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ANNUAL FINANCIAL REPORT 2010 | **VIENNA INSURANCE GROUP**

pursuant to § 82 sec. 4 of the Austrian Stock Exchange Act

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GROUP MANAGEMENT REPORT

PERFORMANCE 2010 (MANAGEMENT REPORT)

BUSINESS DEVELOPMENT OF THE GROUP IN 2010

The approximately 50 insurance companies belonging to the Vienna Insurance Group operate in the property and casualty insurance, life insurance and, in some countries, the health insurance business as well. These three insurance classes are explained in the Group report structured by segments.

To show the Group's business development by geography, the 24 countries to which the Group's activities extend are divided into the six geographical segments Austria, Czech Republic, Slovakia, Poland, Romania and Remaining markets. This classification differs from the presentation last year which distinguished between Other CEE markets and Other markets in addition to the individual countries listed. The newly introduced segment Remaining markets combines the two. This reflects the ongoing diversification within the Group. The markets Russia and Belarus were not included in the VIG consolidation circle in 2010 due to their secondary significance. The launch of Montenegro operations will only take place in 2011. Details on changes in the scope of consolidation appear in the notes starting on page 38.

The split-off of the insurance operations in Austria from the holding functions of the Group became final effective 3 August 2010. Thus, WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group is continuing to manage the property and casualty, life and health insurance business in Austria, as the largest single entity in the Group. In addition to the normal international management tasks of a listed corporate group, VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe devotes itself to the reinsurance and the international corporate customer business. However, this measure has no effect on the consolidated financial statements.

To avoid duplicate information, reference will be made to appropriate data in the notes. The development of the major balance-sheet and income statement items is also presented in the segment reporting in the notes. Additional information in the management report will explain these data in more detail.

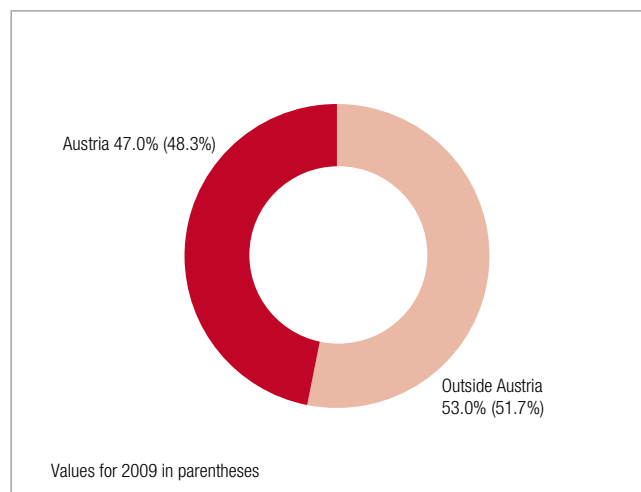
Premium volume

A brief presentation of the premium development is included under item 28 (Net earned premiums) of the notes to the consolidated financial statements.

In 2010, the Vienna Insurance Group generated premium volume of EUR 8,593.01 million. This represents an increase of EUR 573.73 million, or 7.2%, compared with the previous year. Of the gross premiums written, EUR 7,870.92 million were retained by the Vienna Insurance Group, and EUR 722.09 million ceded to reinsurers. The significant growth in the Czech Republic (+9.6%) and in Poland (+36.4%) were primary contributors to the development of premiums. In Austria, premium income showed a gratifying increase of 4.3%.

Overall, the Group generated around 53.0% of its premiums outside Austria in 2010. For property and casualty insurance, the share represented by companies outside Austria was 64.0%. In the area of life insurance, 45.0% of the premiums were attributable to the companies outside Austria.

PREMIUM PERCENTAGE BY REGION IN 2010



Net earned premiums managed an 8.5% rise, from EUR 7,242.28 million in 2009 to EUR 7,860.37 million in 2010. Deferred reinsurance cessions amounted to EUR 722.80 million.

Expenses for claims and insurance benefits

A brief presentation of expenses for claims and insurance benefits is included under item 32 (Expenses for claims and insurance benefits) of the notes to the consolidated financial statements.

In 2010 expenses for claims and insurance benefits, less the portions reinsured (EUR 466.44 million), amounted to EUR 6,541.35 million. This represents an increase of EUR 664.19 million, or 11.3%, mainly due to the effects of natural disaster year 2010, which was marked by heavy losses.

Operating expenses

A brief presentation of operating expenses is included under item 33 (Operating expenses).

Total operating expenses for all consolidated companies of the Vienna Insurance Group were EUR 1,759.88 million in 2010, including acquisition expenses and less reinsurance commissions received, representing an increase of 6.7% over the year before. Acquisition expenses amounted to EUR 1,509.05 million in 2010, thereby increasing 8.6% over the previous year.

Profit before taxes

In 2010, the Vienna Insurance Group realised a profit before taxes of EUR 507.79 million, equal to an increase of EUR 66.54 million, or 15.1%, over 2009.

Earnings per share

Earnings per share is a key figure which shows the consolidated net income divided by the average number of shares outstanding. In 2010, earnings per share amounted to EUR 2.97.

Combined ratio significantly below 100%

The Group's combined ratio (after reinsurance, but without taking into account investment income) amounted to 98.4% in 2010 and thus – despite an increase owing to natural disasters – continued to be below the 100% mark.

The combined ratio is calculated from all underwriting income and expenses and the net payments for claims and insurance benefits, including the net change in technical provisions, divided by the net earned premiums in the property/casualty area.

Financial results increase by almost 20%

A brief presentation of the financial results (excluding equity-accounted companies) is included under item 29 (Financial result) of the notes to the consolidated financial statements.

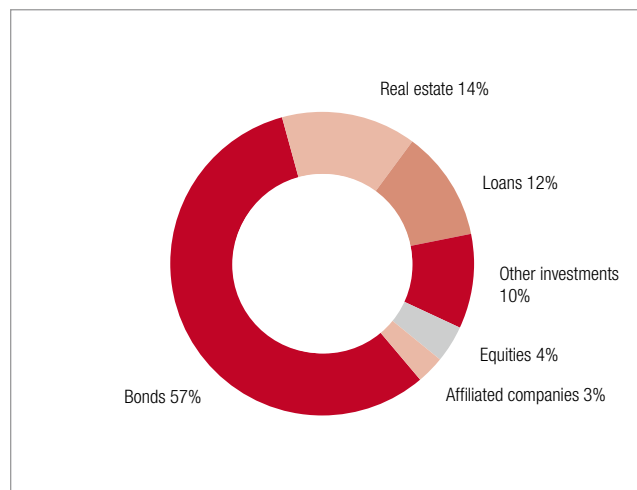
In 2010, the Vienna Insurance Group achieved a financial result of EUR 1,111.42 million. Here, the Group was able to exploit the positive momentum of the financial market to post a gain of 19.5%, or EUR 181.46 million. Once again, this development confirmed the correctness of the long-term conservative investment policy which the Group pursues.

Investments rise above EUR 28 billion

A brief presentation of the investments is included on page 61 of the notes to the consolidated financial statements.

The total investments of the Vienna Insurance Group amounted to EUR 28,159.52 million as of 31 December 2010. Compared with the previous year, this indicates an increase of EUR 2,265.47 million, or 8.7%.

BREAKDOWN OF INVESTMENTS IN 2010



These investments include all land and buildings of the Vienna Insurance Group, all shares in equity-accounted consolidated companies, and all financial instruments. They do not include unit-linked and index-linked life insurance investments, which increased by 18.4% in 2010, from EUR 4,628.45 million to EUR 5,478.60 million.

In the area of property and casualty insurance, investments nearly doubled, to EUR 8,217.81 million (+98.8%), as of 31 December 2010. The increase results from the reallocation of investments in connection with the demerger. Investments in the area of life insurance amounted to EUR 18,947.06 million (2009: EUR 20,883.64 million). In the area of health insurance, the Vienna Insurance Group's investments rose by 13.4% to EUR 994.65 million.

Equity

The Vienna Insurance Group's capital base rose 8.7%, to EUR 5,029.65 million, in 2010 (2009: EUR 4,628.57 million).

Underwriting provisions

As of 31 December 2010, underwriting provisions amounted to EUR 24,017.84 million. Thus, underwriting provisions of the Vienna Insurance Group were 6.4% higher at the end of 2010 than at the same time the year before.

The mathematical reserve and the provision for outstanding claims are broken down by lines of business and maturities as follows:

Composition mathematical reserve

	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	132	123
Life insurance	17,390,374	16,557,602
for guaranteed policy benefits	15,955,213	15,024,555
for allocated and committed profit shares	1,435,161	1,533,047
Health insurance	841,005	790,271
Total	18,231,511	17,347,996

Maturity structure mathematical reserve

	31.12.2010	31.12.2009
in EUR '000		
up to one year	1,861,878	1,354,542
more than one year up to five years	6,165,345	5,974,080
more than five years up to ten years	3,393,212	3,872,826
more than ten years	6,811,076	6,146,548
Total	18,231,511	17,347,996

Composition provision for outstanding claims

	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	3,509,228	3,255,133
Life insurance	207,690	171,878
Health insurance	50,797	44,973
Total	3,767,715	3,471,984

Maturity structure provision for outstanding claims

	31.12.2010	31.12.2009
in EUR '000		
up to one year	1,654,431	2,026,591
more than one year up to five years	1,060,852	802,774
more than five years up to ten years	288,767	250,131
more than ten years	763,665	392,488
Total	3,767,715	3,471,984

For property and casualty insurance, underwriting provisions increased by 8.6%, to EUR 4,638.88 million, compared with 2009. This increase is largely due to provisions for outstanding claims owing to natural disasters. As of 31 December 2010, underwriting provisions in the area of life insurance were up 5.7%, rising to EUR 18,456.68 million, over the prior year. For health insurance, underwriting provisions rose by 8.2%, to EUR 922.28 million.

Unit-linked and index-linked life insurance underwriting provisions also increased, from EUR 4,376.16 million in 2009 to EUR 5,227.93 million, up 19.5%.

RoE (Return on Equity)

RoE describes the ratio between consolidated profits and the Vienna Insurance Group's total average equity. In 2010 the Group achieved a return on equity (RoE) of 10.5% (2009: 10.0%).

Cash flow

Cash flow from operating activities amounted to EUR 2,094.67 million in 2010, compared to EUR 1,989.65 million in 2009. The cash flow from investing activities was EUR -2,011.94 million (2009: EUR -2,163.16 million). The largest cash flow item from investing activities was the acquisition of securities available for sale. The financing activities of the Vienna Insurance Group resulted in a cash flow of EUR -191.77 million in 2010 (2009: EUR 2.65 million). At 2010 year's end, the Group's cash and cash equivalents were at EUR 396.03 million. Overall, the Vienna Insurance Group received interests and dividends of EUR 930.12 million in 2010.

BUSINESS DEVELOPMENT IN DETAIL

Group premium income

In 2010, property and casualty insurance accounted for 50.6% of premium volume, while the area of life insurance grew considerably, contributing 45.5% to the Group's total premium volume of the Group. 3.9% of the premiums came from health insurance.

Premiums written by lines of business

in EUR million	2008	2009	2010
Property/Casualty	4,278.85	4,206.75	4,350.04
Life	3,305.73	3,491.17	3,904.81
Health	314.28	321.36	338.16
Total	7,898.87	8,019.28	8,593.01

Premiums written by region

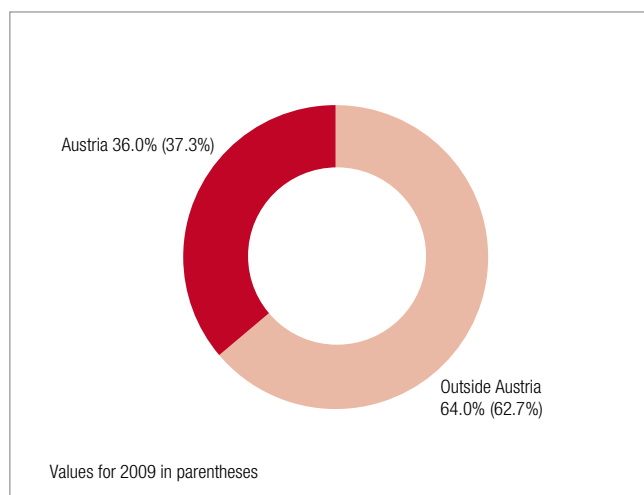
in EUR million	2008	2009	2010
Austria	3,755.72	3,874.15	4,041.14
Czech Republic	1,419.73	1,603.29	1,756.54
Slovakia	605.60	628.38	647.87
Poland	795.14	548.26	747.69
Romania	608.22	606.66	528.05
Remaining markets*	714.46	758.54	871.72
Total	7,898.87	8,019.28	8,593.01

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

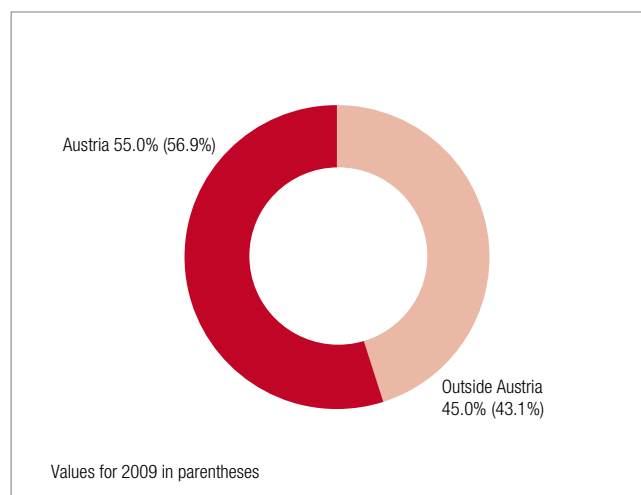
Property and casualty insurance

In the area of property and casualty insurance, the companies of the Vienna Insurance Group generated group premiums of EUR 4,350.04 million in 2010 (2009: EUR 4,206.75 million). Hence, the property and casualty insurance area turned in gains of 3.4%. With strong growth rates, the positive development in this segment was mainly driven by Poland and Remaining markets. For example, the Polish companies of the Vienna Insurance Group recorded gains of 45.7% with premium income of EUR 559.44 million; for Remaining markets, the premium volume increased by 11.9% over 2009. The Vienna Insurance Group in the Czech Republic was also able to increase premium income: from EUR 975.52 million to EUR 1,004.35 million. The share of premiums generated outside Austria was 64.0% in the area of property and casualty insurance.

PROPERTY/CASUALTY PREMIUMS BY REGION IN 2010



LIFE INSURANCE PREMIUMS BY REGION IN 2010



Growth in life insurance premiums

Vienna Insurance Group companies wrote a total of EUR 3,904.81 million in premiums in the life insurance area, equivalent to an increase of 11.8% compared to the year before.

The premium income of EUR 1,758.11 million generated by Group companies outside Austria represented a 16.8% premium increase. Thus, the share of Group life insurance premiums represented by countries outside Austria grew to 45.0%. In particular, the companies of s Versicherung made a significant contribution to the positive development in this segment.

The companies of the Vienna Insurance Group in the Czech Republic wrote EUR 752.19 million in premiums in the life insurance area, which is 19.8% more than in 2009. The Slovak companies contributed EUR 340.89 million (+15.5%) in this segment, the Polish companies EUR 188.25 million (+14.7%) and the Romanian companies EUR 93.16 million (+6.8%). The Remaining markets generated premiums of EUR 383.62 million and thus gains of 15.7%.

Health insurance: a 5.2% gain in premiums

In health insurance, which – to any extent relevant for total premiums – is currently pursued primarily in Austria by Wiener Städtische, one of the leading health insurers, premiums written by the Vienna Insurance Group rose by 5.2%, to EUR 338.16 million.

Profit before taxes

Profit before taxes reached EUR 507.79 million in 2010, which corresponds to an increase of 15.1% over the previous year. The clear gain, which managed to be achieved despite high costs owing to natural disasters, confirms the Group's strategy in its markets.

Profit before taxes by lines of business

in EUR million	2008	2009	2010
Property/Casualty	414.23	238.86	222.72
Life	102.40	177.77	248.46
Health	24.17	24.62	36.61
Total	540.80	441.25	507.79

Profit before taxes by region

in EUR million	2008	2009	2010
Austria	344.33	247.49	250.89
Czech Republic	107.45	122.91	167.33
Slovakia	4.99	23.01	37.32
Poland	26.11	27.42	24.18
Romania	57.46	24.19	28.51
Remaining markets*	0.46	-3.77	-0.44
Total	540.80	441.25	507.79

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

Property and casualty insurance

With a contribution to the results of EUR 222.72 million, the area of property and casualty insurance generated 43.9% of the profits of Vienna Insurance Group.

Life insurance

In the life insurance area, the Group generated a profit before taxes of EUR 248.46 million. This represents an increase of 39.8% over 2009. Thus, life insurance accounts for a 48.9% share of total profits.

Health insurance

Health insurance contributed EUR 36.61 million to the profits of the Vienna Insurance Group.

Employees

The Vienna Insurance Group had a total of 25,006 employees in 2010, which is 2.5% more than in the previous year. The rise in employees resulted primarily from the initial consolidation of the companies listed on page 39 of the Group report.

Employees by region

	2008	2009	2010
Austria	6,341	6,368	6,493
Czech Republic	4,883	4,972	4,913
Slovakia	1,793	1,650	1,572
Poland	1,522	1,578	1,902
Romania	4,239	5,088	4,383
Remaining markets*	4,615	4,730	5,743
Total	23,393	24,386	25,006

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

SEGMENT REPORTING BY REGION

AUSTRIA

With a market share of 24.1%, the Vienna Insurance Group is the largest insurance group in Austria. The Austrian companies of the Vienna Insurance Group include Wiener Städtische Versicherung, Donau Versicherung and s Versicherung. In connection with the acquisition of s Versicherung in 2008, Vienna Insurance Group sold its shares in BA-CA-Versicherung.

VIG companies in Austria

WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group



Area of operations:	Life and Non-life
Employees:	approx. 3,530
Market position:	1 st place
Market share:	approx. 14%
Offices:	approx. 140

With a market share of more than 14% and 1.3 million customers, Wiener Städtische is the largest insurance company in Austria. The company does business in property and casualty insurance, life insurance and health insurance, offering customised solutions for the circumstances of private life as well as for the commercial area and corporate customers. Nine provincial head offices, approximately 140 branch offices and more than 3,500 employees, including 2,000 advisors, allow for personal service throughout Austria. In addition, Wiener Städtische is represented in Italy and Slovenia by branch offices.

In 2010 Wiener Städtische brought to market numerous innovations in the product and service area. As part of the Limited Edition series, new index-linked old-age provision products, such as the "Limited Edition Garant 2010", were offered. There are also new offerings in the household and homeowner's insurance area. The version of the product for those of modest means offers comprehensive insurance coverage at a low cost. Also new is the inclusion of coverage for extended natural hazards such as floods, for example. With TOP MED Option, Wiener Städtische offers an affordable product especially for young people for their initial entry into private health care, with insurance coverage for accidents and serious illness.

To further improve its services, Wiener Städtische relies on the increased use of new technologies in the service area. With the new Claim Services App, claims can be reported directly by mobile phone. Through the Claims SMS Service, customers are given updates regarding the processing of their claim. The re-designed company website offers a variety of other services allowing for modern and rapid communication with customers.

DONAU Versicherung AG
Vienna Insurance Group



Member of VIG since:	1971
Area of operations:	Life and Non-life
Employees:	approx. 1,370
Market position:	8 th place
Market share:	approx. 4%
Offices:	approx. 80

In addition to its own sales team of more than 800 field employees, Donau Versicherung works with some 3,000 independent insurance brokers and agents. Optimised administrative procedures and advanced IT support for its distribution partners create a basis for providing all customers with top-quality service that is comprehensive as well as prompt.

In Italy, Donau Versicherung operates via a branch office and has added to its position as a property insurer there. The expansion of the Italian product line to include motor liability insurance was approved on 10 November 2010 by Italian regulators. Sales were commenced immediately after receipt of the notice of approval.

Donau's product portfolio has also included health insurance since May 2010. Hence, there is now an even broader line of products available to customers.

Sparkassen Versicherung AG
Vienna Insurance Group



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

Sparkassen Versicherung AG Vienna Insurance Group has been operating as a life insurer on the Austrian market for 25 years.

With its customer solutions in the area of private and company pension schemes and a strong network of distribution partners, in particular Erste Bank and Austrian savings banks, s Versicherung is the largest bank insurer in the country and one of the leading life insurance companies on the Austrian market. Complete integration into the retail strategy of the local banks, in combination with customised life and non-life insurance products, have for many years been the factors behind the success of the collaboration with Erste Group.

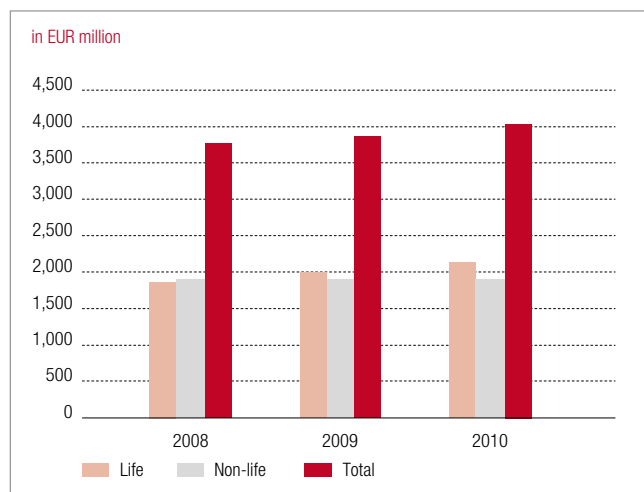
The product strategy for 2010 focused, in the single-premium area, on index-linked guarantee products (*s Garantie-Concept*) and on traditional private pensions and government-subsidised retirement provisions (*s Privat-Pension mit Prämien-Plus*) in the area of regular premium payments. In 2010 s Versicherung – as the first insurance company in the market – succeeded in launching the new, legally prescribed life-cycle model as part of the government-sponsored pension plans. Not only new customers but also the vast majority of existing customers took advantage of the possibility of switching over to the new life-cycle model.

Business development in Austria in 2010

Premium development

In 2010, the Austrian companies of the Vienna Insurance Group wrote gross premiums written in the amount of EUR 4,041.14 million. This is equivalent to an increase of 4.3% compared to the previous year. Of this premium volume, Wiener Städtische Versicherung accounted for EUR 2,418.86 million, Donau Versicherung EUR 710.69 million and s Versicherung EUR 901.08 million. VIG Holding was responsible for EUR 10.51 million. Net earned premiums rose by 4.9% in 2010, from EUR 3,529.64 million to EUR 3,701.87 million.

PREMIUMS WRITTEN AUSTRIA



EUR 1,566.38 million, or 38.8%, of the premiums were written in the property and casualty area, which represents a minimal decline of 0.1% compared to 2009.

Life insurance contributed EUR 2,146.70 million (53.1%) to premium volume; overall the Group recorded strong gains of 8.1% in Austria in 2010. This increase is primarily due to strong development of the single-premium business.

Premiums in the amount of EUR 328.06 million originated from the health insurance area. This is equivalent to an increase of 2.1% compared with 2009, when the premium income of the health insurance business was EUR 321.36 million.

Expenses for claims and insurance expenses

In 2010 expenses for claims and insurance expenses rose from EUR 3,274.60 million to EUR 3,593.51 million over the previous year. This corresponds to an increase in expenses of 9.7%.

Operating expenses

The Austrian companies of the Vienna Insurance Group had operating expenses of EUR 648.77 million in 2010, including acquisition expenses and less reinsurance commissions received, which represents an increase of 7.0% over the previous year 2009.

Profit before taxes: EUR 250.89 million

In 2010 the Vienna Insurance Group in Austria realised a profit before taxes of EUR 250.89 million (2009: EUR 247.49 million). Compared to the previous year, the result was thus up by 1.4%.

Combined ratio of 97.2%

The combined ratio in Austria (after reinsurance but not including investment income) was 97.2% in 2010 (2009: 96.0%).

Vienna Insurance Group in Austria*

in EUR million	2008	2009	2010
Premiums written	3,755.72	3,874.15	4,041.14
Life	1,872.36	1,985.43	2,146.70
Non-life	1,883.36	1,888.72	1,894.44
Profit before taxes	344.33	247.49	250.89

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

CZECH REPUBLIC

VIG is represented in the Czech Republic with the three insurance companies Kooperativa pojišťovna, Česká podnikatelská pojišťovna (ČPP) and Pojišťovna České spořitelny (PČS). In addition, the Group's own reinsurer, VIG RE, began operations in Prague in mid-2008.

With approximately 20% of all Group premiums, the Czech Republic is VIG's largest CEE market. With a market share of over 30%, the Vienna Insurance Group holds an outstanding second place in the Czech Republic. In the life insurance business, the companies of VIG are market leaders.

VIG companies in the Czech Republic

Kooperativa pojišťovna, a.s., Vienna Insurance Group



Member of VIG since:	1990
Area of operations:	Life and Non-life
Employees:	approx. 3,800
Market position:	2 nd place
Market share:	approx. 20%
Offices:	approx. 310

Kooperativa is VIG's largest subsidiary outside Austria and the second largest insurance in the Czech Republic, with a market share of more than 20%. For 20 years now, it has been offering its customers attractive solutions in the life and non-life insurance areas. Approximately 3,800 employees ensure that both private policyholders and corporate clients receive all-round care.

The company positions itself as a leader in innovation in the industry, moving forward with the steady development of the insurance landscape through the introduction of new products. For example, in 2010 the sale of motor vehicle legal expenses insurance was begun.

Furthermore, the company is characterised by its broad product offering and its strong nationwide distribution network. In light of all the foregoing, Kooperativa has been given numerous awards, including in 2010. Among others, it was awarded the title "Insurer of the Year" for the third time in a row. In the ranking of the 100 best Czech companies, Kooperativa won an excellent fourth place, making it the best financial service provider in the ranking.

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



Member of VIG since:	2005
Area of operations:	Life and Non-life
Employees:	approx. 880
Market position:	8 th place
Market share:	approx. 4%
Offices:	approx. 320

ČPP is the eighth largest insurance company in the Czech Republic. In 2010 the company celebrated the 15th anniversary of its founding. More than 880 employees in approximately 320 branch offices serve customers on matters of both life and non-life insurance. ČPP focuses on the area of motor vehicle insurance. With about 970,000 insured vehicles, ČPP is one of the leading insurance companies in the market in this segment. ČPP expanded its offering of insurance products in 2010 by including motor vehicle legal expenses policies.

