thousand. The pension is paid out on the 65th birthday, from the 61st birthday onwards in the case of premature retirement, or, in the case of disability or non-extension of the contract of service, beyond the actual time in office without the member of the Management Board having to give a reason.

Other payments in the event of cessation of work were not pledged. There are no payments that have been pledged or made to a member of the Management Board by a third party in respect of his work or in the fiscal year.

Individual emoluments for members of the Management Board

2007	Fixed salary	Success-based emoluments	Success-based emoluments	Other ²	Total	Pledged pension ³ (final entitlement)
Active members of the Management Board	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand
Dr. Michael Gutjahr	45	11	16	3	75	17
Peter Köhler ¹	58	34	41	5	138	17
Dr. Jochen Kriegmeier	6	—	—	—	6	3
Ruth Martin	192	48	84	15	339	45
Dr. Wolfgang Oehler	181	45	79	9	314	85
Rainer Schlegel	103	26	—	6	135	39
					1 007	206

¹ Until 30 December 2007

² Supplementary remunerations, including monetary benefit from the provision of company cars, payments in kind, insurance, payments into the pension fund

³ As per 31 December 2007, on reaching the age limit p.a.

The level of the remunerations paid by the company to the members of the Management Board varies because the individual members of the Management Board also work in very different functions for other companies and are paid by them proportionately to the work done by the members. The share borne by the Group is 21.8 per cent in the case of Dr. Michael Gutjahr, 38.2 per cent in the case of Peter Köhler, 4.1 per cent in the case of Dr. Jochen Kriegmeier, 94.1 per cent in the case of Ruth Martin, 65.7 per cent in the case of Dr. Wolfgang Oehler, and 51.7 per cent in the case of Rainer Schlegel.

The guaranteed remunerations shown in the table and the success-based emoluments for fiscal 2006 were paid out in 2007. In the case of Peter Köhler, the amounts already paid out for fiscal 2007 on his withdrawal from the board have been included in the guaranteed remunerations and the success-based emoluments. For the guaranteed remunerations of fiscal 2007 as well as the success-based parts of payment which are paid in 2008, the company has formed reserves of EUR 353 thousand.

The exact amount will not be confirmed by the Supervisory Board until the degree to which the targets have been reached is known and is therefore not shown in the table. On the basis of this method of assessment, the total emoluments of the Management Board for fiscal 2007 amount to EUR 976 (1 198) thousand.

Apart from this, the company has not awarded or paid any other remunerations which have not been paid out but converted into claims of another kind, remunerations used to increase other claims or other remunerations which have not yet been indicated in any annual report.

The remunerations to the persons named above are remunerations that are due at short notice.

Peter Köhler received payments from the company on his withdrawal from the Group to the amount of EUR 191 thousand. In 2008, we will receive a further settlement payment, of which EUR 115 thousand will also be paid by the company.

In the previous year, payments on termination of the work relationship were paid and amounted to EUR 688 thousand.

Loans have been made to the members of the Management Board to the amount of EUR 245 (336) thousand in total at the usual terms for employees. The interest rates amounts 5 per cent. Repayment is cancelled out against the transfer of life assurance. Liability relationships in favour of these persons were not entered into.

The total emoluments of former members of the Management Board amounted to EUR 1 849 (460) thousand in the fiscal year. There are no other charges on the company due to payments to former members of the Management Board, Supervisory Board and their surviving dependants in the form of settlements, pensions, payments for surviving dependants or payments of any other kind.

For the pension obligations to former members of the Management Board and their surviving

dependants, EUR 17 465 (4 169) thousand was reserved. The increase in these obligations arises from the inclusion of the former boards of the Karlsruher as organs of the parent company.

Emoluments of the Supervisory Board

Emoluments for the Supervisory Board are always paid in the form of a fixed remuneration with increased amounts for the Chairman, Deputy Chairman and board activities. The boards are of the opinion that Supervisory Board work, especially in the case of a life assurance company, is characterized by the supervisory function of the board and that, therefore, a success-based component would not be appropriate. The members of the company's Supervisory Board receive a fixed remuneration of 8 thousand euros payable at the end of the fiscal year.

The outlay and the value added tax on the remunerations for the Supervisory Board are additionally paid to the members of the Supervisory Board. No other outlay was incurred. The emoluments shown in the table below are net remunerations without the legally applicable value added tax. Altogether, the total emoluments for the Supervisory Board for fiscal 2007 amounted to EUR 72 (69) thousand.

In accordance with the articles of association, the emoluments of the Supervisory Board break down as follows: The fixed remuneration for the Chairman amounts to twice the amount specified by the Annual General Meeting whereas that of the Deputy Chairman is one and a half times the amount specified. For members of the Supervisory Board who belong to one or several boards, the fixed remuneration increased by half of the fixed amount. The Chairman of the board receives twice the basic remuneration and the Deputy receives one and a half times the basic remuneration. Members of the Supervisory Board who have belong to the Supervisory Board only during part of a fiscal year receive an amount proportionate to their length of duty. Option rights or other share-based remunerations were not paid to the Supervisory Board.

The company did not grant any remunerations or other advantages to members of the Supervisory Board for personally performed services such as consulting or mediation services.

The members of the Supervisory Board Dr. Alexander Erdland, Dr. Bernhard Schareck, Dr. Edmund Schwake and Dr. Jan Martin Wicke waived their right to remuneration from the company.

Individual emoluments of the Supervisory Board

2007	Basic remuneration net (without VAT)	Remuneration for board activities net (without VAT)	Total net (without VAT)
Members of the Supervisory Board	in EUR thousand	in EUR thousand	in EUR thousand
Prof. Dr. Peter Albrecht	8	4	12
Rolf Henrich	8	—	8
Christian Hörtkorn	8	—	8
Michael Horn	8	4	12
Willy Köhler	8	—	8
Dr. Wolfgang Müller	8	—	8
Wolfgang Prade	8	—	8
Peter Ulrich	8	1	9
Frank Weber	8	—	8
Total	72	9	81

Total emoluments of the Management Board and the Supervisory Board

The total emoluments of the Management Board and the Supervisory Board in the fiscal year amounted to EUR 1 391 (2 174) thousand. Of this amount, EUR 1 079 (1 373) thousand is accounted for by payments due in the short term,

EUR 121 (113) thousand by payments due in the long term and EUR 191 (688) thousand by payments arising from cessation of the work relationship.

51. Number of employees

Average number of employees in the year	2007	2006
Office staff	1 111	1 525
Salaried salespersons	169	545
Blue-collar employees	60	61
Total	1 340	2 131

The figures in the table relate to the average number of employees in the WürttLeben Group in the year. The fall in the number of employees was due to the fact that, in the course of 2007, many of the employees of Karlsruher Lebensversicherung received contracts of work with WürttVers, the sister company of WürttLeben.

They are therefore no longer included in the calculation of the average number of employees in the year but are still active on behalf of the Group as employees of WürttVers in the framework of the transfer-of-services contract. At the end of the year, a total of 1 279 (1 873) people were employed by WürttLeben.

52. Personnel expenses

The underwriting expenses, the claims expenses (for claims settlement), the result on investments

and the other expenses include the following expenses for personnel:

	2007 in EUR	2006 in EUR
	thousand	thousand
Wages and salaries	68 418	117 724
Social payments and expenditure for support	10 749	18 008
Expenditure for old age provision	8 407	9 347
Total	87 574	145 079

53. Scheduled depreciation

In the year under review, expenses amounting to EUR 53.8 (45.8) million were incurred for scheduled depreciation.

54. Liability relationships and other financial obligations

In accordance with §§ 124 ff. VAG, several consolidated companies are members of the security fund for life assurance companies. On the basis of the security-fund financing directive (life), the security fund collects annual contributions up to the level of 0.2 per mille of the total of the net insurance reserves until security assets of 1 per mille of the total net insurance reserves are built up in addition to the obligation to pay an annual contribution. As a result of this membership, the future obligations of the company to pay amount to EUR 10 799 thousand.

The security fund can also collect special contributions amounting to a further 1 per mille of the total net insurance reserves. This corresponds to an obligation amounting to EUR 26 122 thousand.

In addition, the company has undertaken to provide monies to the security fund or, alternatively, to Protektor Lebensversicherungs-AG if the amounts in the security fund are not sufficient when reparations have to be made. This obligation amounts to 1 per cent of the total net insurance reserves plus the payments already made to the security fund at this time. If the above-named obligations to pay arising from the payments to the security fund are included, the total obligation on the balance-sheet date amounts to EUR 245 897 thousand.

WürttLeben also bears subsidiary liability for the pension obligations of the "Pensionskasse der Württembergischen VVaG" (pension scheme of VVaG") in so far as they were entered into for the employees of WürttLeben.

55. Assets transferred as security

Three debentures with a balance sheet value of EUR 9.7 (12.1) million were pledged as security against the insolvency of the monies reserved in association with part-time retiree work in accordance with §8a of the law on part-time retiree work.

In respect of the Group's life assurance companies, the insurance reserves and the liabilities to policyholders arising from direct insurance business with a balance sheet value of EUR 26 937.5 (26 705.4) million are also covered by the assets (financial instruments and real estate) assigned to the security fund. The assets assigned to the security assets are primarily available for satisfying the claims of insurance policyholders.

56. Waiver of recourse and declaration of indemnity

In accordance with the waiver of recourse and declaration of indemnity, the company waives its right of recourse against a representative if a claim is made due to incorrect advice given by the representative in connection with the sale of an insurance product offered by the company or in connection with subsequent consultation unless gross negligence is involved or the claim is covered by liability insurance. With regard to the representative's own liability relating to the sale of insurance or financial-service products of an

insurance company of the W&W Group, a cooperating partner of one of these insurance companies or in the course of further consultation for one of these companies or cooperating partners, the representative is also indemnified by the company in the case of mistakes made in the advice that given to a customer. The minimum sum assured is limited to EUR 200 thousand for each claim and a total of EUR 300 thousand per year. In the case of claims in connection with mistakes made in the provision of advice during the sale of insurance, it is limited to EUR 1 000 thousand per claim or EUR 1 500 thousand per year.

57. Companies included in the consolidated accounts

The parent company of the group is Württembergische Lebensversicherung AG.

The following is a list of the companies included in the annual accounts.

Consolidated affiliated companies

	Share in capital (in %) ¹
Allgemeine Rentenanstalt Pensionskasse AG, Stuttgart	100.00
Berlin Leipziger Platz Grundbesitz GmbH, Berlin	100.00
Karlsruher Lebensversicherung AG, Karlsruhe (ehemalige Karlsruher HK AG Lebensversicherung für Beamte und Angestellte der öffentlichen Verwaltung)	82.30
LP1 Beteiligungs-GmbH Co KG, Stuttgart	100.00

¹ Share in capital = Directly and indirectly held share, including indirect share of external companies

Consolidated special purpose vehicles

	Share in capital (in %) ¹
AROS-Universal-Fonds I, Frankfurt/Main	100.00
BWInvest 54, Stuttgart	100.00
BWInvest 94, Stuttgart	100.00
BWI-WAKAM, Stuttgart	100.00
BWK-Fonds 15, Stuttgart	100.00
BWK-Fonds 69, Stuttgart	100.00
BWK-Fonds 97, Stuttgart	90.06
BWI KF 1, Stuttgart	100.00
BWI Südinvest 160, Stuttgart	100.00
Credit Suisse-CS-WV Immofonds, Frankfurt/Main	99.73
DEVIF-Fonds Nr. 13, Frankfurt/Main	100.00
DEVIF-Fonds Nr. 130, Frankfurt/Main	100.00
TRIO-Universal-Fonds, Frankfurt/Main	100.00
UIN-Fonds Nr. 600, Frankfurt/Main	100.00
W&W Global Strategies Asset-Backed Securities Fund, Dublin	84.50
W&W Global Strategies Euro Corporate Bond Fund, Dublin	98.50
W&W Global Strategies South East Asia Equity Fund, Dublin	99.65
W&W International Europa Aktien Premium II Fonds, Luxemburg	96.74
W&W International Global Convertible Fonds, Luxemburg	91.47
W&W International US Aktien Premium Fonds, Luxemburg	95.18
WSV-Universal-Fonds, Frankfurt/Main	100.00

¹ Share in the capital = Directly and indirectly held shares, including indirect shares of other companies

Associated companies evaluated according to the equity method

	Share in capital (in %) ¹
BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart	17.50
Tertianum – Besitzgesellschaft Berlin Passauer Straße 5-7 mbH, Munich	25.00
Tertianum – Besitzgesellschaft München Jahnstraße 45 mbH, Munich	33.33
Tertianum – Besitzgesellschaft Konstanz Marktstätte 2-6 und Sigismundstraße 5-9 mbH, Munich	25.00
VV Immobilien GmbH & Co. US City KG, Munich	23.10

¹ Share in capital = Directly and indirectly held shares, including indirect shares of external companies

58. List of shareholdings

The information has been electronically stored in a special list in the electronic gazette (Bundesanzeiger) in accordance with § 313 Para. 4 HGB.

59. Result per share

The number of shares did not change compared to the preceding year. There are no exercised options or option rights that have not yet been exercised. For this reason, the diluted result per share corresponds to the undiluted result per share. Possible diluting effects may occur in the future as a result of capital increases from the approved capital. Because the number of issued shares remained unchanged over the year, the unweighted number of 12 177 920 (12 177 920) shares are used for the calculation.

The result per share for 12 177 920 (12 177 920) shares from business to be continued and a result from business to be continued amounting to EUR 21 195 139 (21 860 331) and attributable to the WürttLeben shareholders is EUR 1.74 (1.80) in the fiscal year.

The result per share arising from relinquished areas of business amounts to EUR 0 (– 0.05) in the fiscal year for 12 177 920 (12 177 920) shares and a result on relinquished areas of business amounting to EUR 0 (– 596 611), attributable to the WürttLeben shareholders.

60. Fee of the auditor for the annual accounts

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Stuttgart, was engaged to audit the consolidated annual accounts. For the services provided by this company, the expenses amounted to EUR 1 025 (1 005) thousand. Of this amount, EUR 1 025 (1 004) is accounted for by auditing services while EUR 0 (1) thousand is accounted for by other endorsement and evaluation services.

61. Events after the balance-sheet date

The financial markets in 2008 have so far been marked by a high degree of volatility with falling share prices and yields as a result of the US sub-prime crisis. This has impacted on the value of our investments.

Assurance of the Legal Representatives

To the best of our knowledge, we assure that, in accordance with the applicable principles of proper accounting, the annual accounts give a true and fair view of the assets, financial position and earnings of the Company and that, in the Report of the Management Board, the development of business, including the business results and the situation of the company, are portrayed in such a way that a factually and fair view is provided and that the important opportunities and risks of foreseeable development of the Company in the fiscal year are described.

Stuttgart, den 18 March 2008

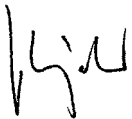
The Management Board



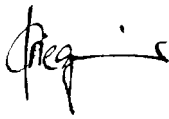
Dr. Wolfgang Oehler



Dr. Wolfram Gerdes



Dr. Michael Gutjahr



Dr. Jochen Kriegmeier



Ruth Martin



Rainer Schlegel

Auditors' Opinion

We have audited the consolidated financial statements prepared by the Württembergische Lebensversicherung Aktiengesellschaft, Stuttgart, comprising the balance sheet, the income statement, statement of recognised income and expense, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2007. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315 a Abs. (paragraph) 1 HGB („Handelsgesetzbuch“: German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

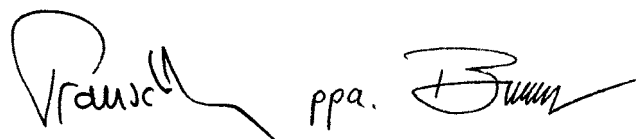
We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations. In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315 a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Stuttgart, 20 March 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Frank Trauschke
German Public
Auditor

ppa. Joerg Brunner
German Public
Auditor

* Voluntary translation. It should be noted that only the German auditor's report, which is based on the audit of the German version of the company's consolidated financial statements, is authoritative.

Mandates

Membership in supervisory boards formed as a legal requirement and also in comparable supervisory bodies in Germany and abroad

- a) = Group mandates in domestic supervisory boards set-up as a legal requirement
- b) = Third-party mandates in supervisory boards set up as a legal requirement
- c) = Mandates in comparable supervisory bodies

Members of the Supervisory Board of Württembergische Lebensversicherung AG

Dr. Alexander Erdland
(Chairman)

Chairman of the Management Board
Wüstenrot & Württembergische AG, Stuttgart

- a) Württembergische Versicherung AG, Stuttgart, Chairman
Wüstenrot Bank AG Pfandbriefbank, Ludwigsburg, Chairman
Wüstenrot Bausparkasse AG, Ludwigsburg, Chairman
- c) Wüstenrot hypoteční banka a.s., Prague, Chairman
Wüstenrot – stavební spořitelna a.s., Prague, Chairman
Wüstenrot, životní pojišťovna a.s., Prague, Chairman
Wüstenrot Verwaltungs- und Dienstleistungen GmbH, Salzburg
Wüstenrot Wohnungswirtschaft reg. Gen. m.b.H., Salzburg

Dr. Jan Martin Wicke
(from 30 August 2007, deputy chairman of the Management Board from 25 September 2007)

Member of the Management Board of
Wüstenrot & Württembergische AG, Stuttgart

- a) Württembergische Versicherung AG, Stuttgart
Wüstenrot Bank AG Pfandbriefbank, Ludwigsburg
Wüstenrot Bausparkasse AG, Ludwigsburg
- b) V-Bank AG, München, chairman
- c) W&W Asset Management GmbH, Stuttgart, Chairman

Dr. Edmund Schwake
(Deputy Chairman until 30 June 2007)

Member of the Management Board of
Wüstenrot & Württembergische AG, Stuttgart
(until 30 June 2007)

Prof. Dr. Peter Albrecht

Professor for general business studies, risk theory, portfolio management and insurance at the university of Mannheim

- b) KarstadtQuelle Lebensversicherung AG, Fürth
KarstadtQuelle Versicherung AG, Fürth
KarstadtQuelle Krankenversicherung AG, Fürth

Rolf Henrich*

Managing Executive
Chairman of the overall employees' committee of the Württembergische life assurance companies, Stuttgart

- a) Wüstenrot & Württembergische AG, Stuttgart
- b) Pensionskasse der Württembergischen VVaG, Stuttgart

Christian Hörtkorn

Managing partner of
Dr. Friedrich E. Hörtkorn GmbH, Heilbronn

Michael Horn

Deputy chairman of the Management Board of
Landesbank Baden-Württemberg, Stuttgart

- a) LRP Landesbank Rheinland-Pfalz, Mainz
- b) Grieshaber Logistik AG, Weingarten
Hymer AG, Bad Waldsee
SV Sparkassen-Versicherung Holding AG,
Stuttgart
- c) MKB Mittelrheinische Bank GmbH, Coblenz
MMV Leasing GmbH, Coblenz
LRI Landesbank Rheinland-Pfalz
International S.A., Luxembourg
Bankhaus Ellwanger & Geiger KG, Stuttgart
Burk GmbH & Co. KG, Ravensburg
Elektro Stotz GmbH & Co. KG, Ravensburg
LBS Landesbausparkasse Baden-Württemberg,
Stuttgart/Karlsruhe
Siedlungswerk gemeinnützige Gesellschaft für
Wohnungs- und Städtebau, Stuttgart
Vorarlberger Landes- und
Hypothekbank AG, Bregenz
Deka (Swiss) Privatbank AG, Zürich

Willy Köhler

Chairman of the management board of
Volksbank Rhein-Neckar eG, Mannheim

- b) DZ Bank AG Deutsche Zentral-
Genossenschaftsbank, Frankfurt am Main
DZ Verwaltungs-AG, Karlsruhe, Chairman
Pensionskasse der badischen
Genossenschaftsorganisation VVaG, Karlsruhe

Dr. Wolfgang Müller

Chairman of the Management Board
of BBBank eG in Karlsruhe

- b) Karlsruher Lebensversicherung AG, Karlsruhe
Union Asset Management Holding AG,
Frankfurt am Main

Wolfgang Prade*

Managing Executive
Württembergische Lebensversicherung AG,
Stuttgart

Dr. Bernhard Schareck

President of Gesamtverband der Deutschen
Versicherungswirtschaft e.V. (GDV), Berlin

- b) Karlsruher Lebensversicherung AG, Karlsruhe,
Chairman
Badische Staatsbrauerei Rothaus AG,
Rothaus/Schwarzwald

Peter Ulrich*

Managing Executive
Württembergische Lebensversicherung AG,
Stuttgart

- a) Württembergische Versicherung AG, Stuttgart

Frank Weber*

Chairman of the employees' committee of the
Württembergische insurance companies in
Stuttgart Location: Karlsruhe

- a) Wüstenrot & Württembergische AG, Stuttgart

* employees' representative

Members of the Management Board
of Württembergische
Lebensversicherung AG

Dr. Wolfgang Oehler (Chairman)

Auditing
Bank sales
Main district offices
Sales: exclusivity
Sales: development
Sales: basic principles and controlling
Sales: coordination of partners
Sales: service

- a) Allgemeine Rentenanstalt Pensionskasse AG,
Stuttgart, Chairman
Württembergische Krankenversicherung AG,
Stuttgart, Chairman
- b) Pensionssicherungsverein auf Gegenseitigkeit,
Cologne
Pensionskasse der Württembergischen VVaG,
Stuttgart, Chairman
- c) BWK GmbH Unternehmensbeteiligungs-
gesellschaft, Stuttgart
BWI Baden-Württembergische Investment-
gesellschaft mbH, Stuttgart
W&W Asset Management GmbH, Stuttgart
Wüstenrot – stavební spořitelna a.s., Prague
Wüstenrot, životní pojišťovna a.s., Prague

Dr. Wolfram Gerdes
(Member of the Management Board from 1
January 2008)

Financial controlling
Mortgages
Real estate

- c) BWK GmbH Unternehmensbeteiligungs-
gesellschaft, Stuttgart

Dr. Michael Gutjahr (work director)

Controlling
Building management
Personnel development
Personnel management
Accounting
Service Center
Central services
Central collection of accounts

- c) Antares Holding Ltd., Bermuda
Antares Reinsurance Ltd., Bermuda

Peter Köhler
(Member of the Management Board
until 30 September 2007)

Dr. Jochen Kriegmeier

Ruth Martin (actuary)

Life assurance actuarial office/
risk management
Life assurance corporate clients
Life assurance mathematics/products
Life assurance private customers
Life assurance underwriting

- a) Allgemeine Rentenanstalt Rensionskasse AG,
Stuttgart
- b) Pensionskasse der Württembergischen VVaG,
Stuttgart

Rainer Schlegel

Project coordination/project office Württ
Company organisation
Central tasks WL

- a) W&W Informatik GmbH, Ludwigsburg

Abbreviations

AktG	Share law
ALM	Asset liability management
AltEinK	Law on income in old age
Altmark	Altmark Versicherungsmakler GmbH
ARA PK	Allgemeine Rentenanstalt Pensionskasse AG
BaFin	Federal office for financial services supervision
BGH	German supreme court
BSW	Wüstenrot Bausparkasse AG
BWK-U	BWK GmbH Unternehmensbeteiligungsgesellschaft
D&O	Directors and offices (insurance)
DAV	German association of actuaries
DAX	German share index
DPR	German auditing office for the presentation of accounts
DP	Data processing
ECB	European Central Bank
ECOfit	Promotion program of the state of Baden-Württemberg in the area of corporate environmental protection
EEC	European Economic Community
ELEKTRA	ELEKTRA Beteiligungs-AG
ELEKTRA KÖ43	ELEKTRA KÖ43 GmbH
EMAS	Eco management and audit scheme
f.o.a.	for own account
GDV	Umbrella association of the German insurance industry
HGB	Commercial law
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IT	Information technology
IT GmbH	W&W Informatik GmbH
KHK	Karlsruher HG AG, Lebensversicherung für Beamte und Angestellte der öffentliche Verwaltung
KLV	Karlsruher Lebensversicherung AG
KV	Karlsruher Versicherung AG
KonTraG	Law on corporate monitoring and transparency
Makler Vertriebsservice GmbH	Württembergische Vertriebsservice GmbH für Makler und freie Vermittler
QIS	Quantitative Impact Study
RechVersV	Directive on the presentation of accounts of insurance companies
RfB	Reserve for bonus payments to clients
TÜV	Technischer Überwachungsverein (German technical supervisory authority)
VAG	Insurance supervisory law
VVG	Law on insurance contracts
WH	Wüstenrot Holding AG
WürttFeuer	WürttFeuer Beteiligungs-GmbH
WürttLeben	Württembergische Lebensversicherung AG
WürttVers	Württembergische Versicherung AG
W&W AG	Wüstenrot & Württembergische AG
W&W AM	W&W Asset Management GmbH

Financial Calendar

Press conference dates

Annual press conference

Wüstenrot & Württembergische AG Thursday 28 February 2008

Financial reports

Interim report as at 31 March	Thursday, 15 May 2008
Interim report as at 30 June	Friday, 15 August 2008
Interim report as at 30 September	Friday, 14 November 2008
Annual report 2007	Monday, 31 March 2008
Annual report 2008	Tuesday, 31 March 2009

Annual General Meetings

Württembergische Lebensversicherung AG	Wednesday, 28 May 2008
Wüstenrot & Württembergische AG	Friday, 13 June 2008

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