THE ART OF SUSTAINABLE GROWTH.

GROUP ANNUAL REPORT 2009
VIENNA INSURANCE GROUP

VIENNA INSURANCE GROUP

HIGHLIGHTS 2009

FUTURE-ORIENTED ACTIVITIES OF THE VIENNA INSURANCE GROUP

- **V.I.G. is the leader in its core markets:**
  Number 1 overall and in the non-life segment in the CEE region

- **V.I.G. is continuing to strengthen its strategic position:**
  Cooperative cross-border distribution allows even better customer service

- **Future-oriented action programme:**
  Costs already reduced by EUR 60 million out of a potential of EUR 100 million – focus on material costs and extensive process improvements

- **Reorganisation of Group structure planned:**
  Group holding company to receive the name Vienna Insurance Group AG Wiener Versicherung Gruppe*

- **Group management:**
  Dr. Peter Hagen becomes Deputy General Manager; Dr. Martin Simhandl confirmed as CFO

STABILITY DURING DIFFICULT TIMES

- **Profit before taxes of EUR 441.25 million in 2009:**
  Outstanding 2007 result exceeded

- **Premium volume:**
  V.I.G. exceeds 8 billion mark for the first time: EUR 8,019.28 million (+1.5%)

- **Combined Ratio:**
  At 96.3%, the Group's combined ratio is again significantly below 100%

- **Dividend of EUR 0.90 planned:**
  Dividend policy ensures continued attractive distributions – 2009 dividend payout ratio: 31.7%

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

VIENNA INSURANCE GROUP KEY FIGURES

		2005	2006	2007	2008	2009
Income statement						
Premiums written	**EUR mn**	**5,007.84**	**5,881.51**	**6,911.93**	**7,898.87**	**8,019.28**
Property/Casualty	EUR mn	2,563.32	3,067.15	3,671.17	4,278.85	4,206.75
Life	EUR mn	2,156.43	2,516.46	2,934.16	3,305.73	3,491.17
Health	EUR mn	288.09	297.90	306.60	314.28	321.36
Premiums written	EUR mn	**5,007.84**	**5,881.51**	**6,911.93**	**7,898.87**	**8,019.28**
Austria	EUR mn	3,170.97	3,434.73	3,695.37	3,755.72	3,874.15
Czech Republic	EUR mn	891.51	1,048.00	1,130.47	1,419.72	1,603.29
Slovakia	EUR mn	330.94	387.68	494.52	605.60	628.38
Poland	EUR mn	74.07	335.06	543.14	795.14	548.26
Romania	EUR mn	136.17	236.89	413.49	608.22	606.66
Other CEE markets	EUR mn	127.04	198.37	383.77	496.35	546.56
Other markets	EUR mn	277.14	240.78	251.17	218.11	211.98
Result from investments	**EUR mn**	**605.43**	**716.45**	**1,002.64**	**918.14**	**929.12**
Profit before taxes	**EUR mn**	**240.34**	**320.97**	**437.30**	**540.80**	**441.25**
Property/Casualty	EUR mn	145.47	175.69	265.07	414.23	238.86
Life	EUR mn	73.41	132.47	157.20	102.40	177.77
Health	EUR mn	21.45	12.81	15.03	24.17	24.62
Profit before taxes	**EUR mn**	**240.34**	**320.97**	**437.30**	**540.80**	**441.25**
Austria	EUR mn	144.52	209.06	286.80	344.33	247.49
Czech Republic	EUR mn	60.09	59.12	73.81	107.45	122.91
Slovakia	EUR mn	24.98	27.66	30.30	4.99	23.01
Poland	EUR mn	1.50	7.73	18.78	26.11	27.42
Romania	EUR mn	0.54	2.75	4.56	57.46	24.19
Other CEE markets	EUR mn	1.16	2.83	10.25	–14.41	–23.75
Other markets	EUR mn	7.54	11.82	12.80	14.87	19.98
Profit of the period after taxes and minority interests	**EUR mn**	**196.98**	**260.90**	**312.62**	**408.53**	**340.49**
Balance sheet						
Investments	**EUR mn**	**16,924.74**	**19,600.95**	**23,237.37**	**28,149.97**	**30,522.50**
Shareholders' equity	**EUR mn**	**2,059.33**	**2,283.21**	**2,615.56**	**4,138.79**	**4,628.57**
Underwriting provisions	**EUR mn**	**14,816.16**	**16,867.28**	**20,040.65**	**25,029.14**	**26,954.42**
Total assets	**EUR mn**	**19,441.45**	**22,483.45**	**26,745.07**	**33,665.12**	**36,272.27**
Share						
Number of shares	**Units**	**105,000,000**	**105,000,000**	**105,000,000**	**128,000,000**	**128,000,000**
Market capitalisation	**EUR mn**	**5,234.25**	**5,586.00**	**5,775.00**	**3,087.36**	**4,608.00**
Average number of shares traded by day	**Units**	**~ 32,600**	**~ 107,000**	**~ 125,000**	**~ 172,000**	**~ 156,000**
Price as of 31 December	**EUR**	**49.85**	**53.20**	**55.00**	**24.12**	**36.00**
High	**EUR**	**52.20**	**54.27**	**57.90**	**58.20**	**44.00**
Low	**EUR**	**24.65**	**41.26**	**45.01**	**16.00**	**16.10**
Share performance for the year (excluding dividends)	**%**	**105.10**	**6.72**	**3.38**	**–56.10**	**49.25**
Dividend per share	**EUR**	**0.66**	**0.82**	**1.10**	**2.00 ***	**0.90**
Dividend yield	**%**	**1.32**	**1.54**	**2.00**	**8.29 ***	**2.50**
Earnings per share	**EUR**	**2.27**	**2.48**	**2.98**	**3.41**	**2.66**
Price-earnings ratio as of 31 December		**21.96**	**21.45**	**18.46**	**7.07**	**13.53**
Personnel statistics						
Number of employees		**16,346**	**18,587**	**20,307**	**23,393**	**24,386**
thereof CEE		10,868	12,729	14,057	16,937	17,903
thereof Austria and Other markets		5,478	5,858	6,250	6,456	6,483

*including bonus dividend

Calculation differences may arise when rounded amounts and percentages are added together.

VIENNA INSURANCE GROUP

Consolidated financial statements of
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG

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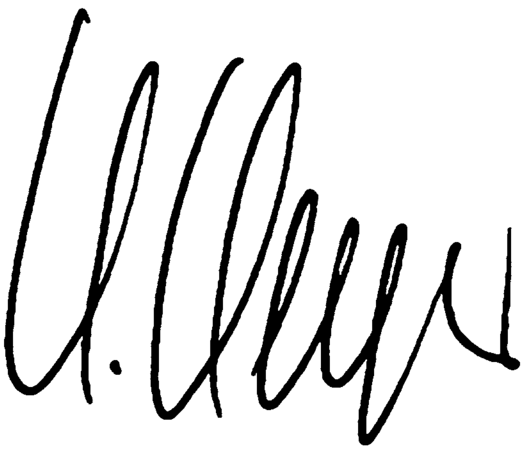
What does responsibility mean to you?

THE ART OF SHAPING OUR ENVIRONMENT AND OUR FUTURE.

General Manager Dr. Günter Geyer



As one of the largest international insurance groups, the VIENNA INSURANCE GROUP is aware of the responsibility that it bears to its customers, employees, investors and society. Sponsorship and commitment to social and cultural initiatives are important to the Group, even and particularly in economically difficult times.

In this Group Annual Report, the VIENNA INSURANCE GROUP presents six artists from Central and Eastern Europe who received the VIG Special Invitation award as part of the Essl Art Award CEE this year.

LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

Dear Shareholders,
Dear Madam/Sir,

At the start of 2009, we experienced an extraordinary development. Unusually negative sentiment about further economic growth in the major economic regions of the world, including in particular the CEE region, spread through the capital markets, making itself apparent through changes in currency prices and bond spreads, and decreasing share prices. As the Vienna Insurance Group is particularly heavily involved in the CEE region, its share price fell to a low not seen for many years in the first quarter of 2009. This was due to the fact that investors did not clearly distinguish between markets inside and outside of the European Union. It is precisely this distinction, however, which is of great importance for us, since our largest markets have been part of the EU for a long time and therefore reveal greater stability.

Vienna Insurance Group still on course for success: Increased attention to efficiency.

This is also shown by the growth rates recorded by our business. In 2009, the Vienna Insurance Group recorded a slight increase of 1.5% in insurance premiums. This was due to two main factors. First, volume was impacted by major changes in currency relationships in the CEE markets relative to 2008. Second, our Group benefited from the premiums contributed by the companies in the s Versicherung Group that we acquired in 2008. The growth rates shown by the Romanian life insurance company BCR, which increased its premiums written by around 60% on a local basis, and the Czech company PČS, which recorded growth of more than 4% in spite of the difficult environment for single-premium policies, are examples of how correct it was to take this step. The strength of the s Versicherung companies is shown by the fact that they grew more strongly than the market in their countries.

Consequently, the Vienna Insurance Group increased its life insurance premiums written by almost 6%, while non-life insurance recorded a decrease of just under 1.7% owing to currency effects. On a local basis, however, premium volume experienced respectable increases in most countries, including both Austria and the CEE region. This was what we had expected. Our many years of experience in the CEE region have shown us that the convergence process in these countries results in a demand for insurance products that is more stable than in Western Europe, even in economically challenging times.

The Vienna Insurance Group also offers stability in terms of Group profit. Due to extraordinary income earned in the year just ended, a comparison with 2008 is not meaningful. One can, however, compare the 2009 profit before taxes of EUR 441.25 million to the record profit earned in 2007. The profit in the year just ended exceeded the profit of EUR 437.30 million earned in 2007, the last year before the economic crisis, thereby continuing the successful profit development of the Vienna Insurance Group. We also achieved one of our central objectives in 2009, namely continued expansion of the Vienna Insurance Group's business base and profitability without high volatility.

In accordance with the policy we have followed for many years of distributing at least 30% of our Group profit after taxes, the Vienna Insurance Group plans to pay a dividend of EUR 0.90 per share for the year 2009. This gives our shareholders a satisfying total return on investment of about 50% for the year just ended.

The decision to introduce a Group-wide efficiency enhancement programme was an important factor leading to the Vienna Insurance Group's success in achieving this result. We have set ourselves the goal of reducing expenses by around EUR 100 million by the end of 2010. This is done primarily by streamlining processes and centralising administrative tasks in our Group companies. In addition, while maintaining our highly successful multi-brand policy, we repeatedly examine the effectiveness of individual brands and their distribution channels. In some cases, we have therefore decided to combine companies, in particular in Poland, Slovakia and Croatia. We sold a small life insurance company in Romania because we could cover the market better with our major brands. In this way, we already achieved savings of EUR 60 million in 2009.

With respect to increased efficiency, I would like to mention a step that the Vienna Insurance Group has been preparing for some time that is extremely important for the future of our company. During the course of its determined expansion in Austria and the CEE region, the Vienna Insurance Group has grown to become a family of about 50 insurance companies in recent years. Successful growth requires adjustments in the organisational structure of the Group, especially in key management areas like our controlling, actuarial, personnel and reinsurance departments.

In order to better address these challenges, we feel that the next logical step is to establish a listed Group holding company whose shares would continue to be held by our shareholders by spinning off the insurance operations in Austria. Subject to a General Meeting resolution to this effect and official approval, the Group holding company would receive the name Vienna Insurance Group AG Wiener Versicherung Gruppe. The Wiener Städtische insurance company, the largest single company in the Group and the leading insurance company in Austria, will continue its insurance business operations in Austria. The reorganisation of our Group will improve the clarity of processes and the ability of Group operating companies to focus on customer relationships. We have already taken key steps for reorganisation at the highest level of our Group by appointing younger members of the Managing Board with experience in the CEE region. Doing so accentuates the Vienna Insurance Group's international profile in this region, one that the Group has developed over many years.

Successful implementation of these comprehensive measures, the efficiency programme and the new Group organisational structure will present a great challenge for the Group and its employees. The Vienna Insurance Group has achieved its recent successes thanks to the people who deal with our customers every day or those in supporting areas who are motivated in pursuit of their goals. The new changes in our company will require additional efforts of our employees. I therefore feel that much prouder when I speak with our employees and encounter an entrepreneurial spirit that fills me with optimism about achieving the tasks that we have set for ourselves.

To express our thanks and appreciation for this commitment, I and my fellow members of the Managing Board have decided to waive the variable remuneration we are entitled to in 2009, as we did the year before. We see this as an expression of our solidarity with our employees as they perform their duties during these especially difficult times.

I would here also like to thank our customers and business partners, who continue to give us their trust, and our shareholders, who have stayed with us through the ups and downs of the capital market.

When I look ahead to the near future, I see that the crisis which previously mostly affected the financial markets has arrived in the real economy. It can be assumed that the expiration of the broad government economic stimulus plans will be followed by an increase in unemployment, causing uncertainty and reduced optimism among some of our customers. We nevertheless see a need in the market for well structured products that offer people security, and for that reason are realistically estimating a single-digit increase in premiums written, and an increase of about 10% in our profit before taxes. The Vienna Insurance Group thus continues down its path of profitable growth in 2010 as well.

Sincerely yours,

Günter Geyer

MANAGING BOARD

Dr. Martin Simhandl   Dr. Günter Geyer   Dr. Peter Hagen   Dr. Judit Havasi   Erich Leiß   Dr. Christine Dornaus   Mag. Robert Lasshofer

The successful international growth of the Vienna Insurance Group in previous years requires continuous changes in the developing organisational structure of the Group. To better address these challenges, the Group believes that the next logical step, subject to approval by the appropriate executive bodies of the Company, is to establish a listed Group holding company. The Wiener Städtische insurance company, the largest single company in the Group, will continue its insurance business operations in Austria.

Top management structures have already been modified to adjust to this step, including the formation of two committees within the Management Board of the Vienna Insurance Group in May 2009. One committee deals primarily with Group matters and the other with the management of the Wiener Städtische insurance company in Austria.

Ing. Martin Diviš, MBA Franz Fuchs Mag. Peter Höfinger Dr. Franz Kosyna Mag. Roland Gröll

MANAGING BOARD

VIENNA INSURANCE GROUP COMMITTEE
Dr. Günter Geyer | **General Manager, CEO** |
Chairman of the Managing Board
Dr. Peter Hagen | **Deputy General Manager** |
Member of the Managing Board
Dr. Martin Simhandl | Member of the Managing Board, CFO
Ing. Martin Diviš, MBA | Member of the Managing Board
Franz Fuchs | Member of the Managing Board
Mag. Peter Höfinger | Member of the Managing Board
Mag. Roland Gröll | Substitute Member of the Managing Board
Dr. Franz Kosyna | Substitute Member of the Managing Board

WIENER STÄDTISCHE AUSTRIA COMMITTEE
Dr. Günter Geyer | **General Manager** |
Chairman of the Managing Board
Mag. Robert Lasshofer | **Deputy General Manager** |
Member of the Managing Board
Dr. Christine Dornaus | Member of the Managing Board
Dr. Judit Havasi | Member of the Managing Board
Erich Leiß | Member of the Managing Board

VIENNA INSURANCE GROUP COMMITTEE

Dr. Günter Geyer
General Manager, CEO
Chairman of the Managing Board
Vienna Insurance Group Committee areas of responsibility: management of the Group, strategic planning, public relations, marketing, legal matters, human resources
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

Dr. Martin Simhandl
Member of the Managing Board, CFO
Vienna Insurance Group Committee
Areas of responsibility: asset management, asset-risk management, subsidiary and loans management, finance and accounting
Country responsibilities: Germany, Liechtenstein, Croatia

Dr. Peter Hagen
Deputy General Manager
Member of the Managing Board
Vienna Insurance Group Committee
Areas of responsibility: sponsoring, cost structure of the Group, Group IT / back office, SAP Smile Solutions, VIG Re, project internal capital model (project Solvency II)

Franz Fuchs
Member of the Managing Board
Vienna Insurance Group Committee
Areas of responsibility: profitability steering personal insurance
Country responsibilities: Baltic States, Bulgaria, Poland, Romania

Dr. Franz Kosyna
Substitute Member of the Managing Board
Vienna Insurance Group

Mag. Roland Gröll
Substitute Member of the Managing Board
Vienna Insurance Group

Ing. Martin Diviš, MBA
Member of the Managing Board
Vienna Insurance Group Committee
Areas of responsibility: profitability steering motor vehicle insurance
Country responsibilities: Czech Republic, Belarus, Ukraine

Mag. Peter Höfinger
Member of the Managing Board
Vienna Insurance Group Committee
Areas of responsibility: corporate and large risk business, Vienna International Underwriters (VIU), reinsurance
Country responsibilities: Hungary, Serbia

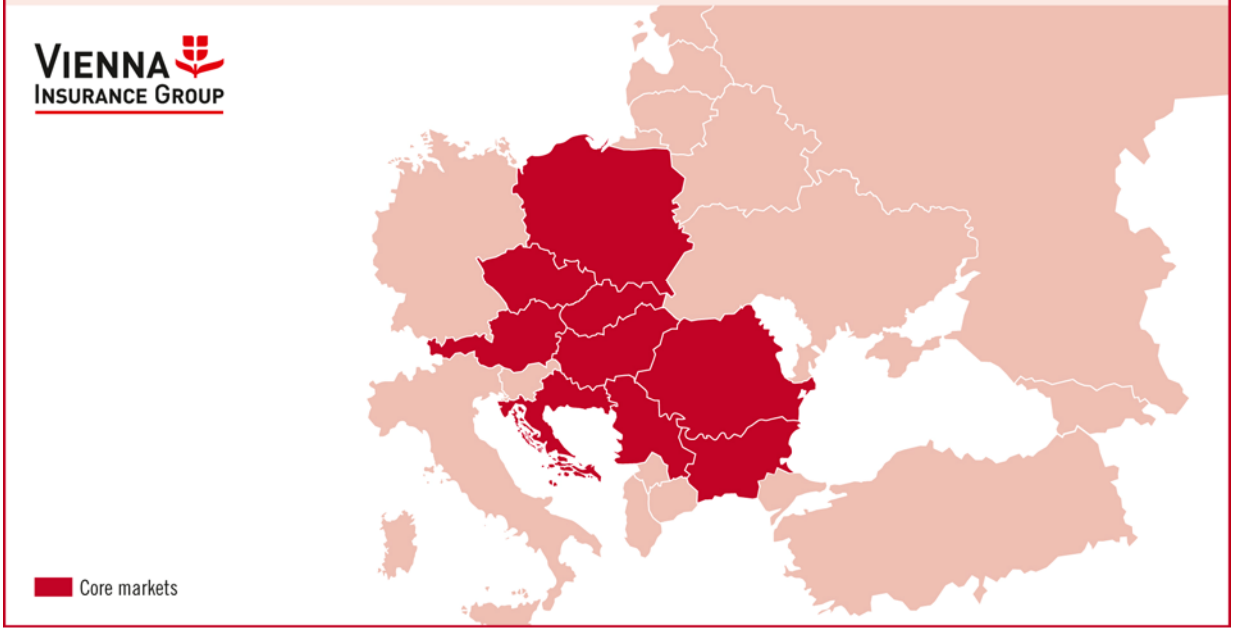
EXTENDED V.I.G. COMMITTEE

Dr. Rudolf Ertl | Country responsibility
Dkfm. Karl Fink | Country responsibility
Mag. Roland Gröll | Substitute Member of the Managing Board Vienna Insurance Group | Area of responsibility: finance and accounting
Dr. Franz Kosyna | Substitute Member of the Managing Board Vienna Insurance Group | Country responsibility
Dkfm. Hans Raumauf | Country responsibility

VIENNA INSURANCE GROUP

The Vienna Insurance Group is one of the largest listed international insurance groups in Central and Eastern Europe (CEE). The Group, headquartered in Vienna, operates around 50 insurance companies in 23 countries and has approximately 24,000 employees. The insurance companies of the Vienna Insurance Group offer high-quality insurance services in both the life and non-life segments. Their main objective is to provide innovative insurance solutions for all areas of life and top-quality customer service in all markets.

THE MARKETS OF THE VIENNA INSURANCE GROUP: A STRONG PRESENCE IN 23 COUNTRIES



Leading position in the CEE region
In 1990, the Vienna Insurance Group became the first Western insurance company to make a move into the countries of Central and Eastern Europe. Since then, the Vienna Insurance Group has continuously expanded its involvement in the region in pursuit of its goals.

Its clear, focused internationalisation strategy in the CEE economic region gave it the boost needed to move from being a national insurance company to an international group of companies.

The Vienna Insurance Group now participates in 23 markets, extending from Estonia in the north to Turkey in the south. It is one of the leading international insurance groups doing business in Central and Eastern Europe.

Clear strategic orientation
The Vienna Insurance Group's international focus on Central and Eastern Europe is aimed at achieving long-term steady growth in premiums and earnings. In addition to strengthening its market-leading position in Austria, the goals of the Vienna Insurance Group therefore also include an expansion of its insurance business in Central and Eastern Europe. The focus in this expansion will be on organic growth of the insurance companies. The Vienna Insurance Group has followed a clear strategy of value-oriented growth for many years, with a central focus on being a leader. The Vienna Insurance Group is already one of the market leaders in Austria, the Czech Republic, Slovakia, Romania, Albania, Bulgaria, Georgia and Ukraine.

One of the key factors in the Vienna Insurance Group's success in strengthening its market position is its multi-brand strategy, which relies on the power of proven brand names with a long tradition in all markets. The Group also takes advantage of its excellent access to customers by utilising multi-channel distribution, making systematic use of synergies, and diversifying risk broadly.

The experience and solid market knowledge gained by the Vienna Insurance Group over the past 20 years is applied continuously to the Group's insurance business, which is broadly diversified across countries, distribution channels and products. The unwavering path followed by the Group has led to similar strength in the structure of the business, which in turn is reflected in an excellent rating from Standard & Poor's (A+, stable outlook).

Stability during difficult times

The importance of a broad geographical market base becomes particularly clear during difficult economic times. The differences in economic momentum among different countries have a balanced effect on the Vienna Insurance Group. As a result, the Vienna Insurance Group achieved outstanding performance and successfully continued its growth in 2009, in spite of the currently difficult economic situation. The Vienna Insurance Group stands for financial stability, offering its customers a high level of security in the present as well as in the future. Based on its knowledge of insurance markets in the CEE region, the Vienna Insurance Group feels that these markets, which are not yet saturated compared to Western Europe, are likely to continue showing growth rates above those for Western Europe over coming years.

Our employees are our path to success

The Group's shared success across all of its markets has been made possible by the dedicated, entrepreneurial commitment of the employees in our Group companies.

Our common commitment makes great achievements possible, especially in turbulent times, and will continue to strengthen the Group in the future.

Vienna Insurance Group by region (Status as of 31 December 2009)

	Premium volume (Total)	Premium volume (Life)	Premium volume (Non-life)	Market position	Market share	Employees
	(EUR '000)	(EUR '000)	(EUR '000)			
Austria	**3,874,153**	**1,985,434**	**1,888,719**	**1**	**23.8%**	**6,368**
Czech Republic	**1,603,290**	**627,774**	**975,516**	**2**	**31.0%**	**4,972**
Slovakia	**628,377**	**295,019**	**333,359**	**1**	**31.4%**	**1,650**
Poland	**548,263**	**164,190**	**384,073**	**NL: 4**	**NL: 8.7%**	**1,578**
Romania	**606,658**	**87,233**	**519,425**	**1**	**29.0%**	**5,088**
Other CEE markets	**546,564**	**190,962**	**355,602**			**4,615**
Albania	15,768	-	15,768	2	13.7%	237
Baltic States	16,569	16,569	-	L: 6	L: 6.5%	116
Bulgaria	145,007	13,571	131,436	1	18.0%	856
Croatia	108,323	60,510	47,813	4	8.3%	1,095
Macedonia	4,982	-	4,982	8	5.4%	64
Serbia	48,112	21,146	26,966	L: 1	L: 24.7%	922
Turkey	67,941	-	67,941	13	2.0%	258
Ukraine	21,610	1,114	20,497	2	3.1%	777
Hungary	118,252	78,052	40,200	7	5.3%	290
Other markets	**211,976**	**140,560**	**71,416**			**115**
Germany	131,021	59,605	71,416	-	-	104
Liechtenstein	80,955	80,955	-	-	-	11

The CEE markets of Georgia, Russia and Belarus were not yet included in the scope of consolidation of the Vienna Insurance Group in 2009.
Branch offices in Italy and Slovenia belong to Wiener Städtische Austria.
Market share and market position: Status as of 9M 2009 (Baltic States, Macedonia and Ukraine: status as of 6M 2009)

CORPORATE GOVERNANCE

As a result of the financial and economic crisis, the public has greater focussed on responsible corporate management based on long-term appreciation in value and compliance with the rules and standards implemented for this purpose. As a result, measures are increasingly being put in place intended to restore the confidence of market participants.

Austrian Corporate Governance Code

The Austrian Corporate Governance Code, continuously modified since its appearance in 2002, has developed into a standard for listed Austrian companies.

An Austrian Corporate Governance working group regularly examines provisions appropriate to Austria based on national and international developments and adjusts the Code to take them into account.

The framework of rules making up the Code demands a high level of transparency, thereby helping greatly to increase confidence in the Austrian capital market.

The total of 83 rules in the Austrian Corporate Governance Code are divided into three different categories. Mandatory legal requirements must naturally be complied with. In the case of rules based on standard international requirements, companies must declare and explain non-compliance in order to be in compliance with the Code. The Code is completed by rules of a purely recommended nature. Non-compliance with these rules does not require disclosure or explanation.

The Austrian Code of Corporate Governance is a self-imposed obligation voluntarily assumed by companies that becomes binding as a result of an annual public declaration of compliance with its rules.

Corporate Governance in the Vienna Insurance Group

The management of the Vienna Insurance Group places great importance on observing and complying with the provisions of the Austrian Corporate Governance Code for the purpose of creating sustainable value for all stakeholders.

The Vienna Insurance Group adheres to the rules of the Austrian Code of Corporate Governance. Many departments in the Group actively assist management in the practical application of the Code.

All of the activities involved in putting corporate governance into actual practice centre on open and transparent communications, both between participants inside the Group and with all external market participants.

The Vienna Insurance Group views corporate governance as an ongoing process that changes constantly in response to changes in current conditions and trends and must be continuously improved for the benefit of the Group and all of its stakeholders.

The Vienna Insurance Group has declared its adherence to the Code for years, and each year provides a report on its compliance with the Code's provisions in its Annual Report as well as on the Internet.

The detailed Vienna Insurance Group Corporate Governance Report for financial year 2009 is provided on pages 162-168 of this Group Annual Report.
The report includes a declaration of adherence to the Code, notes to the Code, and detailed information on the composition of and procedures followed by the Managing Board and Supervisory Board, clearly listed and presented in a structured manner.

VIENNA INSURANCE GROUP – MISSION STATEMENT

Our mission statement sets down guiding principles that define the self-image of the Vienna Insurance Group today and in the future.

WE are at home in Central and Eastern Europe (CEE).
The CEE region offers great potential for the development of our business. Our leading distribution network in Central and Eastern Europe allows us to offer security, services and solutions that closely reflect the needs of our customers. Millions of customers, thousands of employees, and thousands of brokers, agents and shareholders all place their confidence in the Vienna Insurance Group. The Vienna Insurance Group's sound financial strength ensures its future independence and allows it to continue its sustainable growth in the CEE region.

WE are a leading insurer in CEE.
The protection of people's personal and material assets is our passion, and has made us into a supplier of leading, innovative insurance products in the life, property/casualty and health insurance segments in Central and Eastern Europe – today and in the future.

WE are family.
Each company in the Vienna Insurance Group is a member of our family, and bears a first name and a family name. The well-established local brands of these companies are their first names. They stand for close customer relationships, familiarity, local understanding and for the entirely unique identity of each individual company. Vienna Insurance Group is our family name, a symbol for more than 185 years of history and growth, for our experience, expertise, financial resources and our strength. This unique family strategy ensures the best possible understanding of our customers and their needs and allows us to offer outstanding service quality in all markets.

WE care about people especially.
Our business is built on people. We follow the principles of fairness, partnership, mutual respect, transparency and long-term relationships. We aim to create the best possible business and working environment in order to guarantee our mutual success.

WE are aware of our social responsibility.
Creating and safeguarding prosperity and a standard of living is the core of our insurance business. The Vienna Insurance Group has a long tradition of active social commitment. For this reason, we initiate and support social programmes and projects that are dedicated to those who are less fortunate in life, and to those who represent the future – our children.

WE create value sustainably.
We use our leading position in Central and Eastern Europe to create sustainable value for the future based on four strong foundations:

- *Region*

We are at home in Central and Eastern Europe, and therefore work with experienced local management in our local markets in order to best identify and satisfy the needs of our customers. We assist customers in all of our markets by offering this service at the Vienna Insurance Group's exceptional level of quality throughout the region.

- *People*

People are the foundation and driving force behind our success. Our focus is on people and their efforts to achieve security in a broad range of areas and life situations. By creating sustainable value for the Vienna Insurance Group, we create value and security for our customers, employees, brokers, agents and shareholders.

- *Financial Strength*

We focus clearly on sustainable, profit-oriented growth aimed at further increasing our financial strength.

- *Best Solutions*

We seek to have closer customer relationships than anyone else. For this reason, we are placing greater emphasis on best-practice programmes in a variety of business areas. These best-practice programmes ensure cost-efficient, innovative, customer-oriented services at the highest level of quality.

WE want to be the leader.
The Vienna Insurance Group seeks to be the leader in products and services throughout all the markets of Central and Eastern Europe.

This common goal motivates each and every employee to give his or her dedicated, entrepreneurial commitment to our mutual success in all markets – for the benefit of our customers, partners, shareholders and the Company, and for a secure, prosperous future in Central and Eastern Europe.

WE are at home in Central and Eastern Europe (CEE).
WE are a leading insurer in CEE.
WE are family.
WE care about people especially.
WE are aware of our social responsibility.
WE create value sustainably
WE want to be the leader.

What does innovation mean to you?

THE ART OF LEAVING WELL-WORN PATHS TO SEEK NEW PERSPECTIVES.

Maruša Šuštar, Slovenia

As a pioneer in the insurance business in Central and Eastern Europe, the VIENNA INSURANCE GROUP struck out boldly in new directions and has now successfully positioned itself in 23 countries.

The Group's local companies use innovative products to offer insurance solutions that meet people's needs. Sound market knowledge and an active transfer of know-how within the Group open new perspectives to management and employees that allow them to quickly recognise and make use of opportunities that are to the benefit of the VIENNA INSURANCE GROUP and all its stakeholders.

STRATEGY AND MARKET

VIENNA INSURANCE GROUP MILESTONES

20 years of success in the CEE region

The Vienna Insurance Group is proud of its more than 185 years of history and tradition. The Company has grown from a local insurance company into one of the largest international insurance groups in Central and Eastern Europe (CEE). Committed customer counselling, innovative products and outstanding service were, and are, the pillars of the Vienna Insurance Group's successful growth in a total of 23 countries, a success that continues moving forward with a focus on the Company's goals.

A CEE pioneer

The management of the Vienna Insurance Group was quick to recognise the many opportunities for growth in Central and Eastern Europe following the political reorganisation in 1989 and 1990. The Vienna Insurance Group was the first Western European insurance company to make a cautious, risk-conscious move into the CEE region. Through its participation in setting up Kooperativa pojist'ovna in the former Czechoslovakia, the Company involved itself in this growth region right from the outset, taking advantage of the opportunity to gather valuable experience during the period of radical change while supporting the development of the market with its insurance and product knowledge.

20 years of experience in the CEE region provide a foundation for further successful business development in the area.

Measured steps

Based on the knowledge gained in developing markets, further positions were taken in Hungary and Poland in 1996 and 1998. This was still done at the time in cooperation with Swiss and German partners. The focus of the Vienna Insurance Group at this early stage was on acquiring know-how about the special features of the various markets. In terms of geography, the Vienna Insurance Group concentrated on the countries bordering Austria. Austria's historically close relationship with this region and the accompanying understanding of the mentality of its people proved to be a major advantage in the development of the Company's business and distribution.

Demonopolisation

The government monopoly on motor liability insurance that still existed in the Czech Republic was repealed in 2000, leading to a significant change in the law and the beginning of a fundamentally new situation in Central and Eastern Europe. For the first time, private-sector insurance companies could also obtain licences for this mandatory insurance segment, thereby expanding their customer base by broadening their product range.

Following the privatisation in the Czech Republic, Slovakia eliminated its monopoly on motor liability insurance in 2002. Based on the experience it had gained, the Vienna Insurance Group made a conscious decision to actively pursue a broad entry into this business in the two countries. It was in the beginning stages of the partitioning of markets that the foundation for the outstanding position of the Group was laid.

Targeted expansion

The business opportunities and development potential that the Vienna Insurance Group has consistently taken advantage of were, and continue to be, based on the dynamic growth taking place in Central and Eastern Europe, which is primarily driven by a massive need to catch up in terms of insurance coverage and safeguarding the rising standard of living. In past years, the Group has made targeted acquisitions of many small and medium-sized private insurers that had made a name for themselves in the market and offered, in particular, new additional channels of distribution. The management principles that were used, namely anchoring in the local market, a multi-brand policy, and multi-channel distribution, ensured that their integration and business development would be a success.

V.I.G.'s leading position

The Vienna Insurance Group achieved its number one market position among international insurance companies operating in the CEE region by concentrating on its core markets in this region. Due to the increased need to make provisions for old age and the resulting increase in demand for life insurance products, the Vienna Insurance Group acquired the Erste Group's insurance operations in the CEE region in 2008. Furthermore, the conclusion of a related long-term mutual cooperation agreement with the Erste Group gained the Group an important partner for the distribution of life insurance products.

The Vienna Insurance Group has responded to the changed conditions since that time which the economic crisis has brought to its markets by strengthening its focus on sustained growth and targeted increases in efficiency. Its competitive position is being continuously improved by portfolio realignments and cost-structure optimisations in the wake of company integrations. The focus is not only on short-term cost effects, but on a systematic, planned utilisation of synergies that will allow the Group to fully exploit the growth potential of the region over the long-term.

OBJECTIVES AND STRATEGY

The Vienna Insurance Group's clear international focus on Central and Eastern Europe is aimed at achieving long-term steady growth in premiums and earnings. Operating policy decisions and all activities in the individual countries are designed to best position local subsidiaries and the Group as a whole for the challenges presented by the current market environment.

The Vienna Insurance Group has the following objectives:

- keeping the top position in Austria, and
- expanding insurance operations in the growth region of Central and Eastern Europe.

Principles essential for achieving V.I.G.'s goals

In implementing these objectives, the Vienna Insurance Group relies on the following four principles, which have proven themselves in the management of the Group:

Think globally – act locally
The Vienna Insurance Group uniquely combines an enormous experience of Group management with the know-how of local management, thereby ensuring that the standards of the Group become a part of fair, needs-based insurance solutions in every market, and benefit all customers.

Direct communication and the mutual exchange of knowledge are key features of the cooperation taking place throughout the Group, not just at the top management level. Management and employees of Group companies also regularly discuss best-practice examples, thereby making successful products and creative solution approaches available to one other.

This lively transfer of know-how makes it possible for the Vienna Insurance Group to repeatedly score points in the markets with innovative insurance solutions adapted to local conditions and customer needs.

Multi-brand policy
The multi-brand policy consciously pursued by the Vienna Insurance Group significantly differentiates it from other market participants in the region. Each Group company uses its local brand as its first name, followed by Vienna Insurance Group as its family name.

This allows established, well-known brands that already enjoy good customer recognition to be retained and helps to maintain the loyalty and commitment of local employees and managers. Established distribution relationships are also easier to continue using an existing brand. On the whole, the business of insurance companies can be developed with great success in this manner.

Each company, however, should also make effective use of its own brand, actively gaining new customers and retaining their loyalty. If maintaining a Group company's own brand can no longer be justified based on the competition, these companies can also be merged, if necessary, with other companies in the Vienna Insurance Group, and local brand names can be withdrawn from the market.

The logos in the figure below show the diversity of the approximately 50 different local brands that together form the V.I.G. Group:

Regardless of the different brands that are being used successfully together with multi-channel distribution, when the Vienna Insurance Group is represented by more than one company in a country, it always endeavours to exploit back-office synergies. Thus, areas without direct customer contact, such as accounting, purchasing, payroll, IT, investment, etc. are centralised within a country to realise potential savings. In this connection, the Vienna Insurance Group developed a Group-wide future-oriented action plan to reduce materials costs and improve processes in 2009. The Company plans to achieve cost reductions of EUR 100 million by the end of 2010.

Multi-channel distribution

Effective distribution and multiple distribution channels enable the business potential of a market to be fully exploited and therefore create a basis for the Vienna Insurance Group's future growth. Optimal access to customers is ensured when multi-channel distribution is used in combination with the Group's multi-brand policy. The Group uses salaried field staff to create a solid foundation for its distribution structure. In addition, depending on availability and efficiency, the Vienna Insurance Group also works together with exclusive and non-exclusive agents, brokers, multi-level and direct marketing organisations and banks.

The Vienna Insurance Group also gives great importance to distribution when making acquisitions. High-performance, sustained distribution capacity is always the main criterion used when a new company is acquired. The systematic development and expansion of distribution channels pursued in this manner over the course of the Vienna Insurance Group's expansion is responsible for the outstanding position held by the Group in Austria and the CEE region.

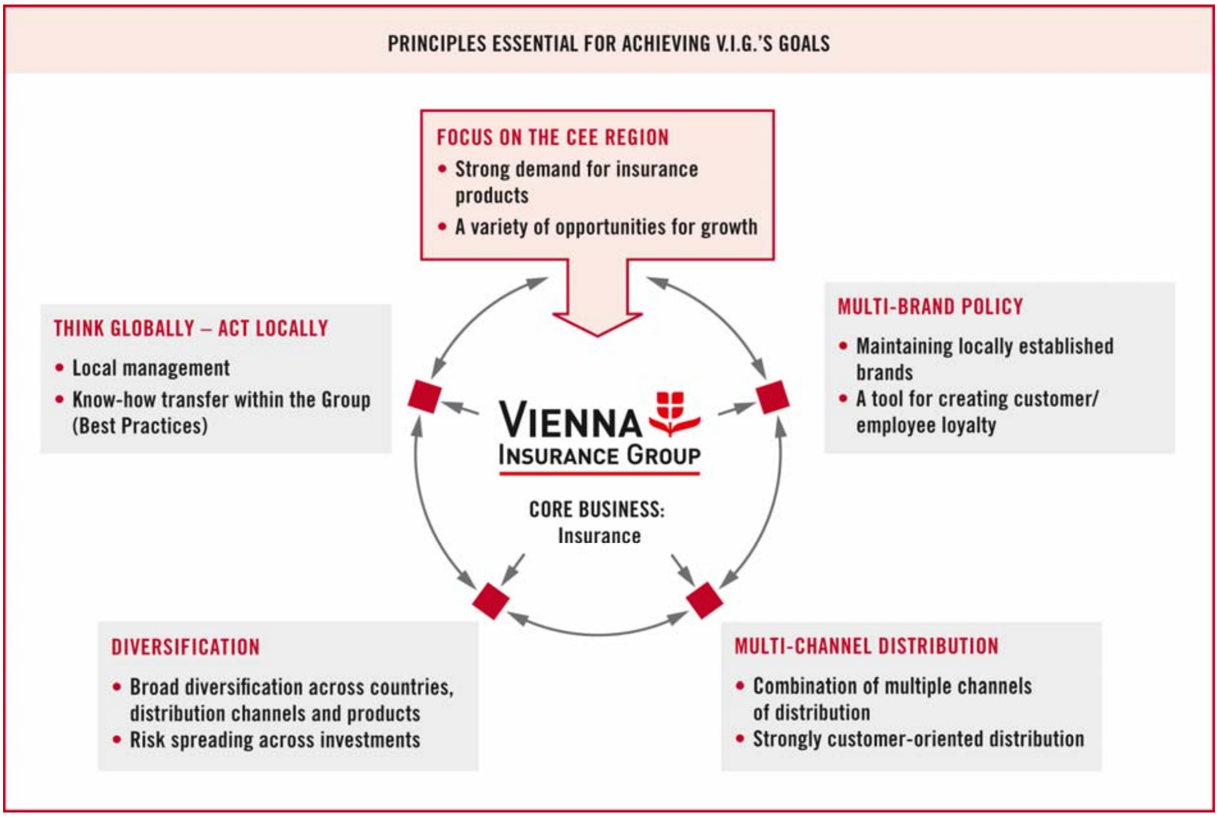
Diversification

The Group stands out for its broad diversification across countries, distribution channels and products, thereby minimising risks. The Vienna Insurance Group now operates in 23 different markets, and attempts to use a variety of distribution channels in these countries to achieve a balanced mix of business that contributes to the long-term positive growth of the Group. Local management has the best knowledge of the specific conditions and customer needs in their own markets and custom-tailors their own optimal product range by quickly and flexibly adapting the extensive range of products offered by the Vienna Insurance Group to match current demand in their country. In this way, the Vienna Insurance Group's main objective of offering innovative insurance solutions for all areas of life and top-quality customer service in all markets can be achieved to the best degree possible. Diversification is, however, also important for investments and reinsurance, and the Group ensures an appropriate level of quality and risk spreading in these key areas in order to guarantee the maximum possible safety.

Profitability steering

The Vienna Insurance Group's outstanding capital resources and structure provide an excellent foundation for competitive success. The Group is, however, naturally affected by the general economic trend.

It is therefore currently focusing on increasing efficiency to enhance its competitiveness. Targeted measures and active income management are aimed at improving the technical result and profitability of Group companies in Austria and the CEE region.



Welcome to the family of VIENNA INSURANCE GROUP

VIENNA INSURANCE GROUP

AUSTRIA
- WIENER STÄDTISCHE – Vienna Insurance Group
- Donau – Vienna Insurance Group
- S-VERSICHERUNG – Vienna Insurance Group

GERMANY
- InterRisk – Vienna Insurance Group

LIECHTENSTEIN
- VIENNA-LIFE – Vienna Insurance Group

ITALY BRANCH
- WIENER STÄDTISCHE – Vienna Insurance Group

SLOVENIA BRANCH
- WIENER STÄDTISCHE – Vienna Insurance Group

BELARUS
- КУПАЛА – Vienna Insurance Group
- Victoria – Vienna Insurance Group

CZECH REPUBLIC
- Kooperativa – Vienna Insurance Group
- ČPP – Vienna Insurance Group
- POJIŠŤOVNA ČESKÉ SPOŘITELNY – Vienna Insurance Group
- VIG Re

HUNGARY
- UNION BIZTOSÍTÓ – Vienna Insurance Group
- ERSTE BIZTOSÍTÓ – Vienna Insurance Group

CROATIA
- KVARNER – Vienna Insurance Group
- Life – Vienna Insurance Group
- OSIGURANJE HELIOS – Vienna Insurance Group
- ERSTE OSIGURANJE – Vienna Insurance Group

SERBIA
- WIENER STÄDTISCHE – Vienna Insurance Group

SLOVAKIA
- Kooperativa – Vienna Insurance Group
- KOMUNÁLNA poisťovňa – Vienna Insurance Group
- POISŤOVŇA SLOVENSKEJ SPORITEĽNE – Vienna Insurance Group

BULGARIA
- BULSTRAD – Vienna Insurance Group
- BULSTRAD Life – Vienna Insurance Group
- BULGARSKI IMOTI – Vienna Insurance Group

ALBANIA
- SIGMA – Vienna Insurance Group

MACEDONIA
- WINNER – Vienna Insurance Group

RUSSIA
- СТРАХОВАЯ КОМПАНИЯ МСК-Лайф – Vienna Insurance Group

ROMANIA
- OMNIASIG – Vienna Insurance Group
- OMNIASIG ASIGURARI DE VIATA – Vienna Insurance Group
- ASIROM – Vienna Insurance Group
- BCR ASIGURARI – Vienna Insurance Group
- BCR ASIGURARI DE VIATA – Vienna Insurance Group

ESTONIA
- COMPENSA – Vienna Insurance Group

LATVIA
- COMPENSA – Vienna Insurance Group

LITHUANIA
- COMPENSA – Vienna Insurance Group

TURKEY
- RAY SİGORTA – Vienna Insurance Group

POLAND
- COMPENSA – Vienna Insurance Group
- InterRisk – Vienna Insurance Group
- BENEFIA – Vienna Insurance Group
- PZM TU S.A. – Vienna Insurance Group

UKRAINE
- КНЯЖА – Vienna Insurance Group
- ГЛОБУС – Vienna Insurance Group
- ЮПІТЕР – Vienna Insurance Group
- УКРАЇНСЬКА СТРАХОВА ГРУПА – Vienna Insurance Group

GEORGIA
- GPI – Vienna Insurance Group
- IRAO – Vienna Insurance Group

March 2010
www.vig.com

VIENNA INSURANCE GROUP MARKETS

Central and Eastern Europe offer the insurance industry significant opportunities for long-term growth. This is the reason that inspired the Vienna Insurance Group to be the first to enter into this region around 20 years ago. The business potential of the CEE region is primarily based on two factors:

- the insurance density (per capita premium payments) in CEE is considerably below the Western European level, and
- the insurance markets of Central and Eastern Europe show growth rates that are above those in Western Europe, even during volatile periods.

Significant growth and convergence potential illustrated using insurance density

The long-term growth and convergence potential of the CEE region can be clearly shown using insurance density. Insurance density is an important indicator of the state of development of a country's insurance sector that shows the average amount that each inhabitant of a country spends each year for insurance services.

Overall market

The convergence potential of the CEE countries becomes clearly apparent if the insurance density of these countries is compared to that of the EU-15 countries. While the CEE countries recorded an average insurance density of USD 365 in 2008 (2007: USD 273), the average in the EU-15 countries was USD 3,727 (2007: USD 3,668).

The growth in total premium income of 33.7% recorded in the CEE region accordingly illustrates the growth potential of Central and Eastern Europe when compared to the moderate growth (1.6%) in the EU-15 countries.

Non-life insurance

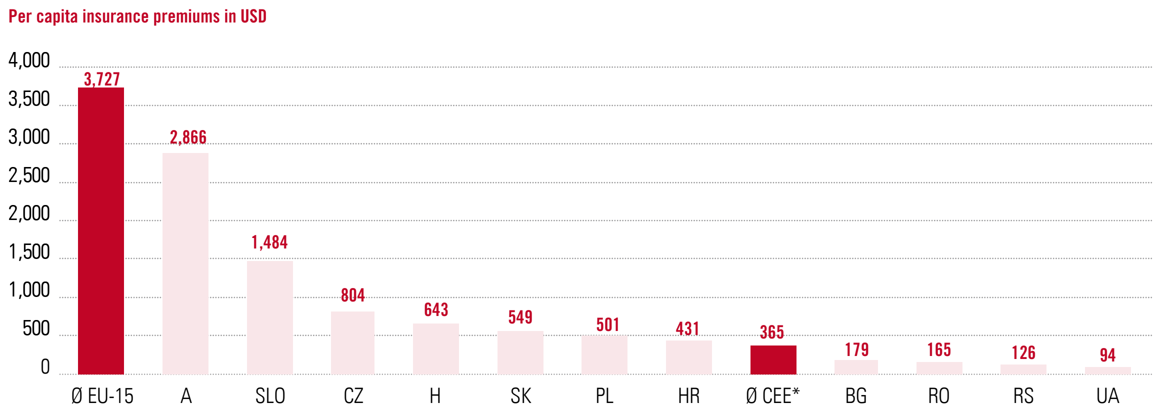
The insurance densities for non-life insurance in the CEE region and EU-15 countries are USD 204 (2007: USD 164) and USD 1,362 (2007: USD 1,292), respectively. This means that the insurance density for this sector rose a remarkable 24.4% in the CEE region, while non-life insurance in the EU-15 countries only recorded an increase of 5.4%.

Life insurance

Insurance density in the life insurance sector is currently USD 161 (2007: USD 109) in the CEE region versus USD 2,365 (2007: USD 2,376) in the EU-15 countries. These figures clearly show that the growth and convergence potential in the CEE region is even greater in the life insurance sector than the non-life sector.

Although starting from a smaller base, life insurance premiums still rose by almost 50% in the CEE region, while the EU-15 countries even posted a slight decline.

2008 insurance density: long-term growth potential in the CEE markets



***CEE**: Slovenia (SLO), Czech Republic (CZ), Hungary (H), Slovakia (SK), Poland (PL), Croatia (HR), Bulgaria (BG), Romania (RO), Serbia (RS), Ukraine (UA)

(Source: Sigma)

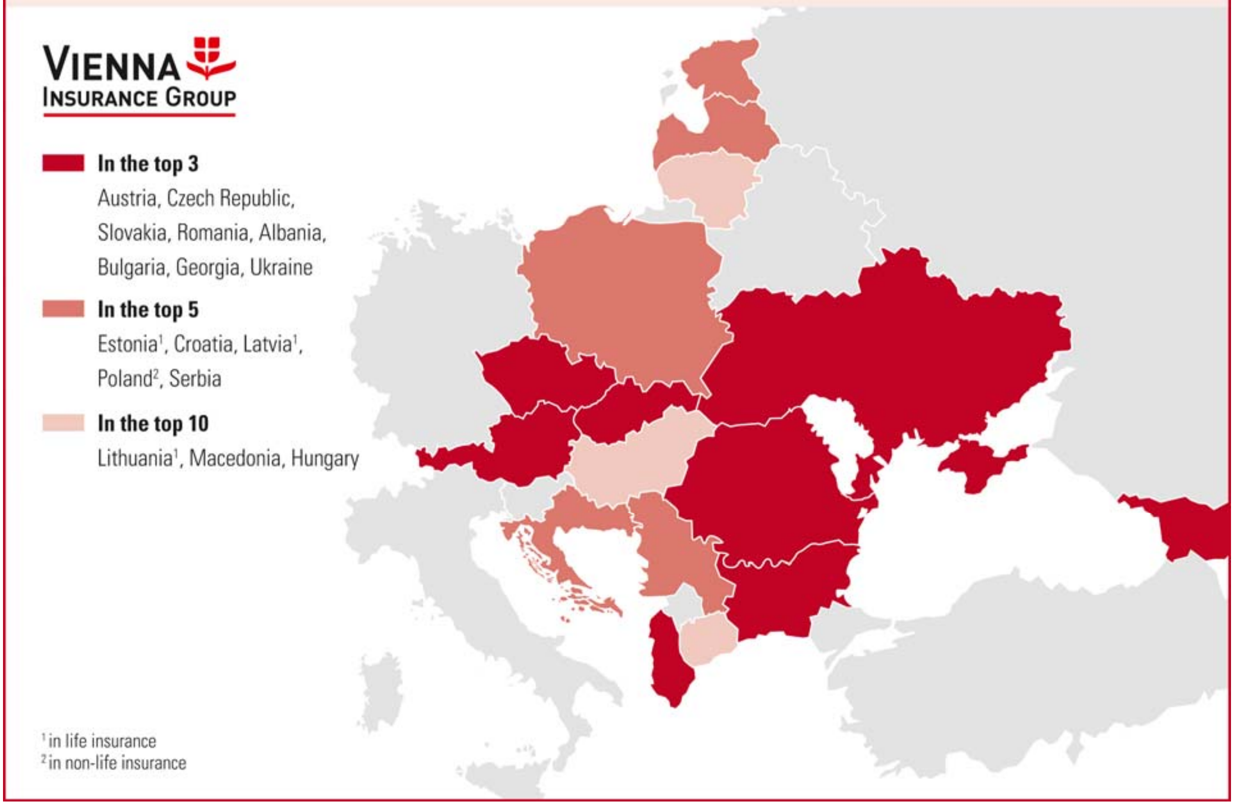
Economic area with a future

Central and Eastern Europe is an economic area with a future. Despite the current turbulence, these countries are still growing more strongly than Western European markets. Particularly the insurance segments like motor liability insurance, in which the Vienna Insurance Group is strongly positioned in all CEE countries, can be viewed as relatively crisis-resistant, since the demand for insurance services in these sectors will continue increasing in the future. The Vienna Insurance Group therefore believes that the CEE region will continue to offer growth and convergence potential over the long-term future course of the economy. Due to its broad geographic base and leading position in the region, the Vienna Insurance Group is in the best possible position to benefit from this growth.

Top positions in the region

The Vienna Insurance Group has achieved the goal it set itself many years ago of rising to become the leading insurer in Central and Eastern Europe. This success story is the result of the combined efforts of our Group companies in all of these countries. The Group uses its broad geographic base and top positions in the CEE region to make optimal use of the huge growth potential that exists in the region.

TOP POSITIONS OF THE VIENNA INSURANCE GROUP IN CEE



Market share and market position: Status as of 9M 2009 (Baltic States, Macedonia and Ukraine: status as of 6M 2009)

What is progress?

THE ART OF IMPROVING SHARED EXPERIENCE BY FOCUSING ON THE INDIVIDUAL.

Anna Hulačová, Czech Republic

Profitability and increased competitiveness require continuous improvements to business activities. The VIENNA INSURANCE GROUP has taken up this challenge and is realising measures throughout the Group that are needed to improve processes and take advantage of synergies. The focus in all cases is on service and customer satisfaction, which are the goals that motivate employees in sales and the central departments of the Group.

GROUP ACTIVITIES

FORWARD-LOOKING ACTIVITIES

2009 Future-oriented action programme

The Vienna Insurance Group works continuously on optimising its business activities and increasing profitability. Many initiatives and measures have already been implemented as part of the ongoing integration of Group companies.

In view of the altered economic environment, the management of the Vienna Insurance Group decided in 2009 to take even stronger measures, as well as to examine its cost-efficiency as compared to the international competition. The results showed potential optimisation savings of around EUR 100 million by the end of 2010. The management of the Vienna Insurance Group worked along with external consultants in 2009 to develop a Group-wide, future-oriented action programme focusing on materials costs and extensive process improvements, both in individual companies and at the Group level as well.

Efficiency improvement measures being taken in all Group companies.

Many measures have already been successfully introduced since the action programme was announced in March 2009, and by the end of 2009 cost savings of EUR 60 million had been achieved. The efforts to optimise and realise synergies in the Group companies in Austria and the CEE region will continue in 2010, in order to ensure that the target savings are achieved by the end of the specified period and that the Group is properly prepared for future challenges.

Making efficient use of synergies

Examples of some measures are described below:

Austria
As the leading Group company in Austria, Wiener Städtische is extensively optimising its customer support. Going forward, a total of four service centres will provide relief to the provincial head offices, which are occupied with sales and customer advisory services. By bundling responsibility for property insurance, personal insurance and collections in the service centres, customer loss and benefit claim notifications can be centrally and efficiently dealt with. Standardised and uniform processing of all transactions offers customers an even higher level of quality.

Slovakia
A stronger use of Group synergies was made during the 2009 action programme to further increase efficiency and optimise the activities of the Vienna Insurance Group in Slovakia. The Group's Slovakian companies Kontinuita poisťovňa a.s., Vienna Insurance Group and Komunálna poisťovňa a.s., Vienna Insurance Group, were merged to form a strong composite insurer, which can thus take more effective advantage of opportunities on the Slovakian market and provide the best possible service to customers.

Romania
In December 2009, the Vienna Insurance Group agreed to sell the Romanian life insurance company Omniasig Asigurari de Viata to the European insurance company AXA. After approval by the authorities, the takeover is to be concluded in the first half of 2010. This decision was based on a Vienna Insurance Group resolution to concentrate on the development of BCR Asigurari de Viata and Asirom in this market segment.

Croatia
The Vienna Insurance Group plans to merge the Group's Croatian companies Cosmopolitan Life and Helios during the course of 2010. In the future, the company formed by the merger will operate under the name Helios Vienna Insurance Group d.d. in the high-growth Croatian insurance market as a composite insurer, offering attractive insurance solutions in both the life and non-life segments. The branch offices and extensive network of distribution partners possessed by Helios will allow it to provide even more efficient customer support and advisory services.

Reorganisation of Group structure

As a result of its expansion into the markets of the CEE region, the Vienna Insurance Group has grown to include around 50 companies. Successful growth requires continuous adjustments to the Group's organisational structure, including, for example, key management areas such as IT coordination, reinsurance management, investment management, finance and accounting, planning and controlling, international human resources development, international actuarial operations, risk management, internal Group audit, investor relations and public relations. International business also continues to be strengthened at the Group level to ensure that customers and distribution partners receive the best possible support and assistance regardless of national boundaries.

To address these challenges even better, the Group feels that the next logical step is to establish a listed Group holding company under the name Vienna Insurance Group AG Wiener Versicherung Gruppe*, in which the shareholders would continue to hold their shares. The Wiener Städtische insurance company, the largest single company in the Group and the leading insurance company in Austria, will continue its insurance business operations in Austria.

The first steps toward creating a new Group organisational structure have already been successfully implemented. Two committees were formed within the Managing Board in May 2009 to ensure a clear allocation of areas of responsibility on the Managing Board as well as unambiguous organisational structures for management of the Group and for management of Wiener Städtische's insurance business in Austria. One committee deals primarily with Group matters and the other with the management of the Wiener Städtische insurance company in Austria.

The new organisational structure, with Vienna Insurance Group AG Wiener Versicherung Gruppe* as a listed holding company, is expected to be approved by the General Meeting at the end of June, with retroactive effect to the beginning of the year.

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

Standard & Poor's rating

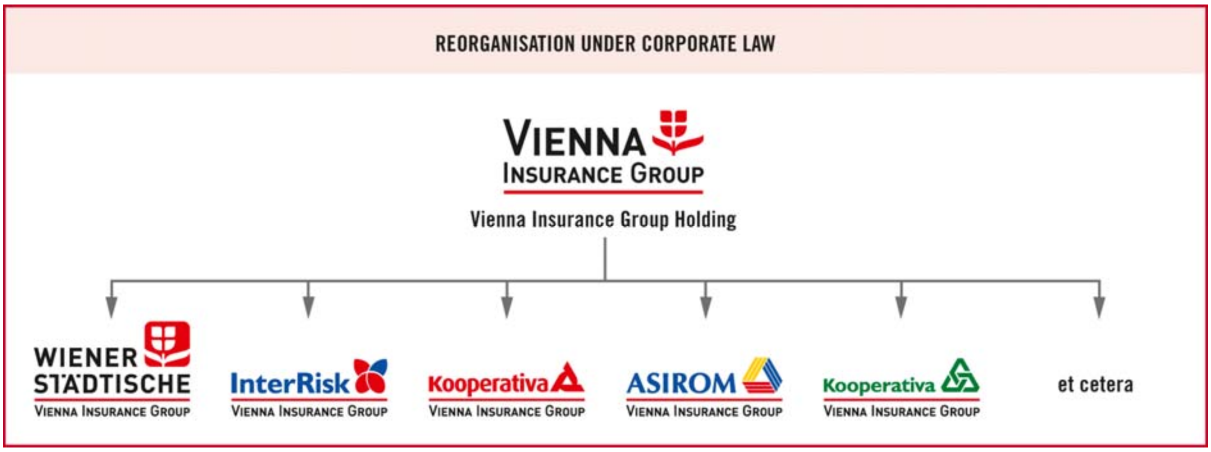
In January 2010, the international rating agency Standard & Poor's confirmed that it would retain its "A+" rating with stable outlook for the holding company even after the company division was performed.

Changes in Group management

Dr. Rudolf Ertl withdrew from his active position as Managing Board director of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG at the beginning of 2009. He welcomed every challenge that came his way during his professional career in the insurance industry, totalling 37 years, and contributed greatly to the success of the Company. He is followed by Mag. Peter Höfinger as a member of the Managing Board in the V.I.G. Committee.

After nearly 35 years, General Manager Dkfm. Karl Fink, a major contributor in developing the Company into the leading Austrian corporate group in Central and Eastern Europe, ended his active participation as member of the Vienna Insurance Group Managing Board on 30 September 2009. Taking his place is Franz Fuchs, who became a member of the Vienna Insurance Group's Managing Board (V.I.G. Committee) on 1 October 2009. Dkfm. Karl Fink and Dr. Rudolf Ertl will continue to make their knowledge and experience available to the Group.

In addition, Dr. Peter Hagen was appointed Deputy General Manager on 1 October 2009, and Dr. Franz Kosyna was appointed as a substitute member of the Managing Board of the Vienna Insurance Group. The new Board members have acquired a large portion of their professional experience in Central and Eastern Europe.



INTERNATIONAL COOPERATION

Cooperative distribution arrangements

Cooperation with the Erste Group in eight countries
In 2008, the Vienna Insurance Group acquired all of the Erste Group's insurance operations in Central and Eastern Europe and concluded a long-term mutual agreement. The sales and distribution agreement between the two groups gave the Vienna Insurance Group access to the Erste Group's cross-border distribution network. Individual national distribution agreements have been concluded for Austria, the Czech Republic, Slovakia, Hungary, Croatia, Romania, Serbia and Ukraine. As part of a "preferred partnership", both groups undertook to give preference to offering the other partner's products through their distribution networks.

The goals set at the time of the s Versicherung Group acquisition were fully achieved in 2009. This new bank distribution channel has allowed Vienna Insurance Group to strongly expand its position as the leading insurance group in the life insurance sector as well, both in Austria and, in particular, the CEE region. The cooperation between Erste Bank and the Sparkasse Group has been highly successful in Austria in particular, including the non-life segment, and has created a noticeable upswing in sales activity, not least due to an expanded range of products.

V.I.G. is using cooperative cross border distribution to further strengthen its strategic position in the CEE region.

All the companies of the s Versicherung Group that were acquired are among the growing life insurers on their markets, with the companies in Hungary and Romania being especially noteworthy for achieving double-digit growth in markets in a negative trend.

Following the model of mature markets such as Austria, the companies in the s Versicherung Group are fully focussed on realising the potential presented by the rising demand for insurance in Central and Eastern Europe. Full integration into the retail strategy of local banks, in combination with custom-tailored life and non-life products, are the factors leading to the success of the cooperation with the Erste Group.

Expansion of partnership with Daimler
In June 2009, the Vienna Insurance Group and Daimler Insurance Services GmbH entered into a cooperation agreement for increasing the level of cooperation for motor insurance intermediation and acquisition in Austria and Central and Eastern Europe. The cooperation agreement has a term of five years.

In Austria Donau Versicherung and Mercedes-Benz Financial Services Austria GmbH, a subsidiary of Daimler Financial Services AG, have a long-standing business relationship. As a Group company of the Vienna Insurance Group, Donau Versicherung is the preferred insurance partner in Austria for motor insurance policy sales via car dealerships.

The agreement includes eight other countries in Central and Eastern Europe where Group companies represent the Vienna Insurance Group in local insurance markets. Some of these are core markets of the Vienna Insurance Group, such as the Czech Republic, Slovakia, Romania and Poland.

Cooperative distribution with Scania
The Vienna Insurance Group continues to strengthen its cross-border distribution activities in Central and Eastern Europe. A long-term cooperation agreement for motor insurance intermediation and acquisition was signed in 2009 in order to increase the level of cooperation with Scania Financial Services. Cross-border service levels play a key role in the truck segment in particular.

The distribution agreement currently covers a total of eight countries. These include six of the Vienna Insurance Group's core markets, namely Bulgaria, Croatia, Poland, Slovakia, Serbia and the Czech Republic, as well as Italy and Ukraine.

An insurance solution was custom-made for Scania, clearly defining products with innovative benefits and service-level agreements, such as quick and efficient claims processing. This created a framework for local agreements between the group companies of the two partners to take into account conditions that differ from country to country. In this way, Scania customers benefit from specialists in their own country while at the same time being included in the international service network of the companies in the Vienna Insurance Group.

Development partnership

SAP insurance project
Donau Versicherung AG Vienna Insurance Group began operations with the SAP insurance solution in the life insurance segment in July 2009. This is the first time that a standard module for the underwriting core business has been used for a major group. This end-to-end solution includes in-force policy management, invoicing for services, payment transactions and provisioning, and also supports business management tools such as bookkeeping and business intelligence systems.

The Vienna Insurance Group and SAP are working together on the world's largest project in the insurance sector. What is of significant note is that this SAP solution will not only be used by all of the Group's insurance companies in 23 countries in the future, but will also support all insurance segments. This innovative IT solution allows business processes to be optimised, thereby cutting costs. With the successful "Go Live" at Donau Versicherung AG Vienna Insurance Group, a further milestone in this development partnership between the Vienna Insurance Group and SAP has been reached.

The expansion of the SAP solution is based on multi-language capabilities, a product-driven approach, flexible process design and auditing acceptability. Standardised, fully automated processes extending all the way to the individual user minimise administrative expenses and increase competitive benefits.

Cooperative marketing

V.I.G. and OMV combine strengths in the CEE region
The cooperative marketing arrangement between the Vienna Insurance Group and OMV, Central Europe's leading oil and natural gas group, covers ten countries: Austria, the Czech Republic, Slovakia, Romania, Bulgaria, Croatia, Serbia, Slovenia, Hungary and Germany. Depending on the country, the areas covered by the cooperation arrangement include the direct sale of motor insurance at OMV petrol stations, the establishment of special Service Corners, Vienna Insurance Group participation in various OMV customer loyalty programmes and joint participation at automotive trade shows.

GROUP REINSURANCE COMPANY

VIG Re

2009 was the first financial year of the Group's in-house reinsurance company, VIG Re zajišt'ovna, a.s. (VIG Re). The company ended the year with a premium volume of close to EUR 260 million, and generated a profit before taxes of EUR 14.5 million which exceeded original growth expectations by around 30%. Although the focus of the company was on in-house reinsurance, it also acquired its first customers from outside the Group in 2009.

This trend continued when reinsurance treaties were renewed in 2010. VIG Re currently counts 30 outside insurance companies among its customers, thereby establishing itself as a new reliable provider of reinsurance capacity in the CEE region. This position is strengthened by Standard & Poor's A+ rating, and capital resources of around EUR 100 million. VIG Re draws on the Vienna Insurance Group's 20 years of experience in the countries of Central and Eastern Europe, including its resultant knowledge of the markets and close customer relationships.

What from your viewpoint is communication?

THE ART OF BUILDING A BRIDGE BETWEEN TWO SEPARATE WORLDS.

Viola Fátyol, Hungary

Fátyol Viola

Openness, transparency and continuity create confidence and form the basis for the successful long-term dialogue that connects the VIENNA INSURANCE GROUP with its stakeholders. As a listed company, it is essential that the VIENNA INSURANCE GROUP remain in continuous dialogue with the capital market concerning its strategy and development so that the public is informed about and can evaluate the Group.

INVESTOR RELATIONS

International equity markets

Stock exchange prices posted a major recovery in 2009, despite the most serious economic crisis since the Great Depression in the 1930s.

Although the bank rescue packages introduced in 2008 brought the markets short-term relief, the first weeks of last year were dominated by concerns about future continued economic growth. Many companies also published sharply diminished results. Consequently, the start of 2009 saw renewed price losses, leading in some cases to lows not seen for many years. Central banks therefore felt impelled to provide markets with additional liquidity by expanding their security purchases. As a result of these measures and of positive performance surprises from financial services companies toward the end of first quarter 2009, equity markets underwent a change in sentiment. This was the beginning of an impressive equities rally that quickly made up for the losses recorded at the beginning of the year.

Stock exchange prices post major recovery in 2009 despite serious economic crisis.

The first indicators of a stabilisation of the downtrend in economic activity signalled that the monetary and fiscal policy measures were having an effect. The process of forming a bottom was seen in an improved business climate for the many European companies with a strong export orientation, in increased industrial production and in an improvement in U.S. consumer sentiment. This led to better stock exchange momentum and encouraged international investors to reinvest the massive amounts of available liquidity in the equity markets.

Persistent uncertainties regarding future economic developments and the outlook for interest rates were in evidence in the recurring moderate setbacks that interrupted the upward trend in equity prices throughout the remainder of the year. Consequently, the threat of a default in payment by a subsidiary of the Arabian emirate of Dubai, following a downturn in the local real estate sector, created a brief shockwave in capital markets. Concerns about Greek government finances also resulted in temporary price declines toward the end of 2009.

The U.S. Dow Jones Industrial index once again managed to break through the 10,000-point level, recording a price gain of 18.8% for last year. When compared with the low reached on 9 March 2009, the increase was a remarkable 59.3%. European stock exchanges also posted strong gains in 2009. The European Eurostoxx 50 benchmark index, for example, showed a year-over-year performance of 21.0%.

Like U.S. equities markets, European trading centres also showed price movements that were strikingly divided into two periods. Dramatic price losses at the start of the year were juxtaposed to a major rise starting at the end of the 1st quarter. The Nikkei 225, the Japanese leading index, also experienced similar price movements and ended with a similar overall increase of around 19%.

Emerging markets were hit particularly hard by the risk aversion dominating the markets at the beginning of 2009. Fears of imminent national bankruptcies in the CEE region and declining confidence in the region's future economic growth caused the CECE index (in EUR) in February of last year to fall to its low of 796.81 points. This collapse in prices was overcome by an impressive upturn in the remainder of the year. Mainly as a result of greater differentiation on the part of investors and rating agencies in assessing the risk of individual countries, and a return of confidence in a comparatively strong and quick economic recovery, the index rose by more than 100% off its low.

Vienna Stock Exchange

In overall terms, the ATX leading index of the Vienna Stock Exchange turned in an excellent performance in 2009. Its year-over-year increase of 42.5% clearly exceeded the index changes seen on most international stock exchanges.

In the first two months of 2009, a steady stream of worsening appraisals of future developments in CEE economies was the major influence depressing share prices. Since the majority of the companies listed on the Vienna exchange are active in this region, this led to a strongly negative price performance, causing the leading index to fall to its low for the year, 1,411.95 points, on 9 March 2009.

Positive company performance surprises and more confident risk assessments of the CEE countries subsequently helped bring about a strong recovery, moving the index to a high for the year of 2,752.39 points in October 2009. Uncertainty about the possible insolvency of some governments later led to a correction, bringing the leading index to a level of 2,495.56 points at year's end.

Vienna Insurance Group Share

Overview of the VIG share

Initial listing (Vienna)	17 October 1994
Initial listing (Prague)	5 February 2008
Number of common shares	128 million
Free float	approx. 30%
ISIN	AT0000908504
Securities symbol	VIG
Bloomberg	VIG AV / VIG CP
Reuters	VIGR.VI / VIGR.PR
Rating – Standard & Poor's	A+, stable outlook

Performance 2009

All in all, 2009 was a very good year for Vienna Insurance Group shareholders. The share's year-end closing price of EUR 36.00 represented a gain of close to 50%, which means that VIG shares even outperformed the ATX by around 7% in 2009. At the beginning of the year, the price of VIG shares tumbled sharply along with international markets to reach a low for the year of EUR 16.10 on 9 March 2009.

The announcement of a bonus dividend and the stable earnings performance over the course of the year then helped the share price to record a strong recovery. The share price rose from its low for the year to almost double this value by the middle of May, thereby outperforming the ATX.

A steady return of investor confidence in a rapid economic recovery in the CEE region and a solid earnings performance by the Vienna Insurance Group moved the share price to a high for the year of EUR 44.00 on 15 October 2009. After a number of short setbacks due to a return of capital market uncertainties, VIG shares closed out the year at a price of EUR 36.00.

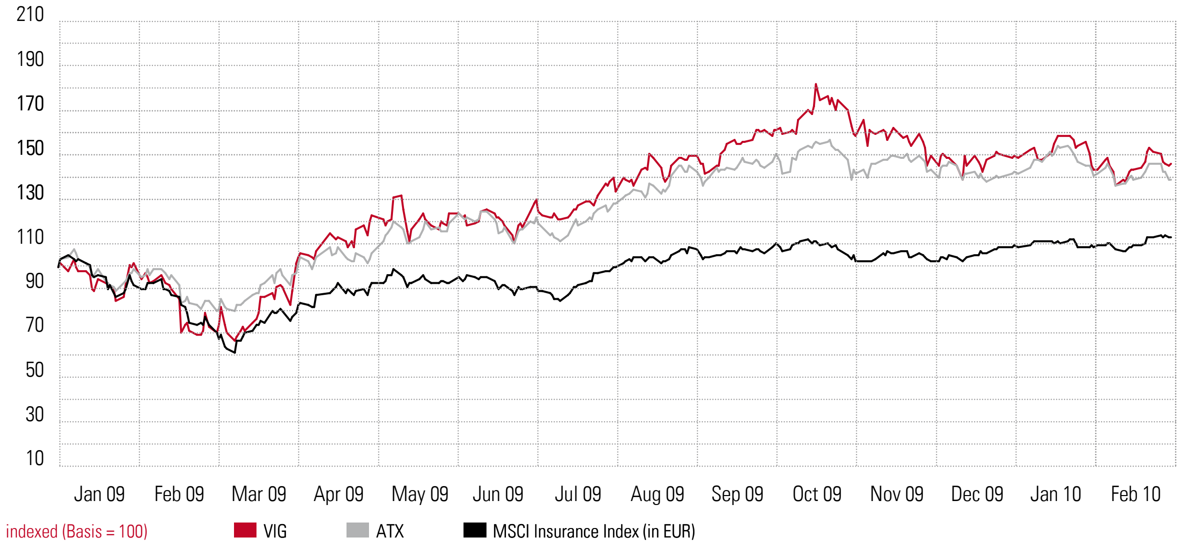
These uncertainties continued into the current year, causing the VIG share price to move sideways, accompanied by an increase in volatility.

Key share information for 2009

High	EUR	44.00
Low	EUR	16.10
Year-end price	EUR	36.00
Market capitalisation	EUR	4.61 billion
Proposed dividend 2009	EUR	0.90
Average daily stock exchange trading volume*	EUR	4.5 million
Annual performance 2009		+49.25%

* using single counting

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI INSURANCE INDEX (IN EUR)
1 January 2009 – 26 February 2010



Liquidity

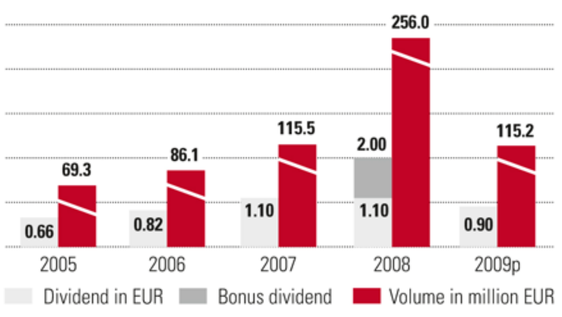
The trading volume of Vienna Insurance Group shares on the Vienna Stock Exchange decreased slightly compared to the previous year, as did the trading volume of other shares in the ATX Prime Index. Around 39 million shares were traded during 2009, representing an annual trading volume of EUR 1.1 billion. This corresponds to an average daily volume of around 156,000 shares or EUR 4.5 million, using single counting. As of February 2010, VIG shares had a weighting of around 6% in the ATX leading index.

Trading volume on the Prague Stock Exchange stabilised in 2009 at the level of the preceding year, so that the liquidity of the shares continued to be as high as 10% of total daily volume on both stock exchanges. VIG shares are included in the PX leading index of the Prague Stock Exchange.

Dividend

In line with the Group's unchanged dividend policy, the Vienna Insurance Group plans to pay a dividend for the past financial year equal to at least 30% of Group profit for the year. The Managing Board will therefore propose a dividend of EUR 0.90 per share. The dividend payment date is provisionally set for 5 July 2010.

DEVELOPMENT OF DIVIDENDS



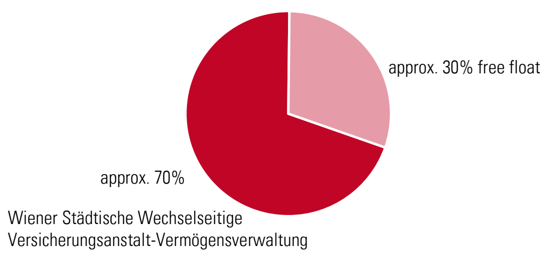
Financial communications

The Vienna Insurance Group places great importance on continuous communication with the capital market and personal contact with analysts and investors. Investor relations activities have continuously increased and expanded every year, especially since the first capital increase in 2005, which significantly raised the proportion of free float shares to close to 30%.

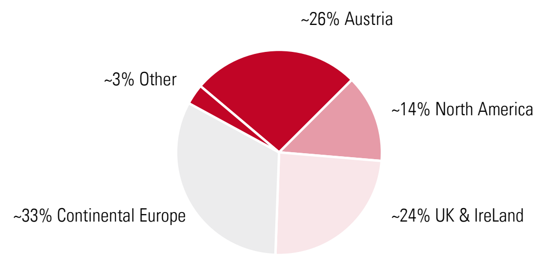
The management of the Vienna Insurance Group took part in nine conferences organised by the most prominent national and international banks, which for the most part were held in London. The Group also made presentations at seven roadshows jointly organised by the Vienna Stock Exchange and a number of investment banks operating in Austria. Individual and group meetings were held to provide investors in Tokyo, Milan, Paris, Zurich, London and New York with an opportunity to learn about the Vienna Insurance Group's strategy and business performance. The Group itself organised a total of 14 roadshows to select destinations, including Frankfurt, Prague, Geneva, Brussels, New York, Toronto and Boston. Group management held many meetings with existing and potential new investors to discuss current and potential future developments relating to the Vienna Insurance Group.

A detailed, up-to-date list of bank conferences and roadshows previously attended or planned for the future, along with the documents used at those events, is available on the Internet at all times at www.vig.com/ir.

SHAREHOLDER STRUCTURE OF THE VIENNA INSURANCE GROUP



GEOGRAPHICAL DISTRIBUTION OF FREE FLOAT



Retail investors also had an opportunity to interact personally with the management of the Vienna Insurance Group in 2009. The event series organised by the online magazine Börse Express has established itself successfully in the last few years, and many retail shareholders have taken advantage of the opportunity to learn about listed Austrian companies. In June, management and investor relations representatives were available for a question and answer period following the presentation. The Vienna Insurance Group is planning to participate in another Börse Express roadshow in April 2010, and those interested are cordially invited to attend.

Analyses of VIG shares

Investment bank analyses are very important for a company's visibility and presence among capital market participants. Three well-known international brokers, Deutsche Bank, HSBC and ING, began coverage of the Vienna Insurance Group in 2009. At present, the activities of the Vienna Insurance Group are being continuously monitored by 15 analysts at the following financial institutions:

- Atlantik
- Bank of America Merrill Lynch
- CA Cheuvreux
- Citigroup
- Credit Suisse
- Deutsche Bank
- Erste Group
- Goldman Sachs
- HSBC
- ING
- JP Morgan
- Keefe, Bruyette & Woods
- Morgan Stanley
- Société Générale
- UniCredit

V.I.G. financial calendar*

3M results for 2010	20 May 2010
Annual General Meeting	29 June 2010
Ex-dividend day	5 July 2010
Dividend payment date	5 July 2010
6M results for 2010	19 August 2010
9M results for 2010	9 November 2010

* preliminary schedule

Investor Relations

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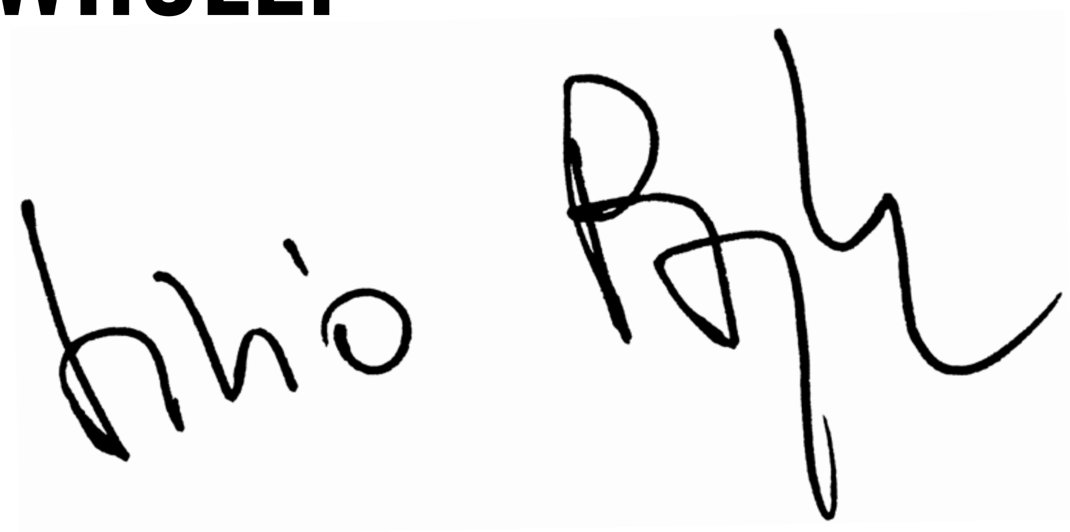
What creates lasting values?

THE ART OF UNDERSTANDING ONE'S OWN ACTIONS AS PART OF A WHOLE.

Livio Rajh, Croatia



Security and providing for the future are the core business of the VIENNA INSURANCE GROUP. Its business activities are focused on capital accumulation and capital preservation for customers. Employee commitment and experience are essential and ensure the long-term success of the Group.

The VIENNA INSURANCE GROUP is integrated into a number of different economies, and shows its solidarity through commitment to the needy and disadvantaged. Art and culture are essential aspects of human existence and are promoted in a variety of projects.

RESOURCES AND RESPONSIBILITIES

HUMAN RESOURCES

The focus is on people

For more than 185 years, the Vienna Insurance Group has put the focus on people. Each new employee, each new company in the Vienna Insurance Group, is welcomed into the family, with everything that goes along with that: fairness, mutual respect and an environment where everyone can develop his or her own unique potential.

What is special about the Vienna Insurance Group as an employer?

An international group of companies offering many opportunities
Employees of the Vienna Insurance Group do not have long to wait. Right from the start, everyone has the opportunity to advance in the current international environment and put all of their abilities to work on a variety of duties in 23 countries in the CEE region.

Room to develop your potential
To be a mover, you must first move yourself. The Vienna Insurance Group therefore gives its employees freedom, so that they can put their all into everything they do. The steady growth of the Group creates many new opportunities where employee potential can be used and talent developed.

At the Vienna Insurance Group, everyone learns from the best
Employee development is actively encouraged. National and international seminars and workshops provide continuing education, and employees of the Vienna Insurance Group are regularly inspired by the opportunity to hear major success stories. Nothing is as inspiring as the example set by the best!

We make sure that everyone feels comfortable and enjoys their work
"Work before pleasure" is not a motto for the Vienna Insurance Group. The Vienna Insurance Group human resources department feels that work must be enjoyable in order to be successful.

Support for a work-life balance and flexible working arrangements
Flexible working arrangements give employees the time they need for family life outside of the V.I.G. family. In addition, we also offer a performance-based employee bonus, company fringe benefits, attractive insurance terms and many other benefits that Vienna Insurance Group employees enjoy every day.

This all makes the Vienna Insurance Group much more than an attractive employer. It makes us a family.

Lead@VIG

Targeted development and advanced training opportunities are aimed at filling management and key positions from within the Group. In addition, a number of professional and personal development programmes are also offered on a Group-wide basis. All of the advanced education programmes are designed at three levels:

- Executive development
- Management development and
- Development of young employees with potential

VIG Talent Management Programme
The Group-wide "VIG Talent Management Programme" began in 2008. The programme is aimed at talented employees, for deployment throughout the Group. The graduates of this programme have been trained as all-around insurance experts and have worked in a variety of operational and strategic positions in the Vienna Insurance Group, both at headquarters and in its subsidiaries. The programme plays a central role in helping the Vienna Insurance Group create a pool of employees for internal hiring.

International human resources development

VIG School of Business

As a "first mover" in the insurance sector, the Vienna Insurance Group has set itself the goal of founding a VIG School of Business in order to improve the professional skills, know-how and capabilities of its employees.

The Vienna International Underwriters (VIU) Academy was founded in 2008, with the goal of further improving the technical knowledge of employees working in the underwriting area. Education is carried out as a mixture of practical training, theoretical components and project assignments, taught by internal and external professionals and experts.

In 2009, the human resources development area continued its efforts to develop a design for additional specialised company-specific courses, and plans to offer Group employees additional programmes during the year 2010 in, for example, the risk management and corporate investment areas. Furthermore, the Vienna Insurance Group also provides opportunities for greater employee development through programmes such as on-the-job training, job rotation or special assignments involving employee participation in international projects.

Job market

A Group-wide job market gives every Vienna Insurance Group employee the opportunity to apply for positions that are offered locally or internationally in the Vienna Insurance Group's headquarters or at one of the approximately 50 subsidiaries in order to further promote their careers within the Group. Overall, more than half of the positions available in the Group were filled internally in 2009.

Development dialogue

A number of different instruments are being used to gradually establish a performance-oriented corporate culture in all areas of the Group. A performance development dialogue is currently being introduced across the Group. This performance development dialogue is an integrated employee interview process that takes place within the Group and includes areas such as goal setting, skills and potentials assessment, development measures and career management.

Work-life balance

Health promotion

A number of different approaches are used to promote the health of employees. In the Vienna Insurance Group headquarters, company physicians are available to provide medical treatment in the workplace. First-aid courses, including defibrillator training, is one of the measures used to improve on-the-job safety. Vaccination campaigns and preventive examinations during an annual health promotion day round out the range of offerings.

Equal opportunity

Fairness and equal opportunity are among the fundamental values of the Vienna Insurance Group. Male and female employees therefore receive equal treatment in terms of remuneration structures and career opportunities. As of 1 January 2009, around 1/3 of the managers directly below the Managing Board were women, both in the Vienna Insurance Group and Wiener Städtische Austria.

Flexible worktime models are used to help create a balance between career and family. Regular e-mails providing information on available positions in the Group and internal company information make returning to work easier after maternity leave.

Promotion of learning

Students4excellence

The Vienna Insurance Group, Erste Group, McKinsey & Company, mobilkom austria, OMV and Wolf Theiss are joint sponsors of the "Students4excellence" initiative for assisting top students in Austrian universities and universities of applied science. In addition to creating a support network for talented and committed students, the partnership also provides these students with an opportunity to network among themselves.

The partner companies offer mentoring programmes and internships, organise a variety of events with potential employers, and provide financial support to outstanding students.

Balkan Case Challenge

For the second time now, the Vienna Insurance Group is supporting the Balkan Case Challenge in cooperation with World University Service (WUS) Austria. What makes this annual competition special is the in-depth collaboration between academic institutions and the business community. The competition also promotes cooperation between different cultures and religions and the exchange of knowledge and ideas between the best students in Austria and more than twelve countries of Southeastern Europe.

Educational partnerships

In addition to the "Students4excellence" and "Balkan Case Challenge" projects, the Vienna Insurance Group was also involved in partnerships with educational institutions in 2009. Partnerships currently exist with the Zentrum für Berufsplanung (Career Planning Centre) at the University of Vienna, the Krems University of Applied Sciences (a course in the area of health management), and the Vienna University of Economics and Business.

CORPORATE SOCIAL RESPONSIBILITY

As one of the largest international insurance groups in Central and Eastern Europe, the Vienna Insurance Group feels that it shares responsibility for creating a future worth living. The Group therefore considers it an obligation to provide support for cultural and social concerns in Austria and the CEE region, and makes an important contribution to mutual understanding owing to the Group's international collaboration across borders and between cultures.

In order to provide innovative products that are specially tailored to customer needs, the Vienna Insurance Group uses information on current social developments and demographic trends when creating insurance solutions.

The Group also tries to make socially compatible and resource-preserving innovations in processes and services, taking into account the concerns of all stakeholders and satisfying their need for information. Establishing an open and collaborative dialogue with stakeholders has proven to be an effective way to secure confidence in the Company, especially in economically difficult times.

The Vienna Insurance Group has a corporate culture of value creation, openness, and respect for others around us that is anchored in the values of the Group. Diversity and different talents and abilities are viewed as an advantage. The Vienna Insurance Group makes use of the potential inherent in its diversity.

Values – the roots that bind
Ethical values have been the basis for profitable management of the Company since its beginnings, and are now deeply rooted in the Vienna Insurance Group. These values are firmly anchored in the vision of its People Strategy: The corporate behaviour of the Vienna Insurance Group towards its employees, customers and shareholders is guided by honesty and sustainability, leadership in matters large and small, customer satisfaction, diversity and equal opportunity.

VALUES

Honesty and Integrity – we respect …
Honesty and sustainability are our top priority. Each of us is personally responsible for maintaining the highest standards of behaviour, based on honesty and sustainability in every aspect of our work.

Leadership as a company and as individuals – we provide …
Actions speak louder than words. All of our employees work towards the same goals, as is expected of them. We all lead through our expertise, creativity and teamwork.

Customer satisfaction – we deliver …
We respect our customers, listen to their wishes, and understand their expectations. We strive to provide quality and service that exceeds our customers' expectations.

People – we value …
We treat each other with respect and are proud of the considerable benefits brought by a diversity of employees and ideas. In order to continue our success, we need to provide our employees with opportunities for training and development, helping them grow to meet new responsibilities.

LISTED IN TWO SUSTAINABILITY INDICES IN 2009

VÖNIX

VÖNIX is Austria's first sustainability index. It was created by the VBV Austrian pension fund and is made up of listed Austrian companies that are leaders in terms of social and environmental performance. Companies undergo an annual sustainability analysis based on around 100 criteria, evaluated using publicly available corporate information, questionnaires, company contacts, media reports, databases, etc. Vienna Insurance Group shares have been included in this index since the middle of 2005.

FTSE4Good

The FTSE4Good index series includes companies with a special commitment in the area of corporate social responsibility. The FTSE4Good index is based on criteria in three areas: activities aimed at environmental sustainability, development of positive relationships with stakeholders, and observance of human rights. Vienna Insurance Group shares were included in this global index in mid-2007.

SOCIAL AND CULTURAL RESPONSIBILITY

In harmony with the business strategy of the Vienna Insurance Group, individual Group companies also tailor their activities in the area of corporate social responsibility to the needs and conditions existing in their particular countries. All of the companies nevertheless principally focus on assistance to children in need, the promotion of art and culture, and support for aid organisations.

Examples of a few of the Group's activities and awards are described below.

Social responsibility

Caritas' Eastern Europe campaign

Caritas traditionally draws attention to the tragic circumstances of some Eastern Europeans during the cold season. The number of children who live on the street and have to fight the cold in winter has hardly changed compared to 1990. This is true even though falling birth rates mean there are now 11 million fewer children in all, that is, the percentage of children in need has risen.

The Vienna Insurance Group has sponsored both national and international Caritas projects for many years. For example, in February of 2009, the Vienna Insurance Group supported Caritas' Eastern European campaign together with Erste Group. The goal of the campaign is to collect donations for people in the poorest countries of Europe. These donations are divided among about 250 projects.

It is of especial importance to the Vienna Insurance Group, as the largest insurance group in Central and Eastern Europe, to provide support for social initiatives that help to improve living conditions, particularly for children and young people.

"Day for a better life" in Czech company Kooperativa

The idea of introducing a voluntary day of social action each year arose in March 2008 during an employee event for the Czech Group company Kooperativa pojišťovna, a.s. Vienna Insurance Group. Every employee has the opportunity to dedicate a paid working day to a social cause.

Social responsibility, art, culture – the central focus of Vienna Insurance Group is people.

Kooperativa works together with the association "Forum dárců", which helps the company organise the campaign. Employees had their first chance to use a "day for a better life" in 2009, and the campaign was a complete success. More than 450 Kooperativa employees have already taken part in this voluntary day of social action, and the company plans to continue the campaign in 2010.

The "day for a better life" campaign shows that employees are glad to make use of an opportunity like this. There are plans, therefore, to provide socially minded employees in the administrative area recognition similar to the model used by Kooperativa. A concept for implementing this idea is currently being developed, and the Vienna Insurance Group looks forward to providing support and assistance to all employees who are conscious of their social responsibility.

Bátor Tábor – camp for sick children in Central Europe

The "Bátor Tábor" foundation, which organises free camp visits for chronically ill children in Hungary, was founded by a group of Hungarian health care specialists in 2002. Bátor Tábor is a member of the "Association of Hole in the Wall Camps", an organisation created by Paul Newman to give sick children the opportunity to participate in therapeutic recovery programmes.

Bátor Tábor organises an international camp each summer for sick children from Hungary, the Czech Republic, Slovakia and Poland. The camp offers an ideal environment where play can be used to strengthen the abilities of the children. More than 1,900 children have already taken part in the summer camps organised by Bátor Tábor. UNION Vienna Insurance Group Biztosító Zrt. has been a supporter of the Bátor Tábor programme since June 2007.

UNION Biztosító receives "Best Sponsor" award

UNION Vienna Insurance Group Biztosító Zrt. received the "Best Sponsor" award in the financial services category from the Hungarian Charitable Forum in 2009 for its social awareness, ongoing value-added social commitment, and sponsoring activities in 2008.

Helping children with health and social disadvantages is one of UNION Biztosító's highest priorities. Its sponsoring activities extend from financial support and charitable donations to voluntary service by employees.

Polish Group company Compensa named "Solid Employer"

The Group's Polish company Compensa TU S.A. Vienna Insurance Group was awarded the title "Solid Employer 2008" in a national competition held by Grupa Media Partner in the summer of 2009. The award is granted by publishers and independent experts to companies that display the highest standards with respect to social working conditions, part-time employment models and career opportunities, and that have an excellent reputation with other business organisations and decision-makers.

Cultural commitment

Essl Art Award CEE

The Vienna Insurance Group is a long-term partner of the Essl Museum and a joint sponsor, together with bauMax, of the ESSL ART AWARD CEE. This award was created in 2005 by husband and wife art collectors Agnes and Karlheinz Essl to promote art students from Central and Eastern Europe, and has been awarded every other year since then.

In addition to the Czech Republic, Slovakia, Hungary, Slovenia and Croatia, in 2009 Romania was represented for the first time. Students from art academies in all of these countries submitted their work via the Internet to apply for the award. Ten nominees from each country were chosen by an international jury, and the nominees presented their works in the capital cities of these six countries in May 2009. The jury awarded three prizes for each country: 1st prize, 2nd prize and, for the first time, the Vienna Insurance Group's own Special Invitation award.

• *V.I.G. Group Annual Report: Platform for young artists*

Young artists from the Czech Republic, Slovakia, Hungary, Slovenia, Croatia and Romania, who received the Vienna Insurance Group promotional award were also given the opportunity to present themselves and selected artwork on the respective chapter title pages in this annual report (see overview on pages 180/181). This opens up another platform these artists can use to draw attention to their work.

• *Exhibition: Young Artists from the CEE region*

The VIG Special Invitation award also offered these young artists the opportunity to present their work to the public at large in the Vienna Insurance Group headquarters in the heart of Vienna. This symbolically widens the bridge between the Essl Museum and the Vienna Insurance Group, while offering the art students an additional forum and public exhibition space for their work.

The "Young Artists from the CEE region" exhibition was open to the public free of charge in the exhibition centre of the Ringturm building from 10 February 2010 to 5 March 2010. The exhibition was devoted to the works of the six V.I.G. Special Invitation award winners, and gave visitors fascinating insights into the works of these young artists. The Vienna Insurance Group gives particular priority to the cross-border promotion of discussion and understanding of current and future art movements emanating from this region.

“Architecture in the Ringturm” exhibition series

Designed by renowned architect Erich Boltenstern, the Ringturm, headquarters of the Vienna Insurance Group, has been a place for people to meet and exchange ideas since its opening in 1955. The former cash hall of the Ringturm, which was converted into a modern exhibition centre by Boris Podrecca, has hosted the “Architecture in the Ringturm” exhibition series regularly since 1998. Free admission to this series has made architecture accessible to a wide public.

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RINGTURM ARCHITECTURAL CENTRE

The following exhibitions were open for viewing in 2009

22 January 2009 – 30 April 2009
Wiener Residential Architecture – Innovative. Social. Ecological.
This exhibition provided a detailed view of residential architecture in Vienna, from its beginnings right up to the present, and was previously shown at the Architecture Biennale 2008 in Venice and Milan.

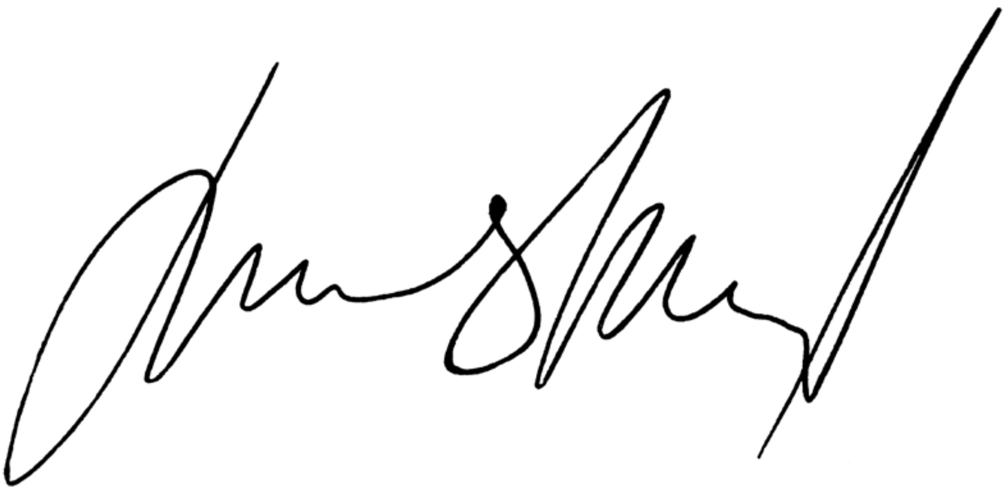
2 July 2009 – 16 October 2009
Sketches for the Future – Werner Sobek
This exhibit was dedicated to the intersection between architecture and construction, an area that is becoming increasingly important in structural design. Werner Sobek’s many and varied activities make him one of the most important international protagonists in this area.

4 November 2009 – 8 January 2010
Gentle Savages – The Viennese Model
The internationally recognised Vienna approach to “gentle urban renewal” is closely linked to the Vienna urban renewal office (Gebietsbetreuung) model. A multimedia exhibition presented a living portrait of the work of the Vienna urban renewal offices, showing their most diverse and daring projects.

What does determination mean to you?

THE ART OF WORKING WITH THE INVISIBLE REALITIES OF LIFE.

Lucia Stráňaiová, Slovakia



Clearly formulated objectives and systematic implementation of its strategy have made the VIENNA INSURANCE GROUP one of the top players in CEE. Its intuition and an understanding of people and their immediate living conditions in local markets were critical factors in this development. The Group is now made up of around 50 companies.

In order to ensure the Group's continued successful growth and management in the future, the management has decided to make adjustments to the organisational structure of the Group.

PERFORMANCE 2009 (MANAGEMENT REPORT)

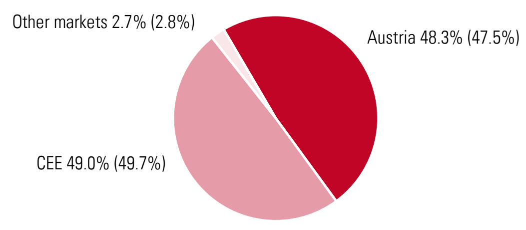
BUSINESS DEVELOPMENT OF THE GROUP 2009

The Vienna Insurance Group includes around 50 insurance companies that are in the property/casualty and life insurance business and, in some countries, in the health insurance business as well. These three insurance segments are presented in the Group report, broken down by business line.

To present the geographical development of business in the Group in a clear manner, the 23 countries in which the Group operates are divided into seven regional segments: Austria, Czech Republic, Slovakia, Poland, Romania, Other CEE markets and Other markets (Germany, Liechtenstein). The markets of Georgia, Russia and Belarus were not yet included within the scope of consolidation of the Vienna Insurance Group in 2009.

Premium volume exceeds EUR 8 billion mark for the first time
The Vienna Insurance Group generated an outstanding premium volume of EUR 8,019.28 million in 2009, representing an increase of EUR 120.42 million, or 1.5%, over the prior year. The Vienna Insurance Group retained EUR 7,287.86 million of the gross premiums written and ceded EUR 731.42 million to reinsurers. A particularly large contribution to the increase in premiums came from the Czech Republic, where premiums increased by 12.9%. Premiums increased in Slovakia by 3.8% over the year before.

PERCENTAGE OF PREMIUMS BY REGION IN 2009



Values for 2008 in parentheses

Overall, the Group generated 49.0% of its premiums in the CEE region in 2009. In property and casualty insurance, the CEE companies contributed 61.0% of the total property and casualty business. In the life insurance area, 39.0% of premiums were generated in the CEE region.

Net earned premiums rose 4.0%, from EUR 6,961.61 million in 2008 to EUR 7,242.28 million in 2009, and deferred reinsurance cessions were EUR 779.36 million.

Expenses for claims and insurance benefits
Expenses for claims and insurance benefits were EUR 5,877.16 million in 2009 after deducting the share attributable to reinsurance (EUR 461.27 million). This represents an increase of EUR 269.80 million, or 4.8%.

Operating expenses
Total operating expenses for all of the consolidated companies in the Vienna Insurance Group were EUR 1,649.42 million in 2009, including acquisition costs and less reinsurance commissions received, which represents an increase of 5.6% over the previous year. Acquisition costs were EUR 1,389.46 million in 2009, an increase of 1.0% compared to 2008.

Profit before taxes
The Vienna Insurance Group's 2009 profit before taxes of EUR 441.25 million exceeded its record profit in 2007.

Earnings per share
Earnings per share, which is the Group profit for the year divided by the average number of shares outstanding, was EUR 2.66 in 2009.

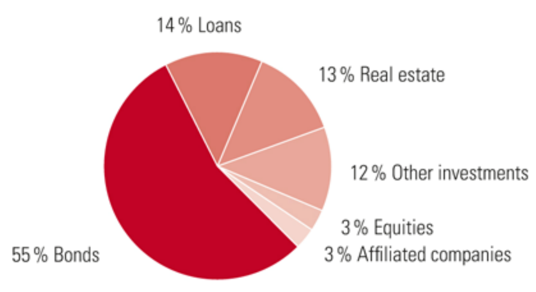
Combined ratio significantly below 100%
The Group's combined ratio (after reinsurance, not including investment income) was 96.3% in 2009.

Financial result
The Vienna Insurance Group had a financial result of EUR 929.97 million in 2009. In spite of the negative effects of the international financial crisis, this was an increase of 1.8%, or EUR 16.03 million, thereby confirming that the Group's decision to follow a conservative investment policy was correct.

Investments rise above EUR 25 billion
The Vienna Insurance Group held investments totalling EUR 25,894.05 million as of 31 December 2009. This represented an increase of EUR 1,346.49 million or 5.5% relative to 2008. These investments include all land and buildings of the Vienna Insurance Group, all shares in at equity consolidated companies, and all financial instruments. They do not include investments for unit-linked and index-linked life insurance, which rose 28.5%, from EUR 3,602.40 million to EUR 4,628.45 million, in 2009.

Investments were EUR 4,133.40 million (+10.2%) in the property and casualty area as of 31 December 2009, and rose by 4.6%, from EUR 19,965.45 million to EUR 20,883.64 million, in the life insurance area. Vienna Insurance Group investments in the health insurance area reached EUR 877.01 million (+5.6%) as of 31 December 2009.

BREAKDOWN OF INVESTMENTS



Equity
The Vienna Insurance Group's capital base increased by 11.8%, to EUR 4,628.57 million, in 2009 (2008: EUR 4,138.79 million).

Underwriting provisions
Underwriting provisions were EUR 22,578.26 million as of 31 December 2009. This meant that the Vienna Insurance Group's underwriting provisions were 4.1% higher than on 31 December 2008.

Underwriting provisions rose 4.1% compared to 2008, to EUR 4,271.35 million, in the property and casualty area, 4.0%, to EUR 17,454.17 million, in the life insurance area, and 6.0%, to EUR 852.75 million, in the health insurance area as of 31 December 2009.

Underwriting provisions for unit-linked and index-linked life insurance also increased, from EUR 3,346.77 million in 2008 to EUR 4,376.16 million, up 30.8%.

RoE (Return on Equity)
RoE describes the relationship between Group profit and the Vienna Insurance Group's total average equity. The Group generated a return on equity (RoE) of 10.0% in 2009 (2008: 14.3%).

Cash flow
The cash flow from operating activities was EUR 1,989.65 million in 2009, and the cash flow from investing activities was EUR -2,163.16 million. The largest items in the cash flow from investing activities resulted from the acquisition of securities available for sale and the acquisition of fully consolidated and at equity consolidated companies. The Vienna Insurance Group's financing activities produced a cash flow of EUR 2.65 million as compared to EUR 1,173.69 million in 2008. The Vienna Insurance Group had cash and cash equivalents of EUR 484.52 million at the end of 2009, receiving a total of EUR 884.04 million in interest and dividends during that same year.

BUSINESS DEVELOPMENT IN DETAIL

Group premium income

In 2009, 52.5% of the Group's total premium volume was generated by the property/casualty area, 43.5% by the life insurance area (an increase of 1.7 percentage points over the previous year), and 4.0% by the health insurance area.

Gross premiums written by business lines

in EUR mn	2007	2008	2009
Property/casualty	3,671.17	4,278.85	4,206.75
Life	2,934.17	3,305.73	3,491.17
Health	306.60	314.28	321.36
Total	**6,911.93**	**7,898.87**	**8,019.28**

Gross premiums written by regions

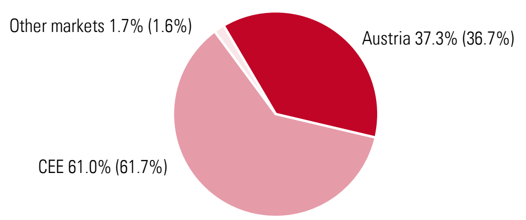
in EUR mn	2007	2008	2009
Austria	3,695.37	3,755.72	3,874.15
Czech Republic	1,130.47	1,419.73	1,603.29
Slovakia	494.52	605.60	628.38
Poland	543.14	795.14	548.26
Romania	413.49	608.22	606.66
Other CEE markets*	383.77	496.35	546.56
Other markets**	251.17	218.11	211.98
Total	**6,911.93**	**7,898.87**	**8,019.28**

* Other CEE markets: Albania, Bulgaria, Estonia, Croatia, Latvia, Lithuania, Macedonia, Serbia, Turkey, Ukraine, Hungary
** Other markets: Germany, Liechtenstein

Property and casualty insurance

Vienna Insurance Group companies generated EUR 4,206.75 million in Group premiums in the property/casualty area in 2009 (2008: EUR 4,278.85 million). This area therefore recorded a slight decrease of 1.7%, primarily due to currency effects. The Vienna Insurance Group companies in the Czech Republic contributed EUR 975.52 million to the Group premiums in this area, corresponding to an increase of 2.1% based on the local currency. The Vienna Insurance Group recorded an increase of 14.5% (EUR 384.07 million) in Poland in the property/casualty area based on the local currency, and an increase of 5.2% (EUR 519.43 million) in Romania based on the local currency. 61.0% of the premiums in the property/casualty area were generated in the CEE region.

PERCENTAGE IN PREMIUMS BY REGION IN PROPERTY/CASUALTY INSURANCE IN 2009

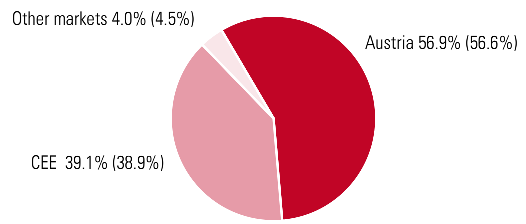


Values for 2008 in parentheses

Growth in life insurance premiums

Vienna Insurance Group companies wrote a total of EUR 3,491.17 million in premiums in the life insurance area, which is equivalent to an increase of 5.6% compared to the previous year.

PERCENTAGE OF PREMIUMS BY REGION IN LIFE INSURANCE IN 2009



Values for 2008 in parentheses

The premium income of EUR 1,365.18 million generated by Group companies in the CEE region represented a 6.3% premium increase. This means that the share of Group premiums from the CEE region has grown to 39.1% in the life segment. The share of premiums written in the Czech Republic has already reached EUR 627.77 million in the life insurance area, which is 48.9% more than in 2008 based on the local currency. Slovakia contributed EUR 295.02 million (+7.2%) in this area, and Romania generated EUR 87.23 million in Group premiums, which was an outstanding increase of 157.2% based on the local currency.

Health insurance premiums up 2.3%

Even in the health insurance business, which is only pursued to any significant extent in terms of total premiums by Wiener Städtische in Austria, one of the leading health insurers, premiums written by the Vienna Insurance Group rose by 2.3%, to EUR 321.36 million.

Profit before taxes

All of the insurance segments in which the Vienna Insurance Group operates contributed to the development of the Group's profit. Profit before taxes reached EUR 441.25 million in 2009, which corresponds to a decline of 18.4% over the previous year. However, due to extraordinary income earned in the year just ended, a comparison with 2008 has little significance.

Profit before taxes by business lines

in EUR mn	2007	2008	2009
Property/casualty	265.07	414.23	238.86
Life	157.20	102.40	177.77
Health	15.03	24.17	24.62
Total	**437.30**	**540.80**	**441.25**

Profit before taxes by regions

in EUR mn	2007	2008	2009
Austria	286.80	344.33	247.49
Czech Republic	73.81	107.45	122.91
Slovakia	30.30	4.99	23.01
Poland	18.78	26.11	27.42
Romania	4.56	57.46	24.19
Other CEE markets*	10.25	–14.41	–23.75
Other markets**	12.80	14.87	19.98
Total	**437.30**	**540.80**	**441.25**

* Other CEE markets: Albania, Bulgaria, Estonia, Croatia, Latvia, Lithuania, Macedonia, Serbia, Turkey, Ukraine, Hungary
** Other markets: Germany, Liechtenstein

Property and casualty insurance
The property/casualty area contributed EUR 238.86 million, or 54.1%, of total Group profits.

Life insurance
Life insurance also contributed EUR 177.77 million to the overall Group profit earned by the Vienna Insurance Group, representing an increase of 73.6% compared to 2008.

Health insurance
The health insurance area contributed EUR 24.62 million to the total Vienna Insurance Group profit.

Employees

The Vienna Insurance Group had a total of 24,386 employees in 2009, which is 4.2% more than the previous year. The increase in the number of employees is due to the first consolidation of the companies listed on page 82 of the Group report.

Employees by region

	2007	2008	2009
Austria	6,138	6,341	6,368
Czech Republic	4,638	4,883	4,972
Slovakia	1,697	1,793	1,650
Poland	1,359	1,522	1,578
Romania	2,767	4,239	5,088
Other CEE markets*	3,596	4,500	4,615
Other markets**	112	115	115
Total	**20,307**	**23,393**	**24,386**

* Other CEE markets: Albania, Bulgaria, Estonia, Croatia, Latvia, Lithuania, Macedonia, Serbia, Turkey, Ukraine, Hungary
** Other markets: Germany, Liechtenstein

Sales

The Vienna Insurance Group sold approximately 12% of the shares of Wüstenrot Versicherungs-Aktiengesellschaft at the beginning of 2009.

Significant events after the balance sheet reporting date

The Romanian life insurance company Omniasig Asigurari de Viata is being sold to the French insurance company AXA. Upon approval by the authorities, the takeover is to be concluded in the first half of 2010.

Risk management

The Vienna Insurance Group's risk management system is firmly anchored in the management culture of the Company, and is based on a clearly defined, conservative risk policy, extensive risk expertise, a highly developed set of risk management tools, and risk-based Managing Board decisions.

The detailed risk report for the Vienna Insurance Group is provided in the notes to the consolidated financial statements on pages 95-109.

Disclosures required under sec. 267(3a) in combination with sec. 243a UGB

Information on these disclosures is provided in notes 13 and 36 in the notes to the consolidated financial statements.

SEGMENT REPORTING BY REGIONS

AUSTRIA

The Vienna Insurance Group's market share of 23.8% makes it the largest insurance group in Austria. Wiener Städtische, Donau and s Versicherung are the Austrian insurance companies in the Vienna Insurance Group. The Vienna Insurance Group sold its shares in Bank Austria Creditanstalt Versicherung during its acquisition of s Versicherung in 2008.

V.I.G. companies in Austria

VIENNA INSURANCE GROUP
Wiener Städtische Versicherung AG

Area of operations:	Life and Non-life
Employees:	approx. 3,850
Market position:	1st place
Market share:	approx. 15%
Offices:	approx. 150

Wiener Städtische is the largest insurance company in Austria, and offers innovative products providing its customers with modern insurance solutions in the property/casualty, life insurance and health insurance segments. The company is represented by more than 3,000 advisors in around 150 offices throughout Austria. In addition to Austria, Wiener Städtische also has branch offices in Italy and Slovenia.

The Wiener Städtische slogan, "We wish your problems were ours", is at the core of all efforts made by Wiener Städtische employees to satisfy their customers. The company has been offering its customers security in many areas of their lives for 185 years now, and its experience and success are a guarantee of stability even in economically difficult times.

Wiener Städtische's extensive range of products provides innovative and modern insurance solutions in all business areas. The products stand out by their great flexibility, are strongly guided by customer needs, and reflect current economic developments.

Donau Versicherung AG
Vienna Insurance Group

Member of V.I.G. since:	1971
Area of operations:	Life and Non-life
Employees:	approx. 1,370
Market position:	7th place
Market share:	approx. 4%
Offices:	approx. 70

More than 140 years of experience in highly eventful times, expertise and reliability have made Donau into one of the Austrian insurance companies that have decisively helped in shaping the market. Over 1,300 employees in eight provincial headquarters and many offices throughout Austria offer around 530,000 customers custom-tailored insurance coverage to meet their needs.

Donau is now offering its customers an even broader product portfolio. After receiving its licence from the Financial Market Authority, the company began offering an extensive range of private health insurance products in March 2010.

Donau is now responding to Austrians' increased healthcare awareness by offering products in the health insurance segment ranging all the way from special class insurance and outpatient treatment to nursing care insurance. Donau health insurance products will also include special supplementary benefits such as free choice of a physician, payment of expenses incurred by an adult accompanying a child undergoing treatment, or at-home help and assistance.

Sparkassen Versicherung AG
Vienna Insurance Group

Member of V.I.G. since:	2008
Area of operations:	Life and Non-life
Employees:	approx. 150
Market position Life:	2nd place
Market share Life	approx. 12%

Now exactly 25 years old, s Versicherung is one of the youngest insurance companies in the Austrian market. With a portfolio of around 1.1 million insurance policies, it is also one of the most successful.

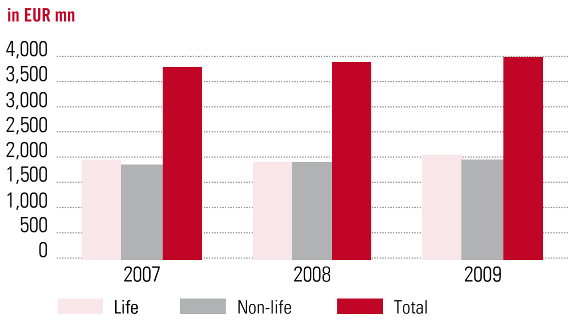
The products offered by s Versicherung comprise all forms of personal and business old-age provision products that make use of life, nursing care, casualty and pension insurance. Together with Wiener Städtische, it also offers Erste Bank customers and customers of the Sparkasse Group custom-tailored solution packages for household and home-owners insurance, as well as building shell insurance.

s Versicherung expanded its product range in 2009, offering health insurance to its customers for the first time in cooperation with Wiener Städtische. This is sold as supplementary health insurance in combination with the "s Unfall" casualty insurance product, and as a stand-alone product in the form of a traditional health insurance policy with special class coverage.

Business development in Austria in 2009

Premium growth
The Austrian companies of the Vienna Insurance Group wrote gross premiums of EUR 3,874.15 million in 2009. This corresponds to an increase of EUR 118.43 million, or 3.2%, over the previous year. EUR 2,316.50 million of this premium volume was generated by Wiener Städtische, EUR 684.71 million by Donau and EUR 872.95 million by s Versicherung. Net earned premiums rose from EUR 3,409.34 million in 2008 to EUR 3,529.64 million in 2009, corresponding to an increase of 3.5%.

PREMIUMS WRITTEN AUSTRIA



EUR 1,567.36 million, or 40.5%, of the premiums were written in the property/casualty area, which represented a slight decrease of 0.1% compared to 2008.

Life insurance contributed EUR 1,985.43 million, or 51.3%, of the premium volume in Austria, with the Vienna Insurance Group recording an overall increase of 6.0% in Austria in 2009.

Health insurance generated EUR 321.36 million in premiums, corresponding to a 2.3% increase over the preceding year (2008: EUR 314.28 million).

Expenses for claims and insurance benefits
Partly because of numerous storms, expenses for claims and insurance benefits rose from EUR 3,165.92 million in the previous year to EUR 3,274.60 million in 2009. This represents a 3.4% increase in expenses. The exceptionally rapid claims settlement provided by the Vienna Insurance Group sets it apart as a reliable partner in the event of storms. Claims can also be reported over the Internet (www.wienerstaedtische.at and www.donauversicherung.at).

Operating expenses
The Austrian companies of the Vienna Insurance Group had operating expenses of EUR 606.38 million in 2009, including acquisition costs and less reinsurance commissions received, which represents a slight increase of 1.2% over the previous year.

Profit of EUR 247.49 million
The profit before taxes earned in Austria by the Vienna Insurance Group fell by 28.1% compared to 2008.

Combined ratio of 96.0%
Although the combined ratio of the Austrian portion of the Vienna Insurance Group was slightly above the value in the previous year, it was nevertheless once again far below 100%. To be precise, the combined ratio of the Austrian companies after reinsurance (not including investment income) was 96.0% in 2009 (2007: 94.6%). Effective claims management by the Vienna Insurance Group was the main factor permitting this favourable result to be achieved once again.

Vienna Insurance Group in Austria*

in EUR mn	2007	2008	2009
Premiums written	**3,695.37**	**3,755.72**	**3,874.15**
Life	1,901.64	1,872.36	1,985.43
Non-life	1,793.73	1,883.36	1,888.72
Profit before taxes	**286.80**	**344.33**	**247.49**

* BA/CA included up to mid-2008; s Versicherung included starting in mid-2008.

CZECH REPUBLIC

The Vienna Insurance Group is now represented by three insurance companies in the Czech Republic: Kooperativa pojišťovna, a.s., Česká podnikatelská pojišťovna, a.s., (ČPP) and Pojišt'ovna České spořitelny, a.s., (PČS). The Group's reinsurance company, VIG Re, also began operations in Prague in the middle of 2008. The Czech Republic contributes around 20% of total Group premiums, making it the largest CEE market in the Vienna Insurance Group.

The Vienna Insurance Group has a market share in excess of 30%, placing it in an outstanding second place in the Czech insurance market. The Group held second place in both the life and non-life sectors in 2009.

V.I.G. companies in the Czech Republic

Kooperativa pojišťovna, a.s., Vienna Insurance Group

Member of V.I.G. since:	1990
Area of operations:	Life and Non-life
Employees:	approx. 3,830
Market position:	2nd place
Market share:	approx. 22%
Offices:	approx. 310

Kooperativa is the largest Vienna Insurance Group subsidiary outside of Austria, and offers a full range of products in both the life and non-life insurance sectors. More than 3,800 employees provide service to more than 2 million customers. Kooperativa has a market share of more than 22%, making it the second-largest insurance company in the Czech Republic, and is a market leader in the industrial and corporate insurance sector.

Kooperativa was selected as "Insurance Company of the Year" in both 2009 and the previous year. The company's broad, diversified product portfolio and its efficient country-wide distribution network were the determining factors in the jury's decision. Kooperativa also received awards in two other categories in the Czech Republic, a silver prize in the "Most Dynamic Insurance Company of the Year" category and bronze in the "Life Insurance Company of 2009" category for its product "Perspektiva 6 BN".

Kooperativa is starting a new business initiative in the Czech Republic by introducing private health insurance. As an innovative supplier of insurance services, the Vienna Insurance Group was early to recognise the great interest its customers had in private health insurance and brings a new focus into the Czech insurance market by its quick introduction of an attractive range of products.

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group (ČPP)

Member of V.I.G. since:	2005
Area of operations:	Life and Non-life
Employees:	approx. 940
Market position:	7th place
Market share:	approx. 5%
Offices:	approx. 310

ČPP has around 310 offices, more than 900 employees and more than one million customers, making it the seventh largest insurance company in the Czech Republic. ČPP operates in both the life and non-life sectors, with a focus on the motor liability insurance segment. With more than 900,000 vehicles insured, ČPP is one of the top 3 insurers in this market segment. The company's outstanding growth was also honoured in 2009 by an excellent 3rd place award in the "Most Dynamic Insurance Company" category.

Pojišťovna České spořitelny, a.s., Vienna Insurance Group (PČS)

Member of V.I.G. since:	2008
Area of operations:	Life and Non-life
Employees:	approx. 170
Market position:	6th place
Market share:	approx. 5%

PČS has been a part of the Vienna Insurance Group family since 2008. It began operating in the Czech insurance market in 1992, and is now the third largest life insurance company in the Czech Republic. PČS's main distribution channel is České sporiteľňa, whose more than 5 million customers and around 650 branches make it one of the leading banks in the Czech Republic.

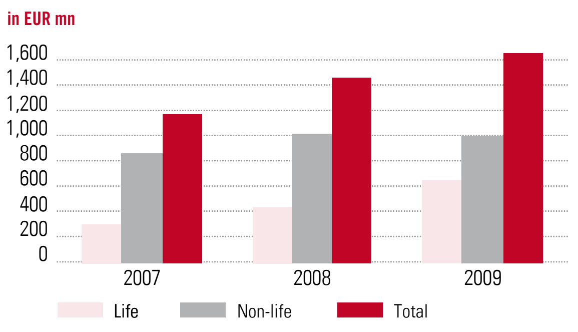
PČS operates as a composite insurer in the Czech insurance market, with a focus on the life insurance sector. Its "Flexi" life insurance product once again beat out the competition to win first place in the "Life Insurance Product of the Year" category in 2009. The product is a combination of a life insurance policy and a savings product, making it particularly attractive and providing the flexibility that ensures that customer needs can be satisfied. The customer has the option of choosing one of three investment strategies based on the market trend and personal preferences, and assembling his or her own portfolio.

Business development in the Czech Republic in 2009

Premiums increase by an outstanding 12.9%

In 2009, the Czech insurance companies in the Vienna Insurance Group wrote a total of EUR 1,603.29 million in premiums (2008: EUR 1,419.72 million), representing an increase of 12.9%. EUR 1,064.14 million of this premium volume was generated by Kooperativa, EUR 231.93 million by ČPP and EUR 263.39 million by PČS. The Group premiums included EUR 43.83 million from VIG Re. The volume of earned premiums was EUR 1,440.95.

PREMIUMS WRITTEN CZECH REPUBLIC



The non-life area generated a premium volume of EUR 975.52 million in 2009 (2008: EUR 982.76 million), corresponding to an increase of 2.1% over the previous year based on the local currency. Kooperativa generated close to 80% of the premiums in the non-life area.

The life insurance premium income generated by the Vienna Insurance Group in the Czech Republic increased from EUR 436.97 million to EUR 627.77 million in 2009. This corresponds to an increase of 48.9% over the previous year based on the local currency.

Expenses for claims and insurance benefits

The Czech companies of the Vienna Insurance Group had expenses for claims and insurance benefits of EUR 999.53 million in 2009 (2008: EUR 806.31 million). This represented an increase in expenses for claims and insurance benefits (less reinsurance) of EUR 193.22 million, or 24.0%, due to the expansion of the scope of consolidation in the Czech Republic.

Operating expenses

The Czech companies of the Vienna Insurance Group posted operating expenses of EUR 359.10 million in 2009, including acquisition costs and less reinsurance commissions received, which represents an increase of 27.5% over the value of EUR 281.58 million the year before.

Czech Republic already contributing EUR 122.91 million to Group profit

The Vienna Insurance Group's 2009 profit before taxes of EUR 122.91 million earned in the Czech Republic represented an impressive 14.4% increase over the previous year, or an increase in Group profit before taxes of EUR 15.46 million over 2008.

Combined ratio of 91.2%

The Czech portion of the Vienna Insurance Group had a combined ratio after reinsurance (not including investment income) of 91.2% (2008: 92.2%). The combined ratio therefore improved once again relative to the previous year.

Vienna Insurance Group in the Czech Republic*

in EUR mn	2007	2008	2009
Premiums written	**1,130.47**	**1,419.73**	**1,603.29**
Life	292.33	436.97	627.77
Non-life	838.14	982.76	975.52
Profit before taxes	**73.81**	**107.45**	**122.91**

* PČS included since October 2008.

SLOVAKIA

The Vienna Insurance Group is represented by three insurance companies in Slovakia: Kooperativa, which has belonged to the Vienna Insurance Group for 20 years, Komunálna poisťovňa and Poisťovňa Slovenskej sporiteľne.

The Vienna Insurance Group achieved a sensational advance in Slovakia during the course of 2009 by rising to become number 1 in the Slovakian insurance market. After being the market leader in the motor vehicle area for several years, the Group became the leader in life insurance in 2008. The Slovakian companies of the Vienna Insurance Group can be particularly proud of now also being number 1 in the overall market, a position achieved in 2009 as a result of strong organic growth.

Nearly 8.0% of the Vienna Insurance Group's total premium volume is generated in Slovakia.

V.I.G. companies in Slovakia

Kooperativa poisťovňa a.s, Vienna Insurance Group

Member of V.I.G. since:	1990
Area of operations:	Life and Non-life
Employees:	approx. 1,250
Market position:	2nd place
Market share:	approx. 23%
Offices:	approx. 440

Kooperativa is the largest Slovakian insurance company in the Vienna Insurance Group, has a market share in excess of 20% and operates successfully in both the life and non-life sectors. The needs of its customers are serviced by around 700 salaried Kooperativa field staff and around 1,800 external distribution partners.

In 2009, the Vienna Insurance Group took important steps to further integrate the Slovakian companies in the area of customer service. Kooperativa and Komunálna jointly reorganised non-life claims processing into three new regional centres over the course of the year. By combining their know-how and making use of synergies, claims processing became more customer-friendly and economical.

Komunálna poisťovňa a.s, Vienna Insurance Group

Member of V.I.G. since:	2001
Area of operations:	Life and Non-life
Employees:	approx. 330
Market position:	4th place
Market share:	approx. 7%
Offices:	approx. 60

The merger of the Slovakian Group companies Kontinuita and Komunálna will allow the synergies of these two companies to be exploited even more efficiently in the future. Since October 2009, the two companies have been operating successfully in the Slovakian insurance market with the strong composite insurer resulting from the merger, Komunálna poisťovňa.

Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group (PSLSP)

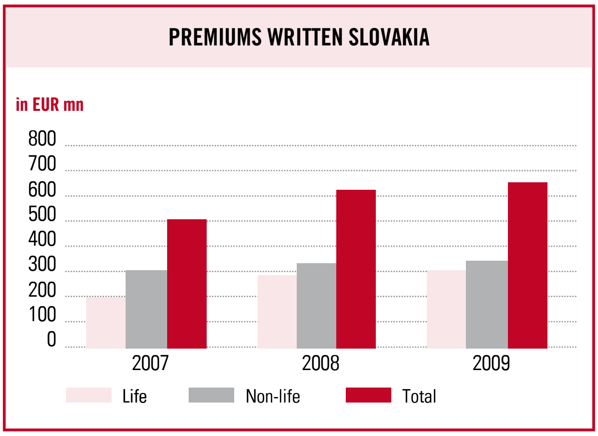
Member of V.I.G. since:	2008
Area of operations:	Life
Employees:	approx. 50
Market position Life	9th place
Market share Life:	approx. 3%

PSLSP too has been a member of the Vienna Insurance Group family, since 2008. The company began its insurance operations at the beginning of 2003, and is now one of the top 10 life insurance companies in Slovakia. PSLSP's main channel of distribution is Slovakia's largest commercial bank, Slovenská sporiteľňa, which has around 2.5 million customers and more than 270 branches.

PSLSP operates successfully in the life insurance area and offers its customers a full range of products. In addition to single-premium life insurance policies, the sale of products with regular premium payments is now being promoted. PSLSP received an award from the business magazine Trend in 2009. The outstanding second place that the company received in this ranking, which was focused on profitability and equity capital, shows that even a small company can become highly successful in the market over the long term.

Business development in Slovakia in 2009

Premium growth
The Vienna Insurance Group wrote a total of EUR 628.38 million in premiums in Slovakia in 2009 (2008: EUR 605.60 million), representing an increase of 3.8%. The volume of earned premiums was EUR 552.76 million.



The non-life area generated a premium volume of EUR 333.36 million in Slovakia in 2009 (2008: EUR 330.52 million). Kooperativa contributed the majority of these premiums, EUR 284.80 million, equal to around 85% of the total non-life premiums generated in Slovakia.

The life insurance premium income generated by the Slovakian companies of the Vienna Insurance Group rose 7.2%, to EUR 295.02 million, in 2009 (2008: EUR 275.08 million).

Expenses for claims and insurance benefits
Expenses for claims and insurance benefits (less reinsurance) were EUR 437.59 million in Slovakia in 2009 (2008: EUR 388.40 million). This represented an increase of EUR 49.19 million, or 12.7%.

Operating expenses
The Vienna Insurance Group had operating expenses, including acquisition costs and less reinsurance commissions received, of EUR 91.63 million in Slovakia in 2009 (2008: EUR 96.72 million). This corresponds to a decrease of 5.3% compared to the previous year.

Profit before taxes of EUR 23.01 million
The three Slovakian companies in the Vienna Insurance Group earned a profit before taxes of EUR 23.01 million in 2009. This represents an increase of more than 350% compared to 2008. This highly significant increase was due to successful cost reduction measures implemented as part of the Group-wide efficiency enhancement programme and an increase in the financial result.

Combined ratio of 90.8%
The Slovakian Group companies had an outstanding combined ratio of 90.8% in 2009 (2008: 93.3%), representing an improvement of 2.5 percentage points.

Vienna Insurance Group in Slovakia*

in EUR mn	2007	2008	2009
Premiums written	**494.52**	**605.60**	**628.38**
Life	197.66	275.08	295.02
Non-life	296.86	330.52	333.36
Profit before taxes	**30.30**	**4.99**	**23.01**

*PSLSP included since October 2008.

POLAND

The Vienna Insurance Group operates in the Polish insurance market using a total of six companies and four brand names. The Vienna Insurance Group companies include Compensa life and non-life, Benefia life and non-life, InterRisk and TU PZM. The Polish companies generated around 7% of Vienna Insurance Group premiums in 2009.

V.I.G. companies in Poland

**TU Compensa S.A.,
Vienna Insurance Group**

**TU na Zycie Compensa S.A.,
Vienna Insurance Group**

Member of V.I.G. since:	2001
Area of operations:	Life and Non-life
Employees:	approx. 760
Market position:	12th place
Market share:	2.0%
Offices:	approx. 80

In 2010, the Compensa companies are celebrating their 20th anniversary. Compensa life and non-life share a nationwide distribution network of around 80 branch offices and a team of around 400 salaried field sales employees in the Polish market.

Compensa non-life is one of the top 5 companies in the Polish motor insurance market. In 2009, the daily newspaper Rzeczpospolita selected Compensa life as the number 2 life insurance company in Poland.

**Benefia TU Majątkowych S.A.,
Vienna Insurance Group**

**Benefia TU na Zycie S.A.,
Vienna Insurance Group**

Member of V.I.G. since:	2005
Area of operations:	Life and Non-life
Employees:	approx. 140
Market position:	15th place
Market share:	1.2%
Offices:	approx. 30

The Benefia companies offer extensive service to customers in both the life and non-life areas of the Polish market. For strategic reasons, Benefia life restructured its risk portfolio by withdrawing from the financial insurance area, thereby further increasing the security offered to its customers.

Benefia non-life operates primarily in the motor insurance segment, and successfully distributes its products by means of cooperative distribution arrangements with a variety of automobile dealers, as well as through brokers and agents. Benefia non-life was awarded the "Integrity and Reliability Certificate" in 2009.

**TU InterRisk S.A.
Vienna Insurance Group**

Member of V.I.G. since:	2005
Area of operations:	Non-life
Employees:	approx. 680
Market position: Non-life:	8th place
Market share: Non-life:	approx. 4%
Offices:	approx. 50

The company has been operating successfully in the Polish insurance market for more than 15 years. As a non-life insurance company, it provides an optimal complement to the Vienna Insurance Group's portfolio in Poland. InterRisk received the "Pearl of the Polish Economy" award in 2009 for its outstanding development.

The Polish InterRisk company operates successfully in both the motor and non-motor vehicle areas. Its insurance products are primarily distributed through more than 2,500 agents and brokers. Due to the extension of InterRisk's license to include all insurance segments in 2008, the company was able to offer its customers additional products in the own-damage area for rail vehicles and own-damage and liability insurance for the marine area in 2009.

**TU Polski Żwiazek Motorowy S.A.,
Vienna Insurance Group**

Member of V.I.G. since:	2007
Area of operations:	Non-life
Employees:	approx. 100
Market position: Non-life:	16th place
Market share: Non-life:	approx. 1%
Offices:	approx. 45

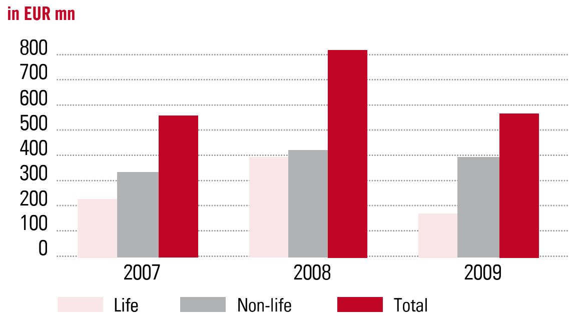
The Vienna Insurance Group acquired a majority interest in TU PZM at the start of 2007, and the company has developed into a top newcomer in the Polish insurance market over the previous two years. The company is particularly successful in the motor insurance area. 90% of TU PZM's product portfolio consists of motor liability and own-damage products.

Business development in Poland in 2009

Premium growth

The Vienna Insurance Group wrote total premiums of EUR 548.26 million in Poland in 2009 (2008: EUR 795.14 million). The volume of earned premiums was EUR 496.18 million in 2009.

PREMIUMS WRITTEN POLAND



The non-life area generated a premium volume of EUR 384.07 million in 2009 (2008: EUR 413.45 million), corresponding to an increase of 14.5% over the previous year based on the local currency.

In the life area, the Polish companies in the Vienna Insurance Group generated premium income of EUR 164.19 million in 2009 (2008: EUR 381.68 million).

Expenses for claims and insurance benefits

The Vienna Insurance Group had expenses for claims and insurance benefits of EUR 282.28 million in Poland in 2009 (2008: EUR 456.39 million). This represented a sharp decrease of EUR 174.11 million, or 38.1%, in Vienna Insurance Group expenses for claims and insurance benefits (less reinsurance) in Poland.

Operating expenses

The Polish companies had operating expenses of EUR 217.00 million in 2009 (2008: EUR 255.40 million). These expenses are calculated including acquisition costs and less reinsurance commissions received. This represented a decrease of 15.0% compared to the previous year.

Poland increases profit before taxes to EUR 27.42 million

The Polish companies earned a profit before taxes of EUR 27.42 million in 2009. This was an increase in profit before tax of EUR 1.31 million, or 5.0%, compared to 2008.

Combined ratio of 100.5%

The combined ratio is 100.5% in Poland (2008: 98.7%).

Vienna Insurance Group in Poland*

in EUR mn	2007	2008	2009
Premiums written	**543.14**	**795.13**	**548.26**
Life	218.80	381.68	164.19
Non-life	324.34	413.45	384.07
Profit before taxes	**18.78**	**26.11**	**27.42**

* TU PZM not yet included and FinLife and Compensa Life merged in 2008.

ROMANIA

The Vienna Insurance Group is represented by five insurance companies in the Romanian market. These Vienna Insurance Group companies include Omniasig non-life and Asirom, as well as BCR Asigurari and BCR Asigurari de Viata. The Vienna Insurance Group's market share of 30% makes it number 1 in the Romanian insurance market. The Romanian companies generated around 7.6% of the Group's premiums.

V.I.G. companies

Omniasig Vienna Insurance Group S.A (Omniasig Non-life)

Omniasig Asigurari de Viata S.A. (Omniasig Life)

Member of V.I.G. since:	2005
Area of operations:	Life and Non-life
Employees:	approx. 1,900
Market position:	2nd place
Market share:	approx. 13%
Offices:	approx. 270

Omniasig non-life focuses on the property/casualty sector, in particular the motor insurance segment. Omniasig non-life has a highly developed distribution network comprised of more than 800 sales employees and more than 14,000 agents and brokers, as well as outstanding cooperative sales arrangements with leasing companies and banks. Omniasig non-life is number 1 in the Romanian market for motor liability insurance. Omniasig was awarded the title "Company of the Year" by the trade journal XPRIMM in 2009.

The Romanian life insurance company Omniasig Asigurari de Viata is being sold to the French insurance company AXA. Upon approval by the authorities, the takeover is to be concluded in the first half of 2010. This decision was based on a Vienna Insurance Group decision to concentrate on the development of BCR Asigurari de Viata and Asirom in this market segment.

SC Asigurarea Romaneasca Asirom
Vienna Insurance Group S.A.

Member of V.I.G. since:	2007
Area of operations:	Life and Non-life
Employees:	approx. 1,830
Market position:	6th place
Market share:	approx. 7%
Offices	approx. 230

Asirom has been a member of the Vienna Insurance Group family since 2007. Asirom is one of the leading insurance companies in Romania, operating in both the life and non-life segments of the Romanian insurance market. The company's products are primarily sold by a strong salaried field sales force and numerous agents and brokers. Asirom is one of the top 5 insurance companies in Romania in the motor insurance segment

Asirom also received numerous awards in 2009, including the title of "Most Reliable Agricultural Insurance Company" and other honours, such as being named the country's best life insurance company by the trade journal XPRIMM.

SC BCR Asigurari Vienna Insurance Group S.A. (BCR Non-life)

SC BCR Asigurari de Viata Vienna Insurance Group S.A. (BCR Life)

Member of V.I.G. since:	2008
Area of operations:	Life and Non-life
Employees:	approx. 1,360
Market position:	NL: 5th place / L: 2nd place
Market share:	NL: approx. 8% / L: approx. 14%
Offices:	approx. 150

The BCR Group has become an important part of the Vienna Insurance Group since the purchase of the Erste Group's entire insurance operations in 2008. BCR non-life has been operating in the Romanian insurance market as a member of Banca Comercială Română since 2001. The company distributes its products through around 150 offices as well as a nationwide network of BCR branches providing access to a large number of customers. BCR non-life is constantly expanding its product range and improving its quality of service in order to further establish itself on the market and better serve its customers' needs.

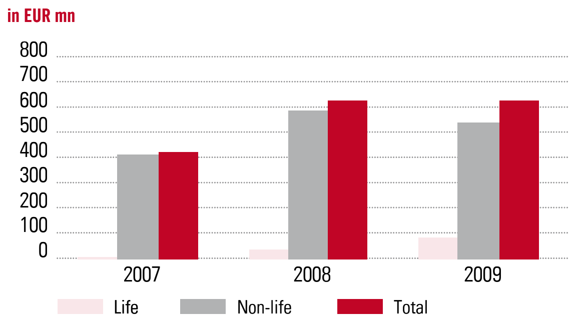
BCR life was established in October 2005 by Banca Comercială Română (BCR), and has offered innovative personal life insurance products and group life insurance since that time. BCR enjoys an excellent position in the Romanian market, which makes bank distribution profitable for BCR life. Distribution of traditional life insurance policies is particularly successful. In 2009, BCR life was named "the life insurance company of the year" in Romania by Piata Financiara, a Romanian financial market magazine. The trade journal Companii de asigurari de top also gave the company its "Award for the strongest life insurance company with a bancassurance structure".

Business development in Romania in 2009

Premium growth

The Romanian companies in the Vienna Insurance Group wrote EUR 606.66 million in premiums in 2009 (2008: EUR 608.22 million). This corresponded to an increase of 15.0% based on the local currency. The volume of earned premiums was EUR 550.56 million in 2009.

PREMIUMS WRITTEN ROMANIA



The non-life segments generated a premium volume of EUR 519.43 million in 2009 (2008: EUR 569.16 million), corresponding to a 5.2% increase over the prior year based on the local currency.

In the life insurance area, the premium income earned by the Romanian Vienna Insurance Group companies increased 157.2% to EUR 87.23 million in 2009 (2008: EUR 39.06 million). This above-average increase in premiums was due to the strong growth experienced by the BCR insurance company, which was consolidated for the first time in 2009.

Expenses for claims and insurance benefits

The Romanian companies of the Vienna Insurance Group had expenses for claims and insurance benefits of EUR 385.54 million in 2009 (2008: EUR 395.44 million). This represented a decrease of EUR 9.90 million, or 2.5%, in Vienna Insurance Group expenses for claims and insurance benefits (less reinsurance).

Operating expenses

The Romanian companies of the Vienna Insurance Group had operating expenses (including acquisition costs and less reinsurance commissions received) of EUR 171.52 million in 2009 (2008: EUR 171.57 million),

Profit before taxes of EUR 24.19 million in Romania

The Romanian companies earned a profit before taxes of EUR 24.19 million in 2009. The decrease of 57.9% is due to the effect of the sale of the Unita insurance company on the previous year's profit before taxes.

Combined ratio of 99.3%

The combined ratio was 99.3% in Romania this year (2008: 104.7%), which is below the 100 per cent mark. In the previous year, the companies set aside reserves for an expected growth in claims in the Romanian market.

Vienna Insurance Group in Romania*

in EUR mn	2007	2008	2009
Premiums written	**413.49**	**608.22**	**606.66**
Life	13.60	39.06	87.23
Non-life	399.89	569.16	519.43
Profit before taxes	**4.56**	**57.46**	**24.19**

* Asirom included since 2008. BCR life and non-life included since 2009. Unita (incl. Agras) only included until mid-2008.

OTHER CEE MARKETS

The Other CEE Markets segment includes Albania, Bulgaria, Croatia, Estonia, Hungary, Latvia, Lithuania, Macedonia, Serbia, Turkey and Ukraine. The companies in the Other CEE markets segment contributed 6.8% of the total premiums of the Group.

Albania

The Albanian company Sigma Sh.a. was established in 1998 in Tirana. Besides its operations in Albania, it also operates through a branch office in Kosovo. Around 240 employees provide service to its Albanian insurance customers. Sigma was first included in the Vienna Insurance Group consolidated financial statements in 2009.

Bulgaria

The Vienna Insurance Group is represented in Bulgaria by Bulstrad Insurance JSC, Bulstrad Life Insurance JSC, Bulgarski Imoti Non-Life Insurance Company, and Bulgarski Imoti Life Insurance Company. Bulstrad non-life has more than 500 employees, and is the leading insurance company in Bulgaria. Bulstrad life focuses on traditional life insurance, as well as casualty and health insurance products.

Estonia, Latvia, Lithuania

The Vienna Insurance Group is represented in the Baltic countries by the life insurance company Compensa Life, formerly Seesam Life Insurance SE. The company has around 20 sales offices with around 120 employees in these three countries. Compensa Life was established in the Estonian capital of Tallinn in 1993 and expanded into Latvia in 1999 and Lithuania in 2001. Compensa Life has been a member of the Vienna Insurance Group since 2007. The three companies were first included in the Vienna Insurance Group consolidated financial statements in 2009.

Croatia

The Vienna Insurance Group plans to merge its Croatian Group companies Helios Vienna Insurance Group d.d. and Cosmopolitan Life Vienna Insurance Group d.d. during the course of the coming year. This will allow the Vienna Insurance Group to consolidate and take greater advantage of synergies in Croatia as well, as part of the Group-wide, forward-looking action plan begun in the spring of 2009. In the future, the company formed by the merger will operate in the high-growth Croatian insurance market under the name Helios Vienna Insurance Group d.d., a composite insurer offering attractive insurance solutions in both the life and non-life sectors. In addition to Helios, the Vienna Insurance Group is also represented by Kvarner and Erste osiguranje in the Croatian market.

Macedonia

In Macedonia, the Vienna Insurance Group is represented by Winner Vienna Insurance Group a.d.o. Originally established under the name Sigma in 2002, the company changed its name to Winner in 2009. The new name will give this non-life insurance company an even more dynamic presence in the Macedonian insurance market. The non-life Insurance company has been a member of the Vienna Insurance Group family since 2007, and was included in the Group's consolidated financial statements for the first time in 2009.

Serbia

The composite insurance company Wiener Städtische osiguranje a.d.o. Beograd has represented the Vienna Insurance Group in the Serbian market since 2003, and is the leading life insurance company in Serbia. The company has a strong, salaried field sales force, with more than 900 employees in around 50 sales offices contributing to its success. Sales of insurance products are also increased by a long-term distribution agreement concluded between Wiener Städtische osiguranje and Erste Bank a.d. Novi Sad in 2008.

Turkey

The Vienna Insurance Group is represented by Ray Sigorta A.Ş. in the Turkish insurance market. The company was established in 1958, has around 260 employees in eight offices, and operates in the non-life area with a focus on motor insurance. Ray Sigorta works in cooperation with more than 700 agents and brokers.

Ukraine

The Vienna Insurance Group operates through four insurance companies in Ukraine: CJS UIC Kniazha, IC Globus Insurance Company, CJSC Life Insurance Jupiter Vienna Insurance Group and CJSC Insurance Company (UIG). Kniazha was founded in 1997 and operates very successfully as a non-life insurer in the motor insurance segment. Globus and UIG also help to strengthen the Vienna Insurance Group's position in the motor insurance segment. Jupiter represents the Vienna Insurance Group in the life insurance area. Distribution alternatives were expanded by means of a cooperative arrangement concluded with the Erste Group's Ukrainian subsidiary in order to take advantage of additional potential in the Ukrainian insurance market.

Hungary

The Vienna Insurance Group is represented in Hungary by the composite insurer Union Vienna Insurance Group Biztosító and the life insurance company Erste Vienna Insurance Group Biztosító Zrt. (ESB). Union has around 250 employees in 25 offices, and offers a full range of insurance solutions for both retail and corporate customers. ESB sells its products through the branch network of Erste Bank Hungary Nyrt.

Business development in the Other CEE markets segment in 2009

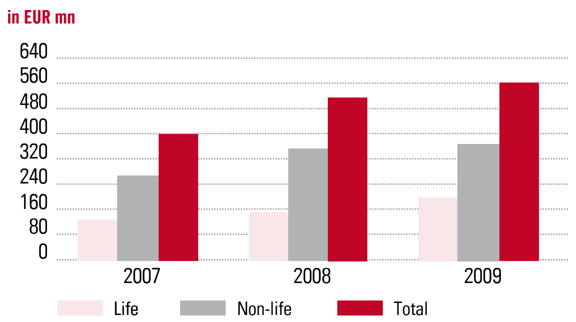
The companies in the CEE countries of Georgia, Russia and Belarus were not yet included within the Vienna Insurance Group's scope of consolidation.

The markets of Albania, Estonia, Latvia, Lithuania and Macedonia were included in the Vienna Insurance Group's scope of consolidation for the first time in 2009.

Premium growth

The Vienna Insurance Group wrote total premiums of EUR 546.56 million in the Other CEE Markets segment in 2009 (2008: EUR 496.36 million). This corresponded to an increase of 10.1%. The volume of earned premiums was EUR 464.55 million (2008: EUR 378.78 million), which was an increase of 22.6% as compared to 2008.

PREMIUMS WRITTEN OTHER CEE MARKETS



The non-life area generated premium volume of EUR 355.60 million in the Other CEE Markets segment in 2009 (2008: EUR 344.49 million), representing an increase of 3.2% over the year before.

In the life area, the premium income of the Vienna Insurance Group companies in the Other CEE Markets segment increased 25.7%, to EUR 190.96 million, in 2009 (2008: EUR 151.87 million).

Expenses for claims and insurance benefits

Expenses for claims and insurance benefits were EUR 343.99 million in the Other CEE Markets segment in 2009 (2008: EUR 254.84 million). This represents an increase of EUR 89.15 million, or 35.0%, in Vienna Insurance Group expenses for claims and insurance benefits (less reinsurance) in the Other CEE Markets segment.

Operating expenses

The Vienna Insurance Group had operating expenses of EUR 166.49 million in the Other CEE markets segment in 2009 (2008: EUR 136.44 million). These expenses are calculated including acquisition costs and less reinsurance commissions received, and represents an increase of 22.0%.

Profit before taxes

The companies in the Vienna Insurance Group suffered a loss of EUR 23.75 million in the Other CEE Markets segment in 2009. This loss was primarily due to a special addition to the mathematical reserve resulting from a change in statutory rules in Croatia and precautionary measures due to the unstable economic situation in Ukraine.

Combined ratio of 110.7%

The Vienna Insurance Group's combined ratio in the Other CEE markets segment still remains above 100%, with a value of 110.7% in 2009 (2008: 105.8%).

Vienna Insurance Group in Other CEE markets*

in EUR mn	2007	2008	2009
Premiums written	**383.77**	**496.36**	**546.56**
Life	124.92	151.87	190.96
Non-life	258.85	344.49	355.60
Profit before taxes	**10.25**	**–14.41**	**–23.75**

*ESB Hungary and ESO Croatia included since October 2008; Albania, Estonia, Latvia, Lithuania and Macedonia included since 2009.

OTHER MARKETS

The Other Markets segment includes the Vienna Insurance Group companies in Germany and Liechtenstein. The companies in the Other Markets segment contributed 2.6% of the total premiums of the Group.

Germany
The Vienna Insurance Group operates via two companies in Germany, the non-life insurance company InterRisk Versicherung AG Vienna Insurance Group and the life insurance company InterRisk Lebensversicherung AG Vienna Insurance Group.

InterRisk Versicherungs AG
Vienna Insurance Group

InterRisk Lebensversicherung AG
Vienna Insurance Group

Member of V.I.G. since:	1990
Area of operations:	Life and Non-life
Employees:	approx. 100

The InterRisk companies offer an extensive range of products in the German insurance market and stand out for their outstanding customer service. High service standards are particularly important to both companies, which have set themselves the goal of becoming market leaders in the area of customer satisfaction.

InterRisk operates strictly as a broker insurer in the German insurance market and offers a broad range of insurance products for private and commercial customers. InterRisk non-life specialises primarily in casualty insurance and other selected non-life insurance products, such as building and commercial risk insurance.

InterRisk life focuses on term life insurance and occupational disability insurance. InterRisk can provide coverage for the risk of death in the form of endowment insurance, term insurance or even a simple death benefit.

InterRisk Lebensversicherungs-AG Vienna Insurance Group once again received "4 stars" and a rating of "above-average" in Morgen & Morgen's ranking of life insurance companies, and was once again awarded the highest rating of "excellent" in the stress test that was performed in parallel. This provides a reconfirmation of InterRisk's financial strength and business efficiency. In addition, the trade magazine "Risiko & Vorsorge" chose InterRisk as the best broker insurer of 2009 in its annual insurance company awards. This choice had already been preceded by a number of other awards in 2009. In the first half the year, for example, both InterRisk companies were once again on the winner's podium for the 2009 CHARTA "barometer of quality" awards.

Liechtenstein
Vienna-Life AG Vienna Insurance Group represents the Vienna Insurance Group in Liechtenstein.

Vienna-Life Lebensversicherung AG
Vienna Insurance Group

Member of V.I.G. since:	1999
Area of operations:	Life
Employees:	11

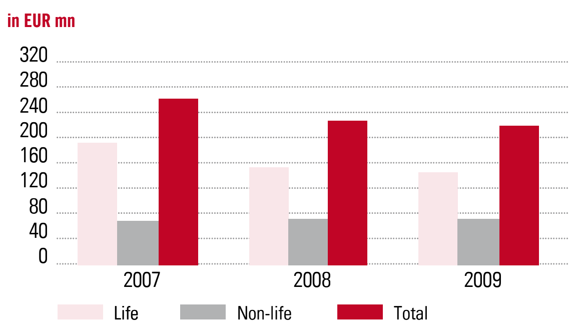
Vienna-Life operates exclusively in the life insurance segment and concentrates predominantly on unit-linked and index-linked life insurance. The focus is on custom-tailored insurance solutions that allow the company to respond to the needs of its customers.

Business development in the Other Markets segment in 2009

Premium growth

The Vienna Insurance Group wrote total gross premiums of EUR 211.98 million in the Other markets segment in 2009 (2008: EUR 218.11 million). This represented a slight decline of 2.8% for the German and Liechtenstein companies. The volume of earned premiums was EUR 207.64 million (2008: EUR 185.00 million), which was an increase of 12.2% compared to 2008.

PREMIUMS WRITTEN OTHER MARKETS



In the non-life area, InterRisk Germany is the only company operating in the Other markets segment. This company generated EUR 71.42 million in premiums in 2009 (2008: EUR 69.40 million), representing an increase of 2.9% over the previous year.

In the life area, Vienna Insurance Group premium income in Germany and Liechtenstein declined by 5.5% to EUR 140.56 million in 2009 (2008: EUR 148.71 million).

Expenses for claims and insurance benefits

Expenses for claims and insurance benefits were EUR 153.64 million in the Other Markets segment in 2009. This represents an increase of 9.7% compared to the EUR 140.07 million in expenses for claims and insurance benefits (less reinsurance) in 2008.

Operating expenses

The Vienna Insurance Group had operating expenses of EUR 37.29 million in the Other Markets segment in 2009 (2008: EUR 21.16 million). These expenses were calculated including acquisition costs, and less reinsurance premiums received. This corresponds to a 76.3% increase in operating expenses compared to the previous year. The increase resulted from a change to the reinsurance programme.

Profit before taxes increases 34.3% in Other Markets segment

The Vienna Insurance Group companies in the Other Markets segment earned a profit before taxes of EUR 19.98 million in 2009. This corresponds to an increase of 34.3%, or EUR 5.11 million, over the previous year. The outstanding underwriting result achieved by InterRisk non-life had a positive effect on the profit before taxes.

Combined ratio of 83.8%

InterRisk had an excellent combined ratio of 83.8% in 2009, once again below the 100% mark as in the previous year (2008: 74.0%).

Vienna Insurance Group in the Other markets

in EUR mn	2007	2008	2009
Premiums written	**251.17**	**218.11**	**211.98**
Life	185.22	148.71	140.56
Non-life	65.95	69.40	71.42
Profit before taxes	**12.80**	**14.87**	**19.98**

OUTLOOK 2010

ECONOMIC DEVELOPMENT

Austria

The sharp downturn in the global economy over the past one and a half years is having a significant effect on growth in the domestic economy. Preliminary estimates from the Austrian economic research institute Wirtschaftsforschungsinstitut (WIFO) predict a decline in gross domestic product (GDP) over 2009 as a whole, due to the massive reduction in exports and investments. The Austrian GDP is expected to move up again slightly by 1% in 2010. This forecast is based on the assumption that the economy has been slowly starting to recover beginning in 2009.

The packages of measures introduced by the Austrian federal government provide an economic stimulus of around EUR 6 billion and had already led to a stabilisation of the Austrian economy by the end of 2009. In addition, the international recovery is reviving the Austrian export industry and this, together with rising consumer demand, will have a positive effect on growth in the Austrian economy. However, the labour market slowdown will nonetheless continue to be felt in 2010, even though the government economic and labour market stimulus packages continue to have an effect.

CEE

The significant low recorded for economic growth in Eastern Europe in 2009 is being followed by a return of positive expectations for 2010. The success of the economic stabilisation measures implemented in Western Europe will have a noticeable effect on the highly export-driven economies of the CEE region. The CEE region is therefore expected to once again record increases in GDP.

While the expected recovery in Western Europe is expected to be slow in 2010, with GDP growth of just above 0%, the countries of Poland, Romania, Czech Republic, Slovenia and Slovakia in particular are expecting good growth numbers in the range of 0.5% to 1.8%.

Therefore, it can be generally assumed that the momentum of the economic convergence process in this region will continue to remain largely intact in the future.

THE 2010 INSURANCE MARKET

Austria

Effects will continue to be felt in the Austrian insurance industry in the coming year. According to the most recent projections of the Austrian Association of Insurance Companies (*Verband der Versicherungsunternehmen Österreichs* - VVO), the Austrian insurance market recorded a decline in 2009. Due to the effects of the downturn in the Austrian economy, the market is expected to experience a further decline in total premiums in 2010.

In the life insurance area, the latest expert projections forecast a further 3% decrease in premiums for 2010 as a whole.

Premium volume is also expected to decline in the property/casualty area due to the troubled economic situation. In 2010, a decline of 0.5% in premium volume is expected in this area.

Health insurance is likely to continue to grow, as it does every year. The latest projections from VVO predict a moderate increase of 2.5% in health insurance premiums.

Due to the increasingly competitive environment in the Austrian insurance market, the current focus on advice and service will become even more important for insurance companies in the future.

CEE

Due to the strong economic convergence process, insurance markets in the CEE region continue to offer high growth potential. In spite of the predicted economic slowdown, the growth in insurance markets can be expected to continue in 2010.

Demand for insurance services exists primarily in the motor and industrial segments. Consumers whose wealth is increasing first invest in a car. This means they need motor liability insurance or, in the case of lease financing, additional coverage in the form of a motor own-damage policy. A further increase in wealth leads to further investments in a home or a flat of one's own, which increases the importance of household and homeowner insurance. As disposable income increases further, savings and investment products in the form of life insurance policies become more important in addition to the basic insurance mentioned above.

Life insurance already plays an important role in countries like the Czech Republic, Slovakia, Poland and Hungary in particular.

This insurance segment offers even more convergence potential in the CEE countries than non-life insurance. The growth in health insurance depends on the degree of liberalisation in the different markets and on a certain level of prosperity.

Since it is generally expected that the CEE economies will be able to partially decouple themselves from the trend in the EU-15 markets, and the need for insurance products is far from being covered, the coming years continue to hold out the promise of strong growth.

VIENNA INSURANCE GROUP – OUTLOOK

It is a stated goal of the Vienna Insurance Group to offer customers and investors great stability in spite of fluctuations in the economy. That is precisely what the Group did in 2009 by achieving a profit before taxes of EUR 441.25 million. The Vienna Insurance Group provided outstanding performance in the previous two years and continues to display further successful growth.

In 2010, the management of the Vienna Insurance Group expects a single-digit increase in premiums, and expects profit before taxes to grow by about 10%.

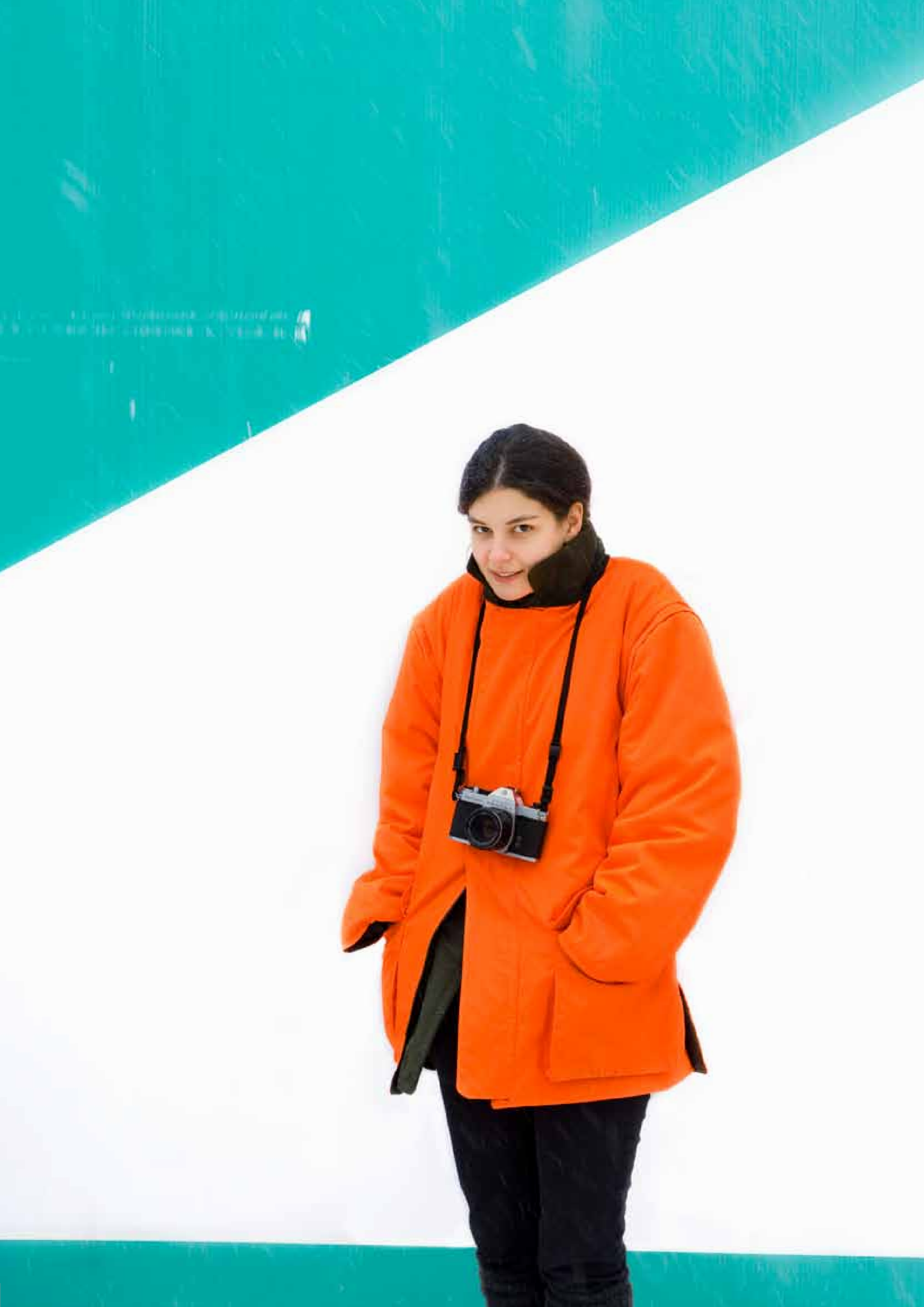
Forward-looking action programme

The Vienna Insurance Group continues to pursue the goal of keeping its combined ratio significantly below 100% throughout the economic cycle. An efficiency improvement project was started in order to ensure that this goal was realised. Many of the measures in this Group-wide, forward-looking action programme, which focuses on material expenses and extensive process improvements at both the individual company and Group levels, were already successfully introduced in 2009, leading to EUR 60 million in cost reductions. Company management expects that the entire optimisation potential of EUR 100 million can be made full use of in 2010.

Reorganisation of Group structure

A reorganisation of the Group's structure is also planned for 2010. As a result of its expansion into the markets of the CEE region, the Vienna Insurance Group has now grown to include around 50 companies. To better prepare for the challenges this brings, the Group believes that the next logical step is to establish a listed Group holding company under the name Vienna Insurance Group AG Wiener Versicherung Gruppe*. The Wiener Städtische insurance company, the largest single company in the Group and the leading insurance company in Austria, will continue its insurance business operations in Austria.

* New company name subject to approval by the appropriate executive bodies of the Company as well as approval and registration of the amendment to the articles of association in the company register.



What does visionary mean to you?

THE ART OF BUILDING THE FUTURE FROM THE PRESENT.

Cristina Vladu, Romania

The VIENNA INSURANCE GROUP strives to achieve stability and security in spite of economic fluctuations, and the 2009 Group result provides impressive proof of this. It is precisely now that we can see how correct the decision was to establish a broad geographical base. The VIENNA INSURANCE GROUP'S vision is to use the differences in economic momentum between countries and markets to further develop its position as one of the leading international insurance groups in Central and Eastern Europe over the long term.

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

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Liabilities and shareholders' equity

Income statement

VIENNA INSURANCE GROUP WIENER STÄDTISCHE VERSICHERUNG AG

Consolidated financial statements in accordance with International Financial Reporting Standards (IFRS)	31.12.2009
Reporting period	1.1.2009 – 31.12.2009
Balance sheet comparison date	31.12.2008
Income statement comparison period	1.1.2008 – 31.12.2008
Currency	EUR

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

ASSETS	Notes	31.12.2009	31.12.2008
in EUR '000			
A. Intangible assets	**1**		
I. Goodwill		1,754,694	1,416,089
II. Purchased insurance portfolio		81,149	67,569
III. Other intangible assets		139,573	165,283
Total intangible assets		**1,975,416**	**1,648,941**
B. Investments			
I. Land and buildings	2	3,301,248	3,090,411
II. Shares in at equity consolidated company	3+4	115,859	119,651
III. Financial instruments		22,476,944	21,337,503
a) Loans and other investments	5	4,713,204	5,765,808
b) Other securities	6	17,763,740	15,571,695
Financial instruments held to maturity		2,890,314	2,347,061
Financial instruments available for sale		13,514,370	11,707,295
Financial instruments recognised at fair value through profit and loss*		1,359,056	1,517,339
Total investments		**25,894,051**	**24,547,565**
C. Investments for unit- and index-linked life insurance	**7**	**4,628,446**	**3,602,404**
D. Reinsurers' share in underwriting provisions	**8**	**1,117,237**	**1,222,261**
E. Receivables	**9**	**1,563,449**	**1,474,925**
F. Tax receivables and advance payments out of income tax	**10**	**110,806**	**124,211**
G. Deferred tax assets	**11**	**122,329**	**131,170**
H. Other assets	**12**	**376,008**	**294,316**
I. Cash and cash equivalents	**13**	**484,523**	**619,327**
Total ASSETS		**36,272,265**	**33,665,120**

* including trading assets

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31.12.2009	31.12.2008
in EUR '000			
A. Shareholders' equity	**14**		
I. Share capital		132,887	132,887
II. Other capital reserves		2,109,003	2,109,003
III. Capital reserves from additional payments on hybrid capital		495,602	245,602
IV. Retained earnings		1,478,447	1,423,144
V. Other reserves		123,341	-38,763
VI. Minority interests		289,293	266,917
Total shareholders' equity		**4,628,573**	**4,138,790**
B. Subordinated liabilities	**15**	**545,349**	**501,242**
C. Underwriting provisions			
I. Provision of unearned premiums	16	1,120,066	1,030,712
II. Mathematical reserve	17	17,347,996	16,861,965
III. Provision for outstanding claims	18	3,471,984	3,370,508
IV. Provision for profit-unrelated premium refunds	19	54,150	46,744
V. Provision for profit-related premium refunds	19	559,140	348,994
VI. Other underwriting provisions	20	24,921	23,444
Total underwriting provisions		**22,578,257**	**21,682,367**
D. Underwriting provision for unit- and index-linked life insurance	**21**	**4,376,160**	**3,346,773**
E. Non-underwriting provisions			
I. Provisions for pensions and similar obligations	22	298,402	338,160
II. Other provisions	23	286,499	261,009
Total non-underwriting provisions		**584,901**	**599,169**
F. Liabilities	**24**	**3,052,245**	**2,858,995**
G. Tax liabilities out of income tax	**25**	**112,351**	**136,613**
H. Deferred tax liabilities	**11**	**160,035**	**141,483**
I. Other liabilities	**26**	**234,394**	**259,688**
Total LIABILITIES AND SHAREHOLDERS' EQUITY		**36,272,265**	**33,665,120**

CONSOLIDATED SHAREHOLDERS' EQUITY

Change in consolidated shareholders' equity in fiscal years 2009 and 2008

in EUR '000	Share-capital	Other capital reserves	Capital reserves from additional payments on hybrid capital	Retained earnings	Other reserves	Sub-total	Minority interests	Share-holders' equity
As of 1 January 2008	**109,009**	**1,035,029**	**0**	**1,057,693**	**136,374**	**2,338,105**	**277,458**	**2,615,563**
Capital increase / issuance of hybrid capital	23,878	1,073,974	245,602	0	0	1,343,454	0	1,343,454
Changes in scope of conso-lidation / ownership interests	0	0	0	72,418	0	72,418	-40,790	31,628
Total profit of the period including other comprehensive income after taxes	0	0	0	408,533	-175,137	233,396	33,786	267,182
Dividend payment	0	0	0	-115,500	0	-115,500	-3,537	-119,037
As of 31 December 2008	**132,887**	**2,109,003**	**245,602**	**1,423,144**	**-38,763**	**3,871,873**	**266,917**	**4,138,790**
As of 1 January 2009	**132,887**	**2,109,003**	**245,602**	**1,423,144**	**-38,763**	**3,871,873**	**266,917**	**4,138,790**
Capital increase / issuance of hybrid capital	0	0	250,000	0	0	250,000	0	250,000
Changes in scope of conso-lidation / ownership interests	0	0	0	3,625	0	3,625	-966	2,659
Total profit of the period including other comprehensive income after taxes	0	0	0	340,486	162,104	502,590	27,894	530,484
Dividend payment *	0	0	0	-288,808	0	-288,808	-4,552	-293,360
As of 31 December 2009	**132,887**	**2,109,003**	**495,602**	**1,478,447**	**123,341**	**4,339,280**	**289,293**	**4,628,573**

* Including payment for servicing hybrid capital.

The above subtotal equals the equity attributable to shareholders and other capital providers of the parent company.

The shareholders' share of changes recognised directly in the equity of the at equity consolidated company is EUR -1,308,000 (EUR 6,470,000).

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2009 TO 31 DECEMBER 2009

	Notes	2009	2008
in EUR '000			
Premiums	**28**		
Premiums written - gross		**8,019,281**	**7,898,866**
Premiums written - reinsurers´ share		-731,418	-857,105
Premiums written - retention		**7,287,863**	**7,041,761**
Change in unearned premiums - gross		2,362	-81,279
Change in unearned premiums - reinsurers' share		-47,946	1,123
Net earned premiums - retention		**7,242,279**	**6,961,605**
Financial result excluding at equity consolidated companies	**29**		
Income from investments		1,787,914	2,187,382
Expenses for investments and interest expenses		-857,949	-1,273,451
Total financial result excluding at equity consolidated companies		**929,965**	**913,931**
Result from shares in at equity consolidated companies	**30**	**-843**	**4,205**
Other income	**31**	**124,986**	**127,457**
Expenses for claims and insurance benefits	**32**		
Expenses for claims and insurance benefits - gross		-6,338,424	-6,213,585
Expenses for claims and insurance benefits - reinsurers' share		461,266	606,228
Total expenses for claims and insurance benefits		**-5,877,158**	**-5,607,357**
Operating expenses	**33**		
Acquisition expenses		-1,389,458	-1,375,963
Other administrative expenses		-370,177	-373,126
Reinsurance commissions		110,212	186,969
Total operating expenses		**-1,649,423**	**-1,562,120**
Other expenses	**34**	**-328,560**	**-296,924**
Profit before taxes		**441,246**	**540,797**
Tax expense	**35**	**-77,533**	**-98,454**
Profit of the period		**363,713**	**442,343**
thereof attributable to VIENNA INSURANCE GROUP shareholders		340,486	408,533
thereof minority interests in net profit of the period	14	23,227	33,810
Earnings per share	14		
Undiluted = diluted earnings per share (in EUR)		2.66	3.41

OTHER COMPREHENSIVE INCOME

	31.12.2009	31.12.2008
in EUR '000		
Profit of the period	**363,713**	**442,343**
+/- Exchange rate changes through equity	-7,276	-40,833
+/- Unrealised gains and losses from financial instruments available for sale	211,148	-164,226
Taxes on other comprehensive income*	-37,101	29,898
Other comprehensive income after taxes	**530,484**	**267,182**
thereof attributable to VIENNA INSURANCE GROUP shareholders	502,590	233,396
thereof minority interests	27,894	33,786

* The taxes result exclusively from unrealised gains and losses on financial instruments available for sale.

CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY 2009 TO 31 DECEMBER 2009

	31.12.2009	31.12.2008
in EUR '000		
Profit of the period	**363,713**	**442,343**
Change in underwriting provisions net	1,136,541	1,247,502
Change in underwriting receivables and liabilities	87,369	-42,044
Change in deposit receivables and liabilities, as well as in reinsurance receivables and liabilities	-59,297	41,491
Change in other receivables and liabilities	66,492	208,557
Change in securities held for trading	119,625	409,401
Gain/loss from disposal of investments	-150,190	-460,472
Depreciations/appreciations of all other investments	349,194	439,772
Change in pension, severance and other personnel provisions	-39,758	-71,718
Change in deferred tax assets/liability excl. tax liabilities	-25,602	-33,881
Change in other balance sheet items	-199,481	101,946
Change in goodwill and other intangible assets	41,966	41,735
Other cash neutral income and expenses and adjustments to the result of the period	299,075	-235,534
Cash flow from operating activities	**1,989,647**	**2,089,098**
Cash inflow from the sale of fully and at equity consolidated companies	65,170	602,724
Payments for the acquisition of fully and at equity consolidated companies	-513,693	-1,248,562
Cash inflow from the sale of securities available for sale	3,880,012	4,835,485
Payments for the acquisition of available for sale securities	-5,320,268	-5,412,478
Cash inflow from the sale of securities held to maturity	218,360	40,977
Payments for the addition of securities held to maturity	-684,793	-155,477
Cash inflow from the sale of land and buildings	34,862	48,071
Payments for the acquisition of land and buildings	-237,903	-317,253
Change in unit- and index-linked life insurance items	-638,379	-582,327
Change in other investments	1,033,475	-837,760
Cash flow from investing activities	**-2,163,157**	**-3,026,600**
Capital increase incl. additional payments on hybrid capital	250,000	1,343,454
Decrease/increase in subordinated liabilities	39,859	-160
Dividend payments	-293,360	-119,037
Cash in- and outflow from other financing activities	6,146	-50,566
Cash flow from financing activities	**2,645**	**1,173,691**
Change in cash and cash equivalents	**-170,865**	**236,189**
Cash and cash equivalents at beginning of period	**619,327**	**277,700**
Change in cash and cash equivalents	-170,865	236,189
Change in scope of consolidation	36,416	97,437
Effects of foreign currency exchange differences on cash and cash equivalents	-355	8,001
Cash and cash equivalents at end of period	**484,523**	**619,327**
thereof non-profit housing societies	55,129	56,652
Additional information		
Received interest	726,043	637,917
Received dividends	158,000	198,973
Interest paid	79,178	105,759
Income taxes paid	192,714	81,626
Expected cash flow from reclassified securities	**54,670**	**25,984**
Effective interest rate of reclassified securities	**6.19%**	**6.41%**

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY LINES OF BUSINESS

ASSETS	Property/Casualty		Life		Health		Total	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000								
A. Intangible assets	1,035,067	801,894	939,146	839,088	1,203	7,959	**1,975,416**	**1,648,941**
B. Investments	4,133,395	3,751,376	20,883,643	19,965,446	877,013	830,743	**25,894,051**	**24,547,565**
C. Investments for unit- and index-linked life insurance	0	0	4,628,446	3,602,404	0	0	**4,628,446**	**3,602,404**
D. Reinsurers' share in underwriting provisions	990,317	1,097,749	125,586	122,302	1,334	2,210	**1,117,237**	**1,222,261**
E. Receivables	1,028,377	929,778	510,987	515,448	24,085	29,699	**1,563,449**	**1,474,925**
F. Tax receivables and advance payments out of income tax	95,581	110,483	15,185	13,272	40	456	**110,806**	**124,211**
H. Other assets	195,825	109,045	174,757	179,909	5,426	5,362	**376,008**	**294,316**
I. Cash and cash equivalents	114,068	197,254	366,470	418,279	3,985	3,794	**484,523**	**619,327**
Subtotal	**7,592,630**	**6,997,579**	**27,644,220**	**25,656,148**	**913,086**	**880,223**	**36,149,936**	**33,533,950**
Deferred tax assets							122,329	131,170
Total ASSETS							**36,272,265**	**33,665,120**

LIABILITIES AND SHAREHOLDERS' EQUITY	Property/Casualty		Life		Health		Total	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000								
B. Subordinated liabilities	263,987	189,646	281,362	311,596	0	0	**545,349**	**501,242**
C. Underwriting provisions	4,271,345	4,101,240	17,454,165	16,776,290	852,747	804,837	**22,578,257**	**21,682,367**
D. Underwriting provision for unit- and index-linked life insurance	0	0	4,376,160	3,346,773	0	0	**4,376,160**	**3,346,773**
E. Non-underwriting provisions	311,281	309,628	237,239	247,585	36,381	41,956	**584,901**	**599,169**
F. Liabilities	693,196	640,404	2,237,093	2,073,831	121,956	144,760	**3,052,245**	**2,858,995**
G. Tax liabilities out of income tax	77,734	111,193	28,193	18,274	6,424	7,146	**112,351**	**136,613**
I. Other liabilities	51,028	248,839	183,080	10,806	286	43	**234,394**	**259,688**
Subtotal	**5,668,571**	**5,600,950**	**24,797,292**	**22,785,155**	**1,017,794**	**998,742**	**31,483,657**	**29,384,847**
Deferred tax liabilities							160,035	141,483
Shareholders' equity							4,628,573	4,138,790
Total LIABILITIES AND SHAREHOLDERS' EQUITY							**36,272,265**	**33,665,120**

The amounts indicated for each business segment have been adjusted for internal segment transactions. As a result, the asset and liability balances cannot be used to infer the shareholders' equity allocated to each area of operation.

SEGMENT REPORTING

CONSOLIDATED INCOME STATEMENT BY LINES OF BUSINESS AND REGIONS

BUSINESS LINES	Property/Casualty		Life		Health		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
in EUR '000								
Premiums written - gross	4,206,749	4,278,853	3,491,171	3,305,733	321,361	314,280	**8,019,281**	**7,898,866**
Net earned premiums	3,457,660	3,375,413	3,463,959	3,272,857	320,660	313,335	**7,242,279**	**6,961,605**
Financial result excl. at equity consolidated companies	162,903	304,372	751,685	597,280	15,377	12,279	**929,965**	**913,931**
Result from shares in at equity consolidated companies	2,016	2,639	-3,324	1,174	465	392	**-843**	**4,205**
Other income	77,347	77,862	47,573	49,556	66	39	**124,986**	**127,457**
Expenses for claims and insurance benefits	-2,257,201	-2,175,736	-3,347,086	-3,171,921	-272,871	-259,700	**-5,877,158**	**-5,607,357**
Operating expenses	-973,674	-958,339	-639,065	-562,171	-36,684	-41,610	**-1,649,423**	**-1,562,120**
Other expenses	-230,194	-211,985	-95,977	-84,377	-2,389	-562	**-328,560**	**-296,924**
Profit before taxes	**238,857**	**414,226**	**177,765**	**102,398**	**24,624**	**24,173**	**441,246**	**540,797**

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	2009	2008	2009	2008	2009	2008	2009	2008
in EUR '000								
Premiums written - gross	3,874,153	3,755,723	1,603,290	1,419,724	628,377	605,603	548,263	795,135
Net earned premiums	3,529,640	3,409,342	1,440,953	1,189,538	552,760	523,226	496,181	747,549
Financial result excl. at equity consolidated companies	684,027	730,894	81,278	57,052	37,418	3,454	40,380	5,146
Result from shares in at equity consolidated companies	-1,747	1,770	904	2,435	0	0	0	0
Other income	16,122	14,468	20,758	19,406	24,348	6,780	3,802	6,565
Expenses for claims and insurance benefits	-3,274,595	-3,165,917	-999,531	-806,307	-437,589	-388,400	-282,276	-456,386
Operating expenses	-606,383	-599,255	-359,101	-281,578	-91,633	-96,718	-216,999	-255,404
Other expenses	-99,577	-46,975	-62,352	-73,095	-62,293	-43,351	-13,663	-21,358
Profit before taxes	**247,487**	**344,327**	**122,909**	**107,451**	**23,011**	**4,991**	**27,425**	**26,112**

	Romania		Other CEE markets		Other markets		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
in EUR '000								
Premiums written - gross	606,658	608,216	546,564	496,353	211,976	218,112	**8,019,281**	**7,898,866**
Net earned premiums	550,559	528,174	464,551	378,778	207,635	184,998	**7,242,279**	**6,961,605**
Financial result excl. at equity consolidated companies	25,152	98,620	41,441	10,250	20,269	8,515	**929,965**	**913,931**
Result from shares in at equity consolidated companies	0	0	0	0	0	0	**-843**	**4,205**
Other income	22,470	45,147	9,225	7,085	28,261	28,006	**124,986**	**127,457**
Expenses for claims and insurance benefits	-385,541	-395,436	-343,985	-254,837	-153,641	-140,074	**-5,877,158**	**-5,607,357**
Operating expenses	-171,520	-171,567	-166,494	-136,443	-37,293	-21,155	**-1,649,423**	**-1,562,120**
Other expenses	-16,930	-47,479	-28,490	-19,245	-45,255	-45,421	**-328,560**	**-296,924**
Profit before taxes	**24,190**	**57,459**	**-23,752**	**-14,412**	**19,976**	**14,869**	**441,246**	**540,797**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is the leading Austrian insurance company in Central and Eastern Europe and thus is also the biggest listed insurance group in Austria. Its registered office is located at Schottenring 30, 1010 Vienna. As the senior parent company, Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung incorporates VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG into its consolidated financial statements.

The insurance companies of the Vienna Insurance Group offer high-quality insurance services in both life and non-life areas in 23 countries of Central and Eastern Europe.

The business lines in which the Vienna Insurance Group operates are property/casualty, life and health insurance. The regions in which the Vienna Insurance operates are Austria, the Czech Republic, Slovakia, Poland, Romania, Other CEE markets and Other markets.

The significant accounting policies applied during preparation of the consolidated financial statements are presented below. The policies described were consistently applied to the accounting periods presented.

Summary of significant accounting policies

The consolidated financial statements as of 31 December 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the applicable company-law provisions of § 245a of the Austrian Commercial Code (UGB).

The consolidated financial statements were prepared using historical cost accounting, with the exception of financial instruments available for sale, and financial assets and certain financial liabilities (including derivatives) recognised at fair value through profit and loss.

Preparing consolidated financial statements in accordance with the IFRS as adopted in the European Union requires the making of estimates. In addition, application of the Company's accounting policies requires management to make assumptions. Areas with greater leeway for discretion, highly complex areas, or areas involving assumptions and estimates that are of critical importance to the consolidated financial statements are listed in the notes on page 87.

Amounts were rounded to improve readability and, where given, are shown in thousands of Euros. However, calculations are done using exact amounts, including the digits not shown, which may lead to rounding differences.

New and amended standards and interpretations that have been adopted by the EU and applied for the first time in the present financial year

IFRS 8 "Operating segments" replaces IAS 14 "Segment reporting". The new standard uses the "management approach", which uses operating segments like those used for management's internal reporting. The Vienna Insurance Group's internal management is guided along the same segments that are presented in the segment reports of the annual report. As a result, the changeover has no effect.

The adapted version of IAS 1 "Presentation of financial statements" replaces the existing IAS 1. The main differences from the previous version are that a company

- must present all changes in equity that are not owner's share changes either in a single statement of comprehensive income or in two statements (a separate income statement and a reconciliation from net income or loss to comprehensive income showing the components of other comprehensive income). Components of comprehensive income may not be shown in the statement of changes in equity.
- must present a statement of financial position (balance sheet) as of the beginning of the earliest comparative period as part of a complete set of financial statements if the company applies an accounting policy retrospectively or decides to perform a retrospective restatement.
- must disclose taxes on income with respect to every component of other comprehensive income.
- must disclose adjustments due to reclassification of components of other comprehensive income.

The requirements above were fully implemented and only led to a change in presentation.

The IASB's annual improvements project resulted in changes to the following standards in May 2008:

- IAS 19 (Amended) "Employee benefits"
- IAS 28 (Amended) "Investments in associates" (to be used for reporting periods beginning on or after 1 January 2009)
- IAS 36 (Amended) "Impairment of assets" (to be used for reporting periods beginning on or after 1 January 2009) – As a result of the change, when using FVLCTS (fair value less cost to sell) to determine the recoverable amount, the same disclosures must now be stated in the notes as when the value in use is applied. This relates to the disclosure of the time horizon, the growth rate and the discount rate employed.

- IFRIC 14 "IAS 19 – The limit on a defined benefit asset"
- IFRS 7 (Amended) "Financial instruments: disclosures" – Improved presentation of financial instrument disclosures. The changes add new disclosures regarding the measurement of financial instruments at fair value and liquidity risks.

All other newly applicable rules (standards, amended standards, interpretations) that are required to be applied for the first time in the present financial year had no material effect on the consolidated financial statements.

Standards, interpretations and amendments to published standards that have not yet been applied

A series of amended standards, new standards and interpretations have been published but not yet adopted by the European Union. As they have not yet been adopted by the EU, the effects of these rules on the Company's consolidated financial statements have not been presented in detail.

IFRS 3 (Revised) "Business combinations" and IAS 27 (Amended) "Consolidated and separate financial statements" (applicable for reporting periods beginning on or after 1 July 2009) will be used for business combinations after 1 January 2010.

IFRS 9 "Financial instruments Part 1: classification and measurement" was published by the IASB in November 2009 and replaces the portions of IAS 39 that relate to the classification and measurement of financial assets. The main features are:

- Financial assets are to be divided into two measurement classifications, those that are measured at fair value and those measured at acquisition cost carried forward. The decision is made at the time the financial asset is initially recognised. The classification depends on the business model that the company uses to manage its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is only measured after initial recognition at acquisition cost carried forward if the instrument is a debt instrument and the objective of the company's business model is to collect the contractual cash flows and to present the contractual cash flows of the asset as solely payments of principal and interest (i.e. the instrument has only 'basic credit features'). All other debt instruments must be measured at fair value.
- All equity instruments must be measured at fair value at the time of first recognition. Equity instruments held for trading must be measured at fair value and recognised in profit or loss. For all other equity instruments, an irrevocable election can be made at initial recognition to show unrealised and realised gains and losses in other comprehensive income and not in the income statement. 'Recycling' of fair value fluctuations in the income statement is not permitted. This decision may be made for each individual instrument. Dividends must be shown in the income statement as long as they represent a return.
- Application of IFRS 9 is mandatory as of 1 January 2013, with earlier application possible. The EU has not adopted this standard and it is very unlikely that this will occur before 2010.

Scope and methods of consolidation

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG, Vienna, is the parent company of the Vienna Insurance Group. All companies that are under the control ("control principle") of the Vienna Insurance Group ("subsidiaries") are fully consolidated in the consolidated financial statements. Control exists when VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is, directly or indirectly, in a position to determine the financial and business policy of a subsidiary. Inclusion of a subsidiary starts when control is gained and ends when this influence no longer exists. The consolidated financial statements include a total of 32 domestic and 52 foreign companies. Subsidiaries that are not of material importance were not included within the scope of consolidation. A total of 15 domestic and 9 foreign subsidiaries were excluded for this reason.

Companies that are managed as a joint venture with other companies ("joint venture companies") are included using the proportional consolidation method (recognition of a proportionate share of the assets, liabilities, income and expenses). This applies to those companies that are managed as a joint venture with TBIH Financial Services Group N.V., Amsterdam. Since the company is a pure holding company and business operations are thus conducted in its investments, a 60% share of the latter is directly incorporated in the consolidated financial statements. During the reporting period, one company was included in the consolidated financial statements using proportional consolidation.

Associated companies are companies over which the Vienna Insurance Group has a significant influence, but does not exercise control. These companies are accounted for using the equity method. The consolidated financial statements include 4 domestic and 14 foreign companies consolidated at equity. In accordance with the requirements of IAS 39 "Financial instruments", 24 companies that are not of material importance were treated as financial instruments available for sale and measured accordingly at fair value.

Fully controlled investment funds ("special funds") were fully consolidated in accordance with the requirements of SIC 12. Mutual funds in which the Vienna Insurance Group holds the majority of units were not fully consolidated, since Vienna Insurance Group has no control over such mutual funds.

First-time inclusion of a subsidiary is performed in accordance with the purchase method of accounting by allocating the cost of acquisition to the identifiable assets and liabilities of the acquired company. The costs of acquisition equal the fair value of the assets given, the equity instruments issued and the debt incurred or taken on at the time of the transaction (date of exchange) plus expenses directly attributable to the acquisition. The amount by which the cost of acquisition of the subsidiary exceeds the fair value of the net assets acquired is recognised as goodwill. If the fair value of the net assets acquired exceeds the cost of acquisition (negative differences from capital consolidation), after a second critical appraisal of the recognition and measurement of the assets and liabilities acquired, the Vienna Insurance Group recognises this excess amount as income in the income statement.

In 2009, the following changes occurred in the scope of consolidation:

The following company was deconsolidated during the financial year:

Deconsolidations	Deconsolidation date
PKB Privatkliniken Beteiligungs-GmbH, Vienna	31.03.2009

During the reporting period from 1 January 2009 to 31 December 2009, the Vienna Insurance Group acquired control over the following subsidiaries:

Companies acquired	Interest acquired in %	Date of first consolidation	Good-will
in EUR millions			
Joint Stock insurance company WINNER - Vienna Insurance Group, Skopje	100.00	01.01.2009	7.46
SIGURIA E MAHDE VIENNA INSURANCE GROUP Sh.A., Tirana	87.01	01.01.2009	17.40

Enlargement of the scope of consolidation	Interest in %	Date of first consolidation	Good-will
in EUR millions			
"WIENER RE" akcionarsko društvo ze reosiguranje, Belgrade	100.00	01.01.2009	0.32
Blizzard Real Sp. z o.o., Warsaw	100.00	01.01.2009	0.00
BULSTRAD LIFE VIENNA INSURANCE GROUP Joint Stock Company, Sofia*	40.00	01.01.2009	0.05
BULSTRAD VIENNA INSURANCE GROUP PUBLIC LIMITED COMPANY, Sofia*	40.00	01.01.2009	113.41
Compensa Life Vienna Insurance Group SE, Tallinn	100.00	01.01.2009	17.99
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	100.00	01.01.2009	0.00
Helios Vienna Insurance Group d.d., Zagreb*	40.00	01.01.2009	6.08
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	100.00	01.01.2009	0.00
Passat Real Sp. z o.o., Warsaw	100.00	01.01.2009	0.00
S.C. BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	88.47	01.01.2009	69.19
S.C. BCR Asigurări Vienna Insurance Group S.A., Bucharest	88.56	01.01.2009	122.65
WPWS Vermögensverwaltung GmbH, Vienna	100.00	01.01.2009	0.00

* The shares of these companies were held indirectly by TBIH Financial Services Group N.V., Amsterdam, until 31 December 2008 and therefore a 60% share was included in the consolidated financial statements using proportional consolidation. VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG has directly held the shares since 1 January 2009, so that the shares are now being included in the consolidated financial statements using full consolidation.

It should be noted that the allocation of the purchase price for the newly consolidated companies is still provisional and that all company purchases were made with cash or cash equivalents.

DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna, previously included in the consolidated financial statements, was split in financial year 2009. The part that was material from the Group's perspective was transferred to the newly established company CAME Holding GmbH, Vienna.

KONTINUITA poist'ovňa, a.s. Vienna Insurance Group, Bratislava, was merged into KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava, in financial year 2009.

Founded companies	Interest in %	Foundation date
VERSA-Beteiligungs AG, Vienna	100.00	09.09.2009

Information on companies consolidated fully, proportionally, and at equity in the consolidated financial statements as of 31 December 2009 is provided in Note 4 "Participations" in the Notes to the Consolidated Financial Statements.

The following additions were made due to first-time consolidation or a change in the consolidation method of the listed companies (based on data reported by the respective companies):

Balance sheet

in EUR '000	
Intangible assets	47,582
Investments	673,035
Investments for unit- and index-linked life insurance	39,482
Reinsurers' share in underwriting provisions	63,863
Receivables (incl. tax receivables and advance payments out of income tax)	94,583
Other assets (incl. deferred tax assets)	10,054
Cash and cash equivalents	16,581
Total ASSETS	**945,180**
Shareholders' equity	382,617
Subordinated liabilities	9,335
Underwriting provisions	232,375
Underwriting provisions for unit- and index-linked life insurance	32,175
Non-underwriting provisions	669
Liabilities (incl. tax liabilities out of income tax)	286,646
Other liabilities (incl. deferred tax liabilities)	1,363
Total LIABILITIES AND SHAREHOLDERS' EQUITY	**945,180**

Income statement

in EUR '000	
Net earned premiums	185,313
Financial result	14,161
Other income	9,109
Expenses for claims and insurance benefits	-115,942
Operating expenses	-72,512
Other expenses	-9,586
Profit before taxes	**10,543**

Non-profit housing societies

The following non-profit housing societies were included in the Vienna Insurance Group's consolidated financial statements:

- "Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna
- Alpenländische Heimstätte Gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck
- Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna
- Gemeinnützige Industrie-Wohnungs-Aktiengesellschaft, Leonding
- Gemeinnützige Mürz-Ybbs-Siedlungsanlagen-GmbH, Kapfenberg
- NEUE HEIMAT Gemeinnützige Wohnungs- und Siedlungsgesmbh, Linz

Full consolidation of the non-profit housing societies was performed based on the existence of a controlling relationship due to extensive contractual agreements. Annual profit distributions and access to the assets of the companies is subject to statutory restrictions. The total profit before taxes of all consolidated non-profit housing societies was EUR 37,351,000 (EUR 31,408,000).

The share of all non-profit housing societies in the real estate portfolio of the Vienna Insurance Group is EUR 2,027,123,000 (EUR 1,922,048,000).

Classification of insurance policies

Policies under which a Group company assumes a significant insurance risk from another party (the policyholder) as a result of a provision whereby the policyholder receives compensation if a specified uncertain future event (the insured event) adversely affects the policyholder are treated as insurance policies as defined in the IFRS. A distinction is made between insurance risk and financial risk. Financial risk is the risk of a possible future change in specific interest rates, securities prices, price indices, interest rate indices, credit ratings, or credit indices, or another variable, provided that, for a non-financial variable, the variable is not specific to one counterparty. In many cases, particularly in the life insurance area, insurance policies as defined in the IFRS also transfer financial risk.

Policies under which only an insignificant insurance risk is transferred from the policyholder to the Group company are treated as financial instruments ("financial insurance policies") for IFRS reporting purposes. Such policies exist only to a minor extent in the personal insurance area.

Both insurance contracts and financial insurance contracts may have contract terms that qualify as profit-related participation in net income ("profit participation", "profit-related premium refund"). Contractual rights under which, in addition to guaranteed benefits, the policyholder also receives additional payments that probably constitute a significant portion of the total contractual payments, and are contractually based on:

- the profit from a certain portfolio of policies or a certain type of policy, or
- the realised and/or unrealised investment income from a certain portfolio of assets held by the insurance company, or
- the profit or loss of the company, investment fund, or business unit (e.g., balance sheet unit), holding the contract

are considered profit-related participations in net income.

Policies with profit-related net income participation exist in all markets in the Vienna Insurance Group, primarily in the life insurance area, and to a minor extent in the property/casualty and health insurance areas as well, and are treated as insurance policies in accordance with IFRS 4. The net income participation in life insurance exists essentially in the form of participation in the adjusted net income of the balance sheet unit in question, calculated according to national accounting requirements. Net income or profit participation amounts that have already been allocated or committed to policyholders are reported in the mathematical reserve. Amounts reported in the local annual financial statements that are committed or allocated to policyholders in the future by means of net income participation are reported on the balance sheet in the provision for profit-related premium refunds. In addition, the profit-related portion resulting from IFRS measurement differences as compared to local measurement requirements ("deferred profit participation") is reported in the provision for profit-related premium refunds. The rate used in Austria for calculating deferred profit participation is around 80% of the difference between the value recognised in the local financial statements and the value recognised in the IFRS financial statements.

As permitted by IFRS 4, the option to present unrealised gains and losses with the same effects on balance sheet measurements of underwriting provisions, capitalised acquisition costs and purchased insurance portfolios as realised gains and losses has been applied. Consequently, net unrealised gains result in a "provision for deferred profit participation" in the Group company in question.

Net unrealised losses are offset against any existing provision for deferred profit-related premium refunds and provision for future profit appropriation, with any remaining asset balance being reported as "deferred policyholder profit participation resulting from measurement differences". This deferred item is only recognised if it is highly probable, at the Group company level, that the item can be offset by future profits in which the policyholders participate.

Owing to the financial market crisis, in the previous year negative measurement differences in the fixed-income securities area resulted in asset-side items being reported at three Group companies for deferred policyholder profit participation resulting from measurement differences. Since the intention was to hold the securities in question on a long-term basis, it can be assumed that these negative measurement differences will be offset by future increases in value.

Recognition and accounting methods for insurance policies

The Vienna Insurance Group fully applies the rules of IFRS 4 relating to the valuation of insurance contracts. Accordingly, the values recognised in the consolidated financial statements prepared in accordance with applicable national law are carried over to the IFRS consolidated financial statements. Equalisation and catastrophe provisions are not recognised. No changes were made in accounting rules as compared to the various national accounting requirements. In individual cases, the provisions formed locally by an insurance company for outstanding claims are increased in the consolidated financial statements based on appropriate analysis.

The provisions of IFRS 4.31 were applied as of 1 July or 1 October 2008, respectively, for the first consolidation of the s Versicherung Group. The Vienna Insurance Group made use of the disclosure option in the life insurance area when preparing the opening balance sheet, and recognised the underwriting provision at fair value, as provided for in IFRS 3. Since underwriting provisions are not calculated prospectively in the casualty insurance area, the fair value of existing policies is recognised as an asset.

Detailed information on the valuation of underwriting items is available in the remarks for each item.

Adequacy test for liabilities arising from insurance policies

Liabilities from insurance policies and financial insurance policies are tested at each reporting date for adequacy of the insurance liabilities recognised in the financial statements. During this process, up-to-date estimates of current valuation parameters are examined, taking into account all future cash flows associated with the insurance contracts, to determine whether the recognised liabilities are adequate. If these tests determine that the book values of the insurance liabilities are negative, taking into account capitalised acquisition costs and/or capitalised policy portfolio values, the entire shortfall is immediately recognised in profit or loss.

Foreign currency translation

Transactions in foreign currency

The individual Group companies recognise transactions in foreign currency using the mean rate of exchange on the date of each transaction. Monetary assets and liabilities in foreign currency existing on the balance sheet date are translated to Euros using the mean rate of exchange on the balance sheet date. Any resulting foreign currency gains and losses are recognised in profit or loss during the reporting period.

Foreign currency translation of separate financial statements

As a rule, for purposes of IFRS reporting, the functional currency of Vienna Insurance Group subsidiaries located outside of the Eurozone is the currency of their respective country. All assets and liabilities reported in separate financial statements are translated to Euros using the mean rate of exchange on the balance sheet date. Income statement items are translated using the average month-end mean rate of exchange during the reporting period. Foreign exchange gains and losses arising since 1 January 2004 have been recognised directly in equity under the "Differences arising from foreign exchange translation" item.

The following table shows the relevant exchange rates for the consolidated financial statements:

Name	Currency	Period-end exchange rate 2009	Average exchange rate 2009
		1 EUR ≙	1 EUR ≙
Albanian lek	ALL	137.9600	132.6567
British pound	GBP	0.8881	0.8909
Bulgarian lev	BGN	1.9558	1.9558
Estonian kroon	EEK	15.6466	15.6466
Georgian lari	GEL	2.4195	2.3265
Croatian kuna	HRK	7.3000	7.3400
Macedonian denar	MKD	61.1732	61.2725
Turkish new lira	TRY	2.1547	2.1631
Polish zloti	PLN	4.1045	4.3276
Romanian leu	RON	4.2363	4.2399
Russian rouble	RUB	43.1540	44.1376
Swiss franc	CHF	1.4836	1.5100
Serbian dinar	RSD	95.8888	93.9517
Czech koruna	CZK	26.4730	26.4349
Ukraine hryvnia	UAH	11.4489	10.8889
Hungarian forint	HUF	270.4200	280.3270
U.S. dollar	USD	1.4406	1.3948
Belarusian rouble	BYR	4,106.1100	3,904.3342

Impairment

Assets are tested for indications of impairment when circumstances indicate and, at a minimum, on each balance sheet date. Intangible assets with an indefinite useful life (primarily goodwill) are tested annually. The Group guidelines were updated in this regard as of 31 December 2008 so as to comply with IAS 36. Under Group guidelines, an impairment is to be recognised if the average market value during the last six months was consistently less than 80% of the historical cost of acquisition and/or if the market value as of the reporting date is less than 50% of the historical cost of acquisition. Since amortisation of goodwill resulting from business combinations is not permitted under IFRS 3 (Business combinations), the Vienna Insurance Group performs impairment tests at least once a year. For this reason, the subsidiaries are combined into an economic unit (CGU) on a regional level, separated into life and non-life. An impairment arises only if there is a need to write down the economic unit as a whole. The value in use of the economic units is calculated using the earnings-based discounted cash flow method. The capitalised earnings value is calculated using budget projections for the next three years. Earnings following the three year period are extrapolated using an annual growth rate. Discount rates are calculated using a base rate equal to the average annual yield on Austrian government bonds adjusted for sector and market risk.

Discount rates	2009	2008
in %		
Austria	8.52	9.25
Czech Republic	10.62	11.35
Slovakia	10.62	11.35
Poland	10.92	11.65
Romania	12.42	13.15
Other CEE markets	13.52	14.57
Other markets	8.52	9.25

Information on the impairment testing of financial assets is provided in the section entitled "General information on the accounting for investments".

Estimates

Preparation of the IFRS consolidated financial statements requires that management make discretionary assessments and specify assumptions regarding future developments which could have a material effect on the recognition and value of assets and liabilities, the disclosure of other obligations on the balance sheet date, and the reporting of income and expenses during the financial year. There is a not insignificant risk that the following items could lead to a material adjustment of assets and liabilities in the next financial year:

- Underwriting provisions
- Pension provisions and similar obligations
- Other non-underwriting provisions
- Fair values of investments not based on stock exchange values or other market prices
- Goodwill
- Allowances for receivables and other (accumulated) impairment losses
- Deferred tax assets from the capitalisation of tax loss carry-forwards

Please refer to the risk report for information on sensitivity analyses.

Accounting policies for specific items in the financial statements

Intangible assets

GOODWILL
The goodwill shown in the balance sheet is essentially the result of applying the purchase method of accounting for companies acquired since 1 January 2004 (date financial reporting was converted to IFRS). For companies acquired before 1 January 2004, the difference between the acquisition cost and the value of the net assets acquired was offset directly against equity. Using the option provided by IFRS 1, no adjustments were made to this accounting.

Goodwill is measured at cost less accumulated impairment losses. In the case of participations in associated companies, goodwill is included in the book value of the participation carried forward.

PURCHASED INSURANCE PORTFOLIOS
Purchased insurance portfolios relate, in particular, to the values of contract holdings recognised as a result of company acquisitions subsequent to 1 January 2004, using purchase price allocation under the election provided in IFRS 4.31. The values recognised correspond to the differences between the fair value and book value of the underwriting assets and liabilities acquired. Depending on the measurement of the underwriting provisions, amortisation of these items is performed using the declining-balance or straight-line method over a maximum of ten years.

In addition, the value arising from the acquisition of an insurance portfolio before conversion of the accounting to IFRS is also reported in this item. It was possible to carry the portfolio value over to the IFRS financial statements without change. Straight-line amortisation is performed over a maximum of ten years.

OTHER INTANGIBLE ASSETS
Purchased intangible assets are recognised in the balance sheet at the cost of acquisition less accumulated scheduled amortisation and impairment losses. No intangible assets were created by the companies within the scope of consolidation. With the exception of the "Asirom" trademark, all intangible assets have a definite useful life. Amortisation of an intangible asset is therefore performed over its period of use. The useful lives of significant intangible assets are as follows:

Useful life in years	from	to
Software	3	15
Customer base (value of new business)	5	10

Software is amortised using the straight-line method. Amortisation of the customer base ("value of new business") recognised as an intangible asset from corporate acquisitions is also performed using the straight-line method.

The fair value of capitalised trademark rights with indeterminate useful lives was calculated using two methods, the relief-from-royalty method and the incremental cash flow method. The relief-from-royalty method calculates the value of a trademark from future national royalties that the company would have to pay if the trademark were licensed from another company at standard market terms.

The royalties were calculated using the Knoppe formula used in practice in the tax area. The incremental cash flow method calculates the value of a trademark using future earnings contributions generated as a result of the trademark. The cash flows resulting from the two methods above were discounted using a standard market discount rate for Romania. The calculations included the Romanian corporate income tax rate of 16%, as well as the tax amortisation benefit in the relief-from-royalty method. The average of the trademark values from the two methods was recognised in the balance sheet as the fair value of the trademark.

Investments

GENERAL INFORMATION ON ACCOUNTING OF INVESTMENTS
In accordance with the relevant IFRS requirements, some Group assets and liabilities are carried at fair value in the accounts for the consolidated financial statements. This relates, in particular, to a significant portion of investments. Fair value is determined according to the following hierarchy:

- The determination of fair value for financial assets and liabilities is generally based on an established market value or a price offered by brokers and dealers.
- In the case of non-listed financial instruments, or if a price cannot be immediately determined, fair value is determined either through the use of generally accepted valuation models based on the discounted cash flow method or through an estimate by management as to what amounts could be realised from an orderly sale under current market conditions.
- The fair value of certain financial instruments, particularly unlisted derivative financial instruments, is determined using pricing models which take into account factors including contract and market prices and their relation to one another, current value, counterparty credit worthiness, interest rate curve volatility, and early repayment of the underlying.

The use of different pricing models and assumptions can lead to differing results for fair value. Changes in the estimates and assumptions used to determine the fair value of assets in cases where no market price quotations are available may necessitate a write-up or write-down of the book value of the assets in question and recognition of the corresponding income or expense on the income statement.

Real estate appraisals are performed at regular intervals for both self-used and third-party used land and buildings, for the most part by sworn and judicially certified building construction and real estate appraisers. Market value is here determined based on asset value and capitalised earnings value, predominantly prorated capitalised earnings value as of the reporting date, with the net asset value method being used in exceptional cases. If fair value is below the book value (cost less accumulated depreciation and write-downs), the asset is impaired. In this case, the book value is written down to fair value and the change recognised in profit or loss. The method used to test for impairment is also used to test for a reversal of impairment. On each balance sheet date, a test is performed for indications that a reversal of impairment has taken place. The book value after the reversal may not exceed the book value that would have existed (taking into account amortisation or depreciation) if no impairment had been recognised.

Financial instruments shown as investments are regularly tested for impairment. If impairments to fair value are necessary, they are recognised in profit or loss if the reduction in value is permanent, and the corresponding investment item is not otherwise being measured at fair value with recognition of unrealised profits and losses (financial instruments recognised at fair value through profit or loss and investments for unit-linked and index-linked life insurance). The assessment as to whether a reduction in value is permanent is based on an evaluation of market conditions, the issuer's financial position, and other factors. Information on impairments is provided on page 86.

Information on the nature and extent of risks arising from financial instruments is provided in the section entitled "Risk reporting" on page 95.

LAND AND BUILDINGS
Both self-used and third-party used real estate are reported under land and buildings. Self-used and third-party used real estate is measured at cost less accumulated depreciation and impairment losses. Cost comprises all costs incurred in putting the asset into its present location in its present condition.

For self-used real estate, imputed arm's length rental income is generally recognised as income from the investment, and an equivalent amount of rental expenses is recognised as operating expenses.

Costs incurred in later periods are only capitalised if they lead to a material increase in future opportunities for the use of the building (e.g., through building expansion or installation of new fixtures).

Buildings are depreciated using the straight-line method over the expected useful life of the asset. The following useful lives are assumed when determining depreciation rates:

Useful life in years	from	to
Buildings	20	50

FINANCIAL INSTRUMENTS
Financial instruments reported as investments are divided into the following categories in accordance with the requirements of IAS 39:

- Loans and other receivables
- Financial instruments held to maturity
- Financial instruments available for sale
- Financial instruments held for trading purposes
- Financial assets measured at fair value through profit or loss

Upon their initial recognition, the corresponding investments are measured at cost, which equals fair value at the time of acquisition. For subsequent measurement of financial instruments, two measurement methods are used. Subsequent measurement of loans and other receivables is made at acquisition cost carried forward. Acquisition cost carried forward is determined using the effective interest rate of the loan in question. A write-down is recognised in profit or loss in the case of permanent impairment.

Financial instruments held to maturity are subsequently measured at acquisition cost carried forward. Acquisition cost carried forward is determined using the effective interest rate of the financial instrument in question. A write-down is recognised in profit or loss in the case of permanent impairment.

Financial instruments available for sale and financial instruments recognised at fair value through profit or loss are recognised at fair value on the balance sheet. If financial instruments available for sale are sold, the value fluctuations in fair value are recognised directly in other reserves, except for impairment that is recognised in profit or loss. No separate calculation of acquisition cost carried forward is performed for financial instruments recognised at fair value through profit or loss; changes in fair value are recognised in profit or loss on the income statement. The designated financial instruments are predominantly structured investments ("hybrid financial instruments") that the Vienna Insurance Group has decided under IAS 39.11A and IAS 39.12 to assign to the category of "financial assets at fair value through profit or loss". Structured investments are assigned to this category if the derivatives embedded in the host contract (as a rule securities or loans) are not closely related to the host contract so that the requirement under IAS 39 of isolating them from the host contract and measuring them separately at fair value does not apply.

In addition, shares in affiliated companies that are non-material and therefore not included in consolidation are also reported in this item. These shares are measured analogously to the measurement of financial instruments available for sale. These measurement principles are also applied to shares in associated companies that were not significant enough to be consolidated at equity. Information on the measurement of financial instruments available for sale is provided in the notes below on the accounting for financial instruments.

Amendments to IAS 39 and IFRS 7 – "Reclassification of financial assets"
In October 2008, the IASB published amendments to IAS 39 and IFRS 7 under the title "Reclassification of financial assets". The adjusted version of IAS 39 permits reclassification of non-derivative financial assets (except for financial instruments that were measured using the fair value option upon initial recognition) in the "trading portfolio" and "available-for-sale" categories if the following conditions are satisfied:

- Financial instruments in the "trading portfolio" or "available-for-sale" categories can be transferred to the "loans and other receivables" category if they would have satisfied the definition of the "loans and other receivables" category at the time of initial recognition and the company intended and was able to hold the financial instrument for the foreseeable future or until maturity.
- Financial assets in the "trading portfolio" category that would not have satisfied the definition of "loans and other receivables" at the time of initial recognition can only be transferred to the "held-to-maturity" or "available-for-sale" categories under exceptional circumstances. The IASB indicated that the course taken by financial markets in the 2nd half of 2008 is a possible example for exceptional circumstances.

The amendments to IAS 39 and IFRS 7 went into effect retroactively to 1 July 2008 and were applied prospectively from the time of reclassification. Reclassifications performed in the Vienna Insurance Group before 1 November 2008 used fair value as of 1 July 2008.

Financial instruments must be measured at fair value at the time of reclassification. In the case of reclassifications of assets in the "trading portfolio" category, gains or losses recognised from previous periods may not be reversed. In the case of reclassification of assets in the "available-for-sale" category, earlier gains or losses recognised in the revaluation surplus are locked in at the time of reclassification. The market valuation reserve remains unchanged for financial instruments without a fixed maturity until de-recognition and is only then recognised in profit or loss, while for financial instruments with a fixed maturity it is amortised to profit or loss over the remaining life of the financial instrument using the effective interest method. This applies analogously to the deferred profit participation.

De-recognition of financial instruments is performed when the Group's contractual rights to cash flows from the financial instruments expire.

Information on the recognition of impairment losses is provided in the section entitled "General information on the accounting for investments".

Investments for unit-linked and index-linked life insurance

The investments for unit-linked and index-linked life insurance provide cover for the unit-linked and index-linked life insurance underwriting provisions. The survival and surrender payments for these policies are linked to the performance of the associated investments for unit-linked and index-linked life insurance, with the income from these investments also credited in full to policyholders. As a result, policyholders bear the risk associated with the performance of the investments for unit-linked and index-linked life insurance.

These investments are held in separate cover funds, and managed separately from the other investments of the Group. Since the changes in value of the investments for unit-linked and index-linked life insurance are equal to the changes in value of the underwriting provisions, these investments are valued using the provisions of IAS 39.9. Investments for unit-linked and index-linked life insurance are therefore measured at fair value, and changes in value are recognised in the income statement.Reinsurers' share in underwriting provisions

The reinsurers' share in underwriting provision

The reinsurers' share in underwriting provisions is measured in accordance with contractual provisions.

The credit quality of each counterparty is taken into account when the reinsurers' share is measured. As a result of the good credit quality of the Group's reinsurers, no allowances were needed for reinsurer shares as of the 31 December 2009 and 31 December 2008 reporting dates.

Information on the selection of reinsurers is provided in the explanatory notes in the "Risk report" section.

Receivables

The receivables shown in the balance sheet primarily relate to the following receivables:

- Receivables from direct insurance business
  - with policyholders
  - with insurance intermediaries
  - with insurance companies
- Receivables from reinsurance business
- Other receivables

Except for receivables from policyholders, receivables are reported at cost less impairment losses for expected uncollectible amounts. Receivables from policyholders are measured at cost. Expected impairment losses from uncollectible premium receivables are as a rule shown on the liabilities side of the balance sheet under "Other underwriting provisions" (cancellation provisions).

Other assets

Other assets are measured at cost less impairment losses.

Taxes

Income tax expense comprises actual taxes and deferred taxes. The income tax associated with transactions recognised directly in equity is also recognised directly in equity.

The actual taxes for the individual companies in the Vienna Insurance Group are calculated using the company's taxable income and the tax rate applicable in the country in question.

Deferred taxes are calculated using the balance sheet liability method for all temporary differences between the asset and liability values recognised in the IFRS consolidated financial statements and the individual company tax bases for these assets and liabilities. Under IAS 12.47, deferred taxes are measured using the tax rates applicable at the time of realisation. In addition, any probable tax benefits realisable from existing loss carry-forwards are included in the calculation. Exceptions to this deferral calculation are differences from non-tax-deductible goodwill and any deferred tax differences linked to participations.

Deferred tax assets are not recognised if it is not probable that the tax benefits they contain can be realised. Deferred taxes are calculated using the following tax rates:

Tax rates	31.12.2009	31.12.2008
in %		
Austria	25	25
Czech Republic*	20	21
Slovakia	19	19
Poland	19	19
Romania	16	16
Albania	10	10
Bulgaria	10	10
Estonia**	0	0
Croatia	20	20
Macedonia	10	10
Serbia	10	10
Turkey	20	20
Ukraine	25	25
Hungary	20	20
Germany	30	30
Liechtenstein	20	20

* From 2010 on: 19%

** The income of companies established in Estonia is exempt from income tax. Only specific payments are subject of a 21% profit tax.

Underwriting provisions

UNEARNED PREMIUMS

Under the current version of IFRS 4, figures in annual financial statements prepared in accordance with national requirements may be used for the presentation of figures relating to insurance policies in the consolidated financial statements. In Austria, a cost discount of 15% is used when calculating unearned premiums in the property and casualty insurance area (10% for motor vehicle liability insurance), corresponding to an amount of EUR 27,685,000 (EUR 28,192,000). No acquisition costs in excess of this figure are capitalised. For foreign companies, in the property/casualty insurance area, a portion of the acquisition commissions is generally recognised in the same proportion as the ratio of earned premiums to written premiums. To ensure uniform presentation within the Group, these capitalised acquisition costs are also shown in the consolidated financial statements as a reduction in unearned premiums. In the life insurance area, acquisition costs are calculated using the rates set out in the business plans and included using zillmerisation when the mathematical provision is calculated. Negative mathematical provisions are set to zero for Austrian companies. For foreign companies, negative mathematical provisions are recognised and netted with the mathematical provisions. No additional acquisition costs are capitalised. In general, no capitalisation of acquisition costs is performed for health insurance.

MATHEMATICAL RESERVE

Life insurance mathematical reserves are calculated using the prospective method as the mathematical present value of obligations (including declared and allocated profit shares and an administrative cost provision) less the present value of all future premiums received. The calculation is based on factors such as expected mortality, costs, and the discount rate.

As a rule, the mathematical reserve and related tariff are calculated on the same basis, which is applied uniformly for the entire tariff and during the entire term of the policy. An annual adequacy test of the calculation basis is performed in accordance with IFRS 4 and applicable national accounting requirements (see section titled "Adequacy test for liabilities arising from insurance policies"). As a rule, in life insurance the official mortality tables of each country are used. If current mortality expectations differ to the benefit of policyholders from the calculation used for the tariff, leading to a corresponding insufficiency in the mathematical reserves, the reserves are increased appropriately in connection with the adequacy test of insurance liabilities

In life insurance, acquisition costs are taken into account through zillmerisation as a reduction of mathematical reserves. In accordance with national requirements; negative mathematical reserves resulting from zillmerisation are set to zero for Austrian insurance companies. Negative mathematical reserves are not set to zero for Group subsidiaries with registered offices outside Austria. These negative mathematical reserves are recognised in the mathematical reserve item in the consolidated financial statements. The following average discount rates are used to calculate mathematical reserves:

As of 31 December 2009: 3.24%
As of 31 December 2008: 3.44%

Please see the section titled "Recognition and accounting methods for insurance policies" for information on the treatment of the mathematical reserve during first consolidation of the s Versicherung Group.

Health insurance mathematical reserves are also calculated using the prospective method as the difference between the actuarial present value of future insurance payments less the present value of future premiums. The claims frequencies used to calculate the mathematical reserve derive primarily from analyses conducted on the Group's own insurance portfolio. As a rule, the mortality tables used correspond to published mortality tables.

The following discount rates are used for the great majority of transactions when calculating actuarial reserves:

As of 31 December 2009: 3.00%
As of 31 December 2008: 3.00%

PROVISION FOR OUTSTANDING CLAIMS
According to national insurance law and regulations in Austria (the Austrian Commercial Code (UGB) and Insurance Supervision Act (VAG)), companies in the Vienna Insurance Group are required to form provisions for outstanding claims for each business segment. These provisions are calculated for payment obligations arising from claims which have occurred up to the balance sheet date but whose basis or size has not yet been established, as well as all related claims settlement expenses expected to be incurred after the balance sheet date, and as a rule are formed at the individual policy level. These policy-level provisions are marked up by a flat-rate allowance for unexpected additional losses. Except for the provisions for pension obligations, no discounting is performed. Insurance losses that have occurred up to the balance sheet date but were not known at the time that the balance sheet was prepared are included in the provision (incurred but not reported claims provisions, "IBNR"). Separate provisions for claims settlement expenses are formed for internally incurred expenses attributable to claims settlement under the causation principle. Collectible recourse claims are deducted from the provision. Where necessary, actuarial estimation methods are used to calculate the provisions. The methods are applied consistently, with both the methods and calculation parameters tested continuously for adequacy and adjusted if necessary. The provisions are affected by economic factors, such as the inflation rate, and by legal and regulatory developments, which are subject to change over time. The current version of IFRS 4 provides for provisions formed in accordance with applicable national requirements to be carried over into the consolidated financial statements.

PROVISION FOR PROFIT-UNRELATED PREMIUM REFUNDS
The provisions for profit-unrelated premium refunds relate, in particular, to the "property and casualty insurance" and "health insurance" segments, and pertain to premium refunds in certain insurance classes that are contractually guaranteed to policyholders in the event that there are no claims or a low level of claims. These provisions are formed at the individual policy level with no discounting.

PROVIONS FOR PROIT-RELATED PREMIUM REFUNDS
Profit shares that were dedicated to policyholders in local policies based on business plans but have not been allocated or guaranteed to policyholders as of the balance sheet date are shown in the provision for profit-related premium refunds ("discretionary net income participation").

In addition, both the portion realised through profit and loss and the portion realised directly in equity that results from measurement differences between IFRS and local measurement requirements ("deferred profit participation") are reported in this item. Please see the section titled "Classification of insurance policies".

OTHER UNDERWRITING PROVISIONS
The other underwriting provisions item primarily includes cancellation provisions. Cancellation provisions are formed for the cancellation of premiums that have been written but not yet paid by the policyholder, and therefore represent a liabilities-side allowance for receivables from policyholders. These provisions are formed based on the application of certain percentage rates to overdue premium receivables.

Underwriting provisions for unit-linked and index-linked life insurance

Underwriting provisions for unit-linked and index-linked life insurance represent obligations to policyholders that are linked to the performance and income of the corresponding investments. The measurement of these provisions corresponds to the measurement of the investments for unit-linked and index-linked life insurance, and is based on the fair value of the investment fund or index serving as a reference.

Provisions for pensions and similar obligations

PENSION OBLIGATIONS

Pension obligations are based on individual contractual obligations and collective agreements. The obligations are defined benefit obligations.

These obligations are recognised in accordance with IAS 19 by determining the present value of the defined benefit obligation (DBO). Calculation of the defined benefit obligation is performed using the projected unit credit method. In this method, future payments, calculated based on realistic assumptions, are accrued linearly over the period in which the beneficiary acquires these entitlements. The necessary provision amount is calculated for the relevant balance sheet date using actuarial reports that have been provided for 31 December 2008 and 31 December 2009.

Any difference between the provision amount calculated in advance based on the underlying assumptions and the value which actually occurs ("actuarial gain/loss") is not recognised as part of the provision while it remains within 10% of the DBO at the beginning of the period. When the 10% limit is exceeded, the excess amount which falls outside the limit is recognised, and distributed over the average remaining working lives of all employees ("corridor method").

The calculations for 31 December 2009 and 31 December 2008 are based on the following assumptions:

Pension assumptions	2009	2008
Interest rate	5%	5.5%
Pension and salary increases	2.5%	3%
Labour turnover rate	age-dependent 0.5%-7%	0%-7%
Retirement age, women	62+ Transitional arrangement	62+
Retirement age, men	62+ Transitional arrangement	62+
Life expectancy	for employees according to (AVÖ 2008-P)	(AVÖ 2008-P)

A portion of the direct pension obligations are administered as an occupational group insurance plan following conclusion of an insurance contract in accordance with § 18 f to 18 j VAG.

SEVERANCE OBLIGATIONS

The Vienna Insurance Group is required by law, supplemented by collective agreements, to make a severance payment to all employees in Austria whose employment is terminated by the employer or who begin retirement, and whose employment started before 1 January 2003. The size of this payment depends on the number of years of service and on the earnings at the time employment ends, and is equal to between 2 and 18 months' earnings. A provision has been formed for this obligation.

The provision is calculated using the projected unit credit method. Under this method, the sum of the present values of future payments is calculated up to the point in time when the claims reach their highest value (to a maximum of 25 years). The calculation for the balance sheet date in question is based on an actuarial report.

Any difference between the provision amount calculated in advance based on the underlying assumptions and the value which actually occurs ("actuarial gain/loss") is not recognised as part of the provision while it remains within 10% of the DBO at the beginning of the period. When the 10% limit is exceeded, the excess amount which falls outside the limit is recognised, and distributed over the average remaining working lives of all employees ("corridor method").

The calculations for 31 December 2009 and 31 December 2008 are based on the following assumptions:

Severance payment assumptions	2009	2008
Interest rate	5%	5.5%
Pension and salary increases	2.5%	3%
Labour turnover rate	age-dependent 0.5%-7%	age-dependent 0%-7%
Retirement age, women	62+ Transitional arrangement	62+ Transitional arrangement
Retirement age, men	62+ Transitional arrangement	62+ Transitional arrangement
Life expectancy	for employees according to (AVÖ 2008-P)	for employees according to (AVÖ 2008-P)

For all employment relationships in Austria which began after 31 December 2002, the Vienna Insurance Group in Austria pays 1.53% of earnings per month into an occupational employee pension fund, where the contributions are invested in an employee account and paid out or passed on to the employee as an entitlement when employment ends. The Vienna Insurance Group's obligation in Austria is strictly limited to payment of these amounts. As a result, no provision needs to be set up for this defined contribution plan.

A portion of the severance obligations was outsourced to an insurance company. As a result of this outsourcing, part of the severance obligation loses its character as a defined benefit obligation (DBO).

OTHER NON-UNDERWRITING PROVISIONS

Other non-underwriting provisions are recognised if a present legal or constructive obligation to a third party resulting from a past event exists, it is probable that this obligation will lead to an outflow of resources, and a reliable estimate can be made of the amount of the obligation.

The provisions are recognised at the value representing the best possible estimate of the expenditure needed to fulfil the obligation. If the present value of the provision determined using a normal market rate of interest differs significantly from the nominal value, the present value of the obligation is recognised.

The other non-underwriting provisions item also includes personnel provisions other than the provisions for pensions and similar obligations. These relate primarily to provisions for unused vacation and anniversary benefits. Anniversary benefit obligations are measured using the calculation method described for severance obligations and the same calculation parameters. The corridor method is not used.

(Subordinated) liabilities

As a rule, liabilities are measured at acquisition cost carried forward. This also applies to liabilities arising from financial insurance policies.

Earned premiums*

As a rule, deferred premiums (unearned premiums) are determined on a pro rata basis over time. No deferral of unit-linked and index-linked life insurance premiums is performed, since the full amount of the premiums written in the reporting period is included in the calculation of the underwriting provisions for unit-linked and index-linked life insurance. The change in the cancellation provision is also recognised in earned premiums.

* The exception in § 81o (6) VAG was applied.

Expenses for claims and insurance benefits

All payments to policyholders arising from loss events, claims settlement expenses directly related to loss events, and internal costs attributable to claims settlement under the causation principle, are shown as expenses for claims and insurance benefits. Expenses for loss prevention are also reported in this item. Expenses for claims and insurance benefits are reduced by the income gained from using existing contractual and statutory avenues of recourse (this applies in particular to property and casualty insurance). Changes in underwriting provisions, except for the change in the cancellation provision, are also shown in the expenses for claims and insurance benefits item.

Operating expenses

The Group's personnel and materials expenditures are assigned to the following income statement items in accordance with the causation principle:

- Expenses for claims and insurance benefits (claims settlement expenses)
- Expenses arising from investments (expenses for asset investment)
- Operating expenses
- Other underwriting expenses
- Other non-underwriting expenses

RISK REPORTING

The Vienna Insurance Group's core competence is dealing professionally with risk. The Group's primary business is assuming risks from its customers using a variety of insurance packages. The insurance business consists of consciously assuming diverse risks and managing them profitably. One of the primary responsibilities of risk management is to ensure that the obligations assumed under insurance policies can be satisfied at all times.

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

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

Underwriting risks
The Vienna Insurance Group’s core business consists of the transfer of risk from policyholders to the insurance company.

Credit risk
This risk quantifies the potential loss due to deterioration of the situation of a counterparty against which claims exist.

Market risk
Market risk is the risk of changes in the value of investments due to unforeseen fluctuations in interest rate curves, share prices and exchange rates, and the risk of changes in the market value of real estate and participations.

Strategic risks
Strategic risks can arise due to changes in the economic environment, case law, or the regulatory environment.

Operational risks
These may result from deficiencies or errors in business processes, controls or projects caused by technology, staff, organisation or external factors.

Liquidity risk
Liquidity risk depends on the goodness of fit between the investment portfolio and insurance obligations.

Concentration risk
Concentration risk is a single direct or indirect position, or a group of related positions, with the potential to significantly endanger the insurance company, its core business or key performance measures. Concentration risk is caused by an individual position, a collection of positions with common owners, guarantors or managers, or by sector concentrations

General information

As a rule, local companies in the Vienna Insurance Group are responsible for managing their own risks, while at the same time strict requirements are set in terms of investments and reinsurance.

Effective risk and opportunities management requires that an enterprise risk management system (ERM) be used and that a risk policy and risk strategy be set by management. The ERM enables managers to deal effectively with uncertainty and the risks and opportunities it involves, and strengthens their ability to create value. Taking all relevant possible events into account improves the utilisation and proactive realisation of opportunities. Reliable information on risks improves the allocation of capital. ERM provides a procedure for identifying and selecting alternative reactions to risks.

The Vienna Insurance Group risk management department is an independent organisational unit. Every employee contributes to the effectiveness of risk management in the Vienna Insurance Group. The highest importance is placed on the day-to-day implementation of an appropriate risk monitoring culture. Transparent and verifiable processes form an essential element of this Company-wide risk culture. Deviations from assigned target values or the admission and reporting of errors can take place in our Company, and are used to promote the active problem-solving abilities of our employees.

Internal guidelines
Risk management is governed by a number of internal guidelines in the Vienna Insurance Group. Property and casualty underwriting risks are primarily managed using actuarial models for setting tariffs and monitoring the progress of claims, as well as guidelines regarding the assumption of insurance risks. The most important underwriting risks in life and health insurance are primarily biometric risks, such as life expectancy, occupational disability, illness and the need for nursing care. To manage these underwriting risks, the Vienna Insurance Group has formed provisions for paying future insurance benefits.

Reinsurance

The Vienna Insurance Group limits its potential liability from its insurance business by passing on some of the risks it assumes to the international reinsurance market. It spreads this reinsurance coverage over a large number of different international reinsurance companies that the Vienna Insurance Group believes are of adequate credit quality, in order to minimise the risk (credit risk) due to the insolvency of one reinsurer. No significant reinsurer default has occurred in the history of the Vienna Insurance Group.

For business segments where claims take a long time to be settled, especially for auto liability and general liability, the Vienna Insurance Group uses as reinsurers companies with outstanding ratings (at least Standard & Poor's "A" rating, preferably a rating of "AA" or higher) that in all likelihood will also continue to exist over the long term.

Even for business segments with claims that are settled quickly (for example, natural catastrophes, fire, technology, transportation, storm, burglary, household, piped water, auto collision) and the number of reinsurers is greater, the preferred rating is Standard & Poor's "A" or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

A new monetary limit per reinsurer was introduced and has been in effect since 1 January 2009. This limit is set individually for each subsidiary.

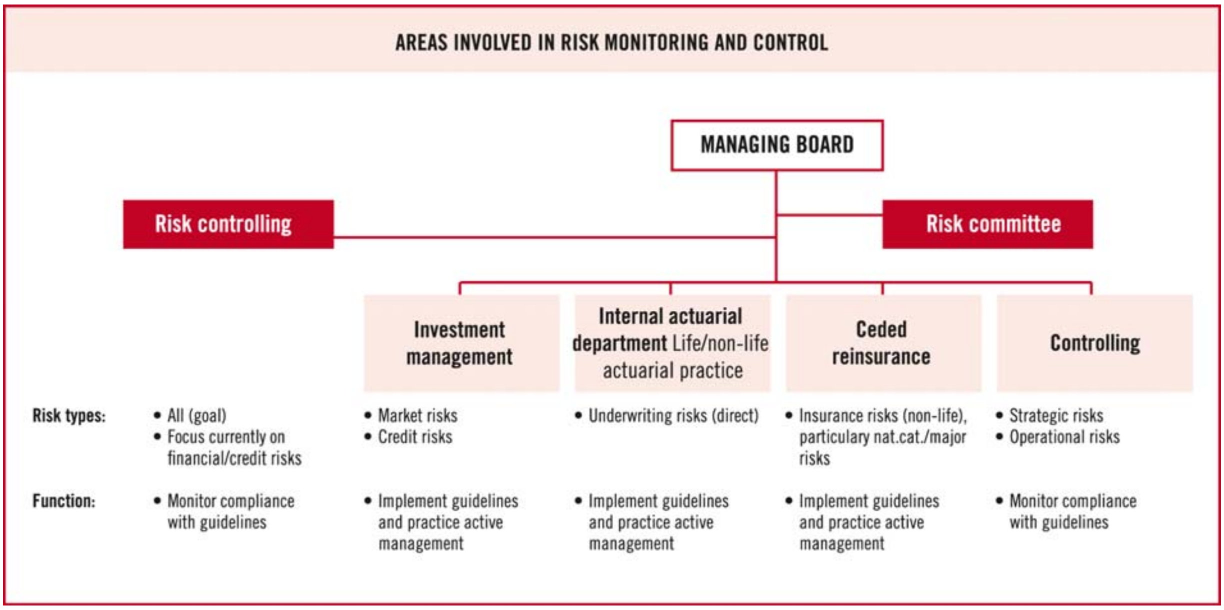
Areas involved in risk monitoring and control

The Vienna Insurance Group monitors the various market risks of its security portfolio using fair value valuations, value-at-risk (VaR) calculations, sensitivity analyses and stress tests.

Liquidity risk is limited by matching the investment portfolio to insurance obligations. Operational and strategic risks which might be caused by deficiencies or errors in business processes, controls and projects, or changes in the business environment, are also continuously monitored.

RISK COMMITTEE
The cross-class risk committee is formed by the actuarial, operations, reinsurance, internal audit and corporate risk controlling departments. The risk committee is responsible for optimisation and ongoing development of an ERM system. ERM is a framework for company-wide risk management that uses key principles and concepts, uniform terminology and clear instructions and support.

INTERNATIONAL ACTUARIAL DEPARTMENT
Underwriting risks are managed by the Group's international actuarial department. This department subjects all insurance solutions to in-depth actuarial analysis covering all classes of insurance business (life, health, and property/casualty). Stochastic simulations are performed regularly as part of the ALM process.



REINSURANCE
Reinsurance for all Group companies is managed by the corporate reinsurance department established in the Vienna Insurance Group.

RISK CONTROLLING
The risk controlling department prepares a quarterly risk budget for the investment area, adherence to which is reviewed weekly. Compliance with securities guidelines and the Company's own limit system is monitored on an ongoing basis. Periodic VaR calculations and analyses, as well as detailed stress tests, are performed for purposes of this monitoring. An analysis of the Company's risk capital model managed by the corporate risk controlling department is an element of Standard & Poor's FSR (Financial Strength Rating) for the Vienna Insurance Group.

CONTROLLING
The controlling department monitors and controls operational developments at domestic and foreign insurance companies. This is accomplished by means of monthly reports from the companies submitted to the controlling department and an analysis of plan and forecast figures.

AUDIT
The audit department systematically monitors operating and business processes, the internal controlling system of all operational corporate areas and the functionality and adequacy of risk management. The internal audit department operates continuously and reports directly to the Management Board as a whole.

OPERATIONS
Operations acts as an interface between the underwriting and claims departments and the Group's country head offices and external service providers in the areas of information technology and telephony. Operations is also responsible for optimisation of internal processes, strategic procurement, facilities management and construction matters related to self-used real estate.

Business risks

The Vienna Insurance Group calculates its underwriting provisions using recognised actuarial methods and assumptions. These assumptions include estimates of the long-term interest rate trend, returns on investments, the allocation of investments among shares, interest-bearing instruments and other categories, net income participations, mortality and morbidity rates, lapse rates and future costs. The Group monitors actual experience relating to these assumptions and adjusts its long-term assumptions where changes of a long-term nature occur.

Guaranteed minimum interest rates

The Vienna Insurance Group also has a considerable portfolio of policies with guaranteed minimum interest rates, including annuity and endowment insurance. On existing policies, the Vienna Insurance Group guarantees a minimum interest rate averaging around 3% p.a. If interest rates fall below the guaranteed average minimum rate for any length of time, the Vienna Insurance Group could find itself forced to use its equity capital to subsidise reserves for these products.

Loss reserves

In accordance with normal industry practice and accounting and supervisory requirements, the companies in the Vienna Insurance Group work together with the Group actuarial department to independently form reserves for claims and claims settlement expenses arising from the property and casualty insurance business. The reserves are based on estimates of the payments that will be made for these claims and the related claims settlement expenses. These estimates are made both on a case by case basis in the light of the facts and circumstances available at the time the reserves are formed, as well as for losses that have already been incurred but which have not yet been reported to the Vienna Insurance Group ("IBNR"). These reserves represent the expected costs required for final settlement of all known pending claims and IBNR losses.

Loss reserves, including IBNR reserves, may vary depending on a number of variables that affect the total costs of a claim, such as changes in the statutory framework, the outcome of court proceedings, changes in processing costs, repair costs, loss frequency, claim size and other factors such as inflation and interest rates.

Interest rate fluctuations

The Vienna Insurance Group is exposed to market risk, that is, the risk of suffering losses as a result of changes to market parameters. For the Vienna Insurance Group, interest rates are the most relevant parameters for market risk. Ignoring investments held for the account of and at the risk of policyholders, the Vienna Insurance Group's investments consist largely of fixed-interest securities. The majority of these securities is denominated in euros. Consequently, interest rate fluctuations in the Eurozone have a significant effect on the value of these financial assets.

Share price risk

The Vienna Insurance Group has a share portfolio which, even including shares held in funds, constitutes less than 3% of investments. Among other things, the Vienna Insurance Group share investments include participations in a number of Austrian companies and equity positions in other companies whose shares trade primarily on the Vienna Stock Exchange or stock exchanges in the Central and Eastern European region. Write-downs could be required if equity markets move downward.

Aspects of tax law that affect the income situation

Changes to tax law may negatively affect the attractiveness of certain Vienna Insurance Group products currently enjoying tax advantages. For example, the introduction of laws to reduce the tax advantages of the Group's retirement provision products or other life insurance products could considerably diminish the attractiveness of those products.

Developments in Central and Eastern Europe

The expansion and development of business operations in the countries of Central and Eastern Europe that do not yet belong to the EU is a core component of the Vienna Insurance Group's strategy. The Vienna Insurance Group is seeking to achieve an even stronger presence in these target markets. As part of the strategy pursued in this region, the Vienna Insurance Group has made acquisitions and established new companies. Political, economic and social conditions in these countries have changed rapidly in recent years. Far-reaching political and economic reforms have created a situation where political and economic changes may occur as part of the establishment of new democratic and market-oriented systems.

Risks from acquisitions

Heretofore, the Vienna Insurance Group has acquired a series of companies in countries of Central and Eastern Europe, or acquired participations in these companies.

Acquisitions often bring challenges in terms of corporate management and financing, such as:

- The need to integrate the infrastructure of the acquired company, including management information systems, and risk management and controlling systems;
- Handling unsettled matters of a legal, supervisory, contractual or labour-law nature resulting from the acquisition;
- Integration of marketing, customer support and product lines; and
- Integrating different corporate and management cultures.

Cross-border acquisitions in Central and Eastern Europe can present a major challenge, due to differences in national cultures, business practices and legal systems.

Climate change

The environmental catastrophes that have been becoming increasingly common in recent years, such as floods, mudslides, landslides, storms, etc., could have been brought about by general climate change. It is possible that the number of claims thus caused may continue to rise in the future.

Credit risk from investments

In managing risks related to credit quality, a distinction must be made between "liquid" or "marketable" risks (exchange-listed bonds and shares) and "bilateral" risks, such as, for example, time deposits, OTC derivatives, loans, private placements and securities custodial accounts/depositories. Risks relating to the former are limited at the portfolio level by means of rating and diversification limits.

Consideration is only given to those issuers or contracting parties whose credit quality or reliability can be assessed by the Vienna Insurance Group, whether on the basis of an analysis performed by the Group, credit assessments/ratings from recognised sources, unambiguous guarantees or the possibility of recourse to reliable mechanisms for safeguarding investments.

Credit risk from reinsurance

The Vienna Insurance Group follows a policy of ceding a portion of assumed risks to reinsurance companies. This transfer of risk to reinsurers does not, however, relieve Vienna Insurance Group of its obligations to policyholders. The Vienna Insurance Group is therefore exposed to the risk of insolvency on the part of reinsurers.

Currency risks

To diversify its portfolio, the investment area also makes use of international capital markets and, to a very small extent, foreign currencies. The Vienna Insurance Group's high degree of involvement in the CEE region results in currency risks at the Group level in spite of matching local currency investments made at the local level.

Concentration risk

Internal guidelines and the Vienna Insurance Group's limit system are used to keep concentrations within the desired safety margin. Cross-class committees ensure a comprehensive view of all significant risks.

Regulatory environment

The Vienna Insurance Group is subject to domestic and foreign (insurance) regulations.

These regulations govern such matters as:

- Capitalisation of insurance companies and groups;
- Admissibility of investments as security for underwriting provisions;
- Licences of the various companies of the Vienna Insurance Group;
- Marketing activities and the sale of insurance policies; and
- Cancellation rights of policyholders.

Changes to the statutory framework may make restructuring necessary, thus resulting in increased costs.

Investments

The Group invests in fixed-interest securities (bonds, loans/credits), shares, real estate, participations, and structured investment products, taking into account the overall risk position of the Group and the investment strategy provided for this purpose.

The Chief Investment Officer of the Vienna Insurance Group implements the strategy decided on by the strategic investment committee, taking risk limits into account. When determining exposure volumes and limits, the risk inherent in the specified categories and the market risks are of fundamental importance. The capital investment strategy is laid down in the form of investment guidelines, which are continuously monitored for compliance by the corporate risk controlling and internal audit departments. Investment guidelines are laid down on a centralised basis and are mandatory for all group companies, with a distinction made between investment strategies for Austria, the CEE region and Germany.

The investment strategy for Austria may be summarised as follows:

- The Vienna Insurance Group practices a conservative investment policy designed for the long-term.
- The Vienna Insurance Group focuses on its asset mix as a way to ensure that cash flows match its long-term liability profile and to create sustainable increases in value through the use of correlation and diversification effects of the individual asset classes.
- Investment management depends on the asset class in question or on the objective within asset classes, and is performed internally or by an outside manager. Decisions in this regard are made by a committee established for this purpose.
- Management of market risk on securities is aimed at providing a transparent view of the risk exposure arising from price, interest-rate, and currency fluctuations as they affect profitability and the value of securities investments, and at limiting these risks. Risks are limited by setting position limits and by means of a two-tier limit system for risk exposure.
- Market developments are monitored continuously and the allocation of portfolio assets managed actively.

Around 70% of the Vienna Insurance Group's investment portfolio consists of direct holdings of fixed-interest securities and loans. Direct holdings of shares and real estate amount to around 3% and 13%, respectively, in each case measured by the book value of the total investment portfolio.

The table below shows the breakdown of Vienna Insurance Group investments as of 31 December 2009 and 31 December 2008, broken down in EUR millions by the property/casualty, health and life insurance segments:

Composition investments	31.12.2009				31.12.2008
	Property/ Casualty	Life	Health	Total	Total
in EUR millions					
Land and buildings	**397.30**	**2,859.01**	**44.94**	**3,301.25**	**3,090.41**
Self-used land and buildings	183.69	107.05	32.39	323.13	299.31
Third-party used land and buildings	213.61	2,751.96	12.55	2,978.12	2,791.10
Shares in at equity consolidated companies	**39.83**	**76.03**	**0.00**	**115.86**	**119.65**
Loans	**210.31**	**2,431.71**	**147.07**	**2,789.09**	**2,946.14**
Reclassified loans	**174.79**	**780.86**	**35.56**	**991.21**	**1,048.08**
Other securities	**2,828.46**	**14,303.82**	**631.46**	**17,763.74**	**15,571.69**
Financial instruments held to maturity	480.49	1,089.60	0.00	1,570.09	953.28
Government bonds	413.23	786.97	0.00	1,200.20	663.93
Corporate bonds	45.12	297.62	0.00	342.74	278.92
Other	22.14	5.01	0.00	27.15	10.43
Financial instruments reclassified as held to maturity	442.94	877.29	0.00	1,320.23	1,393.78
Government bonds	300.09	635.50	0.00	935.59	954.35
Other	142.85	241.79	0.00	384.64	439.43
Financial instruments available for sale	1,689.14	11,225.87	599.36	13,514.37	11,707.29
Shares and other participations*	392.29	790.80	143.29	1,326.38	1,534.01
Investment funds including joint investments	140.73	782.16	39.27	962.16	1,204.83
Fixed-interest securities	988.49	9,308.41	409.96	10,706.86	8,404.93
Other	167.63	344.50	6.84	518.97	563.52
Trading assets	84.43	34.48	0.00	118.91	287.27
Bonds	67.16	23.43	0.00	90.59	261.29
Shares	8.89	1.36	0.00	10.25	9.44
Investment funds	2.84	9.69	0.00	12.53	6.55
Derivatives	0.00	0.00	0.00	0.00	8.73
Other	5.54	0.00	0.00	5.54	1.26
Financial instruments recognised at fair value through profit and loss	131.46	1,076.58	32.10	1,240.14	1,230.07
Bonds	51.06	25.91	0.00	76.97	74.07
Shares	1.31	0.16	0.00	1.47	3.98
Investment funds	6.04	505.04	0.00	511.08	509.32
Structured bonds	73.05	541.43	32.10	646.58	641.84
Other	0.00	4.04	0.00	4.04	0.86
Other investments	**482.71**	**432.21**	**17.98**	**932.90**	**1,771.59**
Bank deposits	479.04	301.23	16.65	796.92	1,643.32
Deposits on assumed reinsurance business	1.14	121.80	1.33	124.27	123.59
Other	2.53	9.18	0.00	11.71	4.68
Total	**4,133.40**	**20,883.64**	**877.01**	**25,894.05**	**24,547.56**

* includes shares in unconsolidated subsidiaries and other ownership interests.

MATURITY STRUCTURE AND RATING CATEGORIES

Maturity structure
Financial instruments held to maturity

	Acquisition costs carried forward		Fair value	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000				
up to one year	118,755	95,754	119,097	91,266
more than one year up to five years	614,884	410,887	630,953	417,026
more than five years up to ten years	506,884	246,470	528,206	243,913
more than ten years	329,564	200,166	332,180	193,647
Total	**1,570,087**	**953,277**	**1,610,436**	**945,852**

Maturity structure
Financial instruments reclassified as held to maturity

	Acquisition costs carried forward		Fair value	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000				
up to one year	138,291	86,613	139,450	86,613
more than one year up to five years	315,930	434,631	323,004	434,631
more than five years up to ten years	414,684	428,820	421,731	428,820
more than ten years	451,322	443,720	450,282	443,720
Total	**1,320,227**	**1,393,784**	**1,334,467**	**1,393,784**

The composition of Financial instruments held to maturity is provided in note 6 “Other securities”.

Maturity structure
Financial instruments available for sale

	Fair value	
	31.12.2009	31.12.2008
in EUR '000		
no maturity	2,713,058	3,929,580
up to one year	1,490,648	557,750
more than one year up to five years	2,473,528	1,866,890
more than five years up to ten years	3,513,899	2,012,421
more than ten years	3,323,237	3,340,654
Total	**13,514,370**	**11,707,295**

Rating categories - Standard & Poor's
Financial instruments available for sale

	Fair value	
	31.12.2009	31.12.2008
in EUR '000		
AAA	2,633,489	2,055,379
AA	2,625,654	1,999,266
A	4,070,242	3,191,512
BBB	1,271,349	986,741
BB and lower	174,793	91,661
No rating (e.g. shares, investment funds)	2,738,843	3,382,736
Total	**13,514,370**	**11,707,295**

In the case of Financial instruments available for sale, the balance sheet value corresponds to the fair value.

Maturity structure
Financial instruments recognised at fair value through profit and loss

	Fair value	
	31.12.2009	31.12.2008
in EUR '000		
no maturity	516,839	513,320
up to one year	186,079	58,290
more than one year up to five years	204,539	501,912
more than five years up to ten years	122,395	94,868
more than ten years	210,288	61,678
Total	**1,240,140**	**1,230,068**

Bonds

The bond portion of the Vienna Insurance Group securities portfolio represented approximately 55% of total investments on 31 December 2009. When the bond portion of the investment fund is included, bonds represent just under 62% of total investments. The Vienna Insurance Group actively manages its bond portfolio using estimates of changes in interest rates, spreads and credit quality, taking into account limits related to individual issuers, credit quality, maturities, countries, currencies and issue volume. Investments in fixed-interest securities are almost always currency-congruent, that is, they are made in the same currency as the obligations to policyholders. The Vienna Insurance Group is currently not planning any investment strategy changes with respect to its bond portfolio.

According to the Group's investment guidelines for Austria, bond investments are made almost entirely in investment grade bonds with a Standard & Poor's rating of AAA to BBB. Investments in non-investment grade bonds are only made in individual cases and in accordance with decisions to this effect by the Managing Board. The goals are to achieve the greatest possible diversification among individual issuers, avoid accumulation risks, ensure good average credit quality, control foreign currency effects, and make the majority of investments in medium to long-term maturities.

Shares

As of 31 December 2009, the Vienna Insurance Group's share investments represented less than 3% of the book value of the total investment portfolio. In accordance with the investment guidelines for Austria, management is carried out using the "top-down" approach, subject to the constraint that diversification be used to minimise the market price risk of the shares. Key elements are diversification by markets or regions, by sectors or industries, by capitalisation (large, medium and small caps), by business cycle (value, growth), and by valuation allocations (fundamental or quantitative models). The proportion of shares is very small on the whole for the Group companies in the CEE countries.

Risk diversification within the Vienna Insurance Group share portfolio is achieved by geographic diversification. In addition to investments in sound international blue-chip securities, the portfolio also contains a variety of blocks of liquid shares in listed Austrian companies. The subsidiaries in the CEE-region are constrained by very restrictive investment rules, so that shares play no, or only a secondary, role in their portfolios.

Loans/Lending

Vienna Insurance Group loans had a book value of EUR 3,780.3 million as of 31 December 2009, and a book value of EUR 3,994.2 million as of 31 December 2008.

In the CEE region, investments in loans and credits have much less importance. Loans in this region are made almost exclusively to the Group's own real estate subsidiaries.

Impairments of loans	Gross book value	Impairment	Net book value
in EUR '000			
Not impaired loans	2,761,071	0	2,761,071
Impaired loans	82,580	54,561	28,019
Total	**2,843,651**	**54,561**	**2,789,090**

Impairments of reclassified loans	Gross book value	Impairment	Net book value
in EUR '000			
Not impaired reclassified loans	988,194	0	988,194
Impaired reclassified loans	12,568	9,546	3,022
Total	**1,000,762**	**9,546**	**991,216**

A portfolio analysis and an analysis of remaining time to maturity for the Vienna Insurance Group loan portfolio are provided in note 5, "Loans and other investments", in the notes to the consolidated financial statements.

Land and buildings

As of 31 December 2009, the Vienna Insurance Group's real estate portfolio had a book value of EUR 3,301.2 million (market value: EUR 3,715.7 million) and a book value of EUR 3,090.4 million as of 31 December 2008 (market value: EUR 3,471.5 million). The portfolio of directly held real estate and real estate held in the form of participations is used primarily to create highly inflation-resistant long-term positions for the insurance business, and to create hidden reserves. The real estate portfolio represents approximately 13% of the total investment portfolio of the Vienna Insurance Group. To date, real estate has not represented a strategic asset class for companies in the CEE countries.

The following table shows Vienna Insurance Group real estate investments as of 31 December 2009 and 31 December 2008, broken down according to location and type of use of the properties:

Use of property	% of the real estate portfolio	
	31.12.2009	31.12.2008
Austria	**90.66**	**92.67**
Self-used	3.56	3.12
Used by third parties	87.10	89.55
Outside Austria	**9.34**	**7.33**
Self-used	6.23	6.57
Used by third parties	3.11	0.76

At equity consolidated companies

The Vienna Insurance Group's shares in at equity consolidated companies had a value of EUR 115.9 million as of 31 December 2009 and a book value of EUR 119.7 million as of 31 December 2008. Shares in at equity consolidated companies therefore represented around 0.4% of the book value of the total investment portfolio as of 31 December 2009.

The Vienna Insurance Group focuses primarily on long-term participations in insurance companies, or in companies whose activities are closely related to insurance. Reflecting a greater concentration on the core business, the tendency over the last few years has been towards a reduction of purely financial participations outside of the insurance portfolio. To date, the Vienna Insurance Group has held only a few financial participations in the CEE region, primarily serving to support insurance business operations.

Market risk

The Vienna Insurance Group divides market risk into interest rate, share, currency, real estate, and participation risks. For the Vienna Insurance Group, interest rates and share prices are the most relevant parameters for market risk. The Vienna Insurance Group uses fair value assessments, value-at-risk calculations, sensitivity analyses and stress tests to monitor market risks.

The composition of investments is aimed at providing coverage for insured risks appropriate to the insurance business and the maturities of the Vienna Insurance Group's liabilities.

Interest rate and share risk

In the Vienna Insurance Group's investment model, the bond segment serves primarily to ensure stable earnings over the long term. Derivatives are used to reduce investment risk. Appropriate investment guidelines expressly govern the use of derivatives for bonds that are managed by third parties, for example investment funds.

The share segment serves to increase earnings over the long term, provides diversification and compensates for long-term erosion in value due to inflation. The Vienna Insurance Group assesses share risk by considering diversification within the overall portfolio and the correlation to other securities exposed to price risk.

Market price risk affecting profit or loss is controlled by periodically calculating the VaR according to the "Investment and Risk Strategy – Securities" guideline for securities and comparing it with the limit relative to the risk budget. The VaR is determined using a daily variance/co-variance calculation. The Vienna Insurance Group statistically estimates the variances and co-variances from market data over a 12-month period.

It uses a 99% confidence level. Holding periods are set at 10 and 20 days. In each case, the risk contribution from shares is somewhat smaller than the risk contribution from bonds. The foreign-currency risk contribution corresponds only to a few percentage points of the overall risk.

The following table shows the Vienna Insurance Group's VaR for securities available for sale:

VaR Vienna Insurance Group	31.12.2009
in EUR mn	
10-days holding period	183.0
20-days holding period	258.8
Total risk capacity	647.0
20-days VaR as % of risk capacity	40.0

Capital market scenario analysis

This analysis is carried out annually for all Vienna Insurance Group companies in order to check the risk capacity of the investments. The following table shows the "stress parameters" and the effect on equity capital of each scenario for 31 December 2009:

Reduction in market value	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	-20%	-10%	-20%	-20%	0%
of bonds	-5%	-3%	-5%	0%	-5%
of real estate	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilites (in EUR mn)	3,405.04	3,768.21	3,569.80	3,993.10	3,543.32

In scenario 1, the market value of shares, bonds and real estate sharply decrease at the same time. The likelihood of such an extreme scenario happening is very low. The market value of the assets is still considerably higher than the value of the liabilities after the stress testing, which confirms the Vienna Insurance Group's excellent rating.

Life insurance

The following table shows the development of endowment (excluding risk insurance), risk, annuity, and unit-linked and index-linked insurance, government-sponsored pension plans and the total.

	Endowment insurance (not incl. risk insurance)		Risk insurance		Annuity insurance		Unit- and index-linked insurance		Government sponsored pension plans		Total	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
Amount insured in EUR '000												
As of 1.1.2009	**3,149,736**	**28,880,084**	**1,448,000**	**34,444,462**	**705,458**	**10,341,499**	**897,623**	**9,710,726**	**407,896**	**7,400,404**	**6,608,713**	**90,777,175**
Changes in scope of consolidation	**13,934**	**39,598**	**45,301**	**152,206**	**12,550**	**23,362**	**25,713**	**104,150**	**0**	**0**	**97,498**	**319,316**
Additions												
New business	190,064	1,877,999	738,924	6,986,375	42,383	664,849	290,054	2,601,808	34,138	689,557	1,295,563	12,820,588
Increases	10,799	570,512	76,301	126,456	77	100,662	2,114	144,306	0	264,679	89,291	1,206,615
Total additions	**200,863**	**2,448,511**	**815,225**	**7,112,831**	**42,460**	**765,511**	**292,168**	**2,746,114**	**34,138**	**954,236**	**1,384,854**	**14,027,203**
Changes												
Changes in additions	41,695	666,669	63,801	676,669	24,075	825,565	39,862	938,422	2,377	59,790	171,810	3,167,115
Changes in disposals	-49,612	-688,189	-106,281	-1,507,957	-22,329	-927,901	-38,532	-1,128,162	-5,809	-294,360	-222,563	-4,546,569
Total changes	**-7,917**	**-21,520**	**-42,480**	**-831,288**	**1,746**	**-102,336**	**1,330**	**-189,740**	**-3,432**	**-234,570**	**-50,753**	**-1,379,454**
Disposals due to maturity												
Due to expiration	-99,108	-577,459	-323,029	-2,008,440	-22,745	-325,688	-7,958	-74,214	0	0	-452,840	-2,985,801
Due to death	-18,126	-95,432	-3,139	-113,417	-1,750	-25,602	-1,716	-14,164	-397	-5,686	-25,128	-254,301
Total disposals due to maturity	**-117,234**	**-672,891**	**-326,168**	**-2,121,857**	**-24,495**	**-351,290**	**-9,674**	**-88,378**	**-397**	**-5,686**	**-477,968**	**-3,240,102**
Premature disposals												
Due to non-redemption	-8,089	-158,817	-33,662	-704,249	-1,793	-41,783	-40,611	-217,180	-1,785	-45,431	-85,940	-1,167,460
Due to lapse without payment	-39,532	-296,609	-92,874	-1,494,860	-5,505	-110,625	-56,966	-428,101	-593	-8,974	-195,470	-2,339,169
Due to redemption	-87,711	-849,870	-8,700	-178,620	-33,264	-212,164	-39,265	-338,958	-270	-1,857	-169,210	-1,581,469
Due to waiver of premium	-15,030	-389,823	-242	-52,661	-156	-68,013	-7,942	-285,954	-2,397	-255,489	-25,767	-1,051,940
Total premature disposals	**-150,362**	**-1,695,119**	**-135,478**	**-2,430,390**	**-40,718**	**-432,585**	**-144,784**	**-1,270,193**	**-5,045**	**-311,751**	**-476,387**	**-6,140,038**
As of 31.12.2009	**3,089,020**	**28,978,663**	**1,804,400**	**36,325,964**	**697,001**	**10,244,161**	**1,062,376**	**11,012,679**	**433,160**	**7,802,633**	**7,085,957**	**94,364,100**

Embedded value sensitivity analysis for the life insurance business

Embedded value is determined in accordance with the Market Consistent Embedded Value Principles published by the CFO Forum on 6 April 2004, and was separately audited and published on 31 March 2010.

The embedded value consists of two components: the adjusted net assets at market value and the value of the insurance portfolio, which equals the present value of distributable after-tax profits minus the capital commitment costs on the solvency capital. Thus, embedded value is an actuarial measurement of the value of a company, assuming continuation of current operations (going concern), but explicitly excluding the value of future new business. In addition to the embedded value, the increase in value due to new business written during the reporting period is also determined.

The estimated trend of future profits is based on "best estimate" assumptions, i.e., a realistic assessment of economic and operational conditions based on future expectations and historical data, in which future risk is taken into account using stochastic models and an explicit calculation of capital commitment costs.

When calculating the embedded value, numerous assumptions are made regarding operational and economic conditions, as well as other factors, some of which lie outside of the control of the Vienna Insurance Group. Although the Vienna Insurance Group considers these assumptions sound and reasonable, future developments may differ materially from expectations. Publication of the embedded value is therefore no guarantee or warranty that the expected future profits on which this value is based will be realised in this fashion.

The shareholder margin is calculated taking into account surpluses from all available income sources, with the profit participation regulation promulgated on 20 October 2006 being taken into account in the life insurance class for Austria. For the other sectors and markets, the amount of profit participation assumed is based on local practice and the respective regulatory provisions.

The projections of future profits are based on realistic assumptions for investment income, inflation, costs, taxes, lapses, mortality, morbidity and other key figures, such as changes in health-care costs and future premium increases.

The interest rate curve used depends on an assessment of the risks associated with the realisation of future profits. In order to be able to make a statement on the impact of alternative interest rate curves, the embedded value as of 31 December 2009 and the increase in value resulting from new business in 2009 were calculated using an interest rate curve alternately increased and decreased by 1%.

Internal sensitivities are shown in the following table:

Sensitivities of the European Embedded Value of life and health insurance as of 31 December 2009	Change in % of the base value
European Embedded Value, Austria	
Decrease in level of equity and property values -10%	-3.31
Interest rate curve shift +1%	7.01
Interest rate curve shift -1%	-14.00
Administrative costs +10%	-3.57
Administrative costs -10%	3.42
Lapse rate improvement 10%	0.50
Lapse rate deterioration 10%	-0.81
Improvement in mortality and morbidity rates, endowment insurance +5%	0.37
Improvement in mortality rates for annuities +5%	-0.05
Value of new business, Austria	
Interest rate curve shift +1%	26.95
Interest rate curve shift -1%	-63.53
Administrative costs +10%	-10.57
Administrative costs -10%	7.61
Lapse rate improvement 10%	1.79
Lapse rate deterioration 10%	-2.11
Improvement in mortality and morbidity rates, endowment insurance +5%	1.72
Improvement in mortality rates for annuities +5%	-3.37

Property and casualty insurance provisions

General information

If claims are asserted by or against policyholders, all amounts that a company in the Vienna Insurance Group's property and casualty segment pays or expects to have to pay to the claimant are referred to as losses and the costs of investigating, adjusting and processing these claims are referred to as "claims settlement expenses". The Vienna Insurance Group has formed provisions by class, extent of cover and year for each Group company, to pay for losses and claims settlement expenses due to claims under its property and casualty insurance policies.

Claims and claims settlement expenses can be divided into two categories: provisions for known but still outstanding claims and provisions for claims that have been incurred but have not yet been reported ("IBNR"). Provisions for outstanding claims are based on estimates of future payments, including claims settlement expenses, for these claims. These estimates are made on the basis of individual cases, in accordance with facts and circumstances ascertainable at the time the provision is formed.

The estimates reflect the well founded judgement of Group adjusters based on general practices for forming insurance provisions and a knowledge of the nature and value of each type of claim. These provisions are adjusted regularly during normal processing and represent the expected eventual costs necessary to finally settle all pending reported claims, taking into account inflation and other company and economic factors that could affect the amount of provisions that are required.

Historical developments in distribution patterns and claims payments, the level of reported and still outstanding claims and the nature of the extent of cover are also taken into account. In addition, court decisions and economic conditions can also affect the estimate of provisions and the eventual size of claims.

IBNR provisions are formed to offset the expected costs of losses that have been incurred but not yet reported to the individual Group companies. These provisions, just like the provisions for reported claims, are formed to pay the expected costs (including claims settlement expenses) necessary to finally settle these claims. Because at the time the provisions are formed the losses by definition are as yet unknown, the Group calculates its IBNR liabilities based on historical claims experience, adjusted by current developments in terms of claims-related factors. These provisions are based on estimates made using actuarial and statistical forecasts of the expected costs to finally settle these claims. The analyses are based on the facts and circumstances known at the relevant time and on expectations regarding legal and/or economic factors that determine the level of loss, such as case law, the inflation rate and labour costs. These provisions are regularly reviewed and revised once additional information is known and claims are actually reported. The time needed to learn of these claims and settle them is an important factor that must be taken into account when forming provisions.

Claims which are easy to settle, such as property damage in automobile insurance, are reported within a few days or weeks and are normally settled within a year.

More complicated claims, such as personal injury in mobile or general liability insurance, typically require longer settlement times (on average four to six years, sometimes significantly longer). Difficult claims, where settlement regularly depends on the results of often protracted litigation, also lead to substantially longer settlement times, especially in the liability, casualty, building and professional liability insurance classes.

The ultimate costs of the claims and claims settlement expenses depend on a number of variable circumstances. Between the time a claim is reported and final settlement, changing circumstances may require that the provisions that were formed be revised upwards or downwards. For example, changes in the law, the outcome of litigation and changes in medical costs, costs for materials for auto and house repair and hourly wage rates can have a substantial effect on the costs of claims. These factors may result in the actual trend differing from expectations – sometimes substantially. Loss reserve estimates are regularly reviewed and updated, using the most recent information available to management. Any changes to the estimate of provisions are reflected in the operating results. The Vienna Insurance Group's conservative policy toward reserves is documented not least by the fact that liquidation of loss reserves regularly leads to a profit.

Based on the Group's internal procedures and the information currently available to it, management believes that the Group's provisions in the area of property/casualty insurance are adequate. However, forming loss reserves is by nature an uncertain process, and therefore no guarantee can be given that in the end losses will not differ from the Group's initial estimates.

Development of gross loss reserve

Based on the Group's internal procedures and the information currently available to it, management believes that the Group's provisions in the area of property/casualty insurance are adequate. However, forming loss reserves is by nature an uncertain process, and therefore no guarantee can be given that in the end losses will not differ from the Group's initial estimates.

Evaluating the information contained in this table requires caution, because each amount contains the effects of all changes from the previous periods. The circumstances and trends that affected liability in the past could possibly reoccur in the future and therefore no conclusions can be drawn from the information given in this table as to future results.

	2009	2008	2007	2006	2005	2004
in EUR '000						
Claims reserve (incl. incurred but not reported reserve; IBNR) since the original reporting period						
For each respective year	-3,274,859	-3,098,287	-2,858,409	-2,569,769	-2,328,231	-2,023,176
1 year later		-1,830,790	-1,675,793	-1,604,892	-1,435,009	-1,305,225
2 years later			-1,216,487	-1,132,685	-1,101,553	-968,255
3 years later				-846,135	-798,527	-761,440
4 years later					-642,450	-593,975
5 years later						-487,765
Claims payment since the original reporting period						
1 year later		-883,919	-836,607	-722,052	-692,616	-59,214
2 years later			-1,158,209	-1,043,206	-1,009,167	-875,469
3 years later				-1,393,472	-1,366,896	-1,164,164
4 years later					-1,763,536	-1,530,486
5 years later						-1,940,173

Reinsurance

The Vienna Insurance Group limits the liability arising from its insurance business by ceding, as necessary, a portion of the risks assumed to the international reinsurance market. Only some of the risks of foreign Group companies are reinsured within the Vienna Insurance Group. These risks are in turn ceded to reinsurers at the Group level.

Reinsurance guidelines

The Vienna Insurance Group's reinsurance guidelines are jointly determined each year by the corporate reinsurance department and the member of the managing board responsible for reinsurance during the development of the reinsurance strategy for the next financial year.

The reinsurance guidelines require each Group company to provide, in conjunction with the corporate reinsurance department, reinsurance coverage that is appropriate for its local company. The reinsurance guidelines govern the following matters:

REINSURANCE IS A PREREQUISITE FOR A COMMITMENT TO PROVIDE INSURANCE COVERAGE
Underwriting departments may only make a binding commitment to insure a risk if sufficient reinsurance coverage has already been assured by external reinsurers.

RETENTION
It is a Group-wide policy that no more than EUR 25 million for the first natural catastrophe event and EUR 15 million for each additional event can be placed at risk on a PML (probable maximum loss) basis. The maximum Group-wide retention per individual loss is less than EUR 5 million.

SELECTION OF REINSURANCE - DIVERSIFICATION
The Vienna Insurance Group and its Group companies divide their reinsurance coverage among many different international reinsurance companies of appropriate credit quality, so as to

minimise the risk arising from one reinsurer's being unable to pay. No significant reinsurer default has occurred in the history of the Vienna Insurance Group.

SELECTION OF REINSURANCE - RATING
For business segments where claims settlement takes a long time, in particular for motor vehicle liability, general liability and aviation, Wiener Städtische uses as reinsurers companies with outstanding ratings (at least Standard & Poor's "A" rating, preferably a rating of "AA" or higher), which in all likelihood will also continue to exist over the long term. Even for business segments with claims that are settled quickly (for example, natural catastrophes, fire, technology, transport, storm, burglary, household, water pipes, motor vehicle own damage) and the number of reinsurers is greater, the preferred rating is Standard & Poor's "A" or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

DESIGN FOR REINSURANCE PROGRAMMES
If it can be justified economically, any Group company can purchase reinsurance coverage individually from external reinsurers. If individual reinsurance contracts can only be purchased by a Group company on uneconomical terms, the Vienna Insurance Group strives, as far as possible, to jointly place reinsurance contracts covering risks from natural catastrophes, property classes, casualty, aviation and motor vehicle liability under the Green Card [international motor vehicle insurance certificate] agreement.

The Vienna Insurance Group at times acts as its own reinsurer when a Group company is unable to purchase reinsurance contracts at economical terms in the reinsurance market. If necessary, these intra-group assumptions of reinsurance are also passed on as retrocession in the reinsurance market for safety reasons. The guidelines for Wiener Städtische reinsurance coverage are presented below. Retentions for all other companies in the Group are below those of Wiener Städtische. Reinsurance coverage using Wiener Städtische as an example.

Reinsurance coverage using the example of Wiener Städtische

NATURAL CATASTROPHES
Wiener Städtische provides insurance for damages caused by natural catastrophes such as storms, hail, flooding or earthquakes. Wiener Städtische AG uses reinsurance coverage to limit its retention for natural catastrophes to EUR 8.5 million for the first loss event and EUR 4.5 million for each additional event.

CORPORATE CUSTOMER BUSINESS
In the corporate customer business, Wiener Städtische predominantly uses proportional reinsurance cessions to limit its maximum net loss to EUR 3 million. This reinsurance structure can guard against both the effects of individual large losses, for example from fire, as well as an increased loss frequency.

PRIVATE CUSTOMER BUSINESS
The private customer business consists of essentially stable insurance portfolios having calculable results that are characterised above all by a stable claims frequency. Thus, frequent claims are only reinsured in exposed classes, for example storm insurance, with a targeted use of proportional reinsurance to reduce the effects on the retention. The effects of the small number of expected major claims on the retention are covered by non-proportional reinsurance. Even in this business segment, the Wiener Städtische's maximum net loss is between EUR 1.0 and 2.0 million, depending on the class.

Solvency II

The EU's Solvency II Framework Directive was adopted and promulgated in 2009. Aside from the Framework Directive, Solvency II is still under consultation with respect to the detailed formulation of the implementation measures. Solvency II is expected to go into effect in 2012. Mandatory application of the new requirements is likely to be deferred to 1 January 2013. Based on current information, this could have significant effects on the Vienna Insurance Group, both at the individual company and Group level, in terms of capital requirements and eligible capital that are still impossible to estimate. During financial year 2009, the Managing Board of the Vienna Insurance Group established a Group-wide project managed centrally from Austria to implement Solvency II on the individual company and Group levels. Work on the development and implementation of an internal model is already taking place at both the Group and individual company levels as part of the Solvency II project.

1. INTANGIBLE ASSETS

Composition	31.12.2009	31.12.2008
in EUR '000		
Goodwill	1,754,694	1,416,089
Purchased insurance portfolios	81,149	67,569
Other intangible assets	139,573	165,283
Purchased software	49,420	46,024
Other	90,153	119,259
Total	**1,975,416**	**1,648,941**

Development of goodwill	31.12.2009	31.12.2008
in EUR '000		
Acquisition costs	1,423,860	422,608
Cumulative depreciation as of 31.12. of previous years	-7,771	-308
Book value as of 31.12. of the previous year	**1,416,089**	**422,300**
Exchange rate changes	348	297
Book value as of 1.1.	**1,416,437**	**422,597**
Additions	357,488	1,001,532
Disposals	-114	0
Impairments	-19,117	-8,040
Book value as of 31.12.	**1,754,694**	**1,416,089**
Cumulative depreciation as of 31.12.	27,003	7,771
Acquisition costs	**1,781,697**	**1,423,860**

Changes to goodwill essentially result from the acquisition and increase in shareholdings of the subsidiaries described in the section "Scope and methods of consolidation."

Information on the assumptions used in impairment testing is provided under "Impairment" in the "Summary of significant accounting policies" section.

Development of purchased insurance portfolio	31.12.2009	31.12.2008
in EUR '000		
Acquisition costs	155,531	101,802
Cumulative depreciation as of 31.12. of previous years	-87,962	-71,173
Book value as of 31.12. of the previous year	**67,569**	**30,629**
Exchange rate changes	71	299
Book value as of 1.1.	**67,640**	**30,928**
Additions	31,123	660
Disposals	-377	0
Changes in scope of consolidation	921	53,575
Scheduled depreciations	-15,758	-17,594
Impairments	-2,400	0
Book value as of 31.12.	**81,149**	**67,569**
Cumulative depreciation as of 31.12.	107,028	87,962
Acquisition costs	**188,177**	**155,531**

The purchased insurance portfolio results from the acquisition of existing portfolios and the assets acquired as part of the acquisition of the insurance companies described in the section "Scope and methods of consolidation."

Development of purchased software

in EUR '000	31.12.2009	31.12.2008
Acquisition costs	123,352	106,355
Cumulative depreciation as of 31.12. of previous years	-77,328	-64,931
Book value as of 31.12. of the previous year	**46,024**	**41,424**
Exchange rate changes	-55	-187
Book value as of 1.1.	**45,969**	**41,237**
Reclassifications	0	-2
Additions	20,337	13,937
Disposals	-1,516	-695
Changes in scope of consolidation	1,136	5,902
Scheduled depreciations	-16,506	-14,355
Book value as of 31.12.	**49,420**	**46,024**
Cumulative depreciation as of 31.12.	93,847	77,328
Acquisition costs	**143,267**	**123,352**

Development of other intangible assets

in EUR '000	31.12.2009	31.12.2008
Acquisition costs	149,430	49,018
Cumulative depreciation as of 31.12. of previous years	-30,171	-18,866
Book value as of 31.12. of the previous year	**119,259**	**30,152**
Exchange rate changes	287	32
Book value as of 1.1.	**119,546**	**30,184**
Reclassifications	0	2
Additions	812	779
Disposals	-20	-160
Changes in scope of consolidation	64	100,076
Scheduled depreciations	-12,249	-11,622
Impairments	-18,000	0
Book value as of 31.12.	**90,153**	**119,259**
Cumulative depreciation as of 31.12.	60,714	30,171
Acquisition costs	**150,867**	**149,430**

2. LAND AND BUILDINGS

Development	Used by third parties 31.12.2009	Self-used 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000				
Acquisition costs	3,868,887	404,341	4,273,228	4,002,155
Cumulative depreciation as of 31.12. of previous years	-1,077,786	-105,031	-1,182,817	-1,133,430
Book value as of 31.12. of the previous year	**2,791,101**	**299,310**	**3,090,411**	**2,868,725**
Exchange rate changes	314	-2,338	-2,024	-1,017
Book value as of 1.1.	**2,791,415**	**296,972**	**3,088,387**	**2,867,708**
Reclassifications	1,651	-1,666	-15	0
Additions	220,836	17,067	237,903	311,941
Disposals	-27,861	-1,569	-29,430	-36,400
Changes in scope of consolidation	78,011	24,659	102,670	29,686
Appreciations	0	0	0	11,583
Scheduled depreciations	-85,931	-11,641	-97,572	-94,103
Impairments	0	-695	-695	-4
Book value as of 31.12.	**2,978,121**	**323,127**	**3,301,248**	**3,090,411**
Cumulative depreciation as of 31.12.	1,163,002	114,268	1,277,270	1,182,817
Acquisition costs	**4,141,123**	**437,395**	**4,578,518**	**4,273,228**
thereof land	*487,938*	*33,618*	*521,556*	*500,195*
Fair value of the land and buildings as of 31.12.	3,288,289	427,403	3,715,692	3,471,499

The changes in the scope of consolidation were primarily due to the inclusion of Blizzard Real Sp. z o.o. (EUR 40,505,000), Passat Real Sp. z o.o. (EUR 30,585,000), Deutschmeisterplatz 2 Objektverwaltung GmbH (EUR 14,326,000), and S.C. BCR Asigurări Vienna Insurance Group S.A. (EUR 10,102,000).

Rental income from third-party used land and buildings was EUR 277,713,000, while operating expenses were EUR 84,543,000.

3. SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Development	31.12.2009	31.12.2008
in EUR '000		
Book value as of 31.12. of the previous year	**119,651**	**51,799**
Book value as of 1.1.	**119,651**	**51,799**
Changes in scope of consolidation	-4,963	60,632
Pro rata result for the period of at equity consolidated companies	1,171	7,220
Book value as of 31.12.	**115,859**	**119,651**

Changes in the scope of consolidation result from the disposal of PKB Privatkliniken Beteiligungs-GmbH.

4. PARTICIPATIONS – DETAILS

Participations were held in the following companies as of 31 December 2009:

The subsidiaries of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG are assigned as follows to either "Wiener Städtische Versicherung AG" or the "Vienna Insurance Group": Financial participations that support its Austrian business, and participations that are complementary to and support its Austrian business areas, are listed under the affiliated companies and participations of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG. Insurance company participations and strategic Group companies are assigned to the Vienna Insurance Group.

Affiliated companies and participations VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG

Company	Country of domicile	Interest in capital (%)[1]	Equity capital (EUR '000)	Last annual financial statements
Fully consolidated companies				
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	-72	2009
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	28,787	2009
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100.00	372	2009
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	-5,412	2009
BML Versicherungsmakler GmbH, Vienna	Austria	100.00	709,940	2009
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	1,962	2009
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	-694	2009
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	16,069	2009
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00	23	2009
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	3,347	2009
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	7,950	2009
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100.00	1,862	2009
LVP Holding GmbH, Vienna	Austria	100.00	107,499	2009
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100.00	44,516	2009
Passat Real Sp. z o.o., Warsaw	Poland	100.00	-1,184	2009
PFG Holding GmbH, Vienna	Austria	89.23	139,285	2009
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88	74,743	2009
Projektbau GesmbH, Vienna	Austria	90.00	37,338	2009
Projektbau Holding GmbH, Vienna	Austria	90.00	41,330	2009
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100.00	-3,848	2009
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66.70	10,166	2009
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100.00	738,703	2009
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100.00	746,135	2009
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	100.00	1,431	2009
WPWS Vermögensverwaltung GmbH, Vienna	Austria	100.00	300,039	2009
At equity consolidated companies				
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00	7,186	2009
Medial Beteiligungs-Gesellschaft m.b.H., Vienna	Austria	29.63	33,345	2009
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	Austria	60.00	31,891	2009
Non-consolidated companies				
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	50.00	718	2008
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00	11,211	2008
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00	664	2008
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	100.00	46	2008

Affiliated companies and participations VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG

Company	Country of domicile	Interest in capital (%)[1]	Equity capital (EUR '000)	Last annual financial statements
EXPERTA Schadenregulierungs- Gesellschaft m.b.H., Vienna	Austria	100.00	758	2008
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	100.00	205	2008
HUMANOCARE gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH, Vienna	Austria	100.00	897	2008
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	Austria	31.52	163,132	2008
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	26.57	23,337	2008
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	74.64	44	2008
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00	2,032	2008
VBV - Betriebliche Altersvorsorge AG, Vienna	Austria	23.24	45,749	2008
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	0	2008

Affiliated companies and participations VIENNA INSURANCE GROUP

Company	Country of domicile	Interest in capital (%)[1]	Equity capital (EUR '000)	Last annual financial statements
Fully consolidated companies				
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna	Austria	40.00	87,689	2009
"WIENER RE" akcionarsko društvo ze reosiguranje, Belgrade	Serbia	100.00	6,124	2009
"WIENER STÄDTISCHE OSIGURANJE" akcionarsko društvo za osiguranje, Belgrade	Serbia	100.00	11,084	2009
Alpenländische Heimstätte Gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.00	74,783	2009
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.04	67,831	2009
BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	18,624	2009
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	19,236	2009
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	99.91	371	2009
BULGARSKI IMOTI LIFE Insurance Company AD, Sofia	Bulgaria	99.97	3,995	2009
Bulgarski Imoti Non-Life Insurance Company AD, Sofia	Bulgaria	99.91	3,860	2009
BULSTRAD LIFE VIENNA INSURANCE GROUP Joint Stock Company, Sofia	Bulgaria	95.49	5,001	2009
BULSTRAD VIENNA INSURANCE GROUP PUBLIC LIMITED COMPANY, Sofia	Bulgaria	97.29	30,503	2009
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00	2,153	2009
CAME Holding GmbH, Vienna	Austria	100.00	27,653	2009
CAPITOL, a.s., Bratislava	Slovakia	100.00	392	2009
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	91.72	67,839	2009
Company with additional liability "Insurance Company with additional liability "Globus", Kiev	Ukraine	74.00	2,447	2009
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00	19,635	2009
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	6,617	2009
Compensa Towarzystwo Ubezpieczeń Na Życie Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	100.00	34,638	2009
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99.86	51,157	2009

Affiliated companies and participations VIENNA INSURANCE GROUP

Company	Country of domicile	Interest in capital (%)[1]	Equity capital (EUR '000)	Last annual financial statements
Cosmopolitan Life Vienna Insurance Group - dioničko društvo za osiguranje, Zagreb	Croatia	100.00	5,745	2009
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24	139,092	2009
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	73.18	113,015	2009
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00	6,713	2009
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00	5,435	2009
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	40.00	182,751	2009
Gemeinnützige Mürz-Ybbs-Siedlungsanlagen-GmbH, Kapfenberg	Austria	40.00	72,267	2009
Helios Vienna Insurance Group d.d., Zagreb	Croatia	100.00	12,000	2009
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	19,133	2009
InterRisk Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99.97	59,453	2009
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	33,220	2009
JOINT STOCK COMPANY "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	73.00	1,849	2009
Joint Stock insurance company WINNER - Vienna Insurance Group, Skopje	Macedonia	100.00	2,738	2009
Kapitol pojišťovací a finanční poradenství, a.s., Brno	Czech Republic	100.00	8,732	2009
Komunálna poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	32,253	2009
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	223,521	2009
Kooperativa poisťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	91.72	458,163	2009
Kvarner Vienna Insurance Group dioničko društvo za osiguranje, Rijeka	Croatia	98.75	14,081	2009
Kvarner Wiener Städtische Nekretnine d.o.o., Zagreb	Croatia	98.75	390	2009
NEUE HEIMAT Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz	Austria	99.81	88,620	2009
Neue Heimat Oberösterreich Holding GmbH, Vienna	Austria	100.00	19,774	2009
Omniasig Asigurari de Viata SA, Bucharest	Romania	100.00	5,785	2009
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	98.86	106,067	2009
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95.00	21,250	2009
Pojišťovna České spořitelny, a.s. Vienna Insurance Group, Prague	Czech Republic	95.00	83,458	2009
Private Joint-Stock Company "Ukrainian Insurance Company "Kniazha Vienna Insurance Group", Kiev	Ukraine	99.99	-4,467	2009
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60.00	12,858	2009
S.C. BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	Romania	88.47	12,373	2009
S.C. BCR Asigurări Vienna Insurance Group S.A., Bucharest	Romania	93.17	15,648	2009
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	42,334	2009
SIGURIA E MAHDE VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	87.01	9,244	2009
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95.00	456,971	2009
TBI BULGARIA AD, Sofia	Bulgaria	100.00	37,529	2009
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100.00	37,226	2009
VERSA-Beteiligungs AG, Vienna	Austria	100.00	309,916	2009
Vienna-Life Lebensversicherungs AG Vienna Insurance Group, Bendern	Liechtenstein	100.00	9,679	2009
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	4,007	2009
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	Czech Republic	100.00	3,103	2009
At equity consolidated companies				
AIS Servis, s.r.o., Brno	Czech Republic	100.00	1,407	2009
Benefita, a.s., Prague	Czech Republic	100.00	-172	2009
Česká Kooperativa Londýn Ltd., London	Great Britain	100.00	588	2009

Affiliated companies and participations VIENNA INSURANCE GROUP

Company	Country of domicile	Interest in capital (%)[1]	Equity capital (EUR '000)	Last annual financial statements
ČPP servis, s.r.o., Prague	Czech Republic	100.00	12	2009
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00	43,382	2009
Global Expert, s.r.o., Pardubice	Czech Republic	100.00	1,178	2009
HOTELY SRNÍ, a.s., Most	Czech Republic	72.43	8,865	2009
KÁMEN OSTROMĚŘ, s.r.o., Ostroměř	Czech Republic	100.00	341	2009
KIP, a.s., Prague	Czech Republic	86.62	3,964	2009
KOORDITA, a.s., Ostrava-Hrabova	Czech Republic	100.00	1,332	2009
Mělnická Zdravotní a.s., Prague	Czech Republic	100.00	5,079	2009
Sanatorium Astroria, a.s., Karlovy Vary	Czech Republic	75.06	3,177	2009
Sparkassen Immobilien AG, Vienna (consolidated financial statement)	Austria	10.04	532,206	2009
SURPMO a.s., Prague	Czech Republic	99.91	662	2009
UNIGEO, a.s., Ostrava-Hrabova	Czech Republic	100.00	5,722	2009
Non-consolidated companies				
CAPITOL Spolka z o.o., Warsaw	Poland	100.00	460	2008
Central Point IT-Solutions GmbH, Vienna	Austria	44.00	111	2008
Geschlossene Aktiengesellschaft "Strachowaja kompanija "MSK-Life", Moscow	Russia	25.01	2,987	2008
Polski Zwiazek Motorowy Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	95.83	17,349	2008
Private Joint-stock company "VAB Life", Kiev	Ukraine	100.00	1,154	2008
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	Austria	51.00	443	2008
TBIH Financial Services Group N.V., Amsterdam[2]	Netherlands	60.00	112,260	2008
Versicherungsaktiengesellschaft "Kupala", Minsk	Belarus	96.76	1	2008
Vienna Insurance Group Polska Spolka z organiczona odpowiedzialnoscia, Warsaw	Poland	100.00	6,458	2008
Vienna International Underwriters GmbH, Vienna	Austria	100.00	62	2008
ZASO Victoria Non-Life, Minsk	Belarus	100.00	626	2008

1) The share in equity equals the share in voting rights before minorities.

2) Through TBIH Financial Services N.V., in which it held 60% interest as of 31 December 2009, VIENNA INSURANCE GROUP Wiener Städtische AG indirectly holds interests in the following significant participations in insurance companies:

proportionally consolidated:	
Turkey:	Ray Sigorta A.Ş.
not consolidated:	
Georgia:	International Insurance Company IRAO Ltd., Georgian Pension an Insurance Holding JSC
Ukraine:	Privat Joint-Stock Company VAB Insurance, CJSC "Insurance Company "Ukrainian Insurance Group"
Romania:	Omniasig Addenda, S.A.

5. LOANS AND OTHER INVESTMENTS

Loans and other investments	31.12.2009	31.12.2008
in EUR '000		
Loans	2,789,090	2,946,135
Reclassified loans	991,216	1,048,080
Subtotal	**3,780,306**	**3,994,215**
Other investments	932,898	1,771,593
Total	**4,713,204**	**5,765,808**

Development of loans total	31.12.2009	31.12.2008
in EUR '000		
Acquisition costs	4,006,501	1,195,333
Cumulative depreciation as of 31.12. of previous years	-12,286	-7,895
Book value as of 31.12. of the previous year	**3,994,215**	**1,187,438**
Exchange rate changes	-1,610	-3,444
Book value as of 1.1.	**3,992,605**	**1,183,994**
Reclassifications	-25,850	1,037,036
Additions	335,597	274,316
Disposals	-460,344	-360,986
Changes in scope of consolidation	2,405	1,860,251
Depreciations	0	-22
Impairments	-64,107	-374
Book value as of 31.12.	**3,780,306**	**3,994,215**
Cumulative depreciation as of 31.12.	68,517	12,286
Acquisition costs	**3,848,823**	**4,006,501**

Composition of loans	Acquisition costs carried forward	
	31.12.2009	31.12.2008
in EUR '000		
Loans to non-consolidated affiliated companies	199,501	246,272
Loans to participations	37,557	29,455
Mortgage loan	290,503	216,766
Policy loans and prepayments	54,329	50,756
Other loans	2,207,200	2,402,886
to public authorities	226,511	268,733
to financial institutions	1,673,743	1,755,620
to other commercial debtors	292,025	299,958
to private persons	12,316	5,926
other	2,605	72,649
Total	**2,789,090**	**2,946,135**
Fair Value	**2,912,265**	**3,061,178**

The “Other investments” item primarily consist of bank deposits in the amount of EUR 796,917,000 (EUR 1,643,327,000) and deposit receivables from the reinsurance business in the amount of EUR 124,270,000 (EUR 123,590,000).

Composition of reclassfied loans

	Acquisition costs carried forward	
	31.12.2009	31.12.2008
in EUR '000		
Other loans		
to financial institutions	768,712	826,792
to other commercial debtors	35,666	35,466
other	186,838	185,822
Total	**991,216**	**1,048,080**
Fair Value	**1,029,833**	**986,620**

Maturity structure of loans

	Acquisition costs carried forward	
	31.12.2009	31.12.2008
in EUR '000		
up to one year	160,925	205,350
more than one year up to five years	256,946	278,738
more than five years up to ten years	521,233	502,870
more than ten years	1,849,986	1,959,177
Total	**2,789,090**	**2,946,135**

Maturity structure of reclassified loans

	Acquisition costs carried forward	
	31.12.2009	31.12.2008
in EUR '000		
up to one year	15,685	13,878
more than one year up to five years	70,597	83,807
more than five years up to ten years	362,529	336,153
more than ten years	542,405	614,242
Total	**991,216**	**1,048,080**

Financial instruments in the “Financial instruments available for sale” category that were reclassified as loans in 2008 had a fair value of EUR 1,037,036,000 as of the reclassification date.

6. OTHER SECURITIES

Development	Held to maturity total		Available for sale		Trading assets		Recognised at fair value through profit and loss	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000								
Acquisition costs	2,365,092	373,237						
Cumulative depreciation as of 31.12. of previous years	-18,031	36						
Book value as of 31.12. of the previous year	**2,347,061**	**373,273**	**11,707,295**	**13,877,579**	**287,271**	**977,235**	**1,230,068**	**164,428**
Exchange rate changes	27,544	15,947	-564	20,403	3,320	-38,613	1,550	519
Book value as of 1.1.	**2,374,605**	**389,220**	**11,706,731**	**13,897,982**	**290,591**	**938,622**	**1,231,618**	**164,947**
Reclassifications	13,056	1,393,784	-45,918	-2,437,519	-136,525	-28,818	-27,746	8,657
Additions	684,793	164,649	5,320,269	6,049,986	206,673	641,970	280,341	164,853
Disposals	-218,094	-41,905	-3,641,892	-4,898,500	-263,865	-656,987	-277,347	-426,308
Change in scope of consolidation	35,954	458,776	-256,810	-75,318	19,584	-516,332	7,153	1,335,205
Changes in value recognised in profit and loss	0	0	0	0	4,083	-86,030	26,121	-17,286
Changes recognised directly in equity	0	0	616,141	-497,296	0	0	0	0
Impairments	0	-17,463	-184,151	-332,040	-1,625	-5,154	0	0
Book value as of 31.12.	**2,890,314**	**2,347,061**	**13,514,370**	**11,707,295**	**118,916**	**287,271**	**1,240,140**	**1,230,068**
Cumulative apprecation/ depreciation as of 31.12.	17,063	18,031						
Acquisition costs	**2,907,377**	**2,365,092**						

Composition Financial instruments held to maturity	Acquisition costs carried forward		Fair value	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000				
Government bonds	1,200,202	663,934	1,220,132	666,526
Corporate bonds	342,738	278,912	353,036	268,874
Other securities	27,147	10,431	37,268	10,452
Total	**1,570,087**	**953,277**	**1,610,436**	**945,852**

Composition Financial instruments reclassified as held to maturity	Acquisition costs carried forward		Fair value	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000				
Government bonds	935,596	954,346	948,187	954,346
Other securities	384,631	439,438	386,280	439,438
Total	**1,320,227**	**1,393,784**	**1,334,467**	**1,393,784**

Financial instruments in the "Financial instruments available for sale" category that were reclassified as Financial instruments held to maturity in 2008 had a fair value of EUR 1,393,784,000 as of the reclassification date.

Composition Financial instruments available for sale	Acquisition costs carried forward		Unrealised gains and losses		Fair value	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000						
Non-fixed interest	**2,695,595**	**3,420,647**	**111,895**	**-118,506**	**2,807,490**	**3,302,141**
Shares and other participations*	1,149,817	1,445,577	176,539	88,437	1,326,356	1,534,014
Investment funds including joint investments	1,007,432	1,369,516	-45,267	-164,693	962,165	1,204,823
Other	538,346	605,554	-19,377	-42,250	518,969	563,304
Fixed-interest	**10,552,216**	**8,672,584**	**154,664**	**-267,430**	**10,706,880**	**8,405,154**
Bonds and other securities of affiliated companies	29,135	31,137	0	55	29,135	31,192
Bonds and other securities of participations	68,217	38,883	0	-872	68,217	38,011
Other fixed-interest securities	10,454,864	8,602,564	154,664	-266,613	10,609,528	8,335,951
Total	**13,247,811**	**12,093,231**	**266,559**	**-385,936**	**13,514,370**	**11,707,295**

* Includes shares in unconsolidated companies and other participations of EUR 639,708,000 (EUR 1,089,781,000)

In the case of Financial instruments available for sale, the balance sheet value corresponds to the fair value. Unrealised gains and losses represent the difference between acquisition cost carried forward and fair value.

Composition
Financial instruments recognised at fair value through profit and loss *

in EUR '000	Fair value 31.12.2009	Fair value 31.12.2008
Bonds	167,561	335,364
Structured bonds	646,583	641,838
Shares	11,724	13,424
Investment funds	523,610	515,871
Derivatives	1	8,728
Others	9,577	2,114
Total	**1,359,056**	**1,517,339**

* including trading assets

Fair value of derivative financial instruments

in EUR '000	Fair value 31.12.2009	Fair value 31.12.2008
Options	0	5,708
Futures	1	2,826
Other structured products	0	194
Total	**1**	**8,728**

The amount shown under "Options" relates to options on shares intended to hedge existing share positions.

Fair values for derivative financial instruments include both rights and obligations under derivative transactions existing as of the balance sheet date.

7. INVESTMENTS OF UNIT- AND INDEX-LINKED LIFE INSURANCE

Composition

in EUR '000	Unit-linked 31.12.2009	Index-linked 31.12.2009	Total 31.12.2009	Total 31.12.2008
Investment funds	3,634,299	66,510	3,700,809	2,900,117
Structured bonds	0	863,658	863,658	639,153
Shares	0	23,407	23,407	1,375
Bank deposits	31,789	8,783	40,572	61,759
Total	**3,666,088**	**962,358**	**4,628,446**	**3,602,404**

The balance sheet value corresponds to the fair value.

Maturity structure

in EUR '000	31.12.2009	31.12.2008
no maturity	3,496,722	2,790,868
up to one year	96,696	112,319
more than one year up to five years	55,673	37,534
more than five years up to ten years	305,312	186,599
more than ten years	674,043	475,084
Total	**4,628,446**	**3,602,404**

8. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Provision for unearned premiums	105,463	7,374	0	112,837	138,085
Mathematical reserve	2	109,818	1,242	111,062	109,791
Provision for outstanding claims	876,661	8,361	92	885,114	968,601
Provision for profit-unrelated premium refunds	4,438	0	0	4,438	2,612
Provision for profit-related premium refunds	0	0	0	0	25
Other underwriting provisions	3,753	33	0	3,786	3,147
Total	**990,317**	**125,586**	**1,334**	**1,117,237**	**1,222,261**

Development	Book value as of 1.1.	Exchange rate changes	Additions	Amount used / released	Changes in scope of consolidation	Book value as of 31.12.
in EUR '000						
Provision for unearned premiums	138,085	-58	75,654	-120,497	19,653	112,837
Mathematical reserve	109,791	-49	9,993	-20,180	11,507	111,062
Provision for outstanding claims	968,601	1,893	477,176	-584,384	21,828	885,114
Provision for profit-unrelated premium refunds	2,612	15	4,035	-2,224	0	4,438
Provision for profit-related premium refunds	25	0	0	-25	0	0
Other underwriting provisions	3,147	-17	3,713	-3,057	0	3,786
Total	**1,222,261**	**1,784**	**570,571**	**-730,367**	**52,988**	**1,117,237**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	577,744	667,155
more than one year up to five years	249,449	250,307
more than five years up to ten years	132,825	143,811
more than ten years	157,219	160,988
Total	**1,117,237**	**1,222,261**

9. RECEIVABLES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Underwriting	**827,009**	**114,923**	**4,259**	**946,191**	**900,857**
Receivables from direct insurance business	*714,132*	*112,913*	*4,259*	*831,304*	*758,099*
to policyholders	556,122	98,098	3,171	657,391	578,478
to insurance intermediaries	126,055	14,166	0	140,221	139,692
to insurance companies	31,955	649	1,088	33,692	39,929
Receivables from reinsurance business	112,877	2,010	0	114,887	142,758
Non-underwriting	**201,368**	**396,064**	**19,826**	**617,258**	**574,068**
Other receivables	201,368	396,064	19,826	617,258	574,068
Total	**1,028,377**	**510,987**	**24,085**	**1,563,449**	**1,474,925**

Composition Other receivables	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Receivables from financial services and leasing	322	1,056	0	1,378	1,116
Pro rata interest and rent	55,538	331,412	11,419	398,369	354,012
Receivables from tax authority (excl. income tax)	8,690	16,621	456	25,767	19,292
Receivables from employees	1,610	714	1	2,325	2,044
Receivables from sales of investments	1,251	731	0	1,982	22,708
Receivables from facility managers	10,989	712	344	12,045	10,654
Receivables from third party claims settlement	21,710	0	0	21,710	23,007
Outstanding interest and rent	2,845	4,784	1,764	9,393	8,637
Other receivables	98,413	40,034	5,842	144,289	132,598
Total	**201,368**	**396,064**	**19,826**	**617,258**	**574,068**

Other liabilities are primarily comprised of service charges in the amount of EUR 28,677,000, receivables from prepayments and sureties in the amount of EUR 17,390,000, interest and dividend receivables in the amount of EUR 10,868,000 and receivables from regress claims and guarantees in the amount of EUR 6,361,000.

Maturity structure	Underwriting 31.12.2009	Non-underwriting 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000				
up to one year	932,895	587,497	1,520,392	1,436,800
more than one year up to five years	13,296	11,009	24,305	27,484
more than five years up to ten years	0	4,792	4,792	3,075
more than ten years	0	13,960	13,960	7,566
Total	**946,191**	**617,258**	**1,563,449**	**1,474,925**

10. TAX RECEIVABLES AND ADVANCE PAYMENTS OUT OF INCOME TAX

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	95,581	110,483
Life insurance	15,185	13,272
Health insurance	40	456
Total	**110,806**	**124,211**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	96,751	58,165
more than one year up to five years	14,055	66,046
Total	**110,806**	**124,211**

11. DEFERRED TAXES

The deferred tax assets and liabilities reported relate to temporary differences in the balance sheet items listed in the table below. (The differences were measured using the applicable tax rates.) It should be noted that deferred taxes, as far as permissible, are offset at the taxpayer level, and accordingly the different balances are shown either as assets or liabilities on the balance sheet.

Composition	Assets 31.12.2009	Liabilities 31.12.2009	Assets 31.12.2008	Liabilities 31.12.2008
in EUR '000				
Intangible assets	6,094	1,417	7,101	6,042
Investments	70,609	86,130	119,144	62,566
Receivables and other assets	3,783	7,445	7,932	4,610
Accumulated losses carried forward	53,103	0	43,939	0
Tax-exempt reserves	0	33,061	0	54,848
Underwriting provisions	74,887	156,956	31,880	145,144
Non-underwriting provisions	37,503	8,718	48,903	19
Liabilities and other liabilities	11,775	1,733	5,653	1,636
Total	**257,754**	**295,460**	**264,552**	**274,865**
Balance of deferred taxes		**37,706**		**10,313**

12. OTHER ASSETS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Tangible assets and inventories	52,761	18,482	272	71,515	74,669
Prepayments for projects	112	18	0	130	101
Other assets	44,532	133,136	4,689	182,357	31,323
Deferred profit participation*	0	0	0	0	114,798
Deferred charges	98,420	23,121	465	122,006	73,425
Total	**195,825**	**174,757**	**5,426**	**376,008**	**294,316**

* Deferral due to measurement differences related to policyholder profit participation.

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	79,674	65,661
more than one year up to five years	259,675	206,499
more than five years up to ten years	13,860	9,695
more than ten years	22,799	12,461
Total	**376,008**	**294,316**

Development of tangible assets and inventories	31.12.2009	31.12.2008
in EUR '000		
Acquisition costs	230,072	216,234
Cumulative depreciation as of 31.12. of previous years	-155,403	-146,806
Book value as of 31.12. of the previous year	**74,669**	**69,428**
Exchange rate changes	-367	-558
Book value as of 1.1.	**74,302**	**68,870**
Additions	30,744	39,971
Disposals	-15,999	-18,900
Changes in scope of consolidation	3,380	5,005
Scheduled depreciations	-20,912	-20,277
Book value as of 31.12.	**71,515**	**74,669**
Cumulative depreciation as of 31.12.	170,325	155,403
Acquisition costs	**241,840**	**230,072**

13. CASH AND CASH EQUIVALENTS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Current bank balances	112,769	366,063	3,984	482,816	617,514
Cash and cheques	1,299	407	1	1,707	1,813
Total	**114,068**	**366,470**	**3,985**	**484,523**	**619,327**

Cash and cash equivalents consist of cash on hand and demand deposits.

14. SHAREHOLDERS' EQUITY

Hybrid bonds

Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value
12.06.2008	250,000	unlimited	until 12.09.2018 8% p.a., afterwards variable	245,100
22.04.2009	250,000	unlimited	until 12.09.2018 8% p.a., afterwards variable	245,100

Composition of minority interests	31.12.2009	31.12.2008
in EUR '000		
Unrealised gains and losses	2,112	-2,145
Share in the profit of the period including other comprehensive income after taxes	27,894	33,786
Other	259,287	235,276
Total	**289,293**	**266,917**

Earnings per share

Under IAS 33.10, basic earnings per share "shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period".

Earnings per share		2009		2008
Profit of the period	EUR	340,486,000	EUR	408,533,000
Number of shares (weighted)	units	128,000,000	units	119,871,233
Before capital increase				105,000,000
Capital increase				23,000,000
Earnings per share	EUR	**2.66**	EUR	**3.41**

Since there were no potential dilution effects either in 2008 or in the current reporting period, the basic earnings per share equals the diluted earnings per share.

Consolidated shareholders' equity

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

The Managing Board is authorised, until 23 April 2014 at the latest, to increase the Company's share capital – in one or more tranches – by a nominal amount of EUR 66,443,734.10 through the issuance of 64,000,000 no-par value ordinary bearer or registered shares against cash contributions or contributions in kind. The terms of the share rights, the exclusion of shareholder pre-emption rights, and the other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preference shares without voting rights may also be issued, with rights equivalent to those of existing preference shares. The issue prices of ordinary and preference shares may differ.

The General Meeting of 24 April 2009 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 23 April 2014, including with shareholder pre-emption rights excluded, and to grant the holders of convertible bonds conversion rights to up to 30,000,000 non-par value ordinary bearer shares with voting rights in accordance with the convertible bond terms established by the Managing Board. The share capital has consequently been raised pursuant to § 159 (2)(1) of the Austrian Stock Corporation Act by a contingent capital increase of up to EUR 31,145,500.36, through the issuance of up to 30,000,000 no-par value ordinary bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Meeting resolution of 24 April 2009 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date regarding the issuance of convertible bonds based on the authorisation granted on 24 April 2009.

The General Meeting of 24 April 2009 also authorised the Managing Board to acquire the Company's own no-par value bearer shares pursuant to § 65(1)(4) and (8) of the Austrian Stock Corporation Act to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount payable upon repurchase of the Company's own shares may not be more than 50% below or more than 10% above the average unweighted stock exchange closing price on the ten stock exchange trading days preceding the repurchase. The Managing Board may decide to make the purchase via the stock exchange, through a public offer or in any other legally permissible and expedient manner. The Managing Board has made no use of this authorisation to date. The Company held no treasury shares as of 31 December 2009.

The General Meeting of 16 April 2008 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of income bonds with a total nominal value of up to EUR 2,000,000,000.00, including with shareholder pre-emption rights excluded. Income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 1) were issued on 12 June 2008 and income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 2) were issued on 23 April 2009. The income bonds are traded on the Vienna Stock Exchange. The interest rate is 8% p.a. until 12 September 2018 (fixed interest rate), after which the income bonds pay variable interest. The Company has the right to call the bonds with three months' notice after the start of the variable interest period.

The General Meeting of 24 April 2009 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 23 April 2014, including with shareholder pre-emption rights excluded.

On 12 January 2005, the Company issued supplementary capital bond 2005-2022, with a total nominal value of EUR 180,000,000.00, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. The interest rate during the first 12 years of the bond's term is 4.625% of its nominal value (fixed interest rate period), after which the bond pays variable interest.

On 12 January 2005, the Company also issued supplementary capital bond 2005, with a total nominal value of EUR 120,000,000.00, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. This bond does not have a fixed term. The interest rate during the first year of the bond's term is 4.25% of its nominal value, after which the bond pays variable interest.

On 20 April 2009, the Company issued supplementary capital bond 2009, with a total nominal value of EUR 100,000,000.00, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. This bond does not have a fixed term. The interest rate during the first interest rate period (until 29 June 2010) is 4.762%, after which the bond pays variable interest.

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

Payout	Per share 2009	Total 2009
in EUR		
Ordinary shares	1.10	140,800,000
Bonus dividend	0.90	115,200,000
Total	**2.00**	**256,000,000**

Proposed distribution of profits

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG ended financial year 2009 with net retained profits of EUR 164,737,716.77. The following appropriation of profits will be proposed to the Annual General Meeting: The 128 million shares are to receive a dividend of EUR 0.90 per share. The payment and ex-dividend dates for this dividend will be 5 July 2010. A total of EUR 115,200,000.00 will thus be distributed. The unappropriated surplus of EUR 49,537,716.77 that remains for financial year 2009 after distribution of the dividend is to be carried forward.

ADJUSTED CAPITAL

The adjusted capital to be disclosed under § 86h(5) VAG was equal to EUR 3,133,707,000 as of 31 December 2009, without deduction of equalisation provisions, and EUR 2,814,697,000 when reduced by the equalisation provisions. The adjusted capital calculation was performed before taking minority interests into account.

15. SUBORDINATED LIABILITIES

Issuing company	Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG	12.01.2005	171,000	17	First 12 years: 4.625% p.a.; thereafter variable	154,746
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG	12.01.2005	120,000	unlimited [1]	First year: 4.25% p.a.; thereafter variable	102,600
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG	20.04.2009	100,000	unlimited [2]	12M EURIBOR + 300 Basis points	100,000
DONAU Versicherung AG Vienna Insurance Group	15.04.+21.05.2004	10,500	unlimited [3]	4.95% p.a.	10,868
DONAU Versicherung AG Vienna Insurance Group	01.07.1999	3,500	unlimited [4]	4.95% p.a.	3,523
Sparkassen Versicherung AG Vienna Insurance Group	19.12.1996	12,136	until 19.12.2010 [7]	6.75% p.a.	12,585
Sparkassen Versicherung AG Vienna Insurance Group	01.03.1999	16,920	unlimited [5]	4.90% p.a.	15,831
Sparkassen Versicherung AG Vienna Insurance Group	02.04.2001	7,500	until 02.04.2011 [7]	6.25% p.a.	7,812
Sparkassen Versicherung AG Vienna Insurance Group	02.07.2007	20,500	unlimited [5]	6.10% p.a.	23,240
Sparkassen Versicherung AG Vienna Insurance Group	15.11.2003	28,200	unlimited [5]	4.95% p.a.	26,618
Sparkassen Versicherung AG Vienna Insurance Group	30.06.2006	41,400	unlimited [5]	4.75% p.a.	37,712
S.C. BCR Asigurări Vienna Insurance Group S.A.	24.04.2007	4,249	23.04.2012 [8]	BURBOR + 50 Basis points	4,249
Kooperativa pojst'ovna, a.s., Vienna Insurance Group	27.10.2007	9,444	unlimited [6]	4.5% p.a.	8,213
Total		**545,349**			**507,997**

[1] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 12 January 2017.
[2] This may be cancelled, in whole or in part, both by the holders as well as by VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG, not before 31 December 2027, upon the giving of 5 years' notice.
[3] This may be cancelled, in whole or in part, both by the holders as well as by Donau, not before 31 December 2009, upon the giving of 5 years' notice and as of December 31 of each subsequent year.
[4] This may be cancelled, in whole or in part, both by the holders as well as by Donau, not before 1 July 2002, upon the giving of 5 years' notice and as of July 1 of each subsequent year.
[5] This can only be cancelled subject to not less than five years' notice, unless Austrian insurance regulators agree to repayment being made early.
[6] This can only be cancelled subject to not less than five years' notice.
[7] These have already been terminated.
[8] The right to ordinary and extraordinary termination is excluded for both parties.

Interest on supplementary capital bonds is only paid out to the extent that the interest is covered by the Company's domestic profit for the year. The interest is, however, always included as an expense.

16. PROVISION OF UNEARNED PREMIUMS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	956,953	877,834
Life insurance	161,158	151,179
Health insurance	1,955	1,699
Total	**1,120,066**	**1,030,712**

Development	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Book value as of 31.12. of the previous year	**877,834**	**151,179**	**1,699**	**1,030,712**	**960,354**
Exchange rate changes	-13	-313	0	-326	-45,904
Book value as of 1.1.	**877,821**	**150,866**	**1,699**	**1,030,386**	**914,450**
Additions	897,057	110,462	1,955	1,009,474	928,297
Amount used/released	-905,642	-117,469	-1,699	-1,024,810	-850,536
Changes in scope of consolidation	87,717	17,299	0	105,016	38,501
Book value as of 31.12.	**956,953**	**161,158**	**1,955**	**1,120,066**	**1,030,712**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	1,059,475	976,644
more than one year up to five years	52,896	44,985
more than five years up to ten years	7,695	9,083
Total	**1,120,066**	**1,030,712**

17. MATHEMATICAL RESERVE

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	123	117
Life insurance	16,557,602	16,118,730
for guaranteed policy benefits	15,024,555	14,731,326
for allocated and committed profit shares	1,533,047	1,387,404
Health insurance	790,271	743,118
Total	**17,347,996**	**16,861,965**

Development	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Book value as of 31.12. of the previous year	**117**	**16,118,730**	**743,118**	**16,861,965**	**12,502,836**
Exchange rate changes	2	9,383	0	9,385	-32,323
Book value as of 1.1.	**119**	**16,128,113**	**743,118**	**16,871,350**	**12,470,513**
Additions	18	2,082,491	47,153	2,129,662	1,757,489
Amount used/released	-14	-1,832,012	0	-1,832,026	-1,258,546
Transfer to provision for unearned premiums	0	72,544	0	72,544	85,553
Changes in scope of consolidation	0	106,466	0	106,466	3,806,956
Book value as of 31.12.	**123**	**16,557,602**	**790,271**	**17,347,996**	**16,861,965**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	1,354,542	1,314,155
more than one year up to five years	5,974,080	5,353,398
more than five years up to ten years	3,872,826	4,343,051
more than ten years	6,146,548	5,851,361
Total	**17,347,996**	**16,861,965**

Life insurance mathematical reserve	31.12.2009	31.12.2008
in EUR '000		
Direct business	16,331,683	16,005,801
Policy benefits	14,798,636	14,618,397
Allocated profit share	1,518,525	1,361,681
Committed profit shares	14,522	25,723
Indirect business	225,919	112,929
Policy benefits	225,919	112,929
Total	**16,557,602**	**16,118,730**

Health insurance mathematical reserve	31.12.2009	31.12.2008
in EUR '000		
Direct business	789,030	741,969
Individual insurance	626,832	592,822
Group insurance	162,198	149,147
Indirect business	1,241	1,149
Total	**790,271**	**743,118**

18. PROVISION FOR OUTSTANDING CLAIMS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	3,255,133	3,173,890
Life insurance	171,878	152,241
Health insurance	44,973	44,377
Total	**3,471,984**	**3,370,508**

Development Property/Casualty insurance	31.12.2009	31.12.2008
in EUR '000		
Book value as of 31.12. of the previous year	**3,173,890**	**2,866,932**
Exchange rate changes	2,639	-30,863
Book value as of 1.1.	**3,176,529**	**2,836,069**
Changes in scope of consolidation	118,405	21,365
Claims expenses	2,580,717	2,396,529
Claims payments and claims settlement costs	-2,619,941	-2,084,757
Other changes	-577	4,684
Book value as of 31.12.	**3,255,133**	**3,173,890**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
Up to one year	2,026,591	1,840,643
more than one year up to five years	802,774	766,529
more than five years up to ten years	250,131	360,337
more than ten years	392,488	402,999
Total	**3,471,984**	**3,370,508**

A detailed presentation of the gross loss reserve is provided under a heading by the same name in the “Risk Report” section.

19. PROVISION FOR PROFIT-RELATED AND -UNRELATED PREMIUM REFUNDS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	38,555	31,492
thereof profit-related	197	197
thereof profit-unrelated	38,358	31,295
Life insurance	559,786	349,406
thereof profit-related	558,943	348,797
thereof profit-unrelated	843	609
Health insurance	14,949	14,840
thereof profit-unrelated	14,949	14,840
Total	**613,290**	**395,738**
thereof life insurance deferred profit participation	**333,247**	**102,752**
Recognised through profit and loss	213,950	108,496
Recognised directly in equity	119,297	-5,744

Development of life insurance	31.12.2009	31.12.2008
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**246,654**	**234,519**
Exchange rate changes	-202	-950
Book value as of 1.1.	**246,452**	**233,569**
Addition/release	52,770	110,908
Changes in scope of consolidation	-139	-12,270
Transfer to mathematical reserve	-72,544	-85,553
Total	**226,539**	**246,654**
Deferred profit participation		
Book value as of 31.12. of the previous year	**102,752**	**319,463**
Exchange rate changes	0	-71
Book value as of 1.1.	**102,752**	**319,392**
Changes in scope of consolidation	0	86,404
Unrealised gains and losses of available for sale	427,243	-280,897
Revaluations recognised through profit and loss	-196,748	-22,147
Book value as of 31.12.	**333,247**	**102,752**
Provision for premium refunds incl. deferred profit participation	**559,786**	**349,406**

Development of health insurance	31.12.2009	31.12.2008
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**14,840**	**18,321**
Book value as of 1.1.	**14,840**	**18,321**
Addition/release	109	-3,481
Total	**14,949**	**14,840**

Maturity structure for profit-related premium refunds	31.12.2009	31.12.2008
in EUR '000		
up to one year	104,797	129,730
more than one year up to five years	208,024	50,935
more than five years up to ten years	156,376	113,468
more than ten years	89,943	54,861
Total	**559,140**	**348,994**

Maturity structure for profit-unrelated premium refunds	31.12.2009	31.12.2008
in EUR '000		
up to one year	54,150	41,919
more than one year up to five years	0	4,825
Total	**54,150**	**46,744**

20. OTHER UNDERWRITING PROVISIONS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	20,581	17,907
Life insurance	3,741	4,734
Health insurance	599	803
Total	**24,921**	**23,444**

Other underwriting provisions relate chiefly to provision for anticipated lapses.

Development	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Book value as of 31.12.	**17,907**	**4,734**	**803**	**23,444**	**19,100**
Exchange rate changes	-106	-51	0	-157	-399
Book value as of 1.1.	**17,801**	**4,683**	**803**	**23,287**	**18,701**
Additions	18,999	1,409	0	20,408	22,416
Amount used/released	-16,228	-2,617	-204	-19,049	-18,068
Changes in scope of consolidation	9	266	0	275	395
Book value as of 31.12.	**20,581**	**3,741**	**599**	**24,921**	**23,444**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	23,395	21,695
more than one year up to five years	82	442
more than five years up to ten years	1,444	1,307
Total	**24,921**	**23,444**

21. UNDERWRITING PROVISIONS FOR UNIT- AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2009	31.12.2008
in EUR '000		
Unit-linked life insurance	3,450,961	2,669,548
Index-linked life insurance	925,199	677,225
Total	**4,376,160**	**3,346,773**

Development	31.12.2009	31.12.2008
in EUR '000		
Book value as of 31.12. of the previous year	**3,346,773**	**2,948,522**
Exchange rate changes	3,843	-30,628
Book value as of 1.1.	**3,350,616**	**2,917,894**
Additions	1,400,491	270,077
Amount used/released	-386,207	-286,108
Changes in scope of consolidation	11,260	444,910
Book value as of 31.12.	**4,376,160**	**3,346,773**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	119,448	69,841
more than one year up to five years	319,852	293,204
more than five years up to ten years	802,290	564,682
more than ten years	3,134,570	2,419,046
Total	**4,376,160**	**3,346,773**

22. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Composition	31.12.2009	31.12.2008
in EUR '000		
Provision for pension obligations	224,490	229,398
Provision for severance obligations	73,912	108,762
Total	**298,402**	**338,160**

Development of pension obligations	31.12.2009	31.12.2008
in EUR '000		
Present value of obligation (DBO) as of 31.12. of the previous year	**567,442**	**580,421**
Unrealised gains/losses	-19,808	-37,688
Plan assets	-318,236	-267,848
Book value as of 1.1.	**229,398**	**274,885**
Withdrawal for pension payments	-21,248	-21,374
Addition to provision	37,505	36,023
Reduction of the obligation	-21,165	-65,918
Changes in scope of consolidation	0	5,782
Book value as of 31.12.	**224,490**	**229,398**
Cumulative unrealised gains/losses	6,207	19,808
Plan assets	329,525	318,236
Present value of obligation (DBO) as of 31.12.	**560,222**	**567,442**

Development of severance obligations	31.12.2009	31.12.2008
in EUR '000		
Present value of obligation (DBO) as of 31.12. of the previous year	**140,733**	**141,566**
Unrealised gains/losses	-9,323	-11,833
Plan assets	-22,648	0
Book value as of 1.1.	**108,762**	**129,733**
Withdrawal for severence payments	-11,171	-8,694
Addition to provision	12,475	13,181
Reduction of the obligation	-36,154	-24,999
Changes in scope of consolidation	0	-459
Book value as of 31.12.	**73,912**	**108,762**
Cumulative unrealised gains/losses	2,597	9,323
Plan assets	63,244	22,648
Present value of obligation (DBO) as of 31.12.	**139,753**	**140,733**

The following amounts are included in the income statements for the period under review and the comparative period from the previous year:

Composition of additions to pension provisions	2009	2008
in EUR '000		
Current service costs	7,300	8,118
Interest expense	30,242	27,903
Realised actuarial gains (-) and losses (+)	-37	2
Total	**37,505**	**36,023**

Composition of additions to severance provisions

in EUR '000	2009	2008
Current service costs	5,292	6,430
Interest expense	7,186	6,709
Realised actuarial gains (-) and losses (+)	-3	42
Total	**12,475**	**13,181**

Current service cost and actuarial gains and losses are shown in the income statement analogous to current personnel expenses from salaries. Interest expenses are reported as part of investment expenses.

Plan assets

in EUR '000	31.12.2009	31.12.2008
Provision for pension obligations	329,525	318,236
Provision for severance obligations	63,244	22,648

Development of plan assets of pension obligations

in EUR '000	31.12.2009	31.12.2008
Plan assets of pension obligations as of 1.1.	**318,236**	**267,848**
Expected income on plan assets	12,729	12,986
Contributions	21,165	65,918
Payments out-of-the plan assets	-22,587	-21,200
Expenses for plan assets	-18	-2,487
Changes in scope of consolidation	0	-4,829
Plan assets of pension obligations as of 31.12.	**329,525**	**318,236**

Development of plan assets of severance obligations

in EUR '000	31.12.2009	31.12.2008
Plan assets of severance obligations as of 1.1.	**22,648**	**0**
Expected income on plan assets	2,999	0
Contributions	36,154	24,999
Payments out-of-the plan assets	-6,613	-615
Expenses for plan assets	8,056	-1,736
Plan assets of severance obligations as of 31.12.	**63,244**	**22,648**

23. OTHER PROVISIONS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Provision for unused vacation entitlements	15,217	7,340	420	22,977	34,615
Provision for anniversary benefits	5,662	8,238	1,914	15,814	16,160
Other personnel provisions	3,518	1,657	68	5,243	14,166
Provision for derivatives	3,175	15	3	3,193	0
Provision for customer support and marketing	25,384	1,104	0	26,488	33,707
Provision for variable salary components	15,929	6,879	0	22,808	17,178
Provision for legal and consulting fees	1,827	881	35	2,743	3,903
Provision for litigation	2,104	2,407	0	4,511	1,945
Provision for renewal commissions	0	132	0	132	244
Provision for unpaid incoming invoices	11,490	21,749	590	33,829	21,290
Other provisions	131,156	17,254	351	148,761	117,801
Total	**215,462**	**67,656**	**3,381**	**286,499**	**261,009**

Development	Book value as of 1.1.	Changes in scope of consolidation	Exchange rate changes	Amount used	Release	Reclass-ifications	Additions	Book value as of 31.12.
in EUR '000								
Provision for unused vacation entitlements	34,615	-97	55	-1,270	-30,574	-15	20,263	22,977
Provision for anniversary benefits	16,160	-33	23	-216	-1,868	33	1,715	15,814
Other personnel provisions	14,166	-376	196	-1,541	-1,321	-9,107	3,226	5,243
Provision for derivatives	0	0	0	0	0	0	3,193	3,193
Provision for customer support and marketing	33,707	-118	22	-16,811	-4,735	0	14,423	26,488
Provision for variable salary components	17,178	391	176	-3,402	-7,876	67	16,274	22,808
Provision for legal and consulting fees	3,903	-24	-26	-1,881	-631	-86	1,488	2,743
Provision for litigation	1,945	-38	-40	-18	-87	86	2,663	4,511
Provision for renewal commissions	244	0	-1	-168	-2	0	59	132
Provision for unpaid incoming invoices from real estate	21,290	0	90	-10,858	-1,944	0	25,251	33,829
Other provisions	117,801	1,369	993	-18,084	-23,702	9,022	61,362	148,761
Total	**261,009**	**1,074**	**1,488**	**-54,249**	**-72,740**	**0**	**149,917**	**286,499**

Other provisions are comprised primarily of provisions for government obligations of EUR 87,772,000 and provisions for IT expenses of EUR 21,618,000.

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	108,297	83,494
more than one year up to five years	103,273	101,484
more than five years up to ten years	1,858	1,826
more than ten years	73,071	74,205
Total	**286,499**	**261,009**

24. LIABILITIES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Underwriting	**475,017**	**387,376**	**4,699**	**867,092**	**840,432**
Liabilities from direct business	396,824	270,095	3,365	670,284	572,214
to policyholders	274,658	226,895	3,019	504,572	406,707
to insurance intermediaries	101,148	42,876	0	144,024	134,538
to insurance companies	21,018	146	346	21,510	12,980
arising from financial insurance policies	0	178	0	178	17,989
Liabilities from reinsurance business	77,287	10,292	0	87,579	151,307
Deposits from ceded reinsurance business	906	106,989	1,334	109,229	116,911
Non-underwriting	**218,179**	**1,849,717**	**117,257**	**2,185,153**	**2,018,563**
Liabilities to financial institutions	55,580	743,785	34,000	833,365	788,294
Other liabilities	162,599	1,105,932	83,257	1,351,788	1,230,269
Total	**693,196**	**2,237,093**	**121,956**	**3,052,245**	**2,858,995**

Composition Other liabilities	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Tax liabilities (excl. income taxes)	50,611	18,303	297	69,211	78,862
Liabilities for social security	9,682	2,420	331	12,433	12,543
Liabilities to facility managers	1,762	2,845	739	5,346	431
Liabilities to employees	5,533	6,315	987	12,835	12,594
Bond liabilities	0	1,905	0	1,905	1,950
Other liabilities	95,011	1,074,144	80,903	1,250,058	1,123,889
Total	**162,599**	**1,105,932**	**83,257**	**1,351,788**	**1,230,269**

Other liabilities are comprised primarily of financing liabilities in the amount of EUR 1,004,660,000 and liabilities from various taxes and levies in the amount of EUR 2,763,000.

Maturity structure	Underwriting 31.12.2009	Non-underwriting 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000				
up to one year	824,208	316,002	1,140,210	1,242,967
more than one year up to five years	18,239	387,694	405,933	579,899
more than five years up to ten years	0	186,915	186,915	116,836
more than ten years	24,645	1,294,542	1,319,187	919,293
Total	**867,092**	**2,185,153**	**3,052,245**	**2,858,995**

25. TAX LIABILITIES OUT OF INCOME TAX

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	77,734	111,193
Life insurance	28,193	18,274
Health insurance	6,424	7,146
Total	**112,351**	**136,613**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	112,254	57,509
more than one year up to five years	97	79,104
Total	**112,351**	**136,613**

26. OTHER LIABILITIES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Deferred income	49,175	182,792	286	232,253	248,421
Other liabilities	1,853	288	0	2,141	11,267
Total	**51,028**	**183,080**	**286**	**234,394**	**259,688**

27. CONTINGENT LIABILITIES AND RECEIVABLES

Litigation

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG and its Group companies are involved in a number of legal actions arising out of the normal course of business. Taking into account the provisions formed for these legal actions, the management of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is of the opinion that they will not have a significant effect on the business or consolidated financial position of the Vienna Insurance Group.

Litigation relating to coverage

In their capacity as insurance companies, the companies of the Vienna Insurance Group are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings in which the companies of the Vienna Insurance Group are not involved as parties; however, they may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of Vienna Insurance Group, adequate provisions appropriate to the amount in dispute have been formed for all Group company claims.

Off-balance sheet commitments

The following table shows the off-balance sheet commitments as of 31 December 2007, 2008 and 2009.

Reporting period as of 31.12.	2007	2008	2009
in EUR mn			
Liabilities and assumed liabilities	18.2	5.1	4.9
Letters of comfort	8.2	13.9	14.2
Guarantee bond	2.2	0.0	0.0

The liabilities and assumed liabilities, as well as the letters of comfort for the individual financial years, were primarily related to loans of participations.

No off-balance sheet financing structures via special purpose vehicles (SPVs) or other similar corporate structures exist.

28. NET EARNED PREMIUMS

The premiums written and earned in the reporting period of 2009 and in the comparable period 2008 are broken down by segments as follows:

Premiums written	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
GROSS				
Direct business	4,136,939	3,476,586	321,276	7,934,801
Austria	1,544,579	1,984,660	321,276	3,850,515
Czech Republic	933,909	613,962	0	1,547,871
Slovakia	329,509	295,019	0	624,528
Poland	384,007	164,190	0	548,197
Romania	518,610	87,233	0	605,843
Other CEE markets	354,909	190,962	0	545,871
Other markets	71,416	140,560	0	211,976
Indirect business	69,810	14,585	85	84,480
Premiums written	**4,206,749**	**3,491,171**	**321,361**	**8,019,281**
REINSURERS' SHARE	-697,565	-33,203	-650	-731,418
Premiums written - retention	**3,509,184**	**3,457,968**	**320,711**	**7,287,863**

Net earned premiums	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
GROSS				
Direct business	4,133,007	3,483,542	321,225	7,937,774
Indirect business	68,125	15,659	85	83,869
Net earned premiums	**4,201,132**	**3,499,201**	**321,310**	**8,021,643**
REINSURERS' SHARE	-743,472	-35,242	-650	-779,364
Net earned premiums - retention	**3,457,660**	**3,463,959**	**320,660**	**7,242,279**

Premiums written	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
GROSS				
Direct business	4,233,222	3,294,718	314,111	7,842,051
Austria	1,537,123	1,861,350	314,111	3,712,584
Czech Republic	972,405	436,967	0	1,409,372
Slovakia	329,901	275,084	0	604,985
Poland	413,273	381,682	0	794,955
Romania	567,838	39,056	0	606,894
Other CEE markets	343,283	151,866	0	495,149
Other markets	69,399	148,713	0	218,112
Indirect business	45,631	11,015	169	56,815
Premiums written	**4,278,853**	**3,305,733**	**314,280**	**7,898,866**
REINSURERS' SHARE	-812,298	-43,886	-921	-857,105
Premiums written - retention	**3,466,555**	**3,261,847**	**313,359**	**7,041,761**

Net earned premiums

in EUR '000	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
GROSS				
Direct business	4,140,503	3,308,824	314,087	7,763,414
Indirect business	43,884	10,120	169	54,173
Net earned premiums	**4,184,387**	**3,318,944**	**314,256**	**7,817,587**
REINSURERS' SHARE	-808,974	-46,087	-921	-855,982
Net earned premiums - retention	**3,375,413**	**3,272,857**	**313,335**	**6,961,605**

Premiums written Property/Casualty insurance

in EUR '000	Gross 2009	Reinsurers' share 2009	Retention 2009	Gross 2008
Direct business				
Fire and fire business interruption insurance	509,046	-339,728	169,318	506,168
Household insurance	221,153	-20,800	200,353	211,008
Other non-life insurance	341,622	-37,405	304,217	343,570
Motor liability insurance	1,167,333	-54,611	1,112,722	1,220,127
Other motor vehicle insurance	1,014,412	-55,202	959,210	1,049,781
Casuality insurance	294,247	-29,016	265,231	276,651
Liability insurance	275,054	-51,873	223,181	270,585
Legal expenses insurance	46,890	-250	46,640	45,134
Marine, aviation and transport insurance	62,427	-33,110	29,317	71,401
Credit and guarantee insurance	19,082	-32	19,050	38,664
Other insurance	185,673	-37,403	148,270	200,133
Subtotal	**4,136,939**	**-659,430**	**3,477,509**	**4,233,222**
Indirect business				
Marine, aviation and transport insurance	894	0	894	1,480
Other insurance	68,916	-38,135	30,781	44,151
Subtotal	**69,810**	**-38,135**	**31,675**	**45,631**
Total premiums written in Property and Casuality	**4,206,749**	**-697,565**	**3,509,184**	**4,278,853**

A portion of the earned premiums of EUR 68,125,000 (EUR 43,884,000) from indirect business in the property/casualty insurance segment and EUR 15,659,000 (EUR 10,120,000) in the life insurance segment were included in the income statement after being deferred by one year.

Premiums written - Direct life insurance business

in EUR '000	2009	2008
Regular premiums	2,144,078	1,931,610
Endowment insurance, not including risk insurance	986,549	945,486
Risk insurance	239,214	133,055
Annuity insurance	185,202	200,744
Unit-linked insurance	407,309	383,499
Index-linked insurance	15,262	13,786
Government sponsored pension plans	310,542	255,040
Single premium policies	1,332,508	1,363,108
Endowment insurance, not including risk insurance	552,992	477,140
Risk insurance	91,404	114,919
Annuity insurance	102,367	176,997
Unit-linked insurance	353,202	330,060
Index-linked insurance	229,781	261,848
Government sponsored pension plans	2,762	2,144
Total premiums written direct in Life	**3,476,586**	**3,294,718**
thereof:	3,476,586	3,294,718
Policies with profit participation	1,953,288	1,851,723
Policies without profit participation	398,697	347,678
Unit- and index-linked policies	1,124,601	1,095,317
thereof:	3,476,586	3,294,718
Individual insurance	3,295,738	2,949,305
Group insurance	180,848	345,413

Please refer to the relevant individual financial statements for information on investments of unit- and index-linked life insurance.

Premiums written - Health insurance (gross)

in EUR '000	2009	2008
Direct business	321,276	314,111
Individual insurance	225,258	220,305
Group insurance	96,018	93,806
Indirect business	85	169
Group insurance	85	169
Total premiums written direct in Health	**321,361**	**314,280**

29. FINANCIAL RESULT

Composition Income	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Current income	177,507	1,132,041	41,335	1,350,883
Income from appreciations	11,505	55,917	3,137	70,559
Income from the disposal of investments	155,041	195,191	16,240	366,472
Total	**344,053**	**1,383,149**	**60,712**	**1,787,914**

Composition Income	Current income 2009	Income from appreciations 2009	Gains from disposal of investments 2009	Total 2009
in EUR '000				
Self-used land and buildings	11,936	0	2,681	14,617
Third-party used land and buildings	204,917	0	3,210	208,127
Loans	168,804	0	12,698	181,502
Reclassified loans	43,051	0	1,464	44,515
Financial instruments held to maturity	69,750	0	577	70,327
Fixed-interest securities	69,050	0	561	69,611
Other securities	700	0	16	716
Financial instruments reclassified as held to maturity	53,425	0	0	53,425
Fixed-interest securities	39,509	0	0	39,509
Other securities	13,916	0	0	13,916
Financial instruments available for sale	591,972	6,669	288,161	886,802
Shares and other participations	42,102	0	189,514	231,616
Investment funds including joint investments	36,455	0	5,468	41,923
Other non-fixed-interest securities	26,151	0	12,169	38,320
Fixed-interest securities of affiliated companies	1,887	0	0	1,887
Fixed-interest securities of participating companies	1,669	0	102	1,771
Fixed-interest securities	483,440	6,669	80,908	571,017
Other securities	268	0	0	268
Financial instruments held for trading	7,383	5,872	32,653	45,908
Fixed-interest securities	6,815	3,318	4,584	14,717
Shares	321	2,104	1,109	3,534
Investment funds	244	424	175	843
Derivatives	0	0	26,785	26,785
Other securities	3	26	0	29
Financial instruments recognised at fair value through profit and loss	44,580	58,018	11,128	113,726
Fixed-interest securities	20,354	40,462	1,415	62,231
Shares	41	151	7,322	7,514
Investment funds	21,783	13,025	1,070	35,878
Other securities	2,402	4,380	1,321	8,103
Other investments	128,629	0	0	128,629
Unit- and index-linked life insurance	26,436	0	13,900	40,336
Total	**1,350,883**	**70,559**	**366,472**	**1,787,914**
thereof participations	*47,443*	*0*	*95,865*	*143,308*

Composition Income	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Current income	207,080	1,024,471	38,879	1,270,430
Income from appreciations	12,112	41,050	328	53,490
Income from the disposal of investments	249,185	606,584	7,693	863,462
Total	**468,377**	**1,672,105**	**46,900**	**2,187,382**

Composition Income	Current income 2008	Income from appreciations 2008	Gains from disposal of investments 2008	Total 2008
in EUR '000				
Self-used land and buildings	11,443	828	964	13,235
Third-party used land and buildings	209,914	10,755	10,947	231,616
Loans	136,100	0	1,688	137,788
Reclassified loans	42,053	0	0	42,053
Financial instruments held to maturity	33,794	0	183	33,977
Fixed-interest securities	32,764	0	183	32,947
Other securities	1,030	0	0	1,030
Financial instruments available for sale	614,952	2,406	641,842	1,259,200
Shares and other participations	72,924	2,324	547,812	623,060
Investment funds including joint investments	45,635	0	42,813	88,448
Other non-fixed-interest securities	27,043	0	259	27,302
Fixed-interest securities of affiliated companies	35	0	0	35
Fixed-interest securities of participating companies	7,768	0	5,345	13,113
Fixed-interest securities	461,232	82	45,613	506,927
Other securities	315	0	0	315
Financial instruments held for trading	22,994	23,011	183,629	229,634
Fixed-interest securities	21,945	18,766	6,780	47,491
Shares	436	392	82	910
Investment funds	497	163	20	680
Derivatives	0	3,479	176,698	180,177
Other securities	116	211	49	376
Financial instruments recognised at fair value through profit and loss	14,386	16,490	14,765	45,641
Fixed-interest securities	11,057	13,533	11,429	36,019
Shares	146	0	22	168
Investment funds	3,183	2,009	266	5,458
Other securities	0	948	3,048	3,996
Other investments	160,327	0	91	160,418
Unit- and index-linked life insurance	24,467	0	9,353	33,820
Total	**1,270,430**	**53,490**	**863,462**	**2,187,382**
thereof participations	*18,474*	*2,324*	*436,821*	*457,619*

Composition Expenses	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Depreciations of investments	80,545	305,369	5,319	391,233
Exchange rate changes	1,090	-4,384	-13	-3,307
Losses from disposal of investments	30,507	156,588	26,431	213,526
Interest expenses	31,222	84,116	7,117	122,455
Personnel provisions	12,665	20,290	5,236	38,191
Interest on borrowings	18,557	63,826	1,881	84,264
Other expenses	37,786	89,775	6,481	134,042
Total	**181,150**	**631,464**	**45,335**	**857,949**

Composition Expenses	Depreciations of investments 2009	Exchange rate changes 2009	Losses from disposal of investments 2009	Total 2009
in EUR '000				
Self-used land and buildings	12,336	0	149	12,485
Third-party used land and buildings	85,931	0	310	86,241
Loans	54,561	-2,491	467	52,537
Reclassified loans	9,546	0	10,450	19,996
Financial instruments held to maturity	0	-1,544	311	-1,233
Fixed-interest securities	0	-1,547	311	-1,236
Other securities	0	3	0	3
Financial instruments available for sale	190,820	808	104,860	296,488
Shares and other participations	60,416	1,331	26,302	88,049
Investment funds including joint investments	81,474	640	46,901	129,015
Other non-fixed-interest securities	12,961	47	4,963	17,971
Fixed-interest securities of participating companies	0	0	112	112
Fixed-interest securities	35,969	-1,210	26,582	61,341
Other securities	0	0	0	0
Financial instruments held for trading	3,414	-82	80,722	84,054
Fixed-interest securities	2,518	-82	1,544	3,980
Shares	144	0	55	199
Investment funds	114	0	13	127
Derivatives	0	0	79,110	79,110
Other securities	638	0	0	638
Financial instruments recognised at fair value through profit and loss	31,897	175	5,578	37,650
Fixed-interest securities	27,998	118	1,619	29,735
Shares	0	-4	0	-4
Investment funds	2,942	61	910	3,913
Other securities	957	0	3,049	4,006
Other investments	2,728	-173	0	2,555
Unit- and index-linked life insurance	0	0	10,679	10,679
Total	**391,233**	**-3,307**	**213,526**	**601,452**
thereof impairments	*258,237*			
thereof participations	*32,466*	*0*	*1,565*	*34,031*

Composition Expenses	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Depreciations of investments	78,927	507,333	15,471	601,731
Exchange rate changes	-11,159	-760	-9	-11,928
Losses from disposal of investments	37,041	382,321	9,814	429,176
Interest expenses	31,693	99,560	6,739	137,992
Personnel provisions	11,727	18,225	4,660	34,612
Interest on borrowings	19,966	81,335	2,079	103,380
Other expenses	27,503	86,371	2,606	116,480
Total	**164,005**	**1,074,825**	**34,621**	**1,273,451**

Composition Expenses	Depreciations of investments 2008	Exchange rate changes 2008	Losses from disposal of investments 2008	Total 2008
in EUR '000				
Self-used land and buildings	10,364	0	240	10,604
Third-party used land and buildings	83,743	0	0	83,743
Loans	396	4,194	0	4,590
Financial instruments held to maturity	17,463	-938	1,111	17,636
Fixed-interest securities	17,463	-937	1,111	17,637
Other securities	0	-1	0	-1
Financial instruments available for sale	334,446	-2,428	187,869	519,887
Shares and other participations	171,740	-1,875	78,953	248,818
Investment funds including joint investments	49,120	-833	36,844	85,131
Other non-fixed-interest securities	25,301	-269	903	25,935
Fixed-interest securities of participating companies	0	40	257	297
Fixed-interest securities	88,285	703	70,912	159,900
Other securities	0	-194	0	-194
Financial instruments held for trading	114,195	-458	193,566	307,303
Fixed-interest securities	95,083	-458	1,112	95,737
Shares	6,369	0	2,767	9,136
Investment funds	1,332	0	3,558	4,890
Derivatives	11,036	0	186,129	197,165
Other securities	375	0	0	375
Financial instruments recognised at fair value through profit and loss	33,776	257	9,189	43,222
Fixed-interest securities	24,101	177	1,194	25,472
Shares	1,144	0	1,642	2,786
Investment funds	8,205	80	5,046	13,331
Other securities	326	0	1,307	1,633
Other investments	7,348	-12,555	781	-4,426
Unit- and index-linked life insurance	0	0	36,420	36,420
Total	**601,731**	**-11,928**	**429,176**	**1,018,979**
thereof impairments	*363,646*			
thereof participations	*61*	*0*	*463*	*524*

The Interest expenses and Other expenses result from items on the liabilities side of the balance sheet or from business operations and therefore cannot be directly allocated to an investment class.

30. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Composition Income	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Current income	2,016	-3,324	0	-1,308
Gains from disposal of investments	0	0	465	465
Total	**2,016**	**-3,324**	**465**	**-843**

Composition Income	Current income 2009	Gains from disposal of investments 2009	Total 2009
in EUR '000			
Shares in at equity consolidated companies	-1,308	465	-843
Total	**-1,308**	**465**	**-843**

Composition Income	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Current income	3,521	1,174	392	5,087
Gains from disposal of investments	176	0	0	176
Total	**3,697**	**1,174**	**392**	**5,263**

Composition Income	Current income 2008	Gains from disposal of investments 2008	Total 2008
in EUR '000			
Shares in at equity consolidated companies	5,087	176	5,263
Total	**5,087**	**176**	**5,263**

Composition Expenses	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Losses from disposal of investments	1,058	0	0	1,058
Total	**1,058**	**0**	**0**	**1,058**

Composition Expenses	Losses from disposal of investments 2008	Total 2008
in EUR '000		
Shares in at equity consolidated companies	1,058	1,058
Total	**1,058**	**1,058**

The current unrecognised loss from at equity consolidated companies was EUR 114,000 (EUR 1,000).

31. OTHER INCOME

Composition	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Other underwriting income	57,443	36,409	2	93,854
Other non-underwriting income	19,904	11,164	64	31,132
Total	**77,347**	**47,573**	**66**	**124,986**

Other Income is primarily comprised of EUR 42,308,000 in gains from exchange rate changes, EUR 11,177,000 in compensation for services performed, and EUR 25,477,000 from the release of other provisions.

Composition	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Other underwriting income	51,267	39,248	38	90,553
Other non-underwriting income	26,595	10,308	1	36,904
Total	**77,862**	**49,556**	**39**	**127,457**

32. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross 2009	Reinsurers' share 2009	Retention 2009
in EUR '000			
Property/Casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,594,037	-449,672	2,144,365
Changes in provision for outstanding claims	71,049	9,428	80,477
Subtotal	**2,665,086**	**-440,244**	**2,224,842**
Change in mathematical reserve	5	0	5
Change in other underwriting provisions	4,959	1	4,960
Expenses for profit-unrelated premium refunds	31,299	-3,905	27,394
Total expenses	**2,701,349**	**-444,148**	**2,257,201**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,479,617	-24,819	2,454,798
Changes in provision for outstanding claims	12,863	1,346	14,209
Subtotal	**2,492,480**	**-23,473**	**2,469,007**
Change in mathematical reserve	896,110	7,472	903,582
Change in other underwriting provisions	-388	26	-362
Expenses for profit-related and profit-unrelated premium refunds	-25,141	0	-25,141
Total expenses	**3,363,061**	**-15,975**	**3,347,086**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	214,134	-1,007	213,127
Changes in provision for outstanding claims	684	-19	665
Subtotal	**214,818**	**-1,026**	**213,792**
Change in mathematical reserve	47,941	-117	47,824
Expenses for profit-unrelated premium refunds	11,255	0	11,255
Total expenses	**274,014**	**-1,143**	**272,871**
TOTAL	**6,338,424**	**-461,266**	**5,877,158**

Composition	Gross 2008	Reinsurers' share 2008	Retention 2008
in EUR '000			
Property/Casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,426,211	-415,594	2,010,617
Changes in provision for outstanding claims	291,031	-150,940	140,091
Subtotal	**2,717,242**	**-566,534**	**2,150,708**
Change in mathematical reserve	-3	0	-3
Change in other underwriting provisions	3,807	-1,688	2,119
Expenses for profit-unrelated premium refunds	24,167	-1,255	22,912
Total expenses	**2,745,213**	**-569,477**	**2,175,736**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,036,582	-24,328	2,012,254
Changes in provision for outstanding claims	12,635	-709	11,926
Subtotal	**2,049,217**	**-25,037**	**2,024,180**
Change in mathematical reserve	1,017,239	-10,839	1,006,400
Change in other underwriting provisions	1,305	-23	1,282
Expenses for profit-related and profit-unrelated premium refunds	140,084	-25	140,059
Total expenses	**3,207,845**	**-35,924**	**3,171,921**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	211,591	-692	210,899
Changes in provision for outstanding claims	856	33	889
Subtotal	**212,447**	**-659**	**211,788**
Change in mathematical reserve	35,721	-168	35,553
Expenses for profit-unrelated premium refunds	12,359	0	12,359
Total expenses	**260,527**	**-827**	**259,700**
TOTAL	**6,213,585**	**-606,228**	**5,607,357**

33. OPERATING EXPENSES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009
in EUR '000				
Acquisition expenses				
Commission expenses	576,273	349,757	6,016	932,046
Pro rata personnel expenses	161,189	61,267	10,666	233,122
Pro rata material expenses	110,662	106,056	7,572	224,290
Subtotal	**848,124**	**517,080**	**24,254**	**1,389,458**
Administrative expenses				
Pro rata personnel expenses	112,562	52,501	5,945	171,008
Pro rata material expenses	115,118	77,451	6,600	199,169
Subtotal	**227,680**	**129,952**	**12,545**	**370,177**
Received reinsurance commissions	-102,130	-7,967	-115	-110,212
Total	**973,674**	**639,065**	**36,684**	**1,649,423**

Composition	Property/ Casualty 31.12.2008	Life 31.12.2008	Health 31.12.2008	Total 31.12.2008
in EUR '000				
Acquisition expenses				
Commission expenses	604,493	284,648	6,853	895,994
Pro rata personnel expenses	165,468	67,533	10,387	243,388
Pro rata material expenses	125,971	100,438	10,172	236,581
Subtotal	**895,932**	**452,619**	**27,412**	**1,375,963**
Administrative expenses				
Pro rata personnel expenses	115,989	53,282	6,696	175,967
Pro rata material expenses	122,606	66,935	7,618	197,159
Subtotal	**238,595**	**120,217**	**14,314**	**373,126**
Received reinsurance commissions	-176,188	-10,665	-116	-186,969
Total	**958,339**	**562,171**	**41,610**	**1,562,120**

34. OTHER EXPENSES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009
in EUR '000				
Other underwriting expenses	155,829	81,432	2,386	239,647
Other non-underwriting expenses	74,365	14,545	3	88,913
Total	**230,194**	**95,977**	**2,389**	**328,560**

Other expenses are primarily comprised of EUR 38,862,000 in losses from exchange rate changes, EUR 117,257,000 in allowances (not including investments), EUR 40,657,000 in other contributions and fees and EUR 13,876,000 in current business expenses.

Composition	Property/ Casualty 31.12.2008	Life 31.12.2008	Health 31.12.2008	Total 31.12.2008
in EUR '000				
Other underwriting expenses	170,393	69,729	560	240,682
Other non-underwriting expenses	41,592	14,648	2	56,242
Total	**211,985**	**84,377**	**562**	**296,924**

35. TAX EXPENSE

Composition	31.12.2009	31.12.2008
in EUR '000		
Actual taxes	100,417	101,081
Actual taxes related to other periods	-4,264	16,058
Total actual taxes	**96,153**	**117,139**
Deferred taxes	-18,620	-18,685
Total	**77,533**	**98,454**

Reconciliation	31.12.2009	31.12.2008
in EUR '000		
Expected income tax rate in %	25%	25%
Profit before taxes	441,246	540,797
Expected tax expenses	**110,312**	**135,199**
Adjusted for tax effects due to:		
Tax-exempt income from participations	-9,146	-35,680
Non-deductible expenses	13,161	22,541
Income not subject to tax	-11,237	-26,069
Taxes from previous years	-4,264	16,058
Changes in tax rates	-14,451	-11,778
Adjustment for accumulated losses carried forward and other tax effects	-6,842	-1,817
Effective income tax expenses	**77,533**	**98,454**
Effective income tax rate in %	**17.6%**	**18.2%**

The income tax rate of the parent company VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is used as the Group tax rate. EUR 45,376,000 (EUR 94,604,000) in loss carry-forwards was not recognised. Deferred tax liabilities of EUR 41,017,000 (deferred tax assets of EUR -18,361,000) were applied against the revaluation reserve with no effect on profit or loss. This amount represents the deferred taxes on the variance in financial instruments available for sale.

36. OTHER INFORMATION

Employee statistics	31.12.2009	31.12.2008
Austria	6,368	6,341
Field staff	2,965	2,961
Office employees	3,403	3,380
Outside Austria	18,018	17,052
Field staff	10,101	8,821
Office employees	7,917	8,231
Total	**24,386**	**23,393**

Personnel expenses	31.12.2009	31.12.2008
in EUR '000		
Wages and salaries	369,328	384,118
Expenses for severance benefits and payments to company pension plans	12,681	9,138
Expenses for retirement provisions	-527	1,250
Mandatory social security contributions and expenses	128,413	124,396
Other social security expenses	15,349	7,232
Total	**525,244**	**526,134**
thereof field staff	*224,571*	*233,214*
thereof office staff	*300,673*	*292,920*
Expenses for severance and pensions for:		
Managing Board members and senior management	1,343	586
Remaining employees	10,811	9,802

Supervisory board and managing board compensation (gross)	31.12.2009	31.12.2008
in EUR '000		
Compensation paid to Supervisory Board members	366	353
Total payments to former members of the Managing Board resp. their survivors	4,264	1,074
Provision for future pension obligations of Managing Board members	1,002	372
Compensation paid to active Managing Board members	4,238	5,610

* Managing Board members also received special remuneration of EUR 1,690,000 relating to the highly successful implementation of the capital increase.

In view of the economic environment, which continues to present great challenges to many Group customers as well, the Managing Board opted to waive the 2008 profit-related income component to which it was contractually entitled upon the achievement of its targets.

Despite the good results in 2009, the Managing Board, in recognition of the difficult economic situation, is also waiving its 2009 bonus entitlement.

Until 12 June 2009, the Managing Board in 2009 consisted of six members. On 13 June 2009, an amendment to the articles of association went into effect, changing the Company's organisational structure so as to segregate its holding and operating functions. This amendment also created two Managing Board committees. Since that time, the Managing Board as a whole has been made up of ten members.

The average number of employees in the fully consolidated companies (including cleaning staff) was 24,128 (22,269). Of this number, 13,066 (11,238) were active in sales, leading to personnel costs of EUR 224,571,000 (EUR 229,508,000), and 11,062 (11,031) worked in operations, resulting in personnel costs of EUR 296,934,000 (EUR 286,828,000).

The average number of employees in the proportionally consolidated companies (including cleaning staff) was 258 (1,124). Of this number, 0 (544) were active in sales, leading to personnel costs of EUR 0 (EUR 3,706,000), and 258 (580) worked in operations, resulting in personnel costs of EUR 3,739,000 (EUR 6,092,000).

37. AUDITING FEES AND AUDITING SERVICES

Auditing fees were EUR 496,000 (EUR 610,000) and were broken down into the following areas:

Composition	31.12.2009	31.12.2008
in EUR '000		
Audit of consolidated financial statement	163	163
Audit of financial statement ot parent company	191	191
Other audit services	42	42
All other fees	100	214
Total	**496**	**610**

38. RELATED PARTIES

Related companies and persons

Related parties include the affiliated companies, joint ventures and associated companies listed in note 4. In addition, the members of the Managing Board and Supervisory Board of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG and their families also qualify as related parties. Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung holds a majority of the voting rights of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG. Based on this controlling interest, it is therefore also a related party.

No loans or guarantees were granted to the members of the Managing Board or Supervisory Board during the reporting periods.

Likewise, no loans or guarantees existed as of the 31 December 2009 and 31 December 2008 balance sheet dates.

Transactions with related parties

The Group charges Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung for office space. Other services (e.g., accounting services) are provided by the Group.

Transactions with consolidated affiliated companies mostly relate to internal Group reinsurance, to a minor degree, as well as real estate financing and intercompany charges (e.g., accounting, employee secondment, data processing, etc).

Transactions with unconsolidated affiliated and associated companies primarily relate to financing and intercompany charges.

Open entries at the end of the reporting period	31.12.2009	31.12.2008
in EUR '000		
Receivables		
Receivables from insurance business	5,833	1,565
Other receivables	16,653	10,458
Subtotal	**22,486**	**12,023**
Other liabilities		
Liabilities from insurance business	-3,234	-72
Other liabilities	-68,332	-5,172
Subtotal	**-71,566**	**-5,244**
Total	**-49,080**	**6,779**
Loans to non-consolidated affiliated companies	199,501	246,272
Loans to participations	37,557	29,456

39. LEASING BUSINESS

Central Point Insurance IT-Solutions GmbH is a company which, in collaboration with SAP Österreich GmbH and other outside partners, works to adapt complete IT solutions and policy management programmes to the needs of individual users in financial services and insurance companies, connecting this software to these companies' IT systems and licensing it accordingly.

Maturity structure of payments	31.12.2009	31.12.2008
in EUR '000		
up to one year	40,671	23,382
more than one year up to five years	117,977	132,095

In the 2009 business year, the Supervisory Board was made up of the following persons:

Chairman:
Präsident Komm.-Rat Dkfm. Klaus **Stadler**

Deputy Chairman:
Komm.-Rat Dr. Karl **Skyba**

Members:
Generalabt Propst Bernhard **Backovsky**
Mag. Alois **Hochegger**
Dipl.-Ing. Guido **Klestil**
Senator Prof. Komm.-Rat Walter **Nettig**
Hofrat Dkfm. Heinz **Öhler**
Mag. Reinhard **Ortner**
Dr. Johann **Sereinig**
Mag. Dr. Friedrich **Stara**

Employee representatives:
Peter **Grimm**
Brigitta **Kinast-Pötsch**
Franz **Urban**
Gerd **Wiehart**
Peter **Winkler**

Members of the Managing Board and Supervisory Board received no advances or loans in financial year 2009. There were no loans outstanding to members of the Managing Board or Supervisory Board as of 31 December 2009.

No guarantees existed for members of the Managing Board or Supervisory Board as of 31 December 2009.

In the 2009 business year, the Managing Board was made up of the following persons:

Chairman:
Dr. Günter **Geyer**

Members:
Ing. Martin **Diviš,** MBA (starting 13 June 2009)
Dr. Christine **Dornaus** (starting 13 June 2009)
Dkfm. Karl **Fink** (until 30 September 2009)
Franz **Fuchs** (starting 1 Oktober 2009)
Dr. Peter **Hagen**
Dr. Judit **Havasi** (starting 13 June 2009)
Mag. Peter **Höfinger**
Mag. Robert **Lasshofer**
Erich **Leiß** (starting 13 June 2009)
Dr. Martin **Simhandl**

Compensation Plan for Managing Board Members:

The Managing Board of the Company manages the Vienna Insurance Group. The Managing Board is also responsible for duties relating to the operational management of Wiener Städtische AG in Austria. In some cases, responsibility is also assumed for additional duties in affiliated or related companies.

The compensation of Managing Board members is comprised of a fixed (approximately 60%) and a variable (approximately 40%) component. The performance-linked component is dependent on the profit of the Group, as well as of key Group companies, and takes into account the sustained performance of the Company and the Group. There is a maximum limit on this performance-linked component. The Managing Board receives no performance-linked compensation if profit falls below certain thresholds.

In view of the economic environment, which also continues to present great challenges to many of the Group's customers, the Managing Board waived the 2008 performance-linked income component it was contractually entitled to upon achieving its targets. Despite the good 2009 results, the Managing Board, in recognition of the difficult economic situation, is also waiving its bonus entitlement for 2009.

Until 12 June 2009, the Managing Board in 2009 consisted of six members. On 13 June 2009, an amendment to the articles of association went into effect, changing the Company's organisational structure so as to segregate its holding and operating functions. This amendment also created two Managing Board committees. Since that time, the Managing Board as a whole has been made up of ten members.

The standard employment agreement of a member of the Managing Board of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG includes a pension entitlement equal to, at most, 40% of the measurement basis if the member remains on the Managing Board until the age of 65 (the measurement basis is equal to the standard fixed salary). The rules for Managing Board members with many years of prior service differ in that the percentage of the measurement basis is higher for historical reasons (up to 55%), with supplements awarded for remaining on the Managing Board at the Supervisory Board's request after the age limit has been reached.

A pension is normally received only if a Managing Board member's position is not extended through no fault of his or her own, or the Managing Board member retires due to illness or age.

To the extent that the law does not require application of the provisions of the Austrian Employee and Self-Employment Provisions Act (*Mitarbeiter- und Selbstständigen-Vorsorgegesetz*), the Managing Board agreements of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act (*Angestelltengesetz*), as amended in 2003, in combination with applicable sector-specific provisions. Under these provisions, depending on the period of service, Managing Board members can receive two to twelve months' compensation as a severance payment, with an increase of 50% if the member retires or withdraws after a long-term illness. A member who withdraws from the Managing Board of his or her own volition before being able to retire, or who withdraws due to a fault of his or her own, is not entitled to a severance payment.

The total expenses (cash claims and provisions for future claims) for severance payments and pensions of EUR 12.154 million in 2009 (2008: EUR 10.388 million) include EUR 1.343 million (2008: EUR 0.586 million) in severance payment and pension expenses (cash claims and provisions for future claims) for senior management (*leitende Angestellte*) as defined in § 80(1) AktG and former members of the Managing Board and their survivors, and provisions for future severance payments and pension claims of members of the Managing Board.

The members of the Managing Board received gross compensation of EUR 4.238 million (2008: EUR 5.610 million plus special remuneration of EUR 1.690 million) for their services in 2009. The total compensation paid to former members of the Managing Board (including surviving dependents) was EUR 4.264 million in 2009 (2008: EUR 1.074 million), including amounts owed to two Board members under the law and by contract in connection with their age-related withdrawal.

The Managing Board:

Dr. Günter Geyer

Dr. Peter Hagen	**Mag. Robert Lasshofer**	**Dr. Martin Simhandl**
Ing. Martin Diviš, MBA	**Dr. Christine Dornaus**	**Franz Fuchs**
Dr. Judit Havasi	**Mag. Peter Höfinger**	**Erich Leiß**

Vienna, 11 March 2010

SUPERVISORY BOARD REPORT

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

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

One ordinary General Shareholders' Meeting and five Supervisory Board meetings were held in 2009. Four meetings of the Audit Committee were also held. The Committee for Urgent Matters held one meeting and was also contacted in writing with regard to eight matters. The Supervisory Board was informed of all resolutions passed by these committees at its next following meeting. The auditor of the financial statements and consolidated financial statements, PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, attended three Audit Committee meetings and two Supervisory Board meetings, including the meeting dealing with the auditing of the annual financial statements and consolidated financial statements and the formal approval of the annual financial statements, as well as the General Shareholders' Meeting. The Committee for Managing Board Matters also held three meetings in 2009.

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

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

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

In addition, the Supervisory Board Audit Committee received the 2009 annual financial statements, management report and corporate governance report from the Managing Board, reviewing and carefully examining them. The Supervisory Board Audit Committee also subjected the 2009 consolidated financial statements and Group management report to a careful review. The Managing Board's proposal for appropriation of profits was also debated and discussed in the course of this review. As a result of this review and discussion, a unanimous resolution was adopted to recommend unqualified acceptance thereof to the Supervisory Board. The committee chairman informed the Supervisory Board of the resolutions adopted by the committee.

The 2009 annual financial statements together with the management report and corporate governance report, the 2009 consolidated financial statements together with the Group management report, and the Managing Board's proposal for appropriation of profits were subsequently addressed, thoroughly discussed, and reviewed by the Supervisory Board. In addition, the auditor's reports prepared by PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft regarding the 2009 annual financial statements and management report and the 2009 consolidated financial statements and Group management report were reviewed by the Audit Committee and by the Supervisory Board as a whole, and debated and discussed in detail with PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

The ultimate findings of the audit provided no basis for any qualifications to be raised. The Supervisory Board stated that it had nothing to add to the auditor's reports on the financial statements and consolidated financial statements.

After a thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the annual financial statements prepared by the Managing Board, to raise no objection to the management report, consolidated financial statements and Group management report, and to state its agreement with the Managing Board's proposal for appropriation of profits.

The 2009 annual financial statements have therefore been approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board is submitting a motion to the Annual General Meeting of Shareholders that it resolve on the appropriation of profits proposed by the Managing Board and give its formal approval to the actions of the Managing Board and of the Supervisory Board.

Vienna, March 2010

The Supervisory Board:

KR Dkfm.Klaus STADLER
(Chairman)

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

VIENNA INSURANCE GROUP
Wiener Städtische Versicherung AG , Vienna,

for the fiscal year from January 1 to December 31, 2009. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2009, the consolidated statement of comprehensive income for the fiscal year ended December 31, 2009, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the supplementary provisions of Section 245a UGB and Section 80b VAG (Insurance Supervision Act). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing and with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2009 and its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2009 in accordance with in International Financial Reporting Standards (IFRS) as adopted by the EU, and the supplementary provisions of Section 80b VAG in connection with Section 245a UGB.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and whether the other disclosures in the management report for the Group do not give rise to a misstatement of the Group's financial position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB are appropriate.

PWC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Günter Wiltschek
Austrian Certified Public Accountant

Vienna, 11 March 2010

Disclosure, publication and duplication of the consolidated financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

CORPORATE GOVERNANCE REPORT

The Vienna Insurance Group adheres to the Austrian Code of Corporate Governance. As amended in January 2009, the Code includes 83 rules for good corporate governance, divided into three categories:

- Rules based on mandatory legal requirements (legal requirement)
- Rules based on standard international requirements. Non-compliance with these rules must be declared and justified in order to attain conduct in compliance with the Code (comply or explain)
- Rules of a purely recommended nature. Non-compliance with these rules need not be disclosed or justified (recommendation)

The Austrian Corporate Governance Code is available on the Vienna Insurance Group's website at www.vig.com/ir > Corporate Governance as well as the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

The Vienna Insurance Group complies with all of the "legal requirements" of the Austrian Corporate Governance Code in accordance with the law. The Vienna Insurance Group deviates from three "comply or explain" rules, as explained below:

Rule 31:
The fixed and performance-linked remuneration components granted during the financial year are to be disclosed for each individual member of the management board in the corporate governance report. This also applies if the remuneration is provided via a management company.

Rule 51:
The remuneration granted to supervisory board members during the reporting period is to be disclosed for each individual member of the supervisory board in the corporate governance report. As a rule, no provision has been made for stock option plans for members of the supervisory board. If stock option plans are granted in exceptional cases, all of the details of these plans are to be resolved by the general meeting.

Explanation: The principles of the compensation paid to members of the Managing Board and Supervisory Board are published, as is the total compensation paid to all members of the Managing Board and the Supervisory Board. Detailed information on the individual compensation received by the members of the Managing Board and Supervisory Board would have relatively little informational value to investors and is not published in the corporate governance report in the interests of respecting the rights to privacy of members of the Managing Board and Supervisory Board.

Rule 41:
The supervisory board shall set up a nominating committee. In cases of supervisory boards with not more than 6 members (including employee representatives) this function may be exercised by all members jointly. The nominating committee submits proposals to the supervisory board for filling management board positions that become free and deals with issues of successor planning.

Explanation: Because of its particular importance, the issue of successor planning is handled by the Supervisory Board as a whole. The Supervisory Board of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG has for that reason not set up a nominating committee.

MEMBERS OF THE MANAGING BOARD AND THE SUPERVISORY BOARD

The size of the Managing Board was increased to ten members on 13 June 2009, the effective date of the resolution amending the articles of association passed by the General Shareholders' Meeting resolution on 24 April 2009. The Managing Board had the following members in financial year 2009.

The Managing Board formed two Managing Board committees, one to deal with Group matters (Vienna Insurance Group Committee) and the other with the management of Wiener Städtische in Austria (Wiener Städtische Austria Committee).

Vienna Insurance Group Committee
Dr. Günter Geyer
Dkfm. Karl Fink (until 30 September 2009)
Dr. Peter Hagen
Dr. Martin Simhandl
Ing. Martin Divis (starting 13 June 2009)
Franz Fuchs (starting 1 October 2009)
Mag. Peter Höfinger

Wiener Städtische Austria Committee
Dr. Günter Geyer
Mag. Robert Lasshofer
Dr. Christine Dornaus (starting 13 June 2009)
Dr. Judit Havasi (starting 13 June 2009)
Erich Leiß (starting 13 June 2009)

Detailed information on the members of the Managing Board:

Dr. Günter Geyer
General Manager and Chairman of the Managing Board
Year of birth: 1943
Date first appointed: 1988
End of current term of office: 30 June 2013

Areas of responsibility: management of the Group, strategic questions, public relations, marketing, legal office, human resources
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

Positions currently held on the supervisory boards of other domestic and foreign corporations outside of the Group:
Casinos Austria AG
CEESEG Aktiengesellschaft
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft
Wiener Börse AG

Dkfm. Karl Fink (until 30 September 2009)
General Manager
Year of birth: 1945
Date first appointed: 1987
End of term of office: 30 September 2009

Areas of responsibility 2009: corporate and large risk business (underwriting claims)

Positions currently held on the supervisory boards of other domestic and foreign corporations outside of the Group:
Wienerberger AG
AT&S Austria Technologie & Systemtechnik AG

Dr. Peter Hagen
Deputy General Manager
Year of birth: 1959
Date first appointed: 2004
End of current term of office: 30 June 2013

Areas of responsibility: sponsoring, cost structure of the Group, Group IT / back office, SAP Smile Solutions, VIG RE, project internal capital model (project Solvency II)

Positions currently held on the supervisory boards of other domestic and foreign corporations outside of the Group:
voestalpine AG

Mag. Robert Lasshofer
Deputy General Manager
Year of birth: 1957
Date first appointed: 1999
End of current term of office: 30 June 2013

Areas of responsibility: sales, corporate and large risk business, marketing/advertising

Positions currently held on the supervisory boards of other domestic and foreign corporations outside of the Group:
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft
Bausparkasse der österreichischen Sparkassen AG

Dr. Martin Simhandl
CFO
Year of birth: 1961
Date first appointed: 2004
End of current term of office: 30. Juni 2013

Areas of responsibility: asset management, asset-risk management, subsidiary and loans management, finance and accounting, coordination TBIH
Country responsibilities: Germany, Liechtenstein, Croatia

Ing. Martin Diviš, MBA (starting 13 June 2009)
Year of birth: 1973
Date first appointed: 2009
End of current term of office: 30 June 2013

Areas of responsibility: profitability steering motor insurance
Country responsibilities: Czech Repbulic, Belarus, Ukraine

Dr. Christine Dornaus (starting 13 June 2009)
Year of birth: 1963
Date first appointed: 2009
End of current term of office: 30 June 2013

Areas of responsibility: investment/ownership interest/real estate, accounting

Positions currently held on the supervisory boards of other domestic and foreign corporations outside of the Group:
ATHENA Wien Beteiligungen AG
Porr Projekt und Hochbau Aktiengesellschaft
Porr Technobau und Umwelt Aktiengesellschaft

Franz Fuchs (starting 1 October 2009)
Year of birth: 1953
Date first appointed: 2009
End of current term of office: 30 June 2013

Areas of responsibility: profitability steering personal insurance
Country responsibilities: Baltic States, Bulgaria, Poland, Romania

Positions currently held on the supervisory boards of other domestic and foreign corporations outside of the Group:
C-QUADRAT Investment AG

Dr. Judit Havasi (starting 13 June 2009)
Year of birth: 1975
Date first appointed: 2009
End of current term of office: 30 June 2013

Areas of responsibility: human resources, law, reinsurance/actuarial services personal insurance

Mag. Peter Höfinger
Year of birth: 1971
Date first appointed: 2009
End of current term of office: 30 June 2013

Areas of responsibility: corporate and large risk business, Vienna International Underwriters (VIU), reinsurance
Country responsibility: Hungary, Serbia

Positions currently held on the supervisory boards of other domestic and foreign corporations outside of the Group:
Insurance Joint Stock Company MSK Standart

Erich Leiß (starting 13 June 2009)
Year of birth: 1956
Date first appointed: 2009
End of current term of office: 30 June 2013

Areas of responsibility: non-life insurance (underwriting/claims), IT, busindess organisation, reinsurance property insurance

The Managing Board is responsible for the issues of the General Secretariat, Group Controlling, Enterprise Risk Management, Actuarial Department, Internal Audit and Investor Relations.

The following two substitute members were also appointed to the Managing Board, and will become members of the Managing Board in the event of a long-term inability of a member of the Managing Board to discharge his or her duties:

Mag. Roland Gröll (Year of birth: 1965)
Dr. Franz Kosyna (Year of birth: 1954)

The Supervisory Board has the following members:

MEMBERS ELECETED BY THE ANNUAL GENERAL MEETING:

Präsident Komm.-Rat Dkfm. Klaus Stadler
Chairman
Year of birth: 1939
Date first appointed: 1992
End of current term of office: 2014

Komm.-Rat Dr. Karl Skyba
Deputy Chairman
Year of birth: 1939
Date first appointed: 1992
End of current term of office: 2014

Generalabt Propst Bernhard Backovsky
Year of birth: 1943
Date first appointed: 2002
End of current term of office: 2014

Mag. Alois Hochegger
Year of birth: 1949
Datum der Erstbestellung: 2005
End of current term of office: 2014

Dipl.-Ing. Guido Klestil
Year of birth: 1941
Date first appointed: 1992
End of current term of office: 2014

Senator Prof. Komm.-Rat Walter Nettig
Year of birth: 1935
Date first appointed: 1992
End of current term of office: 2014

Hofrat Dkfm. Heinz Öhler
Year of birth: 1945
Date first appointed: 2002
End of current term of office: 2014

Mag. Reinhard Ortner
Year of birth: 1949
Date first appointed: 2007
End of current term of office: 2014

Dr. Johann Sereinig
Year of birth: 1952
Date first appointed: 1992
End of current term of office: 2014

Mag. Dr. Friedrich Stara
Year of birth: 1949
Date first appointed: 2002
End of current term of office: 2014

EMPLOYEE REPRESENTATIVES:

Peter Grimm
Year of birth: 1952

Brigitta Kinast-Pötsch
Year of birth: 1952

Franz Urban
Year of birth: 1949

Gerd Wiehart
Year of birth: 1961

Peter Winkler
Year of birth: 1956

Supervisory Board independence

In accordance with Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG has established the following criteria for independence:

- The Supervisory Board member has not been a member of the Managing Board or senior management of the Company, or a subsidiary of the Company, in the last five years.
- The Supervisory Board member does not maintain a business relationship with the Company or a subsidiary of the Company of such significant scope for the Supervisory Board member that his or her activities on the Supervisory Board are affected to the detriment of the Company. This also applies to business relationships with companies in which the Supervisory Board member has a significant economic interest. The approval of individual transactions by the Supervisory Board in accordance with § 95(5)(12) of the Austrian Stock Corporation Act or § 15(2)(l) of the articles of association does not automatically lead to a classification as non-independent. It is expressly noted that the entry into or existence of contracts of insurance with the Company does not in any case adversely affect independence.
- Over the last three years, the Supervisory Board member has not been an auditor of the Company's financial statements or an interested party or employee of the auditing company doing such auditing.
- The Supervisory Board member is not a member of the managing board of another company that has a member of the Company's Managing Board as a member of its supervisory board.
- The Supervisory Board member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a member of the Managing Board or of persons who are in one of the positions described in the foregoing points.

The Supervisory Board as a whole is considered independent if at least 50% of the members elected by the General Shareholders' Meeting satisfy the above-listed criteria for independence of a Supervisory Board member.
All members of the Supervisory Board elected by the General Shareholders' Meeting have declared that they are to be regarded as independent in accordance with the criteria laid down by the Supervisory Board. No member of the Supervisory Board is a shareholder of the Company with an ownership interest greater than 10% or represents the interests of such a shareholder.

The following Supervisory Board members held supervisory board positions or comparable positions in domestic or foreign listed companies in 2009:

Dipl.-Ing. Guido Klestil
austriamicrosystems AG

Senator Prof. Komm.-Rat Walter Nettig
Imperial Hotels Austria AG

Komm.-Rat Dr. Karl Skyba
Flughafen Wien AG

Supervisory Board committees

The following qualified Supervisory Board committees were formed to increase the efficiency of the Board and to deal with complex issues:

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)
The Working Committee decides on matters that require Supervisory Board approval but cannot be deferred to the next ordinary Supervisory Board meeting because of special urgency..

Komm.-Rat Dkfm. Klaus Stadler, Chairman
1st Substitute: Dr. Johann Sereinig
2nd Substitute: Mag. Alois Hochegger
3rd Substiute: Mag. Reinhard Ortner

Komm.-Rat Dr. Karl Skyba
1st Substitute: Dipl.-Ing. Guido Klestil
2nd Substitute: Hofrat Dkfm. Heinz Öhler
3rd Substitute: Mag. Reinhard Ortner

Franz Urban
1st Substitute: Gerd Wiehart
2nd Substitute: Peter Grimm

AUDIT COMMITTEE (ACCOUNTING COMMITTEE)
The Audit Committee (Accounts Committee) is responsible for the duties assigned under § 92(4a) of the Austrian Stock Corporation Act (AktG), namely:

1. monitoring the accounting process;

2. monitoring the effectiveness of the Company's internal control system, internal auditing system and risk management system;

3. monitoring the auditing of the financial statements and consolidated financial statements;

4. examination and monitoring of the independence of the auditor of the financial statements (consolidated financial statements), particularly with respect to additional services provided for the audited company;

5. auditing of the annual financial statements and preparations for their approval, examination of the proposed appropriation of profits, management report and corporate governance report, and presentation of a report on the audit findings to the Supervisory Board;

6. auditing of the consolidated financial statements and Group management report, and presentation of a report on the audit findings to the supervisory board of the parent company;

7. preparation of the Supervisory Board proposal for selecting the auditor of the financial statements (consolidated financial statements).

Komm.-Rat Dkfm. Klaus Stadler, Vorsitzender
1st Substitute: Dr. Johann Sereinig
2nd Substitute: Mag. Alois Hochegger
3rd Substitute: Mag. Reinhard Ortner

Komm.-Rat Dr. Karl Skyba
1st Substitute: Dipl.-Ing. Guido Klestil
2nd Substitute: Hofrat Dkfm. Heinz Öhler
3rd Substitue: Mag. Reinhard Ortner

Franz Urban
1st Substitute: Gerd Wiehart
2nd Substitute: Peter Grimm

COMMITTEE FOR MANAGING BOARD MATTERS
(COMPENSATION COMMITTEE)
The Committee for Managing Board Matters deals with Managing Board personnel matters. The Committee for Managing Board Matters therefore decides on the content of employment contracts with members of the Managing Board and their compensation.

Komm.-Rat Dkfm. Klaus Stadler, Chairman
Komm.-Rat Dr. Karl Skyba

STRATEGY COMMITTEE
The Strategy Committee works together with the Managing Board and, if necessary, experts that it consults, to prepare fundamental decisions that must then be decided on by the Supervisory Board as a whole.

Komm.-Rat Dkfm. Klaus Stadler, Chairman
1st Substitute: Dr. Johann Sereinig
2nd Substitute: Mag. Alois Hochegger
3rd Substitute: Mag. Reinhard Ortner

Komm.-Rat Dr. Karl Skyba
1st Substitute: Dipl.-Ing. Guido Klestil
2nd Substitute: Hofrat Dkfm. Heinz Öhler
3rd Substitute: Mag. Reinhard Ortner

Franz Urban
1st Substitute: Gerd Wiehart
2nd Substitute: Peter Grimm

The Company concluded no agreements with members of the Supervisory Board in 2009 that would have been required approval from the Supervisory Board.

Procedures followed by the Managing Board and Supervisory Board

Managing Board
In accordance with the Managing Board rules of procedure, the Managing Board formed two Managing Board committees, one to deal with Group matters (Vienna Insurance Group Committee) and the other with the management of Wiener Städtische in Austria (Wiener Städtische Austria Committee).

The Managing Board meets at least once a week to discuss the current course of business, and during those meetings it makes the necessary decisions and adopts the required resolutions. The members of the Managing Board continuously exchange information with each other and with the heads of departments at a given time. The Managing Board is assisted in its management of the Group by the Group's Executive Board, which is comprised of the members of the Managing Board plus selected representatives of Group companies in Austria and the CEE region.

The Managing Board is advised on important Group matters by the Senior Advisory Board, which is comprised of experienced Group managers and managers of Group companies. To assist the Managing Board with its management duties in Austria, an Extended Board was established, comprised of the members of the Managing Board and the department heads of the key areas of insurance business operations in Austria.

Supervisory Board

The management of the Company is periodically monitored by the Supervisory Board as a whole, as well as by its committees, Chairman and Deputy Chairman. Detailed presentations and discussions during Supervisory Board and Supervisory Board committee meetings are used for this purpose, as are recurring meetings between, in particular, the Executive Committee of the Supervisory Board and the members of the Managing Board, who provide comprehensive explanations and supporting documentation relating to the management and financial position of the Company and the Group. The strategy, business development, risk management, internal control system and activities of the internal audit department of the Company are also discussed in Supervisory Board meetings and discussions with the Managing Board.

The Supervisory Board and Audit Committee also have direct discussions with the auditor of the financial statements and consolidated financial statements in order to inform themselves regarding the accounting process and the progress of the audit and to inquire whether the audit has produced any material findings. The audit reports are discussed and deliberated over in detail with the audit managers during the meetings dealing with the annual and Group financial statements. The Supervisory Board also obtains a quarterly report from the internal audit department, and has the Managing Board explain to it the organisation and functioning of the risk management and internal control systems.

The Supervisory Board has formed four committees from among its members, a Committee for Urgent Matters (Working Committee), Audit Committee (Accounts Committee), Committee for Managing Board Matters (Compensation Committee) and Strategy Committee. Detailed information on these committees is provided in the "Supervisory Board committees" section.

Number of meetings of the Supervisory Board and its committees

One ordinary General Shareholders' Meeting and five Supervisory Board meetings were held in 2009. Four meetings of the Audit Committee were also held. The Committee for Urgent Matters held one meeting and was also contacted in writing with regard to eight matters. The Supervisory Board was informed of all resolutions passed by these committees at its next following meeting. The Committee for Managing Board Matters also held three meetings in 2009. No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

Disclosure of information on Managing Board and Supervisory Board compensation

Compensation plan for members of the Managing Board

The compensation of Managing Board members is comprised of a fixed (approximately 60%) and a variable (approximately 40%) component. The performance-linked component is dependent on the profit of the Group, as well as of key Group companies, and takes into account the sustained performance of the Company and the Group. There is a maximum limit on this performance-linked component. The Managing Board receives no performance-linked compensation if profit falls below certain thresholds.

In view of the economic environment, which also continues to present great challenges to many of the Group's customers, the Managing Board waived the 2008 performance-linked income component it is contractually entitled to upon achieving its targets.

Despite the good 2009 results, the Managing Board, in recognition of the difficult economic situation, is also waiving its bonus entitlement for 2009.

The standard employment agreement of a member of the Managing Board of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG includes a pension entitlement equal to at most 40% of the measurement basis if the member remains on the Managing Board until the age of 65 (the measurement basis is equal to the standard fixed salary). The rules for Managing Board members with many years of prior service differ in that the percentage of the measurement basis is higher for historical reasons (up to 55%) with supplements awarded for remaining on the Managing Board at the Supervisory Board's request after the age limit has been reached.

A pension is normally received only if a Managing Board member's position is not extended through no fault of his or her own, or the Managing Board member retires due to illness or age.

To the extent that the law does not require application of the provisions of the Austrian Employee and Self-Employment Provisions Act (Mitarbeiter- und Selbstständigen-Vorsorgegesetz) do not apply under the law, the Managing Board agreements of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act (Angestelltengesetz), as amended in 2003, in combination with applicable sector-specific provisions. Under these provisions, depending on the period of service, Managing Board members can receive two to twelve months' compensation as a severance payment, with an increase of 50% if the member retires or withdraws after a long-term illness. A member who withdraws from the Managing Board of his or her own volition before being able to retire, or who withdraws due to a fault of his or her own, is not entitled to a severance payment.

Compensation plan for members of the Supervisory Board
In accordance with resolutions adopted by the 16th ordinary General Shareholders' Meeting of 25 May 2007, the members of the Supervisory Board elected by the General Shareholders' Meeting are entitled to receive compensation in the form of a payment remitted monthly in advance. Members of the Supervisory Board who withdraw from the Supervisory Board during the course of a month receive full compensation for the month in question. In addition to this compensation, Supervisory Board members are entitled to receive an attendance fee for their participation in Supervisory Board meetings and Supervisory Board committee meetings (remitted following participation in the meeting). The total compensation paid to members of the Supervisory Board in 2009 was EUR 366 thousand (2008: EUR 353 thousand).

Measures undertaken for the promotion of women in the Managing Board, Supervisory Board and management positions

Dr. Christine Dornaus and Dr. Judit Havasi became members of the Company's Managing Board effective 13 June 2009. Not including the Chairman, women therefore now hold 50% of the positions on the Wiener Städtische Managing Board committee.

In addition, Mag. Helene Kanta is a member of the Extended Board of Wiener Städtische.

As of 1 January 2009, around 1/3 of the managers directly below the Managing Board were women, both in the VIENNA INSURANCE GROUP and Wiener Städtische Austria. Ms. Ida Wander is the manager of the Tyrolean provincial headquarters.

The first stage in the optimisation of Wiener Städtische's customer support department in 2009 was to restructure three areas directly below the Managing Board. The selection procedure resulted in women being chosen to manage two of these.

Mag. (FH) Sabine Stiller was appointed manager of the V.I.G. general secretariat and Dipl.-Ing. Doris Janik manager of the Wiener Städtische general secretariat effective 1 January 2010.

The Managing Board:

Dr. Günter Geyer

Dr. Peter Hagen | **Mag. Robert Lasshofer** | **Dr. Martin Simhandl**

Ing. Martin Diviš, MBA | **Dr. Christine Dornaus** | **Franz Fuchs**

Dr. Judit Havasi | **Mag. Peter Höfinger** | **Erich Leiß**

Vienna, 11 March 2010

DECLARATION BY THE MANAGING BOARD

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

The declaration for the annual financial statements of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is issued in the annual report of this company.

The Managing Board:

Dr. Günter Geyer

Dr. Peter Hagen | **Mag. Robert Lasshofer** | **Dr. Martin Simhandl**

Ing. Martin Diviš, MBA | **Dr. Christine Dornaus** | **Franz Fuchs**

Dr. Judit Havasi | **Mag. Peter Höfinger** | **Erich Leiß**

Vienna, 11 March 2010

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GLOSSARY

ALM (Asset- und Liability-Management)

ALM refers to the continuous matching of corporate assets and liabilities. It ensures that promised payments are covered by achievable returns. ALM serves as a management instrument for developing a strategy with which financial goals can be achieved within prescribed risk limits.

Annuity tables

Annuity tables are the most important calculation tool used in life and health insurance. The annuity tables used by insurers are based on the mortality tables derived from the population census. These are revised every ten years to take into account changing conditions, such as medical advances and improved living conditions.

Assets under management

Total capital assets that are valued at fair value, under management by the group, and where the group is responsible for asset performance.

Associated companies

The parent company and its subsidiaries are considered to be associated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company directly or indirectly holds more than half of all voting rights, a controlling agreement exists, or it is possible to appoint the majority of the members of the Managing Board or other executive bodies of the subsidiary (§ 244 UGB).

Available for sale securities

Available for sale securities include securities that were not acquired with the intention of being held-to-maturity, or for shortterm trading purposes. These available for sale securities are recognised at market value as of the balance sheet reporting date. The difference between market value and amortized cost (unrealised gains and losses) is applied directly to equity.

Cash flow

A key figure used in the analysis of shares and companies. Cash flow is essentially calculated by adding together the profit for the year, depreciation, changes in long-term provisions, and income taxes. It represents the inflow of liquid assets during a specific accounting period.

Cash flow statement

A presentation of the changes in cash and cash equivalents during a fiscal year, broken down into the three areas of ordinary activities, investing activities, and financing activities.

CEE (Central and Eastern Europe)

The Vienna Insurance Group defines the "CEE" region as all the growth markets in Central and Eastern Europe in which the Group operates. This includes the Czech Republic, Slovakia, Poland, Romania, Albania, Bulgaria, Estonia, Georgia, Croatia, Latvia, Lithuania, Macedonia, Russia, Serbia, Slovenia, Turkey, Ukraine, Hungary, and Belarus. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFI, IHS), etc.

Ceded reinsurance premiums

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

CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors)

CEIOPS is an independent committee for insurance and company pension plans, which consists of high-ranking representatives of supervisory authorities for insurance in the EU and EEA member countries. The committee advises the European Commission on the development of drafts for implementing provisions and contributes to a consistent implementation of the directives.

Claims incurred but not reported

Losses that are reported in the current fiscal year but occurred in the previous year. Each year as of the balance sheet reporting date, a reserve (= incurred but not reported reserve, IBNR) is formed for losses that relate to the financial statement year but are not reported until the following year.

Claims ratio

The percentage ratio of expenses for insurance claims divided by gross earned premiums. The calculation is based on the expenses for insurance claims in the income statement less claims handling expenses.

Combined ratio (net)

When the total of all items in the income statement that contribute to the profit before taxes, except for income from capital assets and the value of gross earned premiums itself, is divided by gross earned premiums, the result is called the combined ratio. If this ratio is less than 100%, the company is earning a profit from the underwriting portion of the business. This ratio is only calculated for property and casualty insurance. Since the reinsurers' share is taken into account in the calculation, the result is a net combined ratio.

Consolidation

The financial assets of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intercompany capital combinations, interim profit/loss, payables and receivables, and income and expenses between group companies are eliminated.

Deposits on assumed and ceded reinsurance business

A claim by the reinsuring company against the ceding company for deposits that it retains. When business is assumed, the reinsurer's share of premiums and claims are retained as security by the ceding insurance company. The deposits on ceded reinsurance item is analogous.

Derivative financial instruments (derivatives)

Financial contracts whose value depends on the price of an underlying asset. Derivatives can be classified systematically according to the nature of the underlying asset (interest rates, share prices, currency rates, or commodity prices). Options, futures, forwards and swaps are important examples of derivative financial instruments.

Direct business

Insurance business where an immediate legal relationship exists between the insurer and policyholder.

Earned premiums

The portion of premiums written which is allocated to the current fiscal year.

Earnings per share (basic/diluted)

The ratio of consolidated net income divided by the average number of shares outstanding. The diluted earnings per share include convertible securities that have been exercised, or are still available for exercise, in the calculation of the number of shares and net income. The convertible securities consist of convertible bonds and stock options.

Enterprise Risk Management (ERM)

Risk and opportunity management. Identification, assessment, analysis and control of opportunities and risks.

Equity method

Shares in non-consolidated affiliated companies and non-profit companies, and shares in associated companies are recognised using this method. As a rule, the value recognised corresponds to the Group's proportional share of the equity in these companies. In the case of shares in companies that prepare their own consolidated financial statements, the consolidated equity is recognised instead. For current valuation, the value recognised is adjusted using a proportional share of changes to equity, with the shares in net income being allocated to consolidated net income and disbursed profit distributions deducted.

Expense ratio

The ratio of premium writing expenses and other operating expenses divided by gross earned premiums. The expense ratio is therefore made up of a premium writing expense ratio and an administrative expense ratio.

Expenses for insurance claims

These are comprised of the payments for insurance claims, payments for claims investigation, claims settlement, and claims prevention, and from the change in the associated reserves.

Fair value

A security value calculated using a theoretical pricing model that takes into account factors on which the price depends.

Financial result

Income and expenses for capital assets and interest. This includes, for example, income from securities, loans, real estate and equity interests, as well as bank interest, and expenses incurred in the financial area, such as scheduled depreciation on owned real estate, unscheduled writedowns of securities to listed market prices, bank fees, etc.

Gross domestic product (GDP)

A measure of a country's economic production. All goods and services produced or provided within a country (by citizens or foreigners) during a specified period, valued at current prices (market prices) or constant prices (prices in a certain base year).

Gross/net

In insurance terminology, "gross/net" means before or after reinsurance has been deducted ("net" is also used to mean "for own account"). In connection with income from equity interests, the term "net" is used when related expenses have already been deducted from income (e.g., write-offs and losses from sale).Therefore, (net) income from equity interests equals the profit or loss from these interests.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards. Since 2002, the designation IFRS has stood for the overall framework of all standards adopted by the International Accounting Standards Board. Previously adopted standards continue to be referred to as International Accounting Standards (IAS).

Income from capital assets and interest income

Income from capital assets and other interest income is comprised of income from equity interests (from associated companies), income from land and buildings, income from other capital assets, income from write-ups, gains from the sale of capital assets, and other income from capital assets and interest income.

Indirect business

Insurance business where the company acts as a reinsurer.

Insurance density

Annual per capita insurance premiums, used as an indicator for the state of development of a country's insurance sector.

Insurance payments (net)

Expenses (after deducting reinsurance) for insurance claims.

Insurance penetration

Insurance premiums as a percentage of gross domestic product, used as an indicator for the state of development of a country's insurance sector.

Insurance supervisory authority

The Austrian insurance supervisory authority is a part of the Austrian Financial Market Authority (FMA) that was established as an independent authority in April 2002. Its supervision extends to private-sector insurance companies with registered offices in Austria.

Loss provision

A provision for losses that have already been incurred but have not yet been settled.

Market capitalisation

Stock exchange value or market capitalisation means the value of a stock corporation calculated by multiplying the current stock exchange price by the total number of shares issued.

Market value

The value of an asset on the balance sheet that can be realised by selling it in the market to a third party.

Mathematical reserve

A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance areas. In the health insurance area, this is also referred to as an ageing reserve.

Minority interest

Shares in the equity of affiliated companies that are not held by Group companies.

Minority interest in net income/loss

The share of net income/loss allocated not to the Group, but to shareholders outside of the Group holding interests in associated companies.

Non-life

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

Operating expenses

Operating expenses for retained insurance business are broken down into policy writing expenses, and other operating expenses, less reinsurance commissions and profit commissions for reinsurance cessions. Expenses for claims investigation, loss prevention, and claims processing (claims handling expenses) or for making insurance payments (settlement costs) are shown in the expenses for insurance claims item.

Options

Derivative financial instruments which entitle, but do not obligate, the buyer to purchase (call option) or sell (put option) an underlying asset at a future point in time for a specified price. In contrast, the seller of the option is obligated to deliver or purchase the asset and receives a premium for providing the option.

Organic growth

Organic growth means the growth of a company resulting from the company's own financial strength. Such growth is therefore not the result of purchasing other companies.

Personal insurance

Comprised of life, health and casualty insurance.

Premium

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

Premium refund (profit-dependent)

The policyholder's profit participation in the profit of the insurance class in question (life / health / property and casualty).

Premium refund (profit-independent)

Contractually accorded refund of premiums to the policyholder.

Premiums written

Direct business premiums written are comprised of set premiums, not including premium or fire service taxes, plus policyholder collateral payments, reduced by premiums cancelled during the fiscal year. In indirect business, the premiums written correspond to the premiums that the ceding insurer has indicated for offset. In co-insurance business, the premiums written by each co-insurer correspond to the share of premiums allotted to it.

Present value

Current value of a cash amount to be received in the future, calculated through discounting by a known discount rate.

Profit participation

See premium refund (profit-dependent).

Rating

A rating is an evaluation of an insurance company or insurance products carried out by a rating agency. The evaluation is expressed as a kind of grading. The rating is presented using symbols, and comprises a number of different classes. It is very similar to a school grading system.

Real GDP

Real GDP is GDP that has been adjusted to remove inflation. Inflation is removed by using the market prices in a base year to value all goods and services and removing all price increases from the calculations (GDP at constant prices).

Reinsurance

Reinsurance is when an insurance company insures a portion of its risk with another insurance company.

Retained earnings

Retained earnings are the profits generated by the company that have not been distributed as dividends.

Return on equity (RoE)

Profit before taxes as a percentage of average equity, calculated using values at the beginning and end of the year.

Securities held to maturity

Held-to-maturity securities comprise debt securities that are intended to be held to maturity, and can be held to maturity. They are recognised "at amortized cost".

Segment reporting

Presentation of the consolidated financial statements broken down according to the property and casualty insurance, life insurance, and health insurance areas as primary segments, and according to regions as secondary segments.

Single premium

A special type of premium payment used for life insurance. A (high) amount is paid as a single premium at the start of the policy.

Solvency II

Solvency II is a fundamental reform of insurance supervisory law in Europe, particularly solvency regulations relating to the capital adequacy of insurance companies. Solvency II is intended to create methods for the riskbased management of the total solvency of insurance companies. The static system for determining capital adequacy currently in effect will be replaced by a riskbased system, which goes beyond the current capital adequacy provisions of the Insurance Supervision Act to also take into account, in particular, qualitative factors (e.g. internal risk management).

Stress test

Stress tests are a special form of scenario analysis. The objective is to arrive at a quantitative assessment of the potential losses incurred by portfolios in the event of extreme market fluctuations.

UGB

From 1 January 2007 Austrian Corporation Code (UnternehmensgesetzbuchUGB)

Underwriter

Underwriters are responsible for evaluating risks in the insurance industry, and have the authority to underwrite risks. An underwriter estimates the probability and size of a loss as precisely as possible, calculates insurance premiums and establishes policy terms.

Underwriting provisions

These consist of the provision for outstanding claims, actuarial reserve, unearned premiums, provisions for profitdependent and profit-independent premium refunds, the equalisation provision, and other underwriting reserves.

Unearned premiums

The portion of premiums written that were specified for the period following the annual financial statement reporting date and are therefore not included in the income for the financial year. These premiums are used to cover obligations arising after the balance sheet reporting date.

Unit-linked and index-linked life insurance

Insurance policies where the capital investment is made at the policy-holder's risk. The investments in this area are valued at fair value, with the underwriting reserves shown at the value of the capital assets.

VAG

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

Value at Risk (VaR)

Value-at-Risk is a procedure used to calculate potential losses arising from price changes affecting the trading position. This loss potential is expressed using a specific confidence limit (e.g. 98%), and is calculated based on market-related price changes.

Vienna Insurance Group

Name used for the company VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG in its capacity as a holding company and for the Vienna Insurance Group as a group of companies.

Volatility

Fluctuations in security prices, currency rates, and interest rates.

Wiener Städtische AG

Name used for the company VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG in its capacity as an insurance company.

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What is there that is permanent?

THE ART OF RECOGNISING THE WHOLE OUT OF A DIVERSITY OF PERSPECTIVES.

MARUŠA ŠUŠTAR
Slovenia

The “Overview” series deals with the “view from above”. While the heavenly observer is an age-old concept, it also reflects the situation today in which people are under constant surveillance from “above” for their own “protection”, resulting in a loss of the private sphere and creating the possibility of manipulation.

LIVIO RAJH
Croatia

The visitor views the work in the exhibition space – graphic art and interactive projection – and in turn sees visitors to an exhibition, which thereby becomes a meta-exhibition.

The viewing angle initially set by the artist is the starting point. The observer can change the focal length, thereby affecting the image shown.

VIOLA FÁTYOL
Hungary

My photographs are based on set situations. I attempt to combine the traditions of conceptual art and land art.

Objects, things and pictorial elements are enriched with new meaning and their interplay creates symbolic messages. I work with the phenomenon that observers of scenes depicted in photographs perceive them to be “real”.

© Anna Huláčová

ANNA HULAČOVÁ

Czech Republic

In my work, I study the perception of aesthetics in tradition and custom. In folklore in particular, beauty is often created by means of decoration. I transfer this form of human aesthetics into other realms and dimensions. I also enjoy working in public spaces and document people's reactions to unfamiliar things.

© Lucia Stráňaiová

LUCIA STRÁŇAIOVÁ

Slovakia

I concentrate on people's inner lives and attempt to capture the abstract, the non-objective. The series "Grand Parents" documents the relationship between my grandparents in 12 photographs, without sentimentality, pathos or narrative aspects: the emotional layers are revealed through the body and its structures.

© Cristina Vladu

CRISTINA VLADU

Romania

I use a box of sweets as a camera because my aim is to go beyond the contemporary practices of photography. At the same time, the 10 to 15-minute exposure period was a good opportunity for me to practice meditation.

The long working process made my work in the series "Self-Portraits Through a Candy Box" very personal and intimate.

ADDRESS · NOTES · GENERAL INFORMATION

NOTES

This annual report also includes forward-looking statements based on current assumptions and estimates that are made by the Management of the VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG to the best of its knowledge. Information offered using the words "expectation" or "target" or similar formulations indicate such forward-looking statements. The projections that are related to the future development of the company represent estimates that were made on the basis of the information available as of the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialise or if risks arise at a level that was not anticipated.

Note regarding rounding: Calculation differences may arise when rounded amounts and percentages are summed automatically.

The annual report was prepared with the greatest possible care in order to ensure that the information provided in all parts is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Our aim was to keep the Annual Report as easy to read and as fluent as possible. For this reason, we have dispensed with formulations such as "he/she", "his/her", etc. It should be understood that the text always refers to women and men equally without discrimination.

Internet Site – Online Report
The annual report is available in the German and in the English languages and can also be downloaded in both languages as a pdf file from our website (www.vig.com) under Investor Relations. On the website, you will also find an online version of the annual report specially adapted for the Internet.

In the event of doubt, the German version is authoritative.

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