In the competition among insurance brokers, ČPP took second place in the product category of motor insurance and third place in the area of retail customer insurance.

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



Member of VIG since:	2008
Area of operations:	Life and Non-life
Employees:	approx. 200
Market position:	5 th place
Market share:	approx. 6%

PČS has been part of the Vienna Insurance Group since 2008. The company commenced operations in 1992. The focus of its business is in the area of life insurance, where it holds the third place in the market. The main distribution channel of PČS is Česká spořitelna, the largest bank in terms of the number of customers in the Czech Republic, with more than 5 million customers and approximately 660 branches.

Again in 2010, PČS received a number of awards for its "Flexi" life insurance product. In the "Bank of the Year 2010" competition, this insurance solution came in second. By receiving the "Zlatá koruna" ("Golden Crown") award, the company continued with last year's victory. "Flexi" is

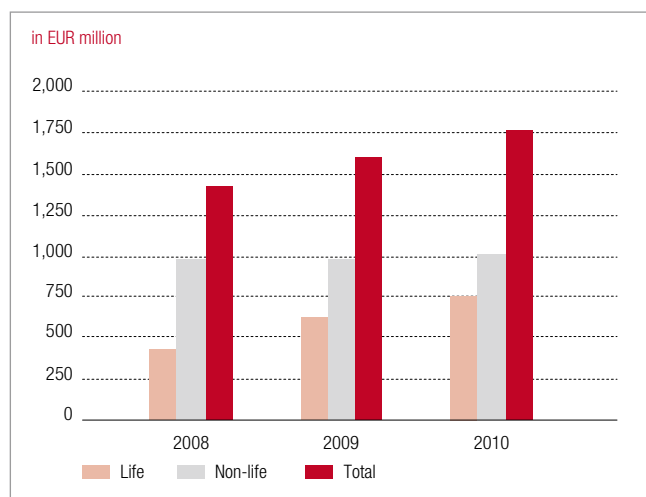
one of the best-selling life insurance products on the market. The solution for the entire family combines the ideas of savings and insurance, and can be customised to one's current life circumstances.

Business development in the Czech Republic in 2010

Premium increase of 9.6%

The Czech companies of the Vienna Insurance Group wrote group premiums of EUR 1,756.54 million in 2010 (2009: EUR 1,603.29 million), thereby achieving a 9.6% increase. Kooperativa contributed EUR 1,105.91 million, ČPP EUR 249.67 million, PČS with EUR 363.98 million and VIG RE EUR 36.98 million to this premium volume. The earned premium volume rose by 12.1%, to EUR 1,615.57 million.

PREMIUMS WRITTEN CZECH REPUBLIC



In the non-life area, premium income in 2010 was a total of EUR 1,004.35 million (2009: EUR 975.52 million) corresponding to an increase of 3.0% over the previous year. Kooperativa generated about 77% 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 627.77 million to EUR 752.19 million in 2010. With gains of 19.8% over the previous year, life insurance proved to be a growth engine.

Expenses for claims and insurance expenses

Expenses for claims and insurance expenses incurred by the Czech companies of the Vienna Insurance Group amounted to EUR 1,123.98 million in 2010, up EUR 124.45 million from 2009. This is equivalent to an increase of 12.5%.

Operating expenses

The Vienna Insurance Group's Czech companies incurred operating expenses of EUR 395.44 million in 2010, including acquisition expenses but less reinsurance commissions received, which represents an increase of 10.1% over the value of EUR 359.10 million in 2009.

Strong growth in profit before taxes of 36.1%

In the Czech Republic, the Group increased its profit before taxes by an excellent 36.1% over the previous year. In 2010, the Czech companies thus contributed EUR 167.33 million to the total results (2009: EUR 122.91 million).

Combined ratio of 93.3%

At 93.3%, the combined ratio of the Vienna Insurance Group in the Czech Republic Group was higher in 2010 than the figure of 91.2% of the previous year, primarily as a result of increased claims.

Vienna Insurance Group in the Czech Republic*

in EUR million	2008	2009	2010
Premiums written	1,419.73	1,603.29	1,756.54
Life	436.97	627.77	752.19
Non-life	982.76	975.52	1,004.35
Profit before taxes	107.45	122.91	167.33

* PČS included since October 2008.

SLOVAKIA

On the Slovakian market, the Vienna Insurance Group does business via three insurance companies: Kooperativa poisťovňa, Komunálna poisťovňa and Poisťovňa Slovenskej sporiteľne (PSLSP).

Already in 2009, the Vienna Insurance Group had risen to number 1 in the overall market. The companies of the Group defended this top position successfully in 2010 and further expanded their leadership position in the life insurance business.

In Slovakia, 7.5% of the total premiums of the Vienna Insurance Group are generated.

VIG companies in Slovakia

Kooperativa poisťovňa, a.s. Vienna Insurance Group



Member of VIG since:	1990
Area of operations:	Life and Non-life
Employees:	approx. 1,150
Market position:	2 nd place
Market share:	approx. 23%
Offices:	approx. 440

Kooperativa is the oldest private insurance company in Slovakia. Founded in 1990, Kooperativa developed dynamically over the years into one of the leading insurance companies on the market. Thanks to its share of more than 20% of total premium volume, it is the second largest insurance company in Slovakia.

With many products in the life and non-life areas, Kooperativa is no less crucial today in shaping the insurance landscape and the concept of service than it was before. About 600 field employees and some 1,800 third-party distributors advise customers in all insurance matters. Both individuals and companies find the best insurance protection for their needs in the comprehensive portfolio.

Komunálna poisťovňa, a.s. Vienna Insurance Group



Member of VIG since:	2001
Area of operations:	Life and Non-life
Employees:	approx. 350
Market position:	4 th place
Market share:	approx. 7%
Offices:	approx. 80

Komunálna has been a part of VIG since 2001. Today's company is the result of a merger with Kontinuita in 2009. The company offers its customers a broad range of life and non-life insurance policies through its own sales force but also through cooperation partners, agents, brokers and structured sales operations. Komunálna stands out most of all for its efficient and effective distribution network. In individual classes and in the market as a whole, it is one of the leading insurance companies in the country.

As an insurer of towns, municipalities and companies, Komunálna has a long partnership with the Association of Towns and Municipalities (ZMOS). Together they initiate and support numerous projects in the cultural and sports sector. On the occasion of the Association's anniversary, Komunálna was honoured for its commitment to the sustainable improvement of the quality of life in the towns and municipalities of Slovakia.

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



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

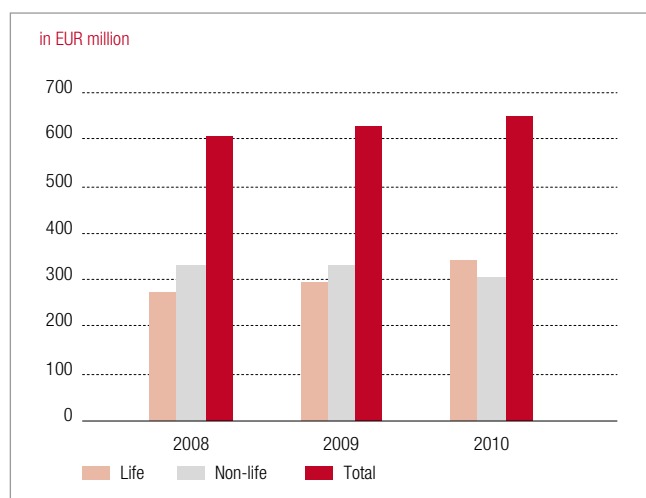
Since 2008, PSLSP has been part of VIG. PSLSP began insurance operations in early 2003. Today, it is among the top 10 life insurance companies in Slovakia. PSLSP's main distribution channel is Slovakia's largest commercial bank, Slovenská sporiteľňa, which has around 2.5 million customers and nearly 290 branches. In the category "2010 Insurance Company of the Year", awarded by the business magazine "Trend", PSLSP took fourth place.

Business development in Slovakia in 2010

Premium development

The Vienna Insurance Group wrote group premiums in the amount of EUR 647.87 million in Slovakia in 2010 (2009: EUR 628.38 million), thereby achieving an increase of 3.1%. The volume of earned premiums was EUR 594.38 million, an increase of EUR 41.62 million, or 7.5%.

PREMIUMS WRITTEN SLOVAKIA



The non-life area generated premium volume of EUR 306.98 million in Slovakia in 2010 (2009: EUR 333.36 million). The decline in premium volume is explained by portfolio adjustment measures and more selective underwriting. Kooperativa contributed the majority of these premiums, EUR 255.09 million, equal to around 83% of total non-life premiums generated in Slovakia.

The life insurance premium income generated in 2010 by the Slovakian companies of the Vienna Insurance Group rose 15.5%, to EUR 340.89 (2009: EUR 295.02 million).

Expenses for claims and insurance expenses

Expenses for claims and insurance expenses (less reinsurance) were EUR 467.08 million in Slovakia in 2010. This is an increase of 6.7% over the previous year.

Operating expenses

In Slovakia, the Vienna Insurance Group recorded operating expenses, including acquisition expenses and less reinsurance commissions received, of EUR 92.20 million in 2010 (2009: EUR 91.63 million), representing a slight increase of 0.6%.

Profit before taxes once again significantly increased (+62.2%)

The three companies of the Vienna Insurance Group in Slovakia increased their profit before taxes from EUR 23.01 million to EUR 37.32 million in 2010. As in the year before, the companies achieved an above-average increase of 62.2%. This success was, inter alia, due to more selective underwriting.

Combined ratio of 92.8%

While, at 92.8%, the combined ratio of the Slovakian companies of the Group was slightly higher in 2010 than in the previous year (2009: 90.8%), it was still excellent.

Vienna Insurance Group in Slovakia*

in EUR million	2008	2009	2010
Premiums written	605.60	628.38	647.87
Life	275.08	295.02	340.89
Non-life	330.52	333.36	306.98
Profit before taxes	4.99	23.01	37.32

* PSLSP included since October 2008.

POLAND

The Vienna Insurance Group operates via a total of six companies and four brands on the Polish insurance market. Vienna Insurance Group companies include Compensa Life and Non-Life, Benefia Life and Non-Life, InterRisk and PZM. The Polish companies generated more than 8.7% of Vienna Insurance Group premiums in 2010.

VIG companies in Poland

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



Member of VIG since:	2001
Area of operations:	Life and Non-life
Employees:	approx. 770
Market position:	12 th place
Market share:	approx. 2%
Offices:	approx. 80

On the Polish market, Compensa Non-Life and Compensa Life use a joint nationwide distribution system consisting of about 80 branches and approximately 360 field employees. Both companies celebrated their 20th anniversary in 2010. In early 2010 Compensa Non-Life established a branch office in Lithuania and began with the sale of motor vehicle liability and own-damage insurance, personal accident and legal expenses insurance. Compensa Life launched a new unit-linked retirement pension insurance with guaranteed payouts called "Gwarancja Renta" in 2010. In addition, customers of Compensa Life can now use the new online service portal "My Compensa", which provides easy access to detailed policy information.

In addition, two managers of Compensa received awards in 2010. Managing Board Chairman Franz Fuchs was given the title of "Honorary Ambassador of the Polish Economy" and Ireneusz Arczewski, Managing Board director, was elected Top Manager of the Year.

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



Member of VIG since:	2005
Area of operations:	Life and Non-life
Employees:	approx. 150
Market position:	17 th place
Market share:	approx. 1%

Both Benefia companies celebrated their 10th anniversary in 2010. They offer their customers comprehensive life and non-life insurance service on the Polish market. The products of Benefia Life are primarily distributed via banks and brokers.

Benefia Non-Life operates primarily in the motor vehicle insurance class, and successfully distributes its products by means of cooperative distribution arrangements with a number of automobile dealers, as well as through brokers and agents. The Polish Business Club honoured the Benefia companies with the "Company of the Year" award in 2010.

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



Member of VIG since:	2005
Area of operations:	Non-life
Employees:	approx. 790
Market position Non-life:	5 th place
Market share Non-life:	approx. 5%
Offices:	approx. 50

Polish company InterRisk operates successfully on the Polish insurance market in the motor vehicle and the non-motor vehicles classes. Its insurance products are primarily distributed through more than 2,500 agents and brokers. In 2009 InterRisk started offering its customers legal expenses insurance policies. In addition, the company, together with Compensa and TU PZM, developed a new service portal for brokers, which greatly simplifies customer data administration.

**Polski Związek Motorowy TU S.A.,
Vienna Insurance Group (PZM)**



Member of VIG since:	2007
Area of operations:	Non-life
Employees:	approx. 200
Market position Non-life:	21 st place
Market share Non-life:	approx. 1%
Offices:	approx. 30

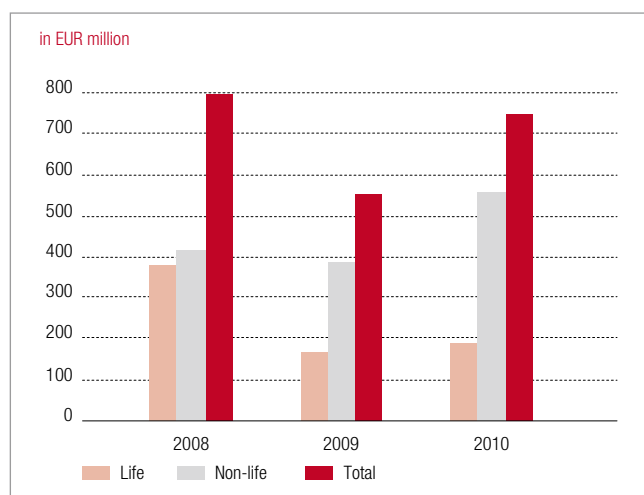
PZM operates very successfully primarily in the area of motor vehicle insurance. About 90% of the company's product portfolio is comprised of motor vehicle liability and own-damage insurance products. In 2010 however, PZM brought to market a new household insurance product called "Dom Max", receiving the silver award in the household insurance category by the Academy of Polish Success.

Business development in Poland in 2010

Premiums increase by an outstanding 36.4%

In 2010 the Vienna Insurance Group wrote group premiums totalling EUR 747.69 million in Poland (2009: EUR 548.26 million). This represents an increase of 36.4% compared to the year before. The increase is the result of both the initial consolidation of PZM and market share gains in the property and casualty insurance area. Earned premiums came to EUR 682.88 million in 2010, which was 37.6% higher than in 2009.

PREMIUMS WRITTEN POLAND



The non-life area generated premium volume of EUR 559.44 million in 2010 (2009: EUR 384.07 million) corresponding to an increase of 45.7% over the prior year.

In the life insurance area, the Polish companies of the Vienna Insurance Group increased premium income from EUR 164.19 million in 2009 to EUR 188.25 million in 2010.

Expenses for claims and insurance expenses

In 2010 the Vienna Insurance Group recorded expenses for claims and insurance expenses in Poland in the amount of EUR 454.85 million (2009: EUR 282.28 million). This represents an increase in expenses for claims and insurance expenses (less reinsurance) of EUR 172.57 million. The significant increase results mainly from the impact of natural disasters which affected the Polish companies very strongly in 2010.

Operating expenses

The Polish companies recorded operating expenses of EUR 254.13 million in 2010. These expenses are calculated including acquisition expenses and less reinsurance commissions received. Thus, operating expenses increased by 17.1% compared with the previous year, in which they were EUR 217.00 million.

Profit before taxes: EUR 24.18 million

The Polish companies earned a profit before taxes of EUR 24.18 million in 2010.

Combined Ratio over 100%

In Poland the combined ratio, in particular due to claims from natural disasters, was 105.0% (2009: 100.5%).

Vienna Insurance Group in Poland*

in EUR million	2008	2009	2010
Premiums written	795.13	548.26	747.69
Life	381.68	164.19	188.25
Non-life	413.45	384.07	559.44
Profit before taxes	26.11	27.42	24.18

* FinLife und Compensa Life merged in 2008, PZM included since 2010.

ROMANIA

The Vienna Insurance Group operates in the Romanian market with four insurance companies: In addition to Omniasig and Asiom, BCR Non-life and BCR Life are part of the Group. The life insurer Omniasig Life was sold at the beginning of 2010.

With a market share of about 27%, the Vienna Insurance Group in Romania is the clear number 1 among the largest insurance groups in the country. The Romanian companies contribute 6.1% to the Group's total premium volume of the Group.

VIG companies in Romania

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



Member of VIG since:	2005
Area of operations:	Non-life
Employees:	approx. 1,570
Market position Non-life:	3 rd place
Market share Non-life:	approx. 14%
Offices:	approx. 200

Omniasig celebrated its 15th anniversary in 2010. The company, which had just 10 employees when it was founded, now serves customers across the country with more than 1,500 employees in about 200 branch offices. As a pure non-life insurer, its business is focused on property and casualty insurance, especially in the field of motor vehicle insurance.

In addition to field employees, the diversified distribution network includes about 11,000 agents and brokers as partners, along with leasing companies and banks. The Internet portal which went live in early 2010 is aimed at providing them with assistance in the sales process. Accessing www.omniasigonline.ro allows the company's own field staff and external sales partners to calculate rates online as well as to issue policies electronically. After a successful start in the area of motor vehicle liability, the portal was expanded to include additional products such as motor vehicle own-damage insurance and traveller's health insurance.

By its household insurance "Casa ta", Omniasig sets the tone for the market. Only recently introduced, it was voted

best insurance product by the Romanian financial market magazine Piata Financiara.

Asigurarea Românească - Asiom Vienna Insurance Group S.A.



Member of VIG since:	2007
Area of operations:	Life and Non-life
Employees:	approx. 1,560
Market position:	6 th place
Market share:	approx. 6%
Offices:	approx. 190

Asiom has been part of VIG since 2007. It operates on the Romanian insurance market in the life and non-life segments. Asiom is among the leading companies in the country, both in the market as a whole as well as in the individual insurances classes. In 2010, the company's management and sales were successfully reorganised. In addition, the company was able to further centralise its back-office area over the course of the year.

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



SC BCR Asigurări de Viață Vienna Insurance Group S.A. (BCR Life)



Member of VIG since:	2008
Area of operations:	Life and Non-life
Employees:	approx. 1,250
Market position:	NL: 5 th place / L: 2 nd place
Market share:	NL: approx. 7% / L: approx. 19%
Offices:	approx. 210

Since the purchase of all insurance activities of Erste Group in 2008, the BCR insurance group has been an important part of VIG. In 2001 BCR Non-Life entered the Romanian market as a subsidiary of Banca Comercială Română. It distributes its products through about 160 branch offices and through the nationwide network of Banca Comercială Română branches. In 2010, BCR Non-Life expanded its range of products with "Casco Plus", which includes roadside assistance in addition to the usual services.

Since 2005, BCR Life has been present on the Romanian market with innovative life insurance products for individuals and with group life insurance policies. In the short time

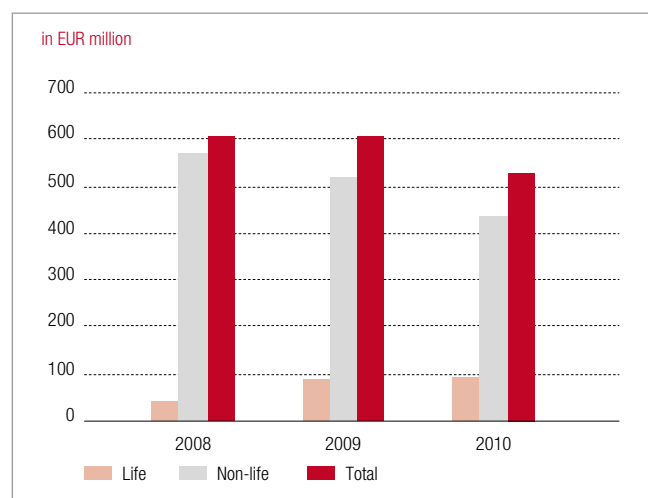
it has been doing business, it has secured a place among the most important life insurers of the country. In terms of premium volume, BCR Life has now become the second largest insurance company in this class. In 2010 BCR was able once again to impress not only its customers but also experts in the national financial press. Among others, it was honoured by the Romanian trade journal PRIMM with the “Insurer of the Year” award in the life insurance area. The magazine Piata Financiara awarded the company the title “Insurer of the Year” in the same category.

Business development in Romania in 2010

Premium development

The Vienna Insurance Group wrote EUR 528.05 million in premiums in Romania in 2010 (2009: EUR 606.66 million). In connection with the profit-oriented restructuring of the portfolio in the non-life insurance area, there was a total decline of about 13.0%. Earned premium volume amounted to EUR 480.63 million in 2010.

PREMIUMS WRITTEN ROMANIA



In the non-life segment, premium income of EUR 434.89 million was generated in 2010 (2009: EUR 519.43 million).

In life insurance, the Romanian companies of the Vienna Insurance Group increased premium income – in particular supported by bank sales – by 6.8%, to EUR 93.16 million in 2010 (2009: EUR 87.23 million).

Expenses for claims and insurance expenses

The Romanian companies had expenses for claims and insurance expenses of EUR 324.69 million (2009: EUR 385.54 million). Thus, the Vienna Insurance Group in Romania recorded a decrease in expenses for claims and insurance expenses (less reinsurance) of 15.8% in 2010 as compared to the previous year.

Operating expenses

The Vienna Insurance Group in Romania had operating expenses (including acquisition expenses but less reinsurance commissions received) of EUR 152.20 million in 2010 (2009: EUR 171.52 million).

Profit before taxes rises to EUR 28.51 million

Compared to the year before, the Romanian companies of the Group increased profit before taxes by 17.9%, to EUR 28.51 million.

Combined ratio of 101.1%

In 2010 the combined ratio in Romania was 101.1% (2009: 99.3%).

Vienna Insurance Group in Romania*

in EUR million	2008	2009	2010
Premiums written	608.22	606.66	528.05
Life	39.06	87.23	93.16
Non-life	569.16	519.43	434.89
Profit before taxes	57.46	24.19	28.51

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

REMAINING MARKETS

The segment Remaining markets includes the countries Albania, Bulgaria, Germany, Estonia, Croatia, Latvia, Liechtenstein, Lithuania, Macedonia, Serbia, Turkey, Ukraine, Hungary and Georgia, which was included within the scope of consolidation for the first time. Remaining markets generated 10.1% of the group premiums.

Albania

In 2007, VIG entered the Albanian market with Sigma Sh.a. In addition to Albania, the non-life insurer operates in Kosovo via a branch office. With the acquisition of InterAlbanian Sh.a. at the end of 2010, the Vienna Insurance Group is further expanding its market position and positioning itself at the top in the motor vehicle insurance business. The Group holds a strong second place on the overall market in Albania.

Bulgaria

In Bulgaria, VIG is represented with Bulstrad Vienna Insurance Group PLC (Bulstrad Non-Life), Bulstrad Life Vienna Insurance Group JSC (Bulstrad Life) and Bulgarski Imoti Non-Life Insurance Company AD. With approximately 450 employees and a market share of more than 15%, Bulstrad Non-Life is the leading Bulgarian insurance company in this class. Bulstrad Life focuses on traditional life insurance policies, as well as on casualty and health insurance products. Bulstrad Non-Life and Bulgarski Imoti successfully outsourced their claims processing to the company VIG Services Bulgaria. In 2010 more than ten new branch offices were opened nationwide, representing the highest standards in customer service.

Germany

In Germany VIG operates via two companies: the non-life insurance company InterRisk Versicherungs-AG Vienna Insurance Group and the life insurance company InterRisk Lebensversicherungs-AG Vienna Insurance Group. The InterRisk companies are pure broker insurers. InterRisk Non-Life specialises primarily in the casualty and liability insurance business as well as selected property insurance products. The business focus of InterRisk Life is on old-age provision and occupational disability insurance as well as on protection of survivors.

Estonia, Latvia, Lithuania

Compensa Life Vienna Insurance Group SE, formerly Seesam Life Insurance SE, has been part of VIG since 2008. The life insurance company was founded in the Estonian capital of Tallinn in 1993 and expanded to Latvia in 1999 and to Lithuania in 2001. Today, it is successful in all three countries with some 20 outlets and 110 employees. In 2010, the marketing of non-life insurance policies began in the Baltic market with the establishment in Lithuania of a branch office of the Polish Group company Compensa.

Georgia

In Georgia, VIG has been active since 2006. The two insurance companies JSC Insurance Company GPI Holding (GPI) and International Insurance Company IRAO Ltd. (IRAO) were first included within the scope of consolidation in 2010. GPI has been successful with needs-based solutions in the non-life insurance area, including in health insurance. IRAO focuses on the sale of motor vehicle and industrial insurance and works hard at expanding its retail and corporate customer base. In order to strengthen its regional presence, three new branch offices were opened in 2010. The Group holds the first place on the Georgian insurance market.

Croatia

The VIG has three companies in Croatia: Kvarner Vienna Insurance Group d.d., Helios Vienna Insurance Group d.d. and Erste osiguranje Vienna Insurance Group d.d. The life insurer Erste osiguranje celebrated its fifth anniversary in 2010. Helios as a provider of life and non-life products was the result of a merger of two Group companies, Helios and Cosmopolitan Life, towards the middle of the year. For retail and commercial customers, the company offers attractive insurance solutions through a broad distribution network.

Liechtenstein

In Liechtenstein, VIG is represented with the company Vienna-Life Lebensversicherung AG Vienna Insurance Group. Vienna-Life operates exclusively in the life insurance segment and concentrates predominantly on index-linked and unit-linked life insurance. The focus is on individual insurance solutions adapted to the needs of customers.

Macedonia

In Macedonia, the VIG is represented with the Winner-Vienna Insurance Group. The non-life insurance company has been a part of the Vienna Insurance Group since 2007; in 2009 its name was changed from Sigma to Winner. With the establishment of life insurer Winner-Life Vienna Insurance Group in 2010, VIG is expanding its activities in Macedonia. The plan is for products to be distributed through Sparkasse Bank Makedonija AD Skopje, part of Erste Group.

Serbia

The VIG has been operating in the Serbian market since 2003. In both the life and non-life insurance area, Wiener Städtische osiguranje a.d.o. is among the leading insurance companies in the country. More than 1,000 employees in about 50 branch offices contribute to the company's success. VIG Plaza in Belgrade, an ultramodern office building, was completed in 2010. The new headquarters of the Wiener Städtische osiguranje is located on three floors of the building, which provides a total of 16,000 m² in office space.

Turkey

VIG is represented on the Turkish insurance market by Ray Sigorta A.Ş. The company was founded in 1958 and operates in the non-life insurance area, with a focus on motor vehicle insurance. About 260 employees and more than 800 agents and brokers provide the best possible insurance coverage for customers. To integrate it into the Group even more, VIG has agreed to acquire another approximately 10% of the company.

Ukraine

VIG operates via four insurance companies in Ukraine: PJSC Insurance Company "Ukrainian Insurance Group" (UIG), PJSC "UIC Kniazha Vienna Insurance Group", IC Globus and PJSC "Jupiter Life Insurance Vienna Insurance Group". The three non-life insurers UIG, Kniazha and Globus operate primarily in the motor vehicle insurance business. The Vienna Insurance Group is represented in the life insurance area by Jupiter. Six years after entering the Ukrainian market, the Vienna Insurance Group is adding the heavily populated country to its now ten core markets. By this step, the Group is endeavouring to expand its strong position as one of the leading insurance groups on the Ukrainian market.

Hungary

In Hungary, VIG is represented by Union Vienna Insurance Group Biztosító Zrt. and Erste Vienna Insurance Group Biztosító Zrt. (ESB). Union's approximately 240 employees advise and assist individuals and companies comprehensively on all insurance matters. Life insurance company ESB has been part of the Group since 2008. It sells its products through the branch network of Erste Bank Hungary Nyrt.

Business development in the Remaining markets segment in 2010

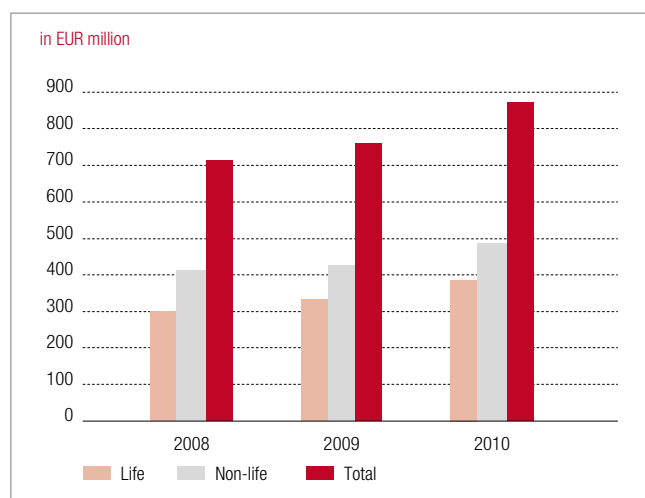
The companies in Russia and Belarus have not yet been included within the scope of consolidation of the Vienna Insurance Group.

In 2010, the Georgian companies were first included within the scope of consolidation of the Vienna Insurance Group.

Premium development

The Vienna Insurance Group wrote total group premiums of EUR 871.72 million in the Remaining markets segment in 2010 (2009: EUR 758.54 million). Thus, taking into account effects from initial consolidations occurring during the fiscal year, an increase of 14.9% was achieved. Net earned premiums came to EUR 785.04 million (2009: EUR 672.19 million), thus representing an increase of 16.8% over 2009.

WRITTEN PREMIUMS REMAINING MARKETS



In the non-life insurance area, the premium volume generated in Remaining markets increased to EUR 488.10 million (2009: EUR 427.02 million), representing an increase of 14.3% over the year before.

The life insurance premium income generated by Vienna Insurance Group companies in the Remaining markets segment increased 15.7%, to EUR 383.62 million, in 2010 (2009: EUR 331.52 million).

Expenses for claims and insurance expenses

Expenses for claims and insurance expenses in 2010 amounted to EUR 577.24 million (2009: EUR 497.63 million). Compared with the previous year, this equals an increase in expenses for claims and insurance expenses (less reinsurance) of 16.0%.

Operating expenses

In the Remaining markets segment in 2010, the Vienna Insurance Group recorded an increase in operating expenses from EUR 203.79 million to EUR 217.14 million. These expenses are calculated inclusive of acquisition expenses and exclusive of reinsurance commissions received.

Profit before taxes

The Vienna Insurance Group companies in the Remaining markets segment sustained a loss of EUR 0.44 million in 2010.

Combined ratio of 107.2%

In the Remaining markets segment, the combined ratio of the Vienna Insurance Group was over 100%. More precisely, the combined ratio was 107.2% (2009: 105.9%).

Vienna Insurance Group in the Remaining markets segment*

in EUR million	2008	2009	2010
Premiums written	714.47	758.54	871.72
Life	300.58	331.52	383.62
Non-life	413.89	427.02	488.10
Profit before taxes	0.46	-3.77	-0.44

* ESB Hungary and ESO Croatia included since October 2008; Albania, Estonia, Latvia, Lithuania and Macedonia included since 2009; Georgia included since 2010.

Significant events after the balance sheet date

2 February 2011 saw the closing of the acquisition by the Vienna Insurance Group of another approximately 10% of Ray Sigorta A.Ş. An agreement to that effect had already been signed between VIG and Dogan Sirketler Grubu Holding S.A. in 2010. By this transaction, the Vienna Insurance Group's share in the Turkish non-life insurance company rises to around 94.3%.

At the end of February 2011, the rating agency Standard & Poor's confirmed its existing A+ rating, with a stable outlook, for VIG Holding.

Research & development

The VIG does not engage in any research and development activities.

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 55-73.

Internal control and risk management system in the accounting process

The documentation of the process of preparing the annual financial statements was undertaken jointly with a consulting firm. In it, a summary of essential controls was made, as was a presentation of the linkage of the process and the controls to the risks identified as part of risk management.

The controls as thus documented are applied in the process sequence so as to ensure that reporting errors are prevented or are identified and corrected.

The objectives of the annual financial statement process are:

- **Completeness:** All business transactions of the reporting period are recorded in full.
- **Inventory:** All reported assets and liabilities are available on the balance sheet date.
- **Accuracy:** All recorded business transactions relate to the period to which the financial statements relate.
- **Measurement:** All assets and liabilities, or income and expenses, are recognised at their fair values in accordance with accounting rules.
- **Ownership:** Rights and obligations are properly reported.
- **Presentation:** All statement items are accurately presented and disclosed.

The financial statement process includes the integration of all data from accounting as well as the upstream processes into the annual financial statements. The latter are submitted to the appropriate division heads for control and further coordination with the Managing Board. The financial statements are finally cleared by the Managing Board.

The Group has established an internal reporting system of the subsidiaries included in the consolidated financial statements. The processes and controls implemented ensure that all necessary data are recorded and processed.

In addition, the auditors regularly assess the functioning of the internal control system; the results are reported to the Audit Committee of the Supervisory Board.

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

Information on these disclosures is provided in notes 14 and 36 in the notes to the consolidated financial statements.

Economic development

Austria

For 2011, the Institute for Advanced Studies (*Institut für höhere Studien; IHS*) and the Institute for Economic Research (*Institut für Wirtschaftsforschung, WIFO*), both renowned Austrian research institutions in the field of economics, are expecting an increase in real gross domestic product of 2.1% or 2.2%, respectively. Thus, economic output would turn in a performance similar to 2010, for which the Institutes had forecast a growth rate of 1.9%/2.0%. The Austrian export economy in particular, which benefited from the improved global economic situation, was caught up in the 2010 upward trend.

Private household consumption will have a stabilising effect on growth in 2011 as well, but will show only scant momentum. Rising commodity prices on world markets and an increase in selected indirect taxes might lead to an increase in the inflation rate of 0.2 or 0.4 percentage points. The calculations also allow for the conclusion to be drawn that employment will once again increase. As the labour supply also expands, the unemployment rate will decrease at most minimally.

CEE region

In its economic outlook for the Eurozone, the WIFO assumption is for muted growth over the next few years, with stronger growth expected for Central and Eastern Europe. IHS also expects an acceleration of economic growth in the CEE region. Thus, for example, the economy in Hungary, Romania, Bulgaria and Croatia is expected to pick up speed in 2011 or to turn positive.

A look at the overall picture makes it clear how different the economic situation is in the individual countries. According to IHS calculations, Romania was faced with a decline in economic output of 2% in 2010, while Slovakia recorded an increase of about 4%. In 2011, growth rates of the countries in Central and Eastern Europe should move closer together again.

In general it can be assumed that the economic recovery process in the CEE region will continue over the next few years although, it is presumed, not at the same rapid pace as before 2008. Those countries in which the crisis was still having strong after-effects in 2010 will gain momentum and the region will recover over the long term.

Insurance market

Austria

The insurance year 2010 was much more positive than the previous year according to preliminary results from the Austrian Association of Insurance Companies (*Versicherungsverband Österreich, VVO*). The total premium volume of the Austrian insurance industry went up by about 2%. A large portion of the increase is due to the positive development in individual classes of property and casualty insurance as well as the great interest in single-premium policies.

It is unlikely that the life insurance market in 2011 will partake of the momentum of the previous year. The feared decline in the single-premium business is dampening expectations for premium income in the life insurance area in 2011.

In property and casualty, there are signs of a similar trend for 2011 compared with 2010, i.e., premium growth of around 2%.

In health insurance, no change in the business situation is expected. For 2011, a 2.8% increase in premium volume is predicted for this segment. Here, given the forecasted demographic development, including Austria, there should be a great need for nursing care insurance. But it has not been possible to raise Austrians' awareness of this issue to the same extent as, for example, with respect to private pension plans.

CEE region

In Swiss reinsurer Swiss Re's review and outlook for the global insurance market, two different developments can be discerned for Central and Eastern Europe. While the direct non-life insurance business slightly declined in real terms in 2010, the life insurance segment experienced a strong upswing. High growth rates can be expected for coming years, especially in life insurance, but the non-life business should also increase in 2011 by about 4%, according to Swiss Re's calculations.

The life insurance potential in the CEE region is still many times higher than in Western markets. The security provided by the state pension systems is usually much lower than in Western Europe. With the knowledge that one needs to make one's own provisions for the future, demand is increasing for savings and life insurance products. This trend is growing stronger as income increases; the life insurance business is becoming more important. In the Czech Republic, in Slovakia, in Poland or in Hungary, life insurance is already playing a pivotal role; other countries will follow as their level of prosperity rises.

In the still young insurance markets, it is especially the non-life segment which presents possibilities for development. With one's own car, the need first arises for motor vehicle insurance. In addition, companies in the region are starting to insure themselves against the multiple risks of their business activities. With increasing prosperity, the desire for a home of one's own and the protection of the property one has acquired becomes more urgent. Demand for household and homeowner insurance increases.

Overall, it can be assumed that the insurance markets in Central and Eastern Europe will continue to grow more strongly than those in Western Europe. The convergence potential continues to be high throughout the region. The CEE region remains an economic area with a future.

Revision of IFRS 4

In July 2010, a draft of revised IFRS 4 was published. IFRS 4 contains International Financial Reporting Standards (IFRS) provisions relevant to the way insurance contracts are accounted for. After the public review period ends, the International Accounting Standards Board (IASB) will review the comments submitted by industry, regulators and investors and will work on revising the draft.

The published draft will fundamentally change how insurance contracts are accounted for. Even though its principles are similar to those of Solvency II, it must be expected that the introduction of this standard will be associated with substantial additional conversion costs for the insurance industry.

In addition, the criticism must be made that these accounting rules, as currently available in draft form, will bring with them significant challenges to readers of balance sheets, both as regards the presentation of consolidated financial statements and the impact on annual operating results (high volatility).

The plan is for a final IFRS 4 standard to be published at mid-year. Subject to approval by the EU, it is assumed that the new accounting rules will not take effect until 2013. The Managing Board of the Vienna Insurance Group is monitoring these developments and will begin to prepare for implementation of the final standard promptly upon its publication.

Vienna Insurance Group – Outlook

For 2011, the Vienna Insurance Group expects an increase in profit before taxes of about 10%, with an increase in premium volume in the lower percentage range. In addition, the VIg has set itself the goal of lowering the combined ratio to approximately 97%. This presupposes that there is no significant deterioration in economic and legal framework conditions and no dramatic development in claims owing to natural disasters. With this outlook on results, the Vienna Insurance Group confirms its claim to continuing on its course for growth.

For the coming year, the Vienna Insurance Group has undertaken to consolidate and/or expand the Group's market position in the individual countries. To this end, the Vienna Insurance Group will continue to work on a permanent strengthening of distribution – based on the proven multi-brand strategy and the extensive distribution networks in each market.

Alternative sales approaches and established bank distribution complement the traditional distribution channels. Through its cooperation with Erste Group, the Vienna Insurance Group has already acquired, as of 2008, an-

other distribution partner of great importance, in particular for the life insurance class. Through its bank distribution, the s insurance companies in particular were able to fully exploit their potential in the life insurance area in 2010 and post high premium gains. Particularly when purchasing savings and investment products, customers prefer to deal with the bank advisors they know. It can be expected that banks as distribution channels will gain in popularity. Against this background, the Vienna Insurance Group will continue and intensify its successful cooperation with Erste Group in 2011.

Another goal of the Vienna Insurance Group is the expansion of international corporate customer business and the development of a selective and profit-oriented underwriting approach. In addition, the cross-border integration of underwriting and claims management know-how will be further advanced with the support of Vienna International Underwriters.

Even after the conclusion of the efficiency programme, the Vienna Insurance Group continuously reviews its cost structure for possible optimisations. In the back-office area in particular, there is still room for savings in some countries. To exploit the latter is a stated goal for 2011.

CONSOLIDATED FINANCIAL STATEMENTS

VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE**Consolidated financial statements in accordance with
International Financial Reporting Standards (IFRS)****31.12.2010**

Reporting period	1.1.2010 - 31.12.2010
Balance sheet comparison date	31.12.2009
Income statement comparison period	1.1.2009 - 31.12.2009
Currency	EUR

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2010

ASSETS	Notes	31.12.2010	31.12.2009
in EUR '000			
A. Intangible assets	1		
I. Goodwill	A	1,796,692	1,754,694
II. Purchased insurance portfolios	B	111,029	81,149
III. Other intangible assets	C	196,438	139,573
Total intangible assets		2,104,159	1,975,416
B. Investments			
I. Land and buildings	2,D	4,071,079	3,301,248
II. Shares in at equity consolidated companies	3+4	116,163	115,859
III. Financial instruments	E	23,972,279	22,476,944
a) Loans and other investments	5	4,567,785	4,713,204
b) Other securities	6	19,404,494	17,763,740
Financial instruments held to maturity		3,060,983	2,890,314
Financial instruments available for sale		14,987,016	13,514,370
Financial instruments recognised at fair value through profit and loss*		1,356,495	1,359,056
Total investments		28,159,521	25,894,051
C. Investments for unit- and index-linked life insurance	7, F	5,478,603	4,628,446
D. Reinsurers' share in underwriting provisions	8, G	1,118,289	1,117,237
E. Receivables	9, H	1,681,458	1,563,449
F. Tax receivables and advance payments out of income tax	10, I	68,432	110,806
G. Deferred tax assets	11, J	107,600	122,329
H. Other assets	12, K	358,824	376,008
I. Cash and cash equivalents	13	396,030	484,523
Total ASSETS		39,472,916	36,272,265

* Including trading assets

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2010

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31.12.2010	31.12.2009
<i>in EUR '000</i>			
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	495,602
IV. Retained earnings		1,723,519	1,478,447
V. Other reserves		172,401	123,341
VI. Minority interests		396,235	289,293
Total shareholders' equity		5,029,647	4,628,573
B. Subordinated liabilities	15	539,410	545,349
C. Underwriting provisions			
I. Provision for unearned premiums	16, L	1,223,337	1,120,066
II. Mathematical reserve	17, M	18,231,511	17,347,996
III. Provision for outstanding claims	18, N	3,767,715	3,471,984
IV. Provision for profit-unrelated premium refunds	19, O	65,444	54,150
V. Provision for profit-related premium refunds	19, P	701,858	559,140
VI. Other underwriting provisions	20, Q	27,975	24,921
Total underwriting provisions		24,017,840	22,578,257
D. Underwriting provisions for unit- and index-linked life insurance	21, R	5,227,930	4,376,160
E. Non-underwriting provisions			
I. Provisions for pensions and similar obligations	22, S	309,801	298,402
II. Other provisions	23, T	247,718	200,949
Total non-underwriting provisions		557,519	499,351
F. Liabilities	24, U	3,675,373	3,137,795
G. Tax liabilities out of income tax	25	64,170	112,351
H. Deferred tax liabilities	11	127,399	160,035
I. Other liabilities	26	233,628	234,394
Total LIABILITIES AND SHAREHOLDERS' EQUITY		39,472,916	36,272,265

CONSOLIDATED SHAREHOLDERS' EQUITY

Change in consolidated shareholders' equity in financial years 2010 and 2009

	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid-capital	Retained earnings	Other reserves	Sub-total	Minority interests	Shareholders' equity
in EUR '000								
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 consolidation / ownership interests	0	0	0	3,625	0	3,625	-966	2,659
Total profit of the period incl. 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
As of 1 January 2010	132,887	2,109,003	495,602	1,478,447	123,341	4,339,280	289,293	4,628,573
Changes in scope of consolidation / ownership interests	0	0	0	20,520	2,083	22,603	80,738	103,341
Total profit of the period incl. other comprehensive income after taxes	0	0	0	379,752	46,977	426,729	31,586	458,315
Dividend payment*	0	0	0	-155,200	0	-155,200	-5,382	-160,582
As of 31 December 2010	132,887	2,109,003	495,602	1,723,519	172,401	4,633,412	396,235	5,029,647

* 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 companies is EUR 5,013,000 (EUR -1,308,000).

Composition Other reserves	31.12.2010	31.12.2009
Unrealised gains and losses	144,650	112,688
Currency reserve	27,751	10,653
Total	172,401	123,341
Unrealised gains and losses from investments	31.12.2010	31.12.2009
Bonds	174,876	154,664
Shares and other participations	256,068	176,539
Investment funds	-20,474	-45,267
Other investments	262	-19,377
	410,732	266,559
less:		
deferred profit participation	-227,688	-119,299
Deferred taxes	-36,828	-32,460
Minority interests	-1,566	-2,112
Total	144,650	112,688

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

	Notes	2010	2009
in EUR '000			
Premiums	28		
Premiums written - gross		8,593,012	8,019,281
Premiums written - reinsurers' share		-722,092	-731,418
Premiums written - retention		7,870,920	7,287,863
Change in unearned premiums - gross		-9,850	2,362
Change in unearned premiums - reinsurers' share		-704	-47,946
Net earned premiums - retention		7,860,366	7,242,279
Financial result excluding at equity consolidated companies	29		
Income from investments		1,704,332	1,787,914
Expenses for investments and interest expenses		-592,909	-857,949
Total financial result excluding at equity consolidated companies		1,111,423	929,965
Result from shares in at equity consolidated companies	30	5,013	-843
Other income	31	93,839	124,986
Expenses for claims and insurance benefits	32		
Expenses for claims and insurance benefits - gross		-7,007,787	-6,338,424
Expenses for claims and insurance benefits - reinsurers' share		466,439	461,266
Total expenses for claims and insurance benefits		-6,541,348	-5,877,158
Operating expenses	33		
Acquisition expenses		-1,509,051	-1,389,458
Other administrative expenses		-359,190	-370,177
Reinsurance commissions		108,364	110,212
Total operating expenses		-1,759,877	-1,649,423
Other expenses	34	-261,627	-328,560
Profit before taxes		507,789	441,246
Tax expense	35	-94,539	-77,533
Profit of the period		413,250	363,713
thereof attributable to VIENNA INSURANCE GROUP shareholders		379,752	340,486
thereof minority interests in net profit of the period	14	33,498	23,227
Earnings per share	14		
Undiluted = diluted earnings per share (in EUR)		2.97	2.66

OTHER COMPREHENSIVE INCOME

	31.12.2010	31.12.2009
in EUR '000		
Profit of the period	413,250	363,713
+/- Exchange rate changes through equity	13,721	-7,276
+/- Unrealised gains and losses from financial instruments available for sale	38,515	211,149
Taxes on other comprehensive income*	-7,171	-37,102
Other comprehensive income after taxes	458,315	530,484
thereof attributable to VIENNA INSURANCE GROUP shareholders	426,729	502,590
thereof minority interests	31,586	27,894

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

in EUR '000	2010	2009
Profit of the period	413,250	363,713
Change in underwriting provisions net	1,759,443	1,136,541
Change in underwriting receivables and liabilities	-93,484	87,369
Change in deposit receivables and liabilities, as well as in reinsurance receivables and liabilities	-33,059	-59,297
Change in other receivables and liabilities	182,731	66,492
Change in securities held for trading	27,453	119,625
Gain/loss from disposal of investments	-144,732	-150,190
Depreciation/appreciation of all other investments	134,836	349,194
Change in pension, severance and other personnel provisions	2,361	-39,758
Change in deferred tax asset/liability excl. tax liabilities	-18,803	-25,602
Change in other balance sheet items	-28,372	-199,481
Change in goodwill and other intangible assets	8,646	41,966
Other cash-neutral income and expenses and adjustments to the result of the period	-115,603	299,075
Cash flow from operating activities	2,094,667	1,989,647
Cash inflow from the sale of fully and at equity consolidated companies	21,825	65,170
Payments for the acquisition of fully and at equity consolidated companies	-248,313	-513,693
Cash inflow from the sale of securities available for sale	2,011,857	3,880,012
Payments for the acquisition of available for sale securities	-3,179,061	-5,320,268
Cash inflow from the sale of securities held to maturity	430,831	218,360
Payments for the addition of securities held to maturity	-476,609	-684,793
Cash inflow from the sale of land and buildings	138,530	34,862
Payments for the acquisition of land and buildings	-348,116	-237,903
Change in unit- and index-linked life insurance items	-412,002	-638,379
Change in other investments	49,119	1,033,475
Cash flow from investing activities	-2,011,939	-2,163,157
Capital increase incl. additional payments on hybrid capital	0	250,000
Decrease/increase in subordinated liabilities	-5,914	39,859
Dividend payments	-160,582	-293,360
Cash in- and outflow from other financing activities	-25,275	6,146
Cash flow from financing activities	-191,771	2,645
Change in cash and cash equivalents	-109,043	-170,865
Cash and cash equivalents at beginning of period	484,523	619,327
Change in cash and cash equivalents	-109,043	-170,865
Change in scope of consolidation	36,352	36,416
Effects of foreign currency exchange differences on cash and cash equivalents	-15,802	-355
Cash and cash equivalents at end of period	396,030	484,523
<i>thereof non-profit housing societies</i>	106,073	55,129
Additional information		
Received interest	747,433	726,043
Received dividends	182,683	158,000
Interest paid	58,744	79,178
Income taxes paid	160,582	192,714
Expected cash flow from reclassified securities	50,062	54,670
Effective interest rate of reclassified securities	5.41%	6.19%

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY BUSINESS LINES

ASSETS	Property/Casualty		Life		Health		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000								
A. Intangible assets	1,173,367	1,035,067	930,759	939,146	33	1,203	2,104,159	1,975,416
B. Investments	8,217,807	4,133,395	18,947,060	20,883,643	994,654	877,013	28,159,521	25,894,051
C. Investments for unit- and index-linked life insurance	0	0	5,478,603	4,628,446	0	0	5,478,603	4,628,446
D. Reinsurers' share in underwriting provisions	989,125	990,317	127,695	125,586	1,469	1,334	1,118,289	1,117,237
E. Receivables	1,111,754	1,028,377	545,129	510,987	24,575	24,085	1,681,458	1,563,449
F. Tax receivables and advance payments out of income tax	56,424	95,581	11,821	15,185	187	40	68,432	110,806
H. Other assets	188,437	195,825	163,638	174,757	6,749	5,426	358,824	376,008
I. Cash and cash equivalents	220,266	114,068	149,123	366,470	26,641	3,985	396,030	484,523
Subtotal	11,957,180	7,592,630	26,353,828	27,644,220	1,054,308	913,086	39,365,316	36,149,936
Deferred tax assets							107,600	122,329
Total ASSETS							39,472,916	36,272,265

LIABILITIES AND SHAREHOLDERS' EQUITY	Property/Casualty		Life		Health		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000								
B. Subordinated liabilities	314,339	263,987	224,571	281,362	500	0	539,410	545,349
C. Underwriting provisions	4,638,882	4,271,345	18,456,683	17,454,165	922,275	852,747	24,017,840	22,578,257
D. Underwriting provision for unit- and index-linked life insurance	0	0	5,227,930	4,376,160	0	0	5,227,930	4,376,160
E. Non-underwriting provisions	348,554	263,642	176,237	200,376	32,728	35,333	557,519	499,351
F. Liabilities	3,084,129	740,835	532,774	2,273,956	58,470	123,004	3,675,373	3,137,795
G. Tax liabilities out of income tax	40,389	77,734	11,769	28,193	12,012	6,424	64,170	112,351
I. Other liabilities	59,778	51,028	173,036	183,080	814	286	233,628	234,394
Subtotal	8,486,071	5,668,571	24,803,000	24,797,292	1,026,799	1,017,794	34,315,870	31,483,657
Deferred tax liabilities							127,399	160,035
Shareholders' equity							5,029,647	4,628,573
Total LIABILITIES AND SHAREHOLDERS' EQUITY							39,472,916	36,272,265

The amounts indicated for each business segment have been adjusted for internal segment transactions. As a result, the difference between segment assets and liabilities cannot be used to infer the shareholders' equity allocated to each business line.

SEGMENT REPORTING

CONSOLIDATED INCOME STATEMENT BY BUSINESS LINES AND REGIONS

BUSINESS LINES	Property/Casualty		Life		Health		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
in EUR '000								
Premiums written - gross	4,350,042	4,206,749	3,904,807	3,491,171	338,163	321,361	8,593,012	8,019,281
Net earned premiums	3,644,326	3,457,660	3,875,751	3,463,959	340,289	320,660	7,860,366	7,242,279
Financial result excl. at equity consolidated companies	172,949	162,903	919,742	751,685	18,732	15,377	1,111,423	929,965
Result from shares in at equity consolidated companies	5,253	2,016	-240	-3,324	0	465	5,013	-843
Other income	61,697	77,347	31,416	47,573	726	66	93,839	124,986
Expenses for claims and insurance benefits	-2,437,527	-2,257,201	-3,821,224	-3,347,086	-282,597	-272,871	-6,541,348	-5,877,158
Operating expenses	-1,046,793	-973,674	-672,881	-639,065	-40,203	-36,684	-1,759,877	-1,649,423
Other expenses	-177,187	-230,194	-84,100	-95,977	-340	-2,389	-261,627	-328,560
Profit before taxes	222,718	238,857	248,464	177,765	36,607	24,624	507,789	441,246

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	2010	2009	2010	2009	2010	2009	2010	2009
in EUR '000								
Premiums written - gross	4,041,135	3,874,153	1,756,539	1,603,290	647,871	628,377	747,693	548,263
Net earned premiums	3,701,866	3,529,640	1,615,565	1,440,953	594,384	552,760	682,878	496,181
Financial result excl. at equity consolidated companies	787,155	684,027	120,014	81,278	42,529	37,418	55,188	40,380
Result from shares in at equity consolidated companies	5,685	-1,747	-672	904	0	0	0	0
Other income	30,545	16,122	21,127	20,758	7,885	24,348	6,137	3,802
Expenses for claims and insurance benefits	-3,593,508	-3,274,595	-1,123,980	-999,531	-467,082	-437,589	-454,848	-282,276
Operating expenses	-648,765	-606,383	-395,435	-359,101	-92,199	-91,633	-254,131	-216,999
Other expenses	-32,094	-99,577	-69,287	-62,352	-48,202	-62,293	-11,041	-13,663
Profit before taxes	250,884	247,487	167,332	122,909	37,315	23,011	24,183	27,425

	Romania		Remaining markets		Total			
	2010	2009	2010	2009	2010	2009		
in EUR '000								
Premiums written - gross			528,050	606,658	871,724	758,540	8,593,012	8,019,281
Net earned premiums			480,631	550,559	785,042	672,186	7,860,366	7,242,279
Financial result excl. at equity consolidated companies			41,150	25,152	65,387	61,710	1,111,423	929,965
Result from shares in at equity consolidated companies			0	0	0	0	5,013	-843
Other income			14,248	22,470	13,897	37,486	93,839	124,986
Expenses for claims and insurance benefits			-324,686	-385,541	-577,244	-497,626	-6,541,348	-5,877,158
Operating expenses			-152,204	-171,520	-217,143	-203,787	-1,759,877	-1,649,423
Other expenses			-30,626	-16,930	-70,377	-73,745	-261,627	-328,560
Profit before taxes			28,513	24,190	-438	-3,776	507,789	441,246

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is the leading Austrian insurance company in Central and Eastern Europe and thus is also the largest listed insurance group in Austria. Its registered office is located at Schottenring 30, 1010 Vienna. The ultimate parent company Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group includes VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe in its consolidated financial statements.

The insurance companies of the Vienna Insurance Group offer high-quality insurance services in both the life and non-life segments in 24 countries of Central and Eastern Europe.

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

For ease of presentation, the previous Other CEE markets and Other markets regions were combined to form the new Remaining markets region.

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

Summary of significant accounting policies

The consolidated financial statements as of 31 December 2010 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the applicable corporate law provisions of § 245a of the Austrian Corporate Code (*Unternehmensgesetzbuch* – 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 that estimates be made. 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 45.

Amounts were rounded to improve readability and, where indicated, are shown in thousands of euros. Calculations, however, are done using exact amounts, including 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

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

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

A number of amended standards and interpretations, one new interpretation and one new standard have been published, but were either not yet adopted by the European Union or were adopted by the European Union but were not yet required to be applied to these financial statements. These rules either have no material effect on the Company's consolidated financial statements, or the effects cannot yet be definitively determined and are therefore not presented in detail.

Scope and methods of consolidation

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, 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. Control exists when VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is directly or indirectly in a position to determine the financial and business policy of a subsidiary. Inclusion of a subsidiary begins when control is gained and ends when control is lost. A total of 35 Austrian and 56 foreign companies is included in the consolidated financial statements. Subsidiaries that were not of material importance were not included within the scope of consolidation. 15 Austrian companies and 8 foreign companies were excluded for this reason.

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 Austrian companies and 14 foreign companies included at equity. In accordance with the requirements of IAS 39 "Financial instruments", 23 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 are not fully consolidated, since Vienna Insurance Group does not have control over such mutual funds.

First-time inclusion of a subsidiary is performed using the purchase method by allocating the acquisition cost to the identifiable assets and liabilities of the acquired company. The acquisition costs 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). The amount by which the acquisition cost 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 acquisition cost (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 on the income statement.

In 2010, the following changes occurred in the scope of consolidation:

The following companies were deconsolidated during the financial year:

Deconsolidations	Deconsolidation date
BULGARSKI IMOTI LIFE Insurance Company AD, Sofia	01.01.2010
Omniasig Asigurari de Viata SA, Bucharest	01.01.2010

During the reporting period from 1 January 2010 to 31 December 2010, the Vienna Insurance Group included the following new subsidiaries in the consolidated financial statements:

Expansion of the scope of consolidation	Interest in %	Date of first consolidation	Goodwill
<i>in EUR millions</i>			
PJSC "Insurance Company "Ukrainian Insurance Group", Kiev	100.00	01.07.2010	35.36
JSC "Insurance Company GPI Holding", Tbilisi	72.00	01.07.2010	12.81
International Insurance Company IRAO Ltd., Tbilisi	90.00	01.07.2010	3.34
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna**	25.08	01.01.2010	0.00
Polski Związek Motorowy Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	96.22	01.01.2010	10.96
Ray Sigorta A.Ş., Istanbul*	34.26	01.07.2010	17.03
Sozialbau gemeinnützige Wohnungsaktiengesellschaft, Vienna**	25.08	01.01.2010	0.00
TBIH Financial Services Group N.V., Amsterdam	100.00	01.07.2010	0.00
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsges.m.b.H., Vienna**	25.08	01.01.2010	0.00
VIG REAL ESTATE DOO, Belgrade	100.00	01.01.2010	0.31

* Due to the acquisition of TBIH Financial Services Group N.V., Amsterdam, the shares of this company were fully consolidated instead of proportionally consolidated starting in the 2nd half of 2010. The goodwill shown here relates only to the company when it was included by means of full consolidation.

** The companies in the Sozialbau Group were fully consolidated due to the existence of control based on syndication agreements.

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

Polski Związek Motorowy TU S.A. Vienna Insurance Group, Warsaw, was first fully consolidated by the Vienna Insurance Group in the first quarter of 2010, and PJSC Insurance Company "Ukrainian Insurance Group", Kiev, was first fully consolidated in the third quarter of 2010. Ray Sigorta A.Ş., Istanbul, was previously proportionally consolidated, and was also first fully consolidated in the third quarter of 2010.

The insurance portfolio of BULGARSKI IMOTI LIFE Insurance Company AD, Sofia, which was deconsolidated as of 1 January 2010, was transferred to BULSTRAD LIFE

VIENNA INSURANCE GROUP Joint Stock Company, Sofia, at the end of 2009. The sale of Omnisig Asigurari de Viata SA, Bucharest, became legally effective in the middle of 2010. Due to a loss of control, Omnisig Asigurari de Viata SA, Bucharest, was deconsolidated as of 1 January 2010.

In addition, the two Croatian companies Helios Vienna Insurance Group d.d., Zagreb, and Cosmopolitan Life Vienna Insurance Group d.d., Zagreb, were merged in the first half of 2010. The merged company operates under the name Helios Vienna Insurance Group d.d.

Change in Group structure

The separation of the Austrian insurance business operations from the Group holding company became legally effective on 3 August 2010. WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group continues to be the largest individual company in the Group and continues to operate the property/casualty, life and health insurance business in Austria. In addition to the usual international management responsibilities of a listed group,

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe also handles reinsurance and international corporate business.

Information on the companies included in the consolidated financial statements as of 31 December 2010 by means of full consolidation and those included using the equity method 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 companies listed below (based on data reported by the companies):

Balance sheet

in EUR '000	
Intangible assets	1,150
Investments	1,109,865
Reinsurers' share in underwriting provisions	41,606
Receivables (incl. tax receivables and advance payments out of income tax)	50,316
Other assets (incl. deferred tax assets)	20,737
Cash and cash equivalents	36,257
Total ASSETS	1,259,931
Shareholders' equity	395,546
Underwriting provisions	147,064
Non-underwriting provisions	16,253
Liabilities (incl. tax liabilities out of income tax)	697,976
Other liabilities (incl. deferred tax liabilities)	3,092
Total LIABILITIES AND SHAREHOLDERS' EQUITY	1,259,931

Based on the reported data shown above, purchase price allocations were performed during first-time consolidation, in which assets and liabilities were identified, reassessed and valued. This procedure led to additional assets of EUR 108,300,000 and liabilities of EUR 16,588,000 being recognised.

Income statement

in EUR '000	
Net earned premiums	84,034
Financial result	17,782
Other income	2,500
Expenses for claims and insurance benefits	-60,955
Operating expenses	-27,356
Other expenses	-3,885
Profit before taxes	12,120

Non-profit housing societies

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

- Alpenländische Heimstätte, gemeinn. Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck
- Erste gemeinnützige Wohnungsgesellschaft - Heimstätte Ges.m.b.H., Vienna
- Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding
- Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg

- NEUE HEIMAT OÖ Gemeinnützige Wohnungs- und SiedlungsgesellschaftmbH, Linz
- "Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna

Beginning in 2010

- Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna
- Sozialbau gemeinnützige Wohnungsaktiengesellschaft, Vienna
- Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna

The effects of the newly consolidated companies on the balance sheet and income statement are shown below:

Balance sheet	Non-profit housing development companies 2010
in EUR '000	
Investments	721,604
thereof investment property	652,648
Other assets	31,461
Total ASSETS	753,065
Shareholders' equity	195,737
Provisions	15,281
Liabilities	542,047
Total LIABILITIES AND SHAREHOLDERS' EQUITY	753,065
Income statement	
in EUR '000	
Income	57,065
Expenses	-29,338
Financial result	-10,887
Profit before taxes	16,840

The non-profit housing societies were fully consolidated due to the existence of control based on 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 56,512,000 (EUR 37,351,000).

The share of all non-profit housing societies in the real estate portfolio of the Vienna Insurance Group is EUR 2,815,639,000 (EUR 2,027,123,000).

Classification of insurance policies

Contracts under which a Group company assumes a significant insurance risk from another party (the policyholder), by agreeing to provide compensation to the policyholder if a specified uncertain future event (the insured event) negatively affects the policyholder are treated as insurance contracts for the purposes of 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, credit indices, or some other variable, provided that the variable is not specific to one counterparty in the case of a non-financial variable. 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 are considered profit-related participation in net income if, 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.

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 secondary 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 gross 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 approximately 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 could be assumed that these negative measurement differences will be offset by future increases in value. There are, however, no asset-side

deferred items due to measurement differences in the current financial year.

Recognition and accounting methods for insurance policies

The Vienna Insurance Group fully applies the rules of IFRS 4 with respect 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-time consolidation of the s Versicherung Group in 2008. 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 state-

ments. 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 the IFRS, 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. Items in the income statement 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 2010	Average exchange rate 2010
		1 EUR \triangle	1 EUR \triangle
Albanian lek	ALL	138.7700	138.0475
British pound	GBP	0.8608	0.8578
Bulgarian lev	BGN	1.9558	1.9558
Estonian kroon	EEK	15.6466	15.6466
Georgian lari	GEL	2.3500	2.3562
Croatian kuna	HRK	7.3830	7.2891
Latvian lats	LVL	3.4528	3.4528
Lithuanian litas	LTL	0.7094	0.7087
Macedonian denar	MKD	61.5050	61.5260
Turkish new lira	TRY	2.0694	1.9965
Polish zloty	PLN	3.9750	3.9947
Romanian leu	RON	4.2620	4.2122
Russian ruble	RUB	40.8200	40.2629
Swiss franc	CHF	1.2504	1.3803
Serbian dinar	RSD	105.4982	103.0431
Czech koruna	CZK	25.0610	25.2840
Ukraine hryvnia	UAH	10.5731	10.5201
Hungarian forint	HUF	277.9500	275.4805
U.S. dollar	USD	1.3362	1.3257
Belarusian ruble	BYR	3,972.6000	3,941.9467

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. 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) at the 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.

Cash-Generating Units

	Discount rates		Long-term growth rate	
	2010	2009	2010	2009
in %				
Austria	7.47	8.52	3	3
Czech Republic	8.75	10.62	2 - 5	3
Slovakia	8.75	10.62	3	5
Poland	8.97	10.92	3	3
Romania	10.47	12.42	3 - 9	3 - 7
Remaining markets	11.39	13.02	3 - 13	3 - 10

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 of the annual financial statements**Intangible assets****GOODWILL (A)**

The goodwill shown in the balance sheet is essentially the result of applying the purchase method 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 (B)

Purchased insurance portfolios relate, in particular, to the values of policy 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 (C)

Purchased intangible assets are recognised in the balance sheet at cost less accumulated 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. Scheduled amortisation of the immaterial 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 notional 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 calculation was performed taking into account the 16%

Romanian corporate income tax rate. The "tax amortisation benefit" was also taken into account 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 THE ACCOUNTING AND VALUATION 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 (level 1).
- 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 (level 2).
- 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 (level 3).

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, these 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 assessment of market conditions, the financial position of the issuer, and other factors. Information on impairments is provided on page 44.

Information on the nature and extent of risks arising from financial instruments is provided in the section entitled "Risk reporting" on page 55.

LAND AND BUILDINGS (D)

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 significant increase in future opportunities for use of the building (e.g., through building expansion or new building construction).

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 (E)

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 elected 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 immaterial 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 assets" 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 (F)

Investments for unit-linked and index-linked life insurance provide cover for 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 (G)

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 2010 and 31 December 2009 balance sheet dates.

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

Receivables (H)

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

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

Receivables are reported at cost less impairment losses for expected uncollectible amounts. Receivables from policyholders can also be measured at cost. In this case, expected impairment losses from uncollectible premium receivables are shown on the liabilities side of the balance sheet under "Other underwriting provisions" (provisions for lapses), or deducted from the premium receivable using a valuation allowance.

Taxes (I)+(J)

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	31.12.2010	31.12.2009
<i>in %</i>		
Austria	25	25
Czech Republic	19	20
Slovakia	19	19
Poland	19	19
Romania	16	16
Albania	10	10
Bulgaria	10	10
Germany	30	30
Estonia**	0	0
Georgia	15	15

Tax rates	31.12.2010	31.12.2009
<i>in %</i>		
Croatia	20	20
Latvia	15	15
Liechtenstein*	20	20
Lithuania	15	20
Macedonia**	0	10
Serbia	10	10
Turkey	20	20
Ukraine	25	25
Hungary	19	20

* As of 1 January 2011, the tax rate in Liechtenstein is a uniform 12.5%.

** The income of locally domiciled companies is not subject to income tax. Only certain payments of the Estonian and Macedonian companies are subject to tax at a rate of 20% and 10%, respectively.

Other assets (K)

Other assets are valued at cost of acquisition less impairment losses.

Underwriting provisions

UNEARNED PREMIUMS (L)

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 26,952,000 (EUR 27,685,000). 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.

MATHEMATICAL RESERVE (M)

Life insurance mathematical reserves are calculated using the prospective method as the actuarial 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 or another actuarial method 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 2010: 3.14%

As of 31 December 2009: 3.24%

Please see the section titled “Recognition and accounting methods for insurance policies” for information on the treatment of the mathematical reserve during first-time 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 2010: 3.00%

As of 31 December 2009: 3.00%

PROVISION FOR OUTSTANDING CLAIMS (N)

According to national insurance law and regulations in Austria (the Austrian Corporate Code and the Insurance Supervision Act (Versicherungsaufsichtsgesetz — 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, and losses that have occurred but have not

been reported or not reported in the correct amount are included in the provision (incurred but not reported claims provisions, "IBNR", "IBNER"). Separate provisions for claims settlement expenses are formed for internally incurred expenses attributable to claims settlement under the allocation according to origin 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 reserves 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 revision of IFRS 4 provides for reserves formed in accordance with applicable national requirements to be carried over into the consolidated financial statements.

PROVISION FOR PROFIT-UNRELATED PREMIUM REFUNDS (O)

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 reserves are formed at the individual policy level with no discounting.

PROVISION FOR PROFIT-RELATED PREMIUM REFUNDS (P)

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 (Q)

The other underwriting provisions item primarily includes provisions for lapses. Provisions for lapses 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 (R)

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 (S)

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. Actuarial reports, which are used to calculate the necessary reserve amount for each balance sheet reporting date, are available for 31 December 2009 and 31 December 2010.

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 period of service of all employees ("corridor method").

The calculations for 31 December 2010 and 31 December 2009 are based on the following assumptions:

Pension assumptions	2010	2009
Interest rate	4.25%	5%
Pension and salary increases	2%	2.5%
Labour turnover rate	age-dependent	
	0.5%-7.5%	0.5%-7%
Retirement age, women	62+	62+
	Transitional arrangement	
Retirement age, men	62+	62+
	Transitional arrangement	
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 is 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. 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, distributed over the average remaining period of service of all employees ("corridor method").

The calculations for 31 December 2010 and 31 December 2009 are based on the following assumptions:

Severance payment assumptions	2010	2009
Interest rate	4.25%	5%
Pension and salary increases	2%	2.5%
Labour turnover rate	age-dependent	
	0.5%-7.5%	0.5%-7%
Retirement age, women	62+	62+
	Transitional arrangement	
Retirement age, men	62+	62+
	Transitional arrangement	
Life expectancy	for employees according to	
	(AVÖ 2008-P)	(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 (T)

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 provisions for pensions and similar obligations. These relate primarily to provisions for 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.

The disclosure of other provisions and other liabilities was adjusted based on the amendment to IAS 37.

(Subordinated) liabilities (U)

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

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 provision for lapses is also recognised in earned premiums.

* The exception in § 81 o (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 allocation according to origin 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 provision for lapses, are also shown under expenses for claims and insurance benefits.

Operating expenses

The Group's personnel and materials expenditures are assigned to the following income statement items using the allocation according to origin 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 a 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 holders, guarantors or managers, or by sector concentrations.

General information

The Vienna Insurance Group's corporate risk management department defines framework guidelines for all Group companies. The Group companies are responsible for managing their risks within the prescribed ranges.

Enterprise Risk Management (ERM) and specification of a risk policy and risk strategy by management are the building blocks of effective risk management. The objective of ERM is not complete avoidance of risk, but instead a conscious acceptance of desired risks or the implementation of measures to monitor and possibly reduce existing risks based on economic factors. These considerations are based on the assumption that higher returns can be achieved by accepting higher risk. The risk-return ratio is therefore a key measure that is optimised.

Great importance is placed on expanding and continuously optimising the Vienna Insurance Group's integrated systematic risk management process and the creation of an appropriate risk monitoring culture. Transparent and verifiable decisions and processes within the enterprise play an important role in the creation of an appropriate risk culture. Each individual employee contributes to the effectiveness of risk management in the Vienna Insurance Group.

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 future insurance payments.

Reinsurance

The Vienna Insurance Group limits the 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 offer adequate credit quality, so as 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. The monetary limit per reinsurer is set individually for each subsidiary.

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

Even for business segments where claims 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 higher, the preferred rating is a Standard & Poor's rating of A or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

Other measures

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.

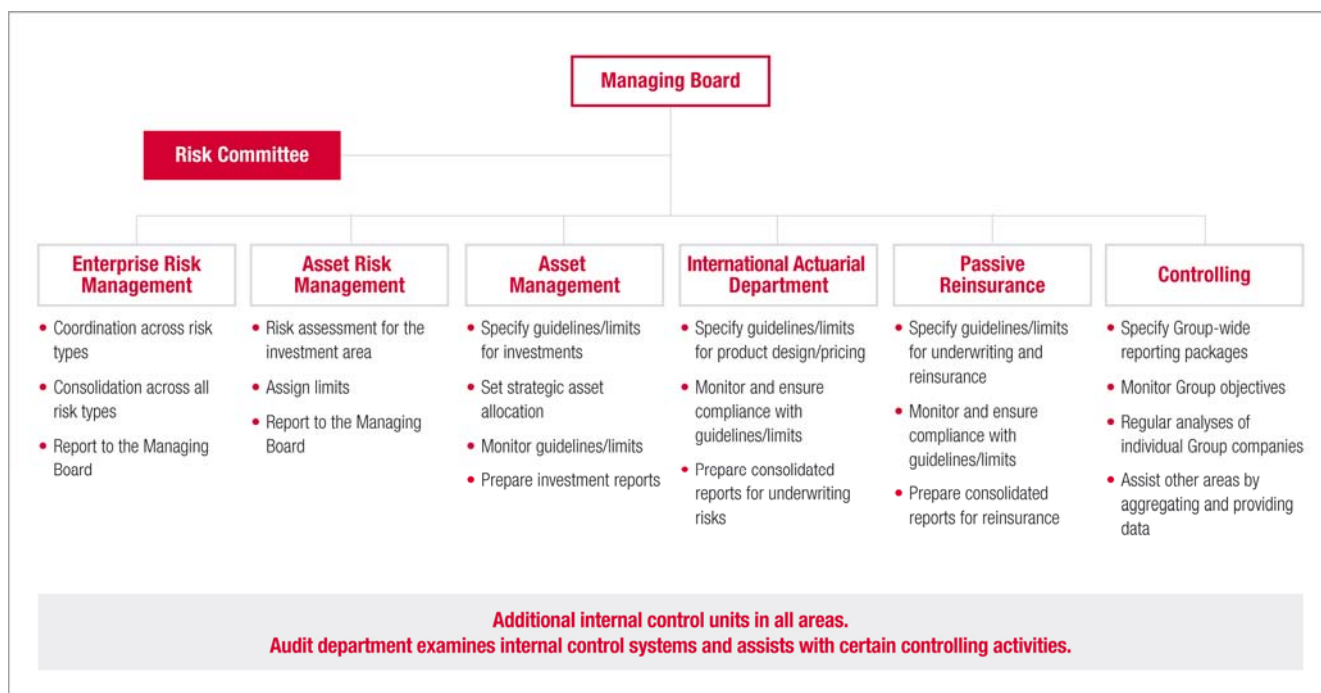
Areas involved in risk monitoring and control

ENTERPRISE RISK MANAGEMENT (ERM)

The VIG Enterprise Risk Management department is responsible for Group-wide risk management and implementing the European solvency regulations (Solvency II) and reports to the Managing Board. ERM assists the Managing Board with updating the corporate risk strategy, risk organisation and other corporate risk management topics and documents. ERM also creates a framework for enterprise-wide risk management that uses key principles and concepts, uniform terminology and clear instructions and support.

RISK COMMITTEE

As a result of the demerger and establishment of a holding company, a cross-class, cross-country risk committee is being formed. The risk committee is responsible at the holding company level for assisting the ERM with its duties and introducing ideas and viewpoints that cut across class and country boundaries.



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 the 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.

INVESTMENT RISK MANAGEMENT

The investment risk management department prepares a quarterly risk budget for the investment area. Compliance with the risk budget 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.

CONTROLLING

The controlling department monitors and controls operational developments at domestic and foreign insurance companies. This is accomplished using monthly reports submitted by the companies 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 business areas and the functionality and adequacy of risk management. The internal audit department operates continuously and reports directly to the Managing Board.

GROUP IT / BACK OFFICE

The VIG Group IT department is responsible for coordinating IT responsibilities at the Group level (IT strategy, Group solutions and systems related to the IT environment, IT governance, IT procurement and controlling, IT security, etc.) and for assisting VIG subsi-

diaries with large IT projects, developing Group-wide guidelines and common standards. The Group IT back office function coordinates core business process development for the insurance business using a process management methodology within VIG. The Austrian business organisation assists Group IT with this by providing outside services in the IT and telephony areas.

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's 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 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", "IBNER"). These reserves represent the expected costs required for final settlement of all known pending claims and IBNR and IBNER losses.

Loss reserves, including IBNR and IBNER 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 are 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 by funds, constitutes 4% of investments. Among other things, the Vienna Insurance Group's 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 earnings 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 is a core component of the Vienna Insurance Group's strategy. The Vienna Insurance Group has a very strong presence in these countries. Prescribed risk guidelines create a uniform risk management philosophy in all CEE countries. The presence of the corporate risk management department in the holding company makes risk management more consistent within the Group.

Risks from acquisitions

In the past, the Vienna Insurance Group acquired a number of companies in Central and Eastern European countries, 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 ranges; and
- integration of different corporate and management cultures.

Climate change

The environmental catastrophes that have been becoming increasingly common in recent years, such as floods, mudslides, landslides, storms, etc., may have been

brought about by general climate change. The number of claims caused in this way may continue to rise in the future.

Credit risk from investments

When managing risks related to credit quality, a distinction must be made between "liquid" and "marketable" risks (exchange-listed bonds and shares) and "bilateral" risks, such as, for example, time deposits, OTC derivatives, loans, private placements and securities 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 investment strategy is laid down in the form of investment guidelines, which are continuously monitored for compliance by the investment risk management and internal audit

departments. Investment guidelines are laid down centrally and must be observed by all Group companies, with a distinction made between investment strategies for Austria, the CEE region and Germany/Liechtenstein.

The investment strategy for Austria can 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 securities market risk 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 investments, and limiting these risks. Risks are limited by setting position limits and by means of a two-level 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. Holdings of shares and real estate amount to around 4% and 14%, respectively, in each case relative to the book value of the total investment portfolio.

The table below shows the breakdown of Vienna Insurance Group investments as of 31 December 2010 and 31 December 2009 in thousands of EUR, broken down by property/casualty, health and life insurance segments:

Composition Investments	31.12.2010			31.12.2009	
	Property/Casualty	Life	Health	Total	Total
in EUR '000					
Land and buildings	3,232,610	780,103	58,366	4,071,079	3,301,248
Self-used land and buildings	224,112	110,623	25,349	360,084	323,127
Third-party used land and buildings	3,008,498	669,480	33,017	3,710,995	2,978,121
Shares in at equity consolidated companies	54,658	61,505	0	116,163	115,859
Loans	186,954	2,207,447	107,947	2,502,348	2,789,090
Reclassified loans	200,776	727,705	37,523	966,004	991,216
Other securities	3,995,863	14,695,262	713,369	19,404,494	17,763,740
Financial instruments held to maturity	634,315	1,184,077	0	1,818,392	1,570,087
Government bonds	594,679	928,282	0	1,522,961	1,267,350
Covered bonds	15,691	59,476	0	75,167	85,896
Corporate bonds	14,252	94,426	0	108,678	94,745
Bonds from banks	9,693	101,074	0	110,767	121,740
Subordinated bonds	0	819	0	819	356
Financial instruments reclassified as held to maturity	303,186	939,405	0	1,242,591	1,320,227
Government bonds	257,094	729,173	0	986,267	989,568
Covered bonds	38,307	155,887	0	194,194	271,794
Bonds from banks	5,887	54,345	0	60,232	57,083
Subordinated bonds	1,898	0	0	1,898	1,782
Financial instruments available for sale	2,801,982	11,501,346	683,688	14,987,016	13,514,370
Bonds	2,170,418	9,782,131	409,474	12,362,023	10,883,336
Shares and other participations*	427,986	873,608	213,026	1,514,620	1,616,489
Investment funds	203,578	835,297	61,188	1,100,063	1,002,388
Others	0	10,310	0	10,310	12,157
Trading assets	99,095	39,180	0	138,275	118,916
Bonds	78,439	26,842	0	105,281	90,596
Shares and other non-fixed-interest securities	10,807	2,877	0	13,684	10,254
Investment funds	8,217	9,407	0	17,624	12,527
Derivatives	279	54	0	333	1
Others	1,353	0	0	1,353	5,538
Financial instruments recognised at fair value through profit and loss	157,285	1,031,254	29,681	1,218,220	1,240,140
Bonds	125,606	467,555	29,681	622,842	702,689
Shares and other non-fixed-interest securities	298	16,194	0	16,492	22,330
Investment funds	31,381	545,511	0	576,892	511,084
Others	0	1,994	0	1,994	4,037
Other investments	546,946	475,038	77,449	1,099,433	932,898
Bank deposits	543,668	352,125	75,996	971,789	796,917
Deposits on assumed reinsurance business	722	117,449	1,453	119,624	124,270
Other	2,556	5,464	0	8,020	11,711
Total	8,217,807	18,947,060	994,654	28,159,521	25,894,051

* Includes shares in non-consolidated subsidiaries and other participations.

Maturity structures and rating categories

Maturity structure Financial instruments held to maturity	Acquisition costs carried forward		Fair value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000				
up to one year	179,233	118,755	180,011	119,097
more than one year up to five years	590,785	614,884	593,183	630,953
more than five years up to ten years	487,026	506,884	534,206	528,206
more than ten years	561,348	329,564	578,382	332,180
Total	1,818,392	1,570,087	1,885,782	1,610,436

Maturity structure Financial instruments reclassified as held to maturity	Acquisition costs carried forward		Fair value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000				
up to one year	134,553	138,291	136,870	139,450
more than one year up to five years	341,606	315,930	352,895	323,004
more than five years up to ten years	478,722	414,684	498,700	421,731
more than ten years	287,710	451,322	300,970	450,282
Total	1,242,591	1,320,227	1,289,435	1,334,467

Rating categories - Standard & Poor's Financial instruments held to maturity	Acquisition costs carried forward	
	31.12.2010	31.12.2009
in EUR '000		
AAA	129,005	119,279
AA	293,481	391,593
A	2,409,248	2,110,115
BBB	69,508	160,469
BB and lower	159,259	99,767
No rating	482	9,091
Total	3,060,983	2,890,314

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

Maturity structure Financial instruments available for sale	Fair value	
	31.12.2010	31.12.2009
in EUR '000		
no maturity	2,854,425	2,713,058
up to one year	431,028	1,490,648
more than one year up to five years	2,658,158	2,473,528
more than five years up to ten years	4,167,188	3,513,899
more than ten years	4,876,217	3,323,237
Total	14,987,016	13,514,370

Rating categories - Standard & Poor's Fixed-interest financial instruments available for sale	Fair value	
	31.12.2010	31.12.2009
in EUR '000		
AAA	3,073,192	2,633,489
AA	2,288,387	2,625,654
A	4,582,112	4,070,242
BBB	1,166,332	1,271,349
BB and lower	428,918	174,793
No rating	823,082	107,809
Total	12,362,023	10,883,336

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	
	31.12.2010	31.12.2009
in EUR '000		
no maturity	580,434	516,839
up to one year	44,945	186,079
more than one year up to five years	177,411	204,539
more than five years up to ten years	194,222	122,395
more than ten years	221,208	210,288
Total	1,218,220	1,240,140

* Excluding trading assets

Rating categories - Standard & Poor's

Non-fixed-interest financial instruments recognised at fair value through profit and loss

in EUR '000	Fair value	
	31.12.2010	31.12.2009
AAA	60,477	67,674
AA	100,351	99,294
A	507,318	582,357
BBB	25,082	29,733
BB and lower	22,099	11,640
No rating	12,796	2,587
Total	728,123	793,285

Bonds

The bond portion of the Vienna Insurance Group securities portfolio represented approximately 60% of total investments as of 31 December 2010. When the bond portion of investment funds is included, bonds represent approximately 63% 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, 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 decision 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 2010, the Vienna Insurance Group's share investments represented less than 4% of the book value of the total investment portfolio. In accordance with the investment guidelines for Austria, management is carried out using a top-down approach, subject to the constraint that diversification be used to minimise the market risk of the shares. Diversification is performed by markets and regions, sectors and industries, capitalisation (large, medium and small caps), business cycle (value, growth), and valuation allocations (fundamental or quantitative models). The overall proportion of shares is very small for 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 3,468.4 million as of 31 December 2010 and a book value of EUR 3,780.3 million as of 31 December 2009.

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
<i>in EUR '000</i>			
Non-impaired loans	2,460,709	0	2,460,709
Impaired loans	161,332	119,693	41,639
Total	2,622,041	119,693	2,502,348

Impairments of reclassified loans	Gross book value	Impairment	Net book value
<i>in EUR '000</i>			
Non-impaired reclassified loans	961,733	0	961,733
Impaired reclassified loans	12,568	8,297	4,271
Total	974,301	8,297	966,004

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

Land and buildings

The Vienna Insurance Group's real estate portfolio had a book value of EUR 4,071.1 million as of 31 December 2010 (market value of EUR 4,584.8 million), and a book value of EUR 3,301.2 million as of 31 December 2009 (market value of EUR 3,715.7 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 14% of the total investment portfolio of the Vienna Insurance Group.

The following table shows Vienna Insurance Group real estate investments as of 31 December 2010 and 31 December 2009, broken down by location and type of use of the properties:

Use of property	% of the real estate portfolio	
	31.12.2010	31.12.2009
Austria	91.52	90.66
Self-used	2.80	3.56
Used by third parties	88.72	87.10
Outside Austria	8.48	9.34
Self-used	6.04	6.23
Used by third parties	2.44	3.11

At equity consolidated companies

The Vienna Insurance Group's shares in at equity consolidated companies had a book value of EUR 116.2 million as of 31 December 2010 and a book value of EUR 115.9 million as of 31 December 2009. Shares in at equity consolidated companies therefore represented around 0.4% of the book value of the total investment portfolio as of 31 December 2010.

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, spread, share price, currency, real estate, and participation risks. For the Vienna Insurance Group, interest rates, spreads and share prices are the most relevant parameters for market risk. The Vienna Insurance Group uses fair value measurements, 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 that is appropriate for the insurance business and the maturities of Vienna Insurance Group liabilities.

Interest rate and share price 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, provide diversification and compensate for long-term erosion in value due to inflation. The Vienna Insurance Group assesses share price risk by considering diversification within the overall portfolio and correlation with other securities exposed to price risk.

Market risk affecting earnings is controlled by calculating value-at-risk ("VaR") at regular intervals based on the "Investment and Risk Strategy" guidelines for securities and comparing it to the limit in relation to the risk budget. Value-at-risk is determined using a daily variance/

covariance calculation. The Vienna Insurance Group statistically estimates the variances and covariances from market data for a 12-month period.

It uses a 99% confidence level. The holding period is set at 10 and 20 days. In each case, the average 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	31.12.2010
<i>in EUR millions</i>	
10-day holding period	228.1
20-day holding period	322.6
Total risk capacity	969.0
20-day VaR as % of risk capacity	33%

Capital market scenario analysis

This analysis is carried out quarterly 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 capital of each scenario for 31 December 2010 (not including deferred profit participation or deferred taxes):

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 liabilities (in EUR millions)	3,635.86	3,997.88	3,865.10	4,313.69	3,682.08

In scenario 1, the market value of shares, bonds and real estate decrease sharply 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 good rating given to the Vienna Insurance Group by Standard & Poor's.

Life insurance

The following table shows the changes in endowment insurance (not including risk insurance), risk insurance, annuity insurance, 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 1.1.2010	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
Changes in scope of consolidation	-39,326	-140,412	-153,665	-519,377	-3,075	-6,061	0	0	0	0	-196,066	-665,850
Additions												
<i>New business</i>	271,012	2,035,660	687,903	5,967,498	32,666	606,476	339,993	2,904,536	35,150	1,118,338	1,366,724	12,632,508
<i>Increases</i>	3,021	159,545	1,915	6,156	0	100,545	790	96,482	0	318,207	5,726	680,935
Total additions	274,033	2,195,205	689,818	5,973,654	32,666	707,021	340,783	3,001,018	35,150	1,436,545	1,372,450	13,313,443
Changes												
<i>Changes in additions</i>	104,714	1,688,938	70,844	635,743	29,183	755,881	41,632	1,435,109	2,445	66,711	248,818	4,582,382
<i>Changes in disposals</i>	-56,785	-1,003,271	-60,326	-1,038,997	-27,598	-825,395	-40,462	-1,038,246	-4,142	-298,053	-189,313	-4,203,962
Total changes	47,929	685,667	10,518	-403,254	1,585	-69,514	1,170	396,863	-1,697	-231,342	59,505	378,420
Disposals due to maturity												
<i>Due to expiration</i>	-126,965	-771,811	-360,266	-2,236,275	-21,373	-298,854	-8,274	-113,353	0	0	-516,878	-3,420,293
<i>Due to death</i>	-18,162	-109,117	-4,338	-138,904	-1,620	-26,116	-1,959	-19,675	-436	-6,352	-26,515	-300,164
Total disposals due to maturity	-145,127	-880,928	-364,604	-2,375,179	-22,993	-324,970	-10,233	-133,028	-436	-6,352	-543,393	-3,720,457
Premature disposals												
<i>Due to non- redemption</i>	-16,172	-156,022	-61,215	-294,194	-4,050	-71,658	-8,587	-128,963	-1,177	-36,353	-91,201	-687,190
<i>Due to lapse without payment</i>	-35,094	-321,816	-84,226	-1,142,909	-6,020	-89,824	-25,488	-370,749	-535	-9,064	-151,363	-1,934,362
<i>Due to redemption</i>	-138,946	-1,198,579	-7,845	-759,568	-47,503	-189,944	-31,358	-532,897	-322	-2,860	-225,974	-2,683,848
<i>Due to waiver of premium</i>	-62	-110,878	-6,299	-64,950	-12	-48,464	-8,422	-323,896	-733	-222,211	-15,528	-770,399
Total premature disposals	-190,274	-1,787,295	-159,585	-2,261,621	-57,585	-399,890	-73,855	-1,356,505	-2,767	-270,488	-484,066	-6,075,799
As of 31.12.2010	3,036,255	29,050,900	1,826,882	36,740,187	647,599	10,150,747	1,320,241	12,921,027	463,410	8,730,996	7,294,387	97,593,857

Embedded value sensitivity analyses for the life insurance business

The embedded value is determined in accordance with the European Embedded Value Principles published by the CFO Forum on 5 May 2004, and is separately audited and published on 31 March 2011.

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. Embedded value is therefore 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 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.

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 2010 and the increase in value resulting from new business in 2010 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 insurance in Austria
as of 31.12.2010**

**Change in % of the
base value**

European Embedded Value, Austria	
Decrease in level of equity and property values -10%	-3.97
Interest rate curve shift +1%	11.21
Interest rate curve shift -1%	-22.62
Administrative costs +10%	-2.36
Administrative costs -10%	2.33
Lapse rate improvement 10%	0.88
Lapse rate deterioration 10%	-0.98
Improvement in mortality and morbidity rates, endowment insurance +5%	0.53
Improvement in mortality rates for annuities +5%	-0.14
Value of new business, Austria	
Interest rate curve shift +1%	35.96
Interest rate curve shift -1%	-71.77
Administrative costs +10%	-6.88
Administrative costs -10%	6.35
Lapse rate improvement 10%	9.08
Lapse rate deterioration 10%	-7.11
Improvement in mortality and morbidity rates, endowment insurance +5%	2.42
Improvement in mortality rates for annuities +5%	-1.06

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, or the correct amount has not been reported ("IBNR", "IBNER"). Provisions for outstanding claims are based on estimates of future payments, including claims settlement expenses, for these claims. These estimates are made on an individual-case basis, 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 social 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 and IBNER 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 and IBNER liabilities based on historical claims experience, adjusted for current developments in 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 time and on expectations regarding changes in 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 under motor vehicle insurance, are reported within a few days or weeks and are normally settled within a year.

More complicated claims, such as personal injury under motor vehicle or general liability insurance, typically require longer settlement times (on average four to six years, in some cases considerably 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 final 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 actual developments differing from expectations – sometimes substantially. Loss reserve estimates are regularly reviewed and updated, using the most recent information available to management. Any changes to provision estimates are reflected in the operating result. The Vienna Insurance Group's conservative policy toward

provisions is shown in part 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 property/casualty insurance area 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.

Change in gross loss reserve

The following table shows the changes in the Vienna Insurance Group's loss reserve as of the end of each year indicated. The provisions reflect the amount of expected losses, based on claims that occurred in the current and all previous loss years and had not yet been paid as of the balance sheet date, including IBNR and IBNER.

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 recur in the future and therefore no conclusions can be drawn from the information given in this table as to future results.

	2010	2009	2008	2007	2006	2005
in EUR '000						
Claims reserve (incl. incurred but not reported reserve; IBNR) since the original reporting period						
For each respective year	-3,610,091	-3,279,452	-3,141,140	-2,901,833	-2,616,372	-2,369,237
1 year later		-2,032,889	-1,878,678	-1,710,827	-1,634,263	-1,456,634
2 years later			-1,352,583	-1,246,441	-1,158,154	-1,119,135
3 years later				-915,394	-867,463	-817,169
4 years later					-691,913	-657,711
5 years later						-531,942
Claims payments since the original reporting period						
1 year later		-943,217	-890,737	-841,765	-734,086	-701,351
2 years later			-1,262,167	-1,207,066	-1,091,020	-1,045,292
3 years later				-1,660,597	-1,506,135	-1,450,940
4 years later					-2,002,726	-1,954,215
5 years later						-2,666,398

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 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 issues:

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 50 million for the first natural catastrophe event and EUR 20 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 REINSURERS – 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 inability to pay. No significant reinsurer default has occurred in the history of the Vienna Insurance Group.

SELECTION OF REINSURERS – 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 a Standard & Poor's rating of A, preferably a rating of AA or higher), which in all likelihood will also continue to exist over the long term. Even for business segments where claims 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 higher, the preferred rating is a Standard & Poor's rating of A or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

DESIGN OF 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 the example of Wiener Städtische**NATURAL CATASTROPHES**

Wiener Städtische provides insurance for damage 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 18.5 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

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.

The restructuring of the Group (spin-off of the Austrian insurance business into Wiener Städtische) was also aimed at bundling Group functions in the Vienna Insurance Group holding company. Risk management activities were also designated as being a Group function. Solvency II is being centrally managed as a Group project.

Intensive work on the development and implementation of a partial internal model is already taking place at both the Group and individual company levels as part of the Solvency II project. Care is being taken to ensure that the necessary calculation models and processes are set up in the Group companies, so that consistent values can be calculated at both the individual company level and Group level. A method paper was prepared as part of the Solvency II project that provides a detailed description, based on the technical specifications of the Financial Market Authority, of the calculation and valuation methods that must be applied across the Group to calculate the solvency requirement according to the standard Solvency II formula. The solvency requirement according to the standard Solvency II formula will be calculated in parallel with the results from the partial internal model being prepared by the Vienna Insurance Group for two years.

With respect to future qualitative risk management requirements, the Vienna Insurance Group is establishing a uniform governance system appropriate for Solvency II that includes all necessary functions (risk management, compliance, actuarial function, internal auditing).

EXPLANATORY NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTANGIBLE ASSETS

Composition	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Goodwill	1,796,692	1,754,694
Purchased insurance portfolios	111,029	81,149
Other intangible assets	196,438	139,573
Purchased software	58,617	49,420
Other	137,821	90,153
Total	2,104,159	1,975,416

Development of goodwill	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Acquisition costs	1,781,697	1,423,860
Cumulative depreciation as of 31.12. of previous years	-27,003	-7,771
Book value as of 31.12. of the previous year	1,754,694	1,416,089
Exchange rate changes	1,269	348
Book value as of 1.1.	1,755,963	1,416,437
Additions	40,729	357,488
Disposals	0	-114
Impairments	0	-19,117
Book value as of 31.12.	1,796,692	1,754,694
Cumulative depreciation as of 31.12.	27,426	27,003
Acquisition costs	1,824,118	1,781,697

Book values of cash-generating units	Non-life		Leben	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
<i>in EUR '000</i>				
Austria	3	3	301,716	301,716
Czech Republic	95,419	118,148	303,840	303,840
Slovakia	24,010	0	111,257	111,257
Poland	118,399	107,438	4,612	4,612
Romania	399,444	399,444	69,192	69,192
Remaining markets	286,775	252,037	82,025	87,007
Total	924,050	877,070	872,642	877,624

Changes to goodwill essentially result from the acquisition and increase in shareholdings of the subsidiaries indicated 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	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Acquisition costs	188,177	155,531
Cumulative depreciation as of 31.12. of previous years	-107,028	-87,962
Book value as of 31.12. of the previous year	81,149	67,569
Exchange rate changes	319	71
Book value as of 1.1.	81,468	67,640
Additions	57,959	31,123
Disposals	0	-377
Changes in scope of consolidation	-8,318	921
Scheduled depreciation	-20,080	-15,758
Impairments	0	-2,400
Book value as of 31.12.	111,029	81,149
Cumulative depreciation as of 31.12.	118,866	107,028
Acquisition costs	229,895	188,177

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

Development of purchased software	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Acquisition costs	143,267	123,352
Cumulative depreciation as of 31.12. of previous years	-93,847	-77,328
Book value as of 31.12. of the previous year	49,420	46,024
Exchange rate changes	276	-55
Book value as of 1.1.	49,696	45,969
Additions	26,634	20,337
Disposals	-1,828	-1,516
Changes in scope of consolidation	413	1,136
Scheduled depreciation	-16,298	-16,506
Book value as of 31.12.	58,617	49,420
Cumulative depreciation as of 31.12.	110,585	93,847
Acquisition costs	169,202	143,267

Development of other intangible assets	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Acquisition costs	150,867	149,430
Cumulative depreciation as of 31.12. of previous years	-60,714	-30,171
Book value as of 31.12. of the previous year	90,153	119,259
Exchange rate changes	823	287
Book value as of 1.1.	90,976	119,546
Additions	56,570	812
Disposals	-1,811	-20
Changes in scope of consolidation	60	64
Scheduled depreciation	-7,974	-12,249
Impairments	0	-18,000
Book value as of 31.12.	137,821	90,153
Cumulative depreciation as of 31.12.	68,553	60,714
Acquisition costs	206,374	150,867

2. LAND AND BUILDINGS

Development	Used by third parties	Self-used	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000				
Acquisition costs	4,141,123	437,395	4,578,518	4,273,228
Cumulative depreciation as of 31.12. of previous years	-1,163,002	-114,268	-1,277,270	-1,182,817
Book value as of 31.12. of the previous year	2,978,121	323,127	3,301,248	3,090,411
Exchange rate changes	2,782	4,382	7,164	-2,024
Book value as of 1.1.	2,980,903	327,509	3,308,412	3,088,387
Reclassifications	-1,500	-7,066	-8,566	-15
Additions	298,420	49,696	348,116	237,903
Disposals	-94,695	-2,971	-97,666	-29,430
Changes in scope of consolidation	624,843	6,067	630,910	102,670
Scheduled depreciation	-96,976	-11,726	-108,702	-97,572
Impairments	0	-1,425	-1,425	-695
Book value as of 31.12.	3,710,995	360,084	4,071,079	3,301,248
Cumulative depreciation as of 31.12.	1,444,576	127,696	1,572,272	1,277,270
Acquisition costs	5,155,571	487,780	5,643,351	4,578,518
<i>thereof land</i>	<i>648,978</i>	<i>71,289</i>	<i>720,267</i>	<i>521,556</i>
Fair value of the land and buildings as of 31.12.	4,075,449	509,307	4,584,756	3,715,692

The **changes in the scope of consolidation** resulted primarily from the inclusion of the companies Sozialbau gemeinnützige Wohnungsaktiengesellschaft (EUR 263,077,000), Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H. (EUR 157,276,000) and Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H. (EUR 206,996,000).

Rental income from third-party used land and buildings was EUR 347,005,000, while **operating expenses** were EUR 123,057,000.

3. SHARES IN AT EQUITY CONSOLIDATED COMPANIES

Development	31.12.2010	31.12.2009
in EUR '000		
Book value as of 31.12. of the previous year	115,859	119,651
Book value as of 1.1.	115,859	119,651
Changes in scope of consolidation	0	-4,963
Pro rata result for the period of at equity consolidated companies	304	1,171
Book value as of 31.12.	116,163	115,859

4. PARTICIPATIONS – DETAILS

Participations were held in the following companies as of 31 December 2010:

Affiliated companies and participations VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

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	-77	2010
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna	Austria	55.00	92,808	2010
Alpenländische Heimstätte Gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.00	80,869	2010
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	27,888	2010
arithmetica Versicherungs- und Finanzmathematische Beratungs-GmbH, Vienna	Austria	100.00	385	2010
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest	Romania	99.10	71,264	2010
BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	21,249	2010
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	16,739	2010
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	-269	2010
BML Versicherungsmakler GmbH, Vienna	Austria	100.00	775,189	2010
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	99.91	214	2010
Bulgarski Imoti Non-Life Insurance Company AD, Sofia	Bulgaria	99.91	-1,362	2010
BULSTRAD LIFE VIENNA INSURANCE GROUP JSC., Sofia	Bulgaria	95.11	5,037	2010
BULSTRAD VIENNA INSURANCE GROUP PLC., Sofia	Bulgaria	97.08	19,886	2010
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00	2,175	2010
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	1,911	2010
CAME Holding GmbH, Vienna	Austria	100.00	28,249	2010
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	-945	2010
CAPITOL, a.s., Bratislava	Slovakia	100.00	643	2010
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	98.39	84,194	2010
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00	19,635	2010
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	7,026	2010
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	99.89	47,501	2010
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	41,748	2010
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	11,140	2010
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00	23	2010
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	3,415	2010
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24	153,288	2010
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99.59	121,680	2010
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00	7,477	2010
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00	5,286	2010
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00	189,595	2010
Gemeinnützige Mürz-Ybbs-Siedlungsanlagen-GmbH, Kapfenberg	Austria	55.00	78,036	2010
Helios Vienna Insurance Group d.d., Zagreb	Croatia	100.00	22,234	2010
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	28,518	2010
IC Globus, Kiev	Ukraine	80.00	5,479	2010

Affiliated companies and participations
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Company	Country of domicile	Interest in capital (%)¹⁾	Equity capital (EUR '000)	Last annual financial statements
International Insurance Company IRAO Ltd., Tbilisi	Georgia	90.00	3,171	2010
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	21,678	2010
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.97	63,627	2010
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	39,740	2010
Joint Stock insurance company WINNER - Vienna Insurance Group, Skopje	Macedonia	100.00	2,931	2010
JSC "Insurance Company GPI Holding", Tbilisi	Georgia	72.00	8,217	2010
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100.00	1,914	2010
Kapitol pojišťovaci a finanční poradenství, a.s., Brno	Czech Republic	100.00	9,240	2010
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	34,946	2010
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	239,221	2010
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	98.39	539,473	2010
Kvarner Vienna Insurance Group dioničko društvo za osiguranje, Rijeka	Croatia	98.75	13,104	2010
Kvarner Wiener Städtische Nekretnine d.o.o., Zagreb	Croatia	98.75	194	2010
LVP Holding GmbH, Vienna	Austria	100.00	563,900	2010
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100.00	44,764	2010
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99.81	95,632	2010
NEUE HEIMAT Oberösterreich Holding GmbH, Linz	Austria	100.00	19,741	2010
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	25.08	22,165	2010
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.10	114,262	2010
Passat Real Sp. z o.o., Warsaw	Poland	100.00	2,048	2010
PFG Holding GmbH, Vienna	Austria	89.23	134,801	2010
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	100.00	67,749	2010
PJSC Insurance Company "Ukrainian Insurance Group", Kiev	Ukraine	100.00	10,583	2010
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95.00	24,251	2010
Pojišťovna České spořitelny, a.s., Vienna Insurance Group, Pardubice	Czech Republic	95.00	109,576	2010
Polski Związek Motorowy Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	96.22	11,393	2010
PJSC "Ukrainian Insurance Company Kniazha Vienna Insurance Group", Kiev	Ukraine	99.99	10,858	2010
PJSC "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	95.55	1,999	2010
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60.00	14,006	2010
Projektbau GesmbH, Vienna	Austria	90.00	22,677	2010
Projektbau Holding GmbH, Vienna	Austria	90.00	21,348	2010
Ray Sigorta A.Ş., Istanbul	Turkey	94.26	24,892	2010
S.C. BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	Romania	91.31	18,114	2010
S.C. BCR Asigurări Vienna Insurance Group S.A., Bucharest	Romania	95.93	15,443	2010
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	48,469	2010
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100.00	-4,145	2010
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66.70	9,798	2010
SIGURIA E MAHDE VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	87.01	11,667	2010
Sozialbau gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	25.08	180,534	2010
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95.00	501,414	2010
TBI BULGARIA AD, Sofia	Bulgaria	100.00	26,134	2010
TBIH Financial Services Group N.V., Amsterdam	Netherlands	100.00	133,595	2010
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100.00	34,466	2010

Affiliated companies and participations
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country of domicile	Interest in capital (%)¹⁾	Equity capital (EUR '000)	Last annual financial statements
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	25.08	75,934	2010
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendorf	Liechtenstein	100.00	12,030	2010
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	116,022	2010
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	-245	2010
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	Czech Republic	100.00	4,589	2010
Wiener Re akcionarsko društvo za reosiguranje, Belgrade	Serbia	100.00	6,092	2010
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100.00	807,484	2010
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100.00	796,987	2010
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, Vienna	Austria	100.00	881,708	2010
Wiener Städtische Osiguranje Akcionarsko Društvo za Osiguranje, Belgrade	Serbia	100.00	11,901	2010
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	100.00	1,470	2010
WPWS Vermögensverwaltung GmbH, Vienna	Austria	100.00	381,777	2010
At equity consolidated companies				
AIS Servis, s.r.o., Brno	Czech Republic	100.00	1,650	2010
Benefita, a.s., Prague	Czech Republic	100.00	516	2010
Česká Kooperativa Londýn Ltd., London	Great Britain	100.00	606	2010
ČPP servis, s.r.o., Prague	Czech Republic	100.00	13	2010
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00	11,839	2010
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00	48,802	2010
Global Expert, s.r.o., Pardubice	Czech Republic	100.00	1,200	2010
HOTELY SRNÍ, a.s., Prague	Czech Republic	72.43	7,559	2010
KÁMEN OSTROMĚŘ, s.r.o., Ostroměř	Czech Republic	100.00	414	2010
KIP, a.s., Prague	Czech Republic	86.65	4,173	2010
KOORDITA, a.s., Ostrava-Hrabova	Czech Republic	100.00	1,724	2010
Medial Beteiligungs-Gesellschaft m.b.H., Vienna	Austria	29.97	34,399	2010
Mělnická Zdravotní a.s., Prague	Czech Republic	100.00	4,679	2010
Sanatorium Astoria, a.s., Karlovy Vary	Czech Republic	75.06	3,443	2010
Sparkassen Immobilien AG, Vienna (consolidated financial statement)	Austria	10.04	513,333	2010
SURPMO a.s., Prague	Czech Republic	100.00	777	2010
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	Austria	60.00	32,904	2010
UNIGEO, a.s., Ostrava-Hrabova	Czech Republic	100.00	6,150	2010
Non-consolidated companies				
Wiener Städtische životno osiguranje Podgorica a.d., Podgorica	Montenegro	100.00	founded in	2010
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	50.00	651	2009
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00	12,192	2009
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00	127,686	2009
CAPITOL Sp. z o.o., Warsaw	Poland	100.00	506	2009
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	44.00	111	2009
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	100.00	59	2009
EXPERTA Schadenregulierungs- Gesellschaft m.b.H., Vienna	Austria	100.00	781	2009
Geschlossene Aktiengesellschaft Strachowaja kompanija "MSK-Life", Moscow	Russia	25.00	7,212	2009
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	100.00	391	2009
Interalbanian Sh.a., Tirana	Albania	75.00	3,677	2009

Affiliated companies and participations
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country of domicile	Interest in capital (%)¹⁾	Equity capital (EUR '000)	Last annual financial statements
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	Austria	36.57	143,245	2009
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	43.26	23,042	2009
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	74.64	45	2009
Private Joint-stock company "VAB Life", Kiev	Ukraine	100.00	1,408	2009
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00	493	2009
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	Austria	35.00	482	2009
Senioren Residenz gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	100.00	913	2009
V.I.G. ND, uzavřený investiční fond a.s., Prague	Czech Republic	100.00	founded in 2010	
VBV - Betriebliche Altersvorsorge AG, Vienna	Austria	23.56	49,593	2009
SBA ZASO "Kupala", Minsk	Belarus	98.26	1,111	2009
Vienna Insurance Group Polska Spółka z ograniczoną odpowiedzialnością, Warsaw	Poland	100.00	6,673	2009
Vienna International Underwriters GmbH, Vienna	Austria	100.00	68	2009

¹⁾ The share of capital equals the controlling interest before any minority interests.

5. LOANS AND OTHER INVESTMENTS

Loans and other investments	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Loans	2,502,348	2,789,090
Reclassified loans	966,004	991,216
Subtotal	3,468,352	3,780,306
Other investments	1,099,433	932,898
Total	4,567,785	4,713,204

Development of loans total	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Acquisition costs	3,848,823	4,006,501
Cumulative depreciation as of 31.12. of previous years	-68,517	-12,286
Book value as of 31.12. of the previous year	3,780,306	3,994,215
Exchange rate changes	-144	-1,610
Book value as of 1.1.	3,780,162	3,992,605
Reclassifications	-7,009	-25,850
Additions	570,254	335,597
Disposals	-701,361	-460,344
Changes in scope of consolidation	-107,777	2,405
Appreciation	1,436	0
Depreciation	-1,561	0
Impairments	-65,792	-64,107
Book value as of 31.12.	3,468,352	3,780,306
Cumulative depreciation as of 31.12.	127,990	68,517
Acquisition costs	3,596,342	3,848,823

Composition of loans	Acquisition costs carried forward	
	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Loans to non-consolidated affiliated companies	47,889	199,501
Loans to participations	53,119	37,557
Mortgage loan	355,522	290,503
Policy loans and prepayments	50,259	54,329
Other loans	1,995,559	2,207,200
to public authorities	187,541	226,511
to financial institutions	1,570,013	1,673,743
to other commercial debtors	225,008	292,025
to private persons	11,338	12,316
other	1,659	2,605
Total	2,502,348	2,789,090
Fair Value	2,792,486	2,912,565

Other investments primarily consists of bank balances of EUR 971,789,000 (EUR 796,917,000) and deposits on assumed reinsurance business of EUR 119,624,000 (EUR 124,270,000).

Composition of reclassified loans

	Acquisition costs carried forward	
	31.12.2010	31.12.2009
in EUR '000		
Other loans		
to financial institutions	748,682	768,712
to other commercial debtors	35,887	35,666
other	181,435	186,838
Total	966,004	991,216
Fair Value	1,042,257	1,029,833

Maturity structure of loans

	Acquisition costs carried forward	
	31.12.2010	31.12.2009
in EUR '000		
up to one year	77,079	160,925
more than one year up to five years	241,040	256,946
more than five years up to ten years	483,160	521,233
more than ten years	1,701,069	1,849,986
Total	2,502,348	2,789,090

Maturity structure of reclassified loans

	Acquisition costs carried forward	
	31.12.2010	31.12.2009
in EUR '000		
up to one year	10,007	15,685
more than one year up to five years	120,655	70,597
more than five years up to ten years	282,784	362,529
more than ten years	552,558	542,405
Total	966,004	991,216

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	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000								
Acquisition costs	2,907,377	2,365,092						
Cumulative depreciation as of 31.12. of previous years	-17,063	-18,031						
Book value as of 31.12. of the previous year	2,890,314	2,347,061	13,514,370	11,707,295	118,916	287,271	1,240,140	1,230,068
Exchange rate changes	121,653	27,544	24,521	-564	-1,268	3,320	7,210	1,550
Book value as of 1.1.	3,011,967	2,374,605	13,538,891	11,706,731	117,648	290,591	1,247,350	1,231,618
Reclassifications	0	13,056	-9,138	-45,918	0	-136,525	-3,443	-27,746
Additions	476,609	684,793	3,429,472	5,320,269	334,768	206,673	223,552	280,341
Disposals	-430,837	-218,094	-1,958,686	-3,641,892	-317,861	-263,865	-274,583	-277,347
Change in scope of consolidation	3,244	35,954	-163,625	-256,810	0	19,584	16,810	7,153
Changes in value recognised in profit and loss	0	0	37,661	0	3,720	4,083	8,554	26,121
Changes recognised directly in equity	0	0	153,256	616,141	0	0	0	0
Impairments	0	0	-40,815	-184,151	0	-1,625	-20	0
Book value as of 31.12.	3,060,983	2,890,314	14,987,016	13,514,370	138,275	118,916	1,218,220	1,240,140
Cumulative appreciation/ depreciation as of 31.12.	13,440	17,063						
Acquisition costs	3,074,423	2,907,377						

Composition Financial instruments held to maturity	Acquisition costs carried forward		Fair value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000				
Government bonds	1,522,961	1,267,350	1,603,869	1,308,099
Covered bonds	75,167	85,896	73,718	82,826
Corporate bonds	108,678	94,745	111,096	104,898
Bonds from banks	110,767	121,740	96,236	114,251
Subordinated bonds	819	356	863	362
Total	1,818,392	1,570,087	1,885,782	1,610,436

**Composition
Financial instruments reclassified as held to maturity**

	Acquisition costs carried forward		Fair value	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000				
Government bonds	986,267	989,568	1,026,839	1,003,266
Covered bonds	194,194	271,794	200,644	271,891
Bonds from banks	60,232	57,083	60,191	57,536
Subordinated bonds	1,898	1,782	1,761	1,774
Total	1,242,591	1,320,227	1,289,435	1,334,467

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**

	Fair value	
	31.12.2010	31.12.2009
in EUR '000		
Bonds	12,362,023	10,883,336
Government bonds	5,318,168	3,974,336
Covered bonds	1,460,616	1,467,781
Corporate bonds	1,180,573	1,046,732
Bonds from banks	3,067,648	3,060,627
Subordinated bonds	1,335,018	1,333,860
Shares and other participations*	1,514,620	1,616,489
Investment funds	1,100,063	1,002,388
Equity funds	65,474	35,278
Pension funds	318,475	306,666
Hedge funds	143,459	144,268
Real estate funds	157,695	171,908
Balanced funds	414,960	344,268
Others	10,310	12,157
Total	14,987,016	13,514,370

* Includes shares in non-consolidated subsidiaries and other participations of EUR 657,444,000 (EUR 639,708,000).

Unrealised gains and losses on Financial instruments available for sale

	Fair value		unrealised		unrealised	
	31.12.2010	31.12.2009	gains	losses	gains	losses
			31.12.2010	31.12.2010	31.12.2009	31.12.2009
in EUR '000						
Bonds	12,362,023	10,883,336	505,787	-330,911	341,343	-186,679
Shares and other participations	1,514,620	1,616,489	272,864	-16,796	203,631	-27,092
Investment funds	1,100,063	1,002,388	53,033	-73,507	25,075	-70,342
Others	10,310	12,157	262	0	354	-19,731
Total	14,987,016	13,514,370	831,946	-421,214	570,403	-303,844

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*	Fair value	
	31.12.2010	31.12.2009
in EUR '000		
Bonds	728,123	793,285
Government bonds	119,806	175,918
Covered bonds	26,548	33,180
Corporate bonds	31,952	23,680
Bonds from banks	484,904	505,588
Subordinated bonds	64,913	54,919
Shares and other non-fixed-interest securities	30,176	32,584
Investment funds	594,516	523,611
Equity funds	68,747	18,253
Pension funds	508,036	486,116
Hedge funds	0	91
Real estate funds	576	85
Balanced funds	17,157	19,066
Derivatives	333	1
Others	3,347	9,575
Total	1,356,495	1,359,056

* Including trading assets

Composition Book values of government bonds	Held to maturity total		Available for sale		Recognised at fair value through profit and loss	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000						
Government bonds						
Austria	0.75%	0.28%	25.21%	27.61%	-	-
Germany	1.04%	1.71%	7.96%	10.27%	28.65%	22.94%
Czech Republic	74.63%	74.64%	9.03%	7.47%	7.45%	33.51%
Slovakia	7.08%	5.53%	9.82%	7.78%	-	-
Poland	6.88%	5.60%	13.35%	11.39%	62.88%	41.54%
Romania	2.71%	3.64%	1.91%	1.27%	1.02%	-
Remaining markets	6.91%	8.60%	32.72%	34.21%	-	2.01%

Allocation of financial instruments measured at fair value through profit or loss to one level of the measurement hierarchy

	Level 1		Level 2		Level 3	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
in EUR '000						
Financial instruments available for sale	10,003,737	8,184,075	4,576,903	5,006,669	406,376	323,626
Bonds	8,727,047	7,051,911	3,413,512	3,716,487	165,832	114,938
Shares and other participations	489,690	347,057	843,448	1,060,977	238,017	208,455
Investment funds	776,937	773,183	319,943	229,205	2,280	0
Other securities	10,063	11,924	0	0	247	233
Trading assets	120,869	112,669	0	0	17,406	6,247
Bonds	87,875	84,349	0	0	17,406	6,247
Shares and other non-fixed-interest securities	13,684	10,254	0	0	0	0
Investment funds	17,624	12,527	0	0	0	0
Derivatives	333	1	0	0	0	0
Other securities	1,353	5,538	0	0	0	0
Financial instruments recognised at fair value through profit and loss	692,327	640,622	515,407	593,993	10,486	5,525
Bonds	113,908	124,930	499,411	573,191	9,523	4,568
Shares and other non-fixed-interest securities	484	571	15,996	20,802	12	957
Investment funds	576,893	511,084	0	0	0	0
Other securities	1,042	4,037	0	0	951	0
Total	10,816,933	8,937,366	5,092,310	5,600,662	434,268	335,398

Development of financial instruments assigned to level 3

	Financial instruments available for sale	Financial instruments recognised at fair value through profit and loss	Trading assets
	31.12.2010	31.12.2010	31.12.2010
in EUR '000			
Book value as of 31.12. of the previous year	323,626	5,525	6,247
Exchange rate changes	0	14	0
Book value as of 1.1.	323,626	5,539	6,247
Reclassifications	-10,661	2,979	0
Additions	248,831	1,806	40,463
Disposals	-128,467	-2,256	-29,303
Changes in scope of consolidation	-20,449	0	0
Changes in value recognised in profit and loss	0	2,418	-1
Changes recognised directly in equity	254	0	0
Impairments	-6,758	0	0
Book value as of 31.12.	406,376	10,486	17,406

Fair value of derivative financial instruments

	Fair value	
	31.12.2010	31.12.2009
in EUR '000		
Futures	0	1
Other structured products	333	0
Total	333	1

Fair values for derivative financial instruments include both rights and obligations under derivative transactions existing as of the balance sheet date. As in the previous year, derivative financial instruments were also used to hedge currency risk in the current financial year.

7. INVESTMENTS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE

Composition	Unit-linked 31.12.2010	Index-linked 31.12.2010	Total 31.12.2010	Total 31.12.2009
<i>in EUR '000</i>				
Investment funds	4,103,092	51,274	4,154,366	3,700,809
Structured bonds	0	1,269,207	1,269,207	863,658
Shares	0	3,602	3,602	23,407
Bank deposits	48,252	3,176	51,428	40,572
Total	4,151,344	1,327,259	5,478,603	4,628,446

The balance sheet value corresponds to fair value.

Maturity structure	31.12.2010	31.12.2009
<i>in EUR '000</i>		
no maturity	3,941,939	3,496,722
up to one year	102,518	96,696
more than one year up to five years	132,085	55,673
more than five years up to ten years	760,431	305,312
more than ten years	541,630	674,043
Total	5,478,603	4,628,446

8. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Provision for unearned premiums	102,410	7,130	16	109,556	112,837
Mathematical reserve	4	107,499	1,373	108,876	111,062
Provision for outstanding claims	875,336	13,002	80	888,418	885,114
Provision for profit-unrelated premium refunds	9,080	0	0	9,080	4,438
Provision for profit-related premium refunds	0	0	0	0	0
Other underwriting provisions	2,295	64	0	2,359	3,786
Total	989,125	127,695	1,469	1,118,289	1,117,237

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	112,837	821	77,885	-98,065	16,078	109,556
Mathematical reserve	111,062	-79	10,600	-12,707	0	108,876
Provision for outstanding claims	885,114	14,244	540,107	-566,014	14,967	888,418
Provision for profit-unrelated premium refunds	4,438	117	8,514	-3,989	0	9,080
Other underwriting provisions	3,786	-47	943	-2,323	0	2,359
Total	1,117,237	15,056	638,049	-683,098	31,045	1,118,289

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	396,213	577,744
more than one year up to five years	357,254	249,449
more than five years up to ten years	123,592	132,825
more than ten years	241,230	157,219
Total	1,118,289	1,117,237

9. RECEIVABLES

Composition	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Underwriting	877,466	170,180	12,135	1,059,781	946,191
Receivables from direct insurance business	720,554	163,140	12,135	895,829	831,304
from policyholders	541,373	148,056	10,938	700,367	657,391
from insurance intermediaries	126,258	14,746	237	141,241	140,221
from insurance companies	52,923	338	960	54,221	33,692
Receivables from reinsurance business	156,912	7,040	0	163,952	114,887
Non-underwriting	234,288	374,949	12,440	621,677	617,258
Other receivables	234,288	374,949	12,440	621,677	617,258
Total	1,111,754	545,129	24,575	1,681,458	1,563,449

Composition Other receivables	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Receivables from financial services and leasing	30	4,159	0	4,189	1,378
Pro rata interest and rent	74,019	341,969	10,212	426,200	398,369
Receivables from tax authority (excl. income tax)	22,223	5,082	68	27,373	25,767
Receivables from employees	2,619	674	0	3,293	2,325
Receivables from sales of investments	756	425	0	1,181	1,982
Receivables from facility managers	10,282	211	29	10,522	12,045
Receivables from third party claims settlement	13,576	252	0	13,828	21,710
Outstanding interest and rent	5,818	5,854	550	12,222	9,393
Receivables from green card deposits	699	0	0	699	752
Receivables from surety	16,948	459	0	17,407	11,510
Receivables from pre-payments	3,923	1,744	0	5,667	5,128
Receivables from public funding	2,159	0	0	2,159	2,040
Receivables from funding of housing projects	8,735	0	0	8,735	8,273
Receivables from fees of every kind	132	96	0	228	151
Receivables arising from social contributions	78	0	0	78	0
Other receivables	72,291	14,024	1,581	87,896	116,435
Total	234,288	374,949	12,440	621,677	617,258

Maturity structure	Underwriting	Non- underwriting	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000				
up to one year	930,579	596,162	1,526,741	1,520,392
more than one year up to five years	129,202	5,008	134,210	24,305
more than five years up to ten years	0	4,532	4,532	4,792
more than ten years	0	15,975	15,975	13,960
Total	1,059,781	621,677	1,681,458	1,563,449

Development of receivables from primary insurance operations	31.12.2010
in EUR '000	
Book value as of 1.1.	831,304
Additions	3,048,288
Disposals	-2,941,285
Changes in scope of consolidation	8,437
Change in adjustment/ impairment	-50,915
Book value as of 31.12.	895,829

10. TAX RECEIVABLES AND ADVANCE PAYMENTS OUT OF INCOME TAX

Composition	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	56,424	95,581
Life insurance	11,821	15,185
Health insurance	187	40
Total	68,432	110,806

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	59,368	96,751
more than one year	9,064	14,055
Total	68,432	110,806

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	Liabilities	Assets	Liabilities
	31.12.2010	31.12.2010	31.12.2009	31.12.2009
<i>in EUR '000</i>				
Intangible assets	26,133	18,871	6,094	1,417
Investments	57,778	170,449	70,609	86,130
Receivables and other assets	2,867	19,071	3,783	7,445
Accumulated losses carried forward	48,444	0	53,103	0
Tax-exempt reserves	0	45,474	0	33,061
Underwriting provisions	196,728	128,793	74,887	156,956
Non-underwriting provisions	37,666	4,021	37,503	8,718
Liabilities and other liabilities	4,361	7,097	11,775	1,733
Total	373,977	393,776	257,754	295,460
Balance of deferred taxes		19,799		37,706

Maturity structure	Assets	Liabilities	Assets	Liabilities
	31.12.2010	31.12.2010	31.12.2009	31.12.2009
<i>in EUR '000</i>				
up to one year	1,502	1,485	1,348	1,757
more than one year	106,098	125,914	120,981	158,278
Total	107,600	127,399	122,329	160,035

12. OTHER ASSETS

Composition	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Tangible assets and inventories	71,194	15,325	439	86,958	71,515
Prepayments for projects	1,277	0	1,617	2,894	130
Other assets	40,453	122,890	4,127	167,470	182,357
Deferred charges	75,513	25,423	566	101,502	122,006
Total	188,437	163,638	6,749	358,824	376,008

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	114,706	79,674
more than one year up to five years	70,734	259,675
more than five years up to ten years	50,421	13,860
more than ten years	122,963	22,799
Total	358,824	376,008

Development of tangible assets and inventories	31.12.2010	31.12.2009
in EUR '000		
Acquisition costs	241,840	230,072
Cumulative depreciation as of 31.12. of previous years	-170,325	-155,403
Book value as of 31.12. of the previous year	71,515	74,669
Exchange rate changes	866	-367
Book value as of 1.1.	72,381	74,302
Additions	34,345	30,744
Disposals	-4,885	-15,999
Changes in scope of consolidation	6,917	3,380
Scheduled depreciation	-21,800	-20,912
Book value as of 31.12.	86,958	71,515
Cumulative depreciation as of 31.12.	193,158	170,325
Acquisition costs	280,116	241,840

13. CASH AND CASH EQUIVALENTS

Composition	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Current bank balances	218,480	148,872	26,641	393,993	482,816
Cash and cheques	1,786	251	0	2,037	1,707
Total	220,266	149,123	26,641	396,030	484,523

Cash and cash equivalents consist of cash on hand and demand deposits.

14. CONSOLIDATED 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	31.12.2010	31.12.2009
in EUR '000		
Unrealised gains and losses	1,566	2,112
Share in the profit of the period including other comprehensive income after taxes	31,601	27,894
Other	363,083	259,287
Total	396,250	289,293

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	2010		2009	
Profit of the period	EUR	379,752,000	EUR	340,486,000
Number of shares	units	128,000,000	units	128,000,000
Earnings per share	EUR	2.97	EUR	2.66

Since there were no potential dilution effects either in 2009 or in the current reporting period, the undiluted 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 to increase the Company's share capital, in one or more tranches on or before 28 June 2015, 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 29 June 2010 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 28 June 2015, including authorisation to exclude shareholder pre-emption rights, and to grant the holders of convertible

bonds conversion rights to up to 30,000,000 no-par value ordinary bearer shares with voting rights in accordance with the convertible bond terms to be established by the Managing Board. The share capital has consequently been raised pursuant to § 159 (2) no. 1 of the Austrian Stock Corporation Act (Aktiengesetz – AktG) 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 Shareholders' Meeting resolution of 29 June 2010 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 29 June 2010.

The General Shareholders' Meeting of 29 June 2010 further authorised the Management 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 authorisation to exclude shareholder pre-emption rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

The General Meeting of 24 April 2009 authorised the Managing Board to acquire the Company's own no-par value bearer shares pursuant to § 65(1) no. 4 and 8 AktG 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 a maximum of 50% below, or more than a maximum of 10% above, the average unweighted stock exchange closing price on the 10 stock exchange trading days preceding 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 2010.

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 based on the authorisation granted by the General Meeting of 16 April 2008. 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 each quarter after the start of the variable interest period.

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) VAG. 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 million pursuant to § 73c(2) VAG. This bond does not have a fixed term. The interest rate during the first year of the bond's term is 4.25% p.a. of its nominal value, after which the bond pays variable interest.

The auditor has verified legality as required under § 73b(2) no. 4 VAG.

Payout	Per share 2010	Total 2010
<i>in EUR</i>		
Ordinary shares	0.90	115,200,000
Total	0.90	115,200,000

Proposed distribution of profits

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe ended financial year 2010 with net retained profits of EUR 200,852,110.42. The following appropriation of profits will be proposed to the Annual General Meeting: The 128 million shares are to receive a dividend of EUR 1.00 per share. The payment and ex-dividend dates for this dividend will be 16 May 2011. A total of EUR 128,000,000.00 will therefore be distributed. The net retained profits of EUR 72,852,110.42 remaining for financial year 2010 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 3,519,602,000 as of 31 December 2010, without deduction of equalisation provisions, and EUR 3,233,794,000 when reduced by the equalisation provisions. The adjusted capital calculation was performed before taking minority interests into account.

15. SUBORDINATED LIABILITIES

Subordinated liabilities relate to supplementary capital loans of the following companies in the Group:

Issuing company	Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.01.2005	171,000	17	First 12 years: 4.625% p.a.; thereafter variable	156,260
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.01.2005	120,000	unlimited ¹⁾	First year: 4.25% p.a.; thereafter variable	103,656
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	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	4,500	unlimited ³⁾	4.95% p.a.	4,638
DONAU Versicherung AG Vienna Insurance Group	01.07.1999	3,500	unlimited ⁴⁾	4.95% p.a.	3,504
Sparkassen Versicherung AG Vienna Insurance Group	01.03.1999	16,640	unlimited ⁵⁾	4.90% p.a.	16,357
Sparkassen Versicherung AG Vienna Insurance Group	02.04.2001	7,500	until 02.04.2011 ⁷⁾	6.25% p.a.	7,568
Sparkassen Versicherung AG Vienna Insurance Group	02.07.2001	20,500	unlimited ⁵⁾	6.10% p.a.	24,337
Sparkassen Versicherung AG Vienna Insurance Group	15.11.2003	28,200	unlimited ⁵⁾	4.95% p.a.	27,960
Sparkassen Versicherung AG Vienna Insurance Group	30.06.2006	41,400	unlimited ⁵⁾	4.75% p.a.	39,639
S.C. BCR Asigurări Vienna Insurance Group S.A.	24.04.2007	4,223	23.04.2012 ⁸⁾	BUBOR + 50 Basis points	4,223
Kooperativa pošt'ovna, a.s., Vienna Insurance Group	22.12.2010	21,947	unlimited ⁶⁾	5.05% p.a.	20,373
Total		539,410			508,515

¹⁾ The right to ordinary and extraordinary termination by the holder is excluded. Regular termination by the issuer is first allowed effective 12 January 2017.

²⁾ This may be terminated, in whole or in part, with 5 years' notice effective on or after 31 December 2027 by the holders and by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

³⁾ This may be terminated, in whole or in part, with 5 years' notice effective 31 December 2009 by the holders and by DONAU, and effective as of 31 December of each following year. EUR 1,000,000 has already been terminated effective as of 31 December 2014.

⁴⁾ This may be terminated, in whole or in part, with 5 years' notice effective 1 July 2002 by the holders and by DONAU, and effective as of 1 July of each following year. EUR 1,000,000 has already been terminated effective as of 1 July 2015.

⁵⁾ This can only be terminated with at least 5 years' notice, unless the Austrian insurance regulators approve early repayment.

⁶⁾ This can only be terminated with at least 5 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 national profit for the year. The interest is, however, always included as an expense.

16. PROVISION FOR UNEARNED PREMIUMS

Composition	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	1,057,346	956,953
Life insurance	151,235	161,158
Health insurance	14,756	1,955
Total	1,223,337	1,120,066

Development	Property/ Casualty 31.12.2010	Life 31.12.2010	Health 31.12.2010	Total 31.12.2010	Total 31.12.2009
in EUR '000					
Book value as of 31.12. of the previous year	956,953	161,158	1,955	1,120,066	1,030,712
Exchange rate changes	12,535	1,251	33	13,819	-326
Book value as of 1.1.	969,488	162,409	1,988	1,133,885	1,030,386
Additions	995,831	96,155	2,137	1,094,123	1,009,474
Amount used/released	-974,379	-103,787	-4,037	-1,082,203	-1,024,810
Changes in scope of consolidation	66,406	-3,542	14,668	77,532	105,016
Book value as of 31.12.	1,057,346	151,235	14,756	1,223,337	1,120,066

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	1,111,590	1,059,475
more than one year up to five years	81,121	52,896
more than five years up to ten years	30,626	7,695
Total	1,223,337	1,120,066

17. MATHEMATICAL RESERVE

Composition	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	132	123
Life insurance	17,390,374	16,557,602
for guaranteed policy benefits	15,955,213	15,024,555
for allocated and committed profit shares	1,435,161	1,533,047
Health insurance	841,005	790,271
Total	18,231,511	17,347,996

Development	Property/ Casualty 31.12.2010	Life 31.12.2010	Health 31.12.2010	Total 31.12.2010	Total 31.12.2009
in EUR '000					
Book value as of 31.12. of the previous year	123	16,557,602	790,271	17,347,996	16,861,965
Exchange rate changes	7	65,570	-3	65,574	9,385
Book value as of 1.1.	130	16,623,172	790,268	17,413,570	16,871,350
Additions	22	2,242,761	49,639	2,292,422	2,129,662
Amount used/released	-20	-1,475,937	0	-1,475,957	-1,832,026
Transfer of provision for unearned premiums	0	59,722	0	59,722	72,544
Changes in scope of consolidation	0	-59,344	1,098	-58,246	106,466
Book value as of 31.12.	132	17,390,374	841,005	18,231,511	17,347,996

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	1,861,878	1,354,542
more than one year up to five years	6,165,345	5,974,080
more than five years up to ten years	3,393,212	3,872,826
more than ten years	6,811,076	6,146,548
Total	18,231,511	17,347,996

Life insurance mathematical reserve	31.12.2010	31.12.2009
in EUR '000		
Direct business	17,280,689	16,331,683
Policy benefits	15,849,531	14,798,636
Allocated profit share	1,416,856	1,518,525
Committed profit shares	14,302	14,522
Indirect business	109,685	225,919
Policy benefits	109,685	225,919
Total	17,390,374	16,557,602

Health insurance mathematical reserve	31.12.2010	31.12.2009
in EUR '000		
Direct business	839,632	789,030
Individual insurance	665,607	626,832
Group insurance	174,025	162,198
Indirect business	1,373	1,241
Total	841,005	790,271

18. PROVISION FOR OUTSTANDING CLAIMS

Composition	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	3,509,228	3,255,133
Life insurance	207,690	171,878
Health insurance	50,797	44,973
Total	3,767,715	3,471,984

Development Property/Casualty insurance	31.12.2010	31.12.2009
in EUR '000		
Book value as of 31.12. of the previous year	3,255,133	3,173,890
Exchange rate changes	-2,258	2,639
Book value as of 1.1.	3,252,875	3,176,529
Changes in scope of consolidation	53,310	118,405
Allocation of provisions for outstanding claims	1,958,012	1,821,020
for claims paid occurred in the reporting period	1,801,500	1,684,889
for claims paid occurred in previous periods	156,512	136,131
Usage/dissolution of provisions for outstanding claims	-1,725,378	-1,860,244
for claims paid occurred in the reporting period	-399,544	-549,008
for claims paid occurred in previous periods	-1,325,834	-1,311,236
Other changes	-29,591	-577
Book value as of 31.12.	3,509,228	3,255,133

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	1,654,431	2,026,591
more than one year up to five years	1,060,852	802,774
more than five years up to ten years	288,767	250,131
more than ten years	763,665	392,488
Total	3,767,715	3,471,984

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	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Property/Casualty insurance	49,576	38,555
thereof profit-related	197	197
thereof profit-unrelated	49,379	38,358
Life insurance	702,766	559,786
thereof profit-related	701,661	558,943
thereof profit-unrelated	1,105	843
Health insurance	14,960	14,949
thereof profit-unrelated	14,960	14,949
Total	767,302	613,290
thereof life insurance deferred profit participation	456,264	333,247
Recognised through profit and loss	228,576	213,950
Recognised directly in equity	227,688	119,297
Development of life insurance	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Provision for premium refunds		
Book value as of 31.12. of the previous year	226,539	246,654
Exchange rate changes	0	-202
Book value as of 1.1.	226,539	246,452
Addition/release	80,419	52,770
Changes in scope of consolidation	-734	-139
Transfer to mathematical reserve	-59,722	-72,544
Total	246,502	226,539
Deferred profit participation		
Book value as of 31.12. of the previous year	333,247	102,752
Book value as of 1.1.	333,247	102,752
Unrealised gains and losses on financial instruments available for sale	108,391	427,243
Revaluations recognised through profit and loss	14,626	-196,748
Book value as of 31.12.	456,264	333,247
Provision for premium refunds incl. deferred profit participation	702,766	559,786
Development health insurance	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Provision for premium refunds		
Book value as of 31.12. of the previous year	14,949	14,840
Book value as of 1.1.	14,949	14,840
Addition/release	11	109
Total	14,960	14,949

Maturity structure for profit-related premium refunds	31.12.2010	31.12.2009
in EUR '000		
up to one year	164,861	104,797
more than one year up to five years	295,941	208,024
more than five years up to ten years	128,584	156,376
more than ten years	112,472	89,943
Total	701,858	559,140

Maturity structure for profit-unrelated premium refunds	31.12.2010	31.12.2009
in EUR '000		
up to one year	65,402	54,150
more than one year up to five years	42	0
Total	65,444	54,150

20. OTHER UNDERWRITING PROVISIONS

Composition	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	22,600	20,581
Life insurance	4,618	3,741
Health insurance	757	599
Total	27,975	24,921

Other underwriting provisions are primarily the provisions for lapses.

Development	Property/ Casualty 31.12.2010	Life 31.12.2010	Health 31.12.2010	Total 31.12.2010	Total 31.12.2009
in EUR '000					
Book value as of 31.12.	20,581	3,741	599	24,921	23,444
Exchange rate changes	-83	-47	0	-130	-157
Book value as of 1.1.	20,498	3,694	599	24,791	23,287
Additions	10,410	3,653	158	14,221	20,408
Amount used/released	-8,308	-2,729	0	-11,037	-19,049
Changes in scope of consolidation	0	0	0	0	275
Book value as of 31.12.	22,600	4,618	757	27,975	24,921

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	25,374	23,395
more than one year up to five years	1,174	82
more than five years up to ten years	1,427	1,444
Total	27,975	24,921

21. UNDERWRITING PROVISIONS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE

Composition	31.12.2010	31.12.2009
in EUR '000		
Unit-linked life insurance	3,924,029	3,450,961
Index-linked life insurance	1,303,901	925,199
Total	5,227,930	4,376,160

Development	31.12.2010	31.12.2009
in EUR '000		
Book value as of 31.12. of the previous year	4,376,160	3,346,773
Exchange rate changes	9,314	3,843
Book value as of 1.1.	4,385,474	3,350,616
Additions	1,173,481	1,400,491
Amount used/released	-330,450	-386,207
Changes in scope of consolidation	-575	11,260
Book value as of 31.12.	5,227,930	4,376,160

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	113,478	119,448
more than one year up to five years	375,615	319,852
more than five years up to ten years	1,278,049	802,290
more than ten years	3,460,788	3,134,570
Total	5,227,930	4,376,160

22. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Composition	31.12.2010	31.12.2009
in EUR '000		
Provision for pension obligations	224,812	224,490
Provision for severance obligations	84,989	73,912
Total	309,801	298,402

Development of pension obligations	31.12.2010	31.12.2009
in EUR '000		
Present value of obligation (DBO) as of 31.12. of the previous year	560,222	567,442
Unrealised gains/losses	-6,207	-19,808
Plan assets	-329,525	-318,236
Book value as of 1.1.	224,490	229,398
Withdrawal for pension payments	-21,616	-21,248
Addition to provision	35,537	37,505
Reduction of the obligation	-15,341	-21,165
Changes in scope of consolidation	1,742	0
Book value as of 31.12.	224,812	224,490
Cumulative unrealised gains/losses	12,020	6,207
Plan assets	340,172	329,525
Present value of obligation (DBO) as of 31.12.	577,004	560,222

Development of severance obligations	31.12.2010	31.12.2009
in EUR '000		
Present value of obligation (DBO) as of 31.12. of the previous year	139,753	140,733
Unrealised gains/losses	-2,597	-9,323
Plan assets	-63,244	-22,648
Book value as of 1.1.	73,912	108,762
Withdrawal for severance payments	-5,152	-11,171
Addition to provision	14,560	12,475
Reduction of the obligation	-3,246	-36,154
Changes in scope of consolidation	4,915	0
Book value as of 31.12.	84,989	73,912
Cumulative unrealised gains/losses	-14,216	2,597
Plan assets	63,290	63,244
Present value of obligation (DBO) as of 31.12.	134,063	139,753

The following amounts are included in the income statements for the reporting period and the comparative period from the previous year:

Composition of additions to pension provisions	2010	2009
in EUR '000		
Current service costs	8,219	7,300
Interest expense	27,371	30,242
Realised actuarial gains (-) and losses (+)	-53	-37
Total	35,537	37,505

Composition of additions to severance provisions	2010	2009
in EUR '000		
Current service costs	7,840	5,292
Interest expense	6,714	7,186
Realised actuarial gains (-) and losses (+)	6	-3
Total	14,560	12,475

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	31.12.2010	31.12.2009
in EUR '000		
Provision for pension obligations	340,172	329,525
Provision for severance obligations	63,290	63,244

Development of plan assets of pension obligations	31.12.2010	31.12.2009
in EUR '000		
Plan assets of pension obligations as of 1.1.	329,525	318,236
Expected income on plan assets	13,239	12,729
Contributions	15,341	21,165
Payments out of plan assets	-22,854	-22,587
Expenses for plan assets	3,152	-18
Changes in scope of consolidation	1,769	0
Plan assets of pension obligations as of 31.12.	340,172	329,525

Development of plan assets of severance obligations	31.12.2010	31.12.2009
in EUR '000		
Plan assets of severance obligations as of 1.1.	63,244	22,648
Expected income on plan assets	3,325	2,999
Contributions	3,246	36,154
Payments out of plan assets	-6,561	-6,613
Expenses for plan assets	36	8,056
Plan assets of severance obligations as of 31.12.	63,290	63,244

23. OTHER PROVISIONS

Composition	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Provision for anniversary benefits	8,335	7,975	1,906	18,216	15,814
Other personnel provisions	4,693	1,709	0	6,402	5,243
Provision for customer support and marketing	26,032	1,865	0	27,897	26,488
Provision for litigation	2,822	4,220	0	7,042	4,511
Provision for renewal commissions	0	203	0	203	132
Other provisions	178,758	9,200	0	187,958	148,761
Total	220,640	25,172	1,906	247,718	200,949

Development	Book value as of 1.1.	Changes in scope of consolidation	Exchange rate changes	Amount used	Release	Additions	Book value as of 31.12.
in EUR '000							
Provision for anniversary benefits	15,814	1,036	57	-363	-3,383	5,055	18,216
Other personnel provisions	5,243	265	228	-1,778	-1,155	3,599	6,402
Provision for customer support and marketing	26,488	0	3	-10,464	-15,812	27,682	27,897
Provision for litigation	4,511	-29	197	-366	-99	2,828	7,042
Provision for renewal commissions	132	0	20	-76	0	127	203
Other provisions	148,761	11,886	4,123	-39,345	-20,275	82,808	187,958
Total	200,949	13,158	4,628	-52,392	-40,724	122,099	247,718

Other provisions are comprised primarily of provisions for government obligations of EUR 102,008,000, provisions for IT expenses of EUR 18,079,000, and provisions for advertising and sponsoring of EUR 2,255,000.

Maturity structure	31.12.2010	31.12.2009
in EUR '000		
up to one year	130,233	88,297
more than one year up to five years	39,177	37,723
more than five years up to ten years	1,932	1,858
more than ten years	76,376	73,071
Total	247,718	200,949

24. LIABILITIES

Composition	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Underwriting	507,114	307,010	6,438	820,562	867,092
Liabilities from direct business	412,526	190,858	3,929	607,313	670,284
to policyholders	285,296	143,779	3,590	432,665	504,572
to insurance intermediaries	113,927	46,672	0	160,599	144,024
to insurance companies	13,303	156	339	13,798	21,510
arising from financial insurance policies	0	251	0	251	178
Liabilities from reinsurance business	93,920	10,798	1,056	105,774	87,579
Deposits from ceded reinsurance business	668	105,354	1,453	107,475	109,229
Non-underwriting	2,577,015	225,764	52,032	2,854,811	2,270,703
Liabilities to financial institutions	983,880	98,750	34,002	1,116,632	833,365
Other liabilities	1,593,135	127,014	18,030	1,738,179	1,437,338
Total	3,084,129	532,774	58,470	3,675,373	3,137,795

Composition Other liabilities	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
in EUR '000					
Tax liabilities (excl. income taxes)	45,591	7,565	289	53,445	69,211
Liabilities for social security	12,155	1,932	645	14,732	12,433
Liabilities to facility managers	1,397	1,760	290	3,447	5,346
Liabilities to employees	13,318	5,184	1,230	19,732	12,835
Bond liabilities	1	11,740	0	11,741	1,905
Liability for unused vacation entitlements	16,289	5,499	0	21,788	22,977
Liability for variable salary components	13,484	7,237	0	20,721	22,808
Liability for legal and consulting fees	3,142	558	8	3,708	2,743
Liability for unpaid incoming invoices	55,334	1,160	0	56,494	33,829
Liabilities for derivatives	12,551	11,441	0	23,992	3,193
Leasing liabilities	489	365	0	854	2,027
Liabilities from sureties	15,862	1,312	0	17,174	12,887
Liabilities from fees	9,573	181	0	9,754	9,579
Liabilities from construction projects	18,829	20	0	18,849	16,756
Liabilities from funding of housing projects	1,250,445	27,192	0	1,277,637	1,004,660
Liabilities from public funding	58,428	102	0	58,530	53,344
Liabilities from property transactions	14,053	7,206	590	21,849	2,881
Liabilities from purchase of capital investments	2,000	218	0	2,218	0
Other liabilities	50,194	36,342	14,978	101,514	147,924
Total	1,593,135	127,014	18,030	1,738,179	1,437,338

Maturity structure	Underwriting	Non- underwriting	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2009
<i>in EUR '000</i>				
up to one year	764,477	508,077	1,272,554	1,160,210
more than one year up to five years	20,785	282,940	303,725	471,483
more than five years up to ten years	1,751	260,198	261,949	186,915
more than ten years	33,549	1,803,596	1,837,145	1,319,187
Total	820,562	2,854,811	3,675,373	3,137,795

25. TAX LIABILITIES OUT OF INCOME TAX

Composition	31.12.2010	31.12.2009
<i>in EUR '000</i>		
Property/Casualty insurance	40,389	77,734
Life insurance	11,769	28,193
Health insurance	12,012	6,424
Total	64,170	112,351

Maturity structure	31.12.2010	31.12.2009
<i>in EUR '000</i>		
up to one year	55,173	112,254
more than one year up to five years	8,997	97
Total	64,170	112,351

26. OTHER LIABILITIES

Composition	Property/ Casualty	Life	Health	Total	Total
	31.12.2010	31.12.2010	31.12.2010	31.12.2010	31.12.2009
<i>in EUR '000</i>					
Deferred income	54,660	172,570	11	227,241	232,253
Other liabilities	5,118	466	803	6,387	2,141
Total	59,778	173,036	814	233,628	234,394

27. CONTINGENT LIABILITIES AND RECEIVABLES

Litigation

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe 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 AG Wiener Versicherung Gruppe 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, but 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 proportionate to the amount in dispute have been established for all claims in accordance with the law.

Off-balance sheet commitments

The following table shows the off-balance sheet commitments as of 31 December 2008, 2009 and 2010.

Reporting period as of 31.12.	2008	2009	2010
in EUR millions			
Liabilities and assumed liabilities	5.1	4.9	15.4
Letters of comfort	13.9	14.2	25.1

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 2010 reporting period and the 2009 comparative period are broken down by segments as follows:

Premiums written	Property/ Casualty 2010	Life 2010	Health 2010	Total 2010
in EUR '000				
GROSS				
Direct business	4,291,811	3,890,620	338,088	8,520,519
Austria	1,557,447	2,146,311	327,983	4,031,741
Czech Republic	966,425	738,383	0	1,704,808
Slovakia	302,678	340,890	0	643,568
Poland	560,709	188,253	0	748,962
Romania	434,216	93,158	0	527,374
Remaining markets	470,336	383,625	10,105	864,066
Indirect business	58,231	14,187	75	72,493
Premiums written	4,350,042	3,904,807	338,163	8,593,012
REINSURERS' SHARE	-685,471	-35,968	-653	-722,092
Premiums written - retention	3,664,571	3,868,839	337,510	7,870,920

Net earned premiums	Property/ Casualty 2010	Life 2010	Health 2010	Total 2010
<i>in EUR '000</i>				
GROSS				
Direct business	4,271,476	3,897,085	340,860	8,509,421
Indirect business	58,773	14,894	74	73,741
Net earned premiums	4,330,249	3,911,979	340,934	8,583,162
REINSURERS' SHARE	-685,923	-36,228	-645	-722,796
Net earned premiums - retention	3,644,326	3,875,751	340,289	7,860,366

Premiums written	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
<i>in EUR '000</i>				
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
Remaining markets	426,325	331,522	0	757,847
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
<i>in EUR '000</i>				
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 insurance	Gross	Reinsurers' share	Retention	Gross
	2010	2010	2010	2009
<i>in EUR '000</i>				
Direct business				
Casualty insurance	316,935	-5,020	311,915	294,247
Land vehicle own-damage insurance	958,309	-14,888	943,421	1,009,687
Rail vehicle own-damage	1,895	-474	1,421	1,730
Aircraft own-damage insurance	5,335	-4,606	729	7,054
Sea, lake and river shipping own-damage insurance	7,285	-4,048	3,237	8,120
Transport insurance	45,079	-26,753	18,326	37,046
Fire explosion, other natural risks, nuclear energy	716,786	-190,780	526,006	716,492
Other property	406,985	-113,978	293,007	369,337
Carrier insurance	5,766	-1,416	4,350	5,446
Aircraft liability insurance	4,824	-4,217	607	5,984
Sea, lake and river shipping liability insurance	3,021	-1,079	1,942	2,472
General liability insurance	374,972	-46,889	328,083	365,366
Liability insurance for farm vehicles having their own drive train	1,244,248	-161,624	1,082,624	1,153,327
Credit insurance	168	-12	156	3,747
Guarantee insurance	20,144	-8,184	11,960	14,296
Insurance for miscellaneous financial losses	94,363	-37,609	56,754	71,020
Legal expenses insurance	47,546	-293	47,253	46,890
Assistance insurance, travel health insurance	38,150	-2,890	35,260	24,678
Subtotal	4,291,811	-624,760	3,667,051	4,136,939
Indirect business				
Marine, aviation and transport insurance	4,041	-1,537	2,504	894
Other insurance	54,190	-59,174	-4,984	68,916
Subtotal	58,231	-60,711	-2,480	69,810
Total Written premiums in Property and Casualty	4,350,042	-685,471	3,664,571	4,206,749

A portion of the EUR 9,504,000 (EUR 68,125,000) in earned premiums from **indirect business** in the property/casualty insurance area and EUR 3,443,000 (EUR 15,659,000) in the life insurance area were included in the income statement after being deferred by one year.

Premiums written - Direct life insurance business	2010	2009
<i>in EUR '000</i>		
Regular premiums	2,217,268	2,144,078
Annuity insurance	276,357	185,202
Whole life insurance	60,672	51,991
Mixed life insurance	574,396	679,022
Pure endowment insurance	136,477	212,710
Term life insurance	189,145	180,506
Fixed-term insurance	90,300	101,534
Unit-linked insurance	545,376	407,309
Index-linked insurance	11,510	15,262
Government sponsored pension plans	333,035	310,542
Single premium policies	1,673,352	1,332,508
Annuity insurance	103,857	102,367
Whole life insurance	21,960	17,723
Mixed life insurance	295,514	273,109
Pure endowment insurance	218,860	268,040
Term life insurance	90,251	85,042
Fixed-term insurance	312	482
Unit-linked insurance	621,200	353,202
Index-linked insurance	319,577	229,781
Government sponsored pension plans	1,821	2,762
Total Written premiums direct in Life	3,890,620	3,476,586
thereof:	3,890,620	3,476,586
Policies with profit participation	1,761,365	1,889,031
Policies without profit participation	296,736	268,697
Unit-linked life insurance policies	1,501,433	1,073,815
Index-linked life insurance policies	331,086	245,043

Please refer to the respective separate financial statements for information on investments for unit-linked and index-linked life insurance.

Premiums written - Health insurance (gross)	2010	2009
<i>in EUR '000</i>		
Direct business	338,088	321,276
Individual insurance	102,993	225,258
Group insurance	235,095	96,018
Indirect business	75	85
Group insurance	75	85
Total Written premiums in Health	338,163	321,361

29. FINANCIAL RESULT

Composition Income	Property/ Casualty	Life	Health	Total
	2010	2010	2010	2010
<i>in EUR '000</i>				
Current income	447,370	942,303	38,020	1,427,693
Income from appreciation	12,669	69,013	862	82,544
Income from the disposal of investments	72,732	116,466	4,897	194,095
Total	532,771	1,127,782	43,779	1,704,332

Composition Income	Current income	Income from appreciation	Gains from disposal of investments	Total
	2010	2010	2010	2010
in EUR '000				
Self-used land and buildings	13,022	0	324	13,346
Third-party used land and buildings	256,009	0	40,774	296,783
Loans	145,369	187	36,065	181,621
Reclassified loans	51,504	1,249	382	53,135
Financial instruments held to maturity	87,550	0	504	88,054
Government bonds	70,016	0	29	70,045
Covered bonds	3,518	0	0	3,518
Corporate bonds	8,073	0	189	8,262
Bonds from banks	5,883	0	282	6,165
Subordinated bonds	60	0	4	64
Financial instruments reclassified as held to maturity	52,341	0	0	52,341
Government bonds	42,651	0	0	42,651
Covered bonds	7,124	0	0	7,124
Bonds from banks	2,507	0	0	2,507
Subordinated bonds	59	0	0	59
Financial instruments available for sale	633,020	37,661	85,591	756,272
Bonds	557,972	37,661	35,336	630,969
Government bonds	210,535	3,975	13,124	227,634
Covered bonds	66,804	0	6,302	73,106
Corporate bonds	55,298	623	1,726	57,647
Bonds from banks	146,801	24,778	11,365	182,944
Subordinated bonds	78,534	8,285	2,819	89,638
Shares and other participations	42,113	0	46,065	88,178
Investment funds	32,230	0	4,190	36,420
Other securities	705	0	0	705
Financial instruments held for trading	4,509	4,273	5,953	14,735
Bonds	3,914	1,572	1,834	7,320
Government bonds	2,452	462	1,553	4,467
Covered bonds	0	1,110	0	1,110
Corporate bonds	1,462	0	281	1,743
Shares and other non-fixed-interest securities	232	1,753	466	2,451
Investment funds	357	592	163	1,112
Derivatives	0	300	3,490	3,790
Other securities	6	56	0	62
Financial instruments recognised at fair value through profit and loss	34,612	39,174	9,685	83,471
Bonds	18,759	24,134	7,360	50,253
Government bonds	1,917	165	741	2,823
Covered bonds	1,481	3,561	0	5,042
Corporate bonds	222	24	1	247
Bonds from banks	11,973	19,786	5,052	36,811
Subordinated bonds	3,166	598	1,566	5,330
Shares and other non-fixed-interest securities	357	70	2	429
Investment funds	11,291	6,591	1,111	18,993
Other securities	4,205	8,379	1,212	13,796
Other investments	118,478	0	0	118,478
Unit- and index-linked life insurance	31,279	0	14,817	46,096
Total	1,427,693	82,544	194,095	1,704,332
<i>thereof participations</i>	<i>11,508</i>	<i>0</i>	<i>46</i>	<i>11,554</i>

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 appreciation	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	Income from appreciation	Gains from disposal of investments	Total
	2009	2009	2009	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
Government bonds	53,863	0	0	53,863
Covered bonds	3,767	0	0	3,767
Corporate bonds	7,062	0	550	7,612
Bonds from banks	5,046	0	27	5,073
Subordinated bonds	12	0	0	12
Financial instruments reclassified as held to maturity	53,425	0	0	53,425
Government bonds	42,057	0	0	42,057
Covered bonds	8,899	0	0	8,899
Corporate bonds	39	0	0	39
Bonds from banks	2,366	0	0	2,366
Subordinated bonds	64	0	0	64
Financial instruments available for sale	591,972	6,669	288,161	886,802
Bonds	508,454	6,669	79,431	594,554
Government bonds	164,130	816	12,710	177,656
Covered bonds	60,974	0	9,241	70,215
Corporate bonds	53,476	4,058	11,831	69,365
Bonds from banks	150,665	994	36,279	187,938
Subordinated bonds	79,209	801	9,370	89,380
Shares and other participations	43,210	0	190,838	234,048
Investment funds	39,484	0	5,214	44,698
Other securities	824	0	12,678	13,502
Financial instruments held for trading	7,383	5,872	32,653	45,908
Bonds	6,815	3,318	4,584	14,717
Government bonds	5,578	1,996	3,610	11,184
Covered bonds	0	32	0	32
Corporate bonds	1,237	1,290	974	3,501
Shares and other non-fixed-interest securities	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
Bonds	20,354	40,462	1,415	62,231
Government bonds	2,704	4,523	43	7,270
Covered bonds	2,101	1,439	0	3,540
Corporate bonds	40	0	0	40
Bonds from banks	12,757	23,510	1,258	37,525
Subordinated bonds	2,752	10,990	114	13,856
Shares and other non-fixed-interest securities	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
<i>thereof participations</i>	<i>47,443</i>	<i>0</i>	<i>95,865</i>	<i>143,308</i>

Composition Expenses	Property/ Casualty 2010	Life 2010	Health 2010	Total 2010
<i>in EUR '000</i>				
Depreciation of investments	151,220	89,509	9,846	250,575
Exchange rate changes	3,010	-8,240	16	-5,214
Losses from disposal of investments	6,630	30,905	1,595	39,130
Interest expenses	74,149	33,855	6,252	114,256
Personnel provisions	4,550	18,909	4,550	28,009
Interest on borrowings	69,599	14,946	1,702	86,247
Other expenses	124,813	62,011	7,338	194,162
Total	359,822	208,040	25,047	592,909

Composition Expenses	Depreciation of investments	Exchange rate changes	Losses from disposal of investments	Total
	2010	2010	2010	2010
in EUR '000				
Self-used land and buildings	13,151	0	147	13,298
Third-party used land and buildings	96,976	0	88	97,064
Loans	67,353	-58	113	67,408
Financial instruments held to maturity	0	-3,622	511	-3,111
Government bonds	0	-3,590	508	-3,082
Covered bonds	0	0	0	0
Corporate bonds	0	-29	3	-26
Subordinated bonds	0	-3	0	-3
Financial instruments reclassified as held to maturity	0	0	0	0
Financial instruments available for sale	40,815	-1,872	23,443	62,386
Bonds	25,054	-2,334	9,482	32,202
Government bonds	16,415	-2,616	1,297	15,096
Covered bonds	0	243	372	615
Corporate bonds	0	41	1,729	1,770
Bonds from banks	0	0	3	3
Subordinated bonds	8,639	-2	6,081	14,718
Shares and other participations	10,586	80	8,796	19,462
Investment funds	5,175	382	5,165	10,722
Other securities	0	0	0	0
Financial instruments held for trading	553	4,697	5,713	10,963
Bonds	45	-32	81	94
Government bonds	34	-32	80	82
Corporate bonds	0	0	1	1
Bonds from banks	11	0	0	11
Shares and other non-fixed-interest securities	474	0	319	793
Investment funds	3	11	5	19
Derivatives	0	4,718	5,308	10,026
Other securities	31	0	0	31
Financial instruments recognised at fair value through profit and loss	30,640	-629	4,342	34,353
Bonds	11,568	-612	1,005	11,961
Government bonds	2,358	-36	81	2,403
Covered bonds	0	0	192	192
Corporate bonds	12	-1	0	11
Bonds from banks	5,907	-575	606	5,938
Subordinated bonds	3,291	0	126	3,417
Shares and other non-fixed-interest securities	4,981	-14	0	4,967
Investment funds	5,793	-3	485	6,275
Other securities	8,298	0	2,852	11,150
Other investments	1,087	-3,730	190	-2,453
Unit- and index-linked life insurance	0	0	4,583	4,583
Total	250,575	-5,214	39,130	284,491
<i>thereof impairments</i>	<i>109,075</i>	<i>0</i>	<i>0</i>	<i>109,075</i>
<i>thereof participations</i>	<i>6,364</i>	<i>0</i>	<i>2,923</i>	<i>9,287</i>

Composition Expenses	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
<i>in EUR '000</i>				
Depreciation 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	Depreciation of investments	Exchange rate changes	Losses from disposal of investments	Total
	2009	2009	2009	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
Government bonds	0	-1,547	299	-1,248
Covered bonds	0	2	0	2
Corporate bonds	0	0	12	12
Bonds from banks	0	1	0	1
Financial instruments available for sale	190,820	808	104,860	296,488
Bonds	33,134	-1,003	26,071	58,202
Government bonds	181	-873	4,817	4,125
Covered bonds	0	-121	1,181	1,060
Corporate bonds	3,835	-9	116	3,942
Bonds from banks	16,031	0	694	16,725
Subordinated bonds	13,087	0	19,263	32,350
Shares and other participations	68,296	1,172	26,408	95,876
Investment funds	81,456	639	46,735	128,830
Other securities	7,934	0	5,646	13,580
Financial instruments held for trading	3,414	-82	80,722	84,054
Bonds	2,518	-82	1,544	3,980
Government bonds	1,903	-82	445	2,266
Corporate bonds	615	0	1,099	1,714
Bonds from banks	0	0	0	0
Shares and other non-fixed-interest securities	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
Bonds	27,998	118	1,619	29,735
Government bonds	3,753	119	29	3,901
Covered bonds	289	3	1	293
Corporate bonds	0	-4	146	142
Bonds from banks	18,127	0	1,084	19,211
Subordinated bonds	5,829	0	359	6,188
Shares and other non-fixed-interest securities	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
<i>thereof impairments</i>	<i>258,237</i>	<i>0</i>	<i>0</i>	<i>258,237</i>
<i>thereof participations</i>	<i>32,466</i>	<i>0</i>	<i>1,565</i>	<i>34,031</i>

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	Property/ Casualty 2010	Life 2010	Health 2010	Total 2010
in EUR '000				
Current result	5,253	-240	0	5,013
Total	5,253	-240	0	5,013

Composition	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Current result	2,016	-3,324	0	-1,308
Gains from disposal of investments	0	0	465	465
Total	2,016	-3,324	465	-843

31. OTHER INCOME

Composition	Property/Casualty 2010	Life 2010	Health 2010	Total 2010
in EUR '000				
Other underwriting income	35,195	18,893	725	54,813
Other non-underwriting income	26,502	12,523	1	39,026
Total	61,697	31,416	726	93,839

Other income is primarily comprised of EUR 12,544,000 in compensation for services performed, EUR 10,776,000 from the release of other provisions, EUR 10,250,000 in fees and tax income from reinsurance agreements, EUR 10,022,000 from exchange rate changes, EUR 9,344,000 from the reversal of allowances for receivables, and EUR 7,358,000 in commission 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

32. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross	Reinsurers' share	Retention
	2010	2010	2010
in EUR '000			
Property/Casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,720,484	-439,416	2,281,068
Changes in provision for outstanding claims	120,302	5,007	125,309
Subtotal	2,840,786	-434,409	2,406,377
Change in mathematical reserve	2	-1	1
Change in other underwriting provisions	789	969	1,758
Expenses for profit-unrelated premium refunds	35,769	-6,378	29,391
Total expenses	2,877,346	-439,819	2,437,527
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,547,082	-22,793	2,524,289
Changes in provision for outstanding claims	33,631	-4,798	28,833
Subtotal	2,580,713	-27,591	2,553,122
Change in mathematical reserve	1,178,280	1,228	1,179,508
Change in other underwriting provisions	1,056	-31	1,025
Expenses for profit-related and profit-unrelated premium refunds	87,569	0	87,569
Total expenses	3,847,618	-26,394	3,821,224
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	220,768	-100	220,668
Changes in provision for outstanding claims	-1,097	17	-1,080
Subtotal	219,671	-83	219,588
Change in mathematical reserve	51,680	-143	51,537
Expenses for profit-unrelated premium refunds	11,472	0	11,472
Total expenses	282,823	-226	282,597
TOTAL	7,007,787	-466,439	6,541,348

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

33. OPERATING EXPENSES

Composition	Property/ Casualty 2010	Life 2010	Health 2010	Total 2009
in EUR '000				
Acquisition expenses				
Commission expenses	626,057	368,307	6,574	1,000,938
Pro rata personnel expenses	180,604	68,649	12,375	261,628
Pro rata material expenses	122,911	116,369	7,205	246,485
Subtotal	929,572	553,325	26,154	1,509,051
Administrative expenses				
Pro rata personnel expenses	116,660	53,928	7,592	178,180
Pro rata material expenses	101,322	73,114	6,574	181,010
Subtotal	217,982	127,042	14,166	359,190
Received reinsurance commissions	-100,761	-7,486	-117	-108,364
Total	1,046,793	672,881	40,203	1,759,877

Composition	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
<i>in EUR '000</i>				
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

34. OTHER EXPENSES

Composition	Property/ Casualty 2010	Life 2010	Health 2010	Total 2010
<i>in EUR '000</i>				
Other underwriting expenses	136,889	64,968	338	202,195
Other non-underwriting expenses	40,298	19,132	2	59,432
Total	177,187	84,100	340	261,627

Other expenses are primarily comprised of EUR 51,998,000 for allowances (not including investments), EUR 23,600,000 in underwriting taxes, EUR 18,690,000 in currency losses, EUR 18,476,000 in brokering expenses, EUR 16,916,000 for write-downs of the insurance portfolio and customer base, EUR 12,504,000 in other contributions and fees, EUR 7,753,000 for loss prevention, and EUR 6,410,000 in securities account interest.

Composition	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
<i>in EUR '000</i>				
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

35. TAX EXPENSE

Composition	2010	2009
<i>in EUR '000</i>		
Actual taxes	137,269	100,417
Actual taxes related to other periods	-14,123	-4,264
Total actual taxes	123,146	96,153
Deferred taxes	-28,607	-18,620
Total	94,539	77,533

Reconciliation	2010	2009
<i>in EUR '000</i>		
Expected income tax rate in %	25%	25%
Profit before taxes	507,789	441,246
Expected tax expenses	126,947	110,312
Adjusted for tax effects due to:		
Tax-exempt income from participations	-11,036	-9,146
Non-deductible expenses	30,023	13,161
Income not subject to tax	-38,912	-11,237
Taxes from previous years	-14,124	-4,264
Changes in tax rates	-13,306	-14,451
Adjustment for accumulated losses carried forward and other tax effects	14,947	-6,842
Effective income tax expenses	94,539	77,533
Effective income tax rate in %	18.6%	17.6%

The income tax rate of the parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is used as the Group tax rate. EUR 16,379,000 (EUR 45,376,000) in loss carry-forwards was not recognised. Deferred tax liabilities of EUR 36,828,000 (EUR 41,017,000) 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	2010	2009
Austria	6,493	6,368
Field staff	2,875	2,965
Office employees	3,618	3,403
Outside Austria	18,513	18,018
Field staff	10,373	10,101
Office employees	8,140	7,917
Total	25,006	24,386

Personnel expenses	2010	2009
<i>in EUR '000</i>		
Wages and salaries	417,148	369,328
Expenses for severance benefits and payments to company pension plans	18,140	12,681
Expenses for retirement provisions	-912	-527
Mandatory social security contributions and expenses	141,733	128,413
Other social security expenses	15,097	15,349
Total	591,206	525,244
<i>thereof field staff</i>	<i>251,415</i>	<i>224,571</i>
<i>thereof office staff</i>	<i>339,791</i>	<i>300,673</i>
Expenses for severance and pensions for:		
Managing Board members and senior management	1,550	1,343
Remaining employees	15,678	10,811

Supervisory board and managing board compensation (gross)	2010	2009
<i>in EUR '000</i>		
Compensation paid to Supervisory Board members	351	366
Total payments to former members of the Managing Board or their survivors	-	4,264*
Provision for future pension obligations for Managing Board members	535	1,002*
Compensation paid to active Managing Board members	3,092**	3,072***

* Previous year figures before demerger

** Data for 2010 are for all of 2010 (extending back to 1 January 2010) but only for the members of the Managing Board and Supervisory Board after the demerger (3 August 2010).

*** Previous year figure is for the same group of people that was used for the 2010 figures shown. If the Managing Board members of the current WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group – before the merger – are included, the previous year figure for compensation to active Managing Board members is EUR 4,238,000.

In view of the difficult situation of some companies and their customers, the Managing Board, in spite of the good result achieved for 2009 and after having foregone variable compensation for 2008, also waived its claim to bonus payments for 2009. This meant that no bonuses were paid to the Managing Board in 2010.

The Managing Board consisted of six members in 2010 after the effective date of the demerger (3 August 2010). The compensation of these members since the beginning of the year is presented.

The average number of employees in the **fully consolidated companies** (including cleaning staff) was 25,006 (24,386). Of this number, 13,248 (13,066) were active in sales, leading to personnel expenses of EUR 251,415,000 (EUR 224,571,000), and 11,758 (11,320) were in operations, leading to personnel expenses of EUR 339,791,000 (EUR 300,673,000).

37. AUDITING FEES AND AUDITING SERVICES

Auditing fees were EUR 661,000 (EUR 496,000) and were broken down into the following areas:

Composition	2010	2009
<i>in EUR '000</i>		
Audit of consolidated financial statements	163	163
Audit of financial statements of parent company	41	191
Other audit services	366	42
All other fees	91	100
Total	661	496

38. RELATED PARTIES

Related parties

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 AG Wiener Versicherung Gruppe and their families also qualify as related parties. Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group holds a majority of the voting rights of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. 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 31 December 2010 or 31 December 2009.

Transactions with related parties

The Group charges Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group for office space. Other services (e.g. accounting services) are also provided by the Group.

Transactions with consolidated affiliated companies mainly relate to internal Group reinsurance, to a minor degree, as well as real estate financing and service charges (e.g. accounting, employee secondment, data processing, etc.).

Transactions with non-consolidated affiliated and associated companies mainly relate to financing and service charges.

Open entries at the end of the reporting period	31.12.2010	31.12.2009
in EUR '000		
Receivables		
Receivables from insurance business	50	5,833
Other receivables	22,829	16,653
Subtotal	22,879	22,486
Other liabilities		
Liabilities from insurance business	-862	-3,234
Other liabilities	-70,029	-68,332
Subtotal	-70,891	-71,566
Total	-48,012	-49,080
Loans to non-consolidated affiliated companies	48,273	199,501
Loans to participations	25,277	37,557

39. LEASING BUSINESS

Central Point Insurance IT-Solutions GmbH is a company that works together with SAP Österreich GmbH and other outside partners to adapt a complete IT solution for financial services companies and a policy management programme for insurance companies to the needs of individual users, connecting this software to their IT systems and granting software licences.

Maturity structure of payments	31.12.2010	31.12.2009
in EUR '000		
up to one year	34,257	40,671
more than one year up to five years	113,870	117,977

The Supervisory Board had the following members in financial year 2010:

Chairman:

Präsident Komm.-Rat Dkfm. Klaus **Stadler**
(until 29 June 2010)
Präsident Komm.-Rat Dr. Wolfgang **Ruttenstorfer**
(starting 29 June 2010)

Deputy Chairman:

Komm.-Rat Dr. Karl **Skyba**

Members:

Abbot Primate Provost Bernhard **Backovsky**
Mag. Alois **Hochegger**
Dipl.-Ing. Guido **Klestil**
Senator Prof. Komm.-Rat Walter **Nettig**
(until 29 June 2010)
Hofrat Dkfm. Heinz **Öhler**
Mag. Reinhard **Ortner**
Dr. Martin **Roman** (starting 29 June 2010)
Dr. Johann **Sereinig**
Mag. Dr. Friedrich **Stara**

Employee representatives (until effective date of the demerger on 3 August 2010):

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 2010. There were no loans outstanding to members of the Managing Board or Supervisory Board as of 31 December 2010.

No guarantees were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2010.

The Managing Board had the following members in financial year 2010:

Chairman:

Dr. Günter **Geyer**

Members:

Ing. Martin **Diviš**
Dr. Christine **Dornaus** (until 3 August 2010)
Franz **Fuchs**
Dr. Hans-Peter **Hagen**
Dr. Judit **Havasi** (until 3 August 2010)
Mag. Peter **Höfinger**
Mag. Robert **Lasshofer** (until 3 August 2010)
Erich **Leiss** (until 3 August 2010)
Dr. Martin **Simhandl**

Compensation plan for members of the Managing Board:

The Managing Board of the Company manages the Vienna Insurance Group. In some cases, responsibility is also assumed for additional duties in affiliated or related companies.

Managing Board compensation takes into account the significance of the Group and the responsibility that goes with it, the economic situation of the company, and the market environment. The variable portion of the compensation emphasises the need for sustainability in a number of ways; achieving sustainability depends to a large extent on satisfying performance criteria that extend beyond a single financial year.

The performance-related portion of the remuneration has an upper limit and accounts for approximately 40% of the possible total income. The awarding of such compensation presupposes that consideration has been given to the sustainable development of the Company and the Group. The Managing Board is not entitled to the performance-related component of compensation if earnings fall below certain thresholds. Even if the target is fully met for one

financial year, because of the focus on sustainability the full variable compensation is only awarded if the result reported in the following year is also satisfactory.

The performance criterion used in this case for 2010 variable compensation is the profit before taxes earned in 2010 and 2011. Managing Board compensation does not include stock options or similar instruments.

In view of the difficult situation of some companies and their customers, the Managing Board has waived its claim to bonus payments for 2009, in spite of the good result achieved for 2009 as well as the fact that it also waived variable compensation for 2008.

The Managing Board consisted of six members in 2010 after the effective date of the demerger, and it is the compensation of these members since the beginning of the year that is presented.

The standard employment agreement of a member of the Managing Board of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe includes a pension entitlement equal to at most 40% of the determination base if the member remains on the Managing Board until the age of 65. (The determination base 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 determination base 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 not through any 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, the Managing Board agreements of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act, 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' remuneration 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 and pensions of EUR 17,228,000 in 2010 (2009: 12,154,000) include EUR 1,550,000 (2009: EUR 1,343,000) in severance and pension expenses (cash claims and provisions for future claims) for executive staff (*leitende Angestellte*) within the meaning of § 80(1) AktG and former members of the Managing Board and their survivors, and provisions for future severance and pension claims of members of the Managing Board.

The members of the Managing Board received compensation of EUR 3,092,000 for their services in 2010 (2009: EUR 3,072,000 for the same members; EUR 4,238,000 including Managing Board members of the current Wiener Städtische Versicherung AG Vienna Insurance Group before the demerger).

No compensation for former members of the Company's Managing Board or their survivors is reported following the demerger. Any such claims were transferred to Wiener Städtische Versicherung AG Vienna Insurance Group in connection with the demerger and are reported in that company's 2010 annual report as compensation of former members of the Managing Board (including survivors).

The Managing Board:



Dr. Günter Geyer



Dr. Peter Hagen



Dr. Martin Simhandl



Ing. Martin Diviš, MBA



Franz Fuchs



Mag. Peter Höfinger

Vienna, 14 March 2011

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (formerly VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG), Vienna, for the fiscal year from January 1 to December 31, 2010. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2010, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2010, 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 system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary provisions of Section 245a UGB (Austrian Commercial Code) and Section 80b VAG (Insurance Supervision Act). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; 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 as well as in accordance with International Stan-

dards 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 comply with professional guidelines and 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 Group's 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 reasonable 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, 2010 and of its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary provisions of Section 80b VAG in conjunction with Section 245a UGB.

Comments on the Management Report for the Group

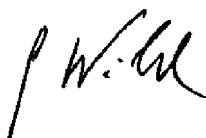
Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the con-

solidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) 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 (Austrian Commercial Code) are appropriate.

Vienna, 14 March 2011

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Günter Wiltschek
Austrian Certified Public Accountant

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.

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 2010. Three 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 six matters. The Supervisory Board was informed of all resolutions passed by these committees at its next meeting following. The auditor of the financial statements and consolidated financial statements, PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, attended three Audit Committee meetings and three 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. Two meetings of the Committee for Managing Board Matters were also held in 2010.

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 2010 annual financial statements, management report and corporate governance report from the Managing Board, and reviewed and carefully examined them. The Supervisory Board Audit Committee also subjected the 2010 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 2010 annual financial statements together with the management report and corporate governance report, the 2010 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 2010 annual financial statements and management report and the 2010 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.

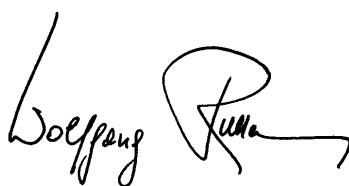
After a thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the annual financial statements prepared by the Managing Board, to raise no objection to the management report, consolidated financial statements and Group management report, and to state its agreement with the Managing Board's proposal for appropriation of profits.

The 2010 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 2011

The Supervisory Board:

A handwritten signature in black ink, appearing to read 'Wolfgang Ruttenstorfer', with a stylized flourish at the end.

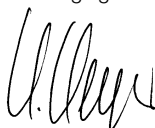
Komm.-Rat Dr. Wolfgang RUTTENSTORFER
(Chairman)

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 AG Wiener Versicherung Gruppe is issued in the annual report of this company.

The Managing Board:




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
CFO
Member of the Managing Board



Ing. Martin Diviš, MBA
Member of the Managing Board



Franz Fuchs
Member of the Managing Board



Mag. Peter Höfing
Member of the Managing Board

Vienna, 14 March 2011

Managing Board areas of responsibility:

Dr. Günter Geyer: Group management, strategic planning, public relations, marketing, sponsoring, legal matters, human resources;

Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

Dr. Peter Hagen: Group cost structure, Group IT/Back Office, SAP Smile Solutions, VIG RE, internal capital model project (Solvency II project)

Dr. Martin Simhandl: asset management, asset risk management, equity investment management, finance and accounting;

Country responsibilities: Germany, Liechtenstein, Turkey

Ing. Martin Diviš, MBA: performance management motor vehicle insurance; Country responsibilities: Georgia, Czech Republic, Ukraine

Franz Fuchs: performance management personal insurance; Country responsibilities: Baltic States, Poland, Romania

Mag. Peter Höfing: international corporate and large customer business, Vienna International Underwriters (VIU), reinsurance;

Country responsibilities: Bulgaria, Montenegro, Russia, Serbia, Hungary, Belarus

MANAGEMENT REPORT TO THE SEPARATE FINANCIAL STATEMENTS

MANAGEMENT REPORT

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) business development

Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group holds a majority of the voting rights of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. The international rating agency Standard & Poor's confirmed the existing A+ rating with a stable outlook in 2010.

In August 2010, the insurance business operations of the Company were spun off to VERSA-Beteiligungs AG (now: WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, FN 333376j) with retroactive effect as of 1 January 2010 under a demerger and acquisition agreement of 10 May 2010, while taking advantage of the favourable reorganisation tax treatment provided for by Art. VI of the Reorganisation Tax Act (*Umgründungssteuergesetz*). The name of the Company was subsequently changed to VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

Since the prior-year values for 2009 come from the annual financial statements of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG, and the comparability of these values is extremely limited due to the completely different structure of the business, the management report does not discuss changes in values for financial year 2010 as compared to the previous year.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe concentrates mainly on Group management responsibilities. It is, however, also active as an international reinsurer and in international corporate business.

In particular, the main management responsibilities of the Group holding company include the following:

- IT coordination
- Investment management
- Finance and accounting
- Planning and controlling
- International human resources development

- International actuarial department
- Risk management
- Group audit
- Investor relations
- Public relations

In addition, two organisational units were formed to deal with the specific question of how to ensure the long-term earnings power of the Group-wide personal and motor vehicle insurance businesses.

VIG Holding's reinsurance activities are aimed at improving the risk balance for the Group as a whole. The difference in size and risk-bearing capacity of the Austrian and foreign companies of the Vienna Insurance Group offer different initial situations and were accordingly bundled in VIG Holding. This created a broader basis for mutual risk offsetting and also made it easier to optimise the external reinsurance coverage needed. This is especially important when the motor vehicle business, in particular motor vehicle liability business, is one of the major core markets of an insurance group.

VIG Holding bundles and coordinates large customer business that extends beyond the borders of Austria. This satisfies the increasing customer desire to deal with a broad-based international insurance provider that offers simple, centralised communications. It also allows more extensive risk management and improved risk diversification.

Premium income

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (VIG Holding) generated a total premium volume of EUR 536.85 million in 2010. EUR 10.51 million of this amount was from corporate business and EUR 526.35 million from the reinsurance business. VIG retained EUR 525.70 million of the gross premiums written, and ceded EUR 11.16 million to reinsurers. Net earned premiums were EUR 444.50 million.

Details on the results for the individual classes and indirect business are provided in the notes to the financial statements.

Expenses for claims and insurance benefits

Gross expenses for claims and insurance benefits were EUR 347.60 million in 2010, with EUR 3.74 million attributable to corporate business and EUR 343.87 million to the reinsurance business. EUR 1.06 million of the gross expenses were borne by reinsurers, leaving net expenses for claims and insurance benefits of EUR 346.54 million.

Operating expenses

Gross administrative expenses were EUR 96.61 million in 2010, with net expenses of EUR 96.56 million remaining after reinsurance commissions. The gross expenses were divided into EUR 2.34 million from corporate business and EUR 94.27 million from the reinsurance business.

Combined ratio

VIG Holding had a combined ratio of 99.7% in 2010. The combined ratio is calculated as the ratio of all underwriting income and expenses plus net payments for claims and insurance benefits, including the net change in underwriting provisions, divided by net earned premiums in the property/casualty area.

Financial result

VIG Holding had a financial result of EUR 143.27 million.

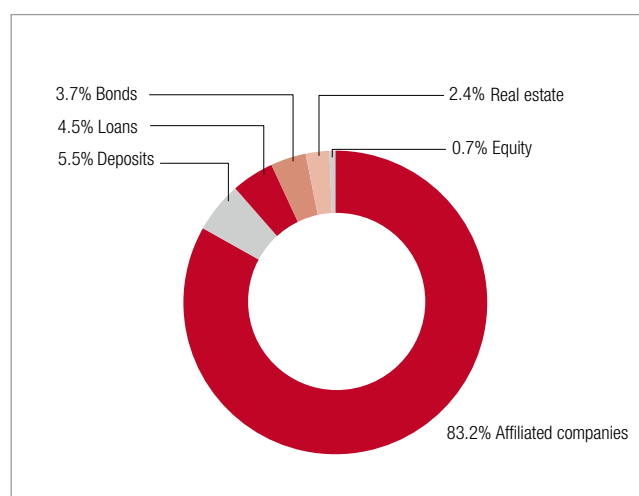
Total income (net) includes current income, realised gains and losses and write-downs for the following investment groups:

	2010
in EUR '000	
Land and buildings	5,793
Participations	211,422
Other investments	23,809
Total income (net)	241,024
Other investment income	11,594
Expenses for asset management	-30,384
Interest expenses	-74,170
Other investment expenses	-4,796
Investment profit according to income statement	143,268

Investments

Investments were EUR 4,647.66 million as of 31 December 2010. At the end of 2010, 83.2% of the investments were affiliated companies, 5.5% deposits on assumed reinsurance business, 4.5% loans, 3.7% bonds, 2.4% land and buildings, and 0.7% shares.

BREAKDOWN OF INVESTMENTS



Result from ordinary activities

VIG Holding earned a result from ordinary activities of EUR 144.61 million in financial year 2010.

Employees

VIG Holding had an average of 186 employees in 2010.

Employee interests

The economic success of VIG Holding is due to the commitment and high qualifications of its employees. VIG Holding offers its employees personal development and career opportunities, and places a great importance on training. VIG Holding also provides a variety of fringe benefits to make conditions attractive for its employees. For example, VIG Holding employees receive subsidies for use

of the company crèche and for lunch. In addition, VIG Holding employees in Vienna can obtain coupons for major Austrian retail chains. Many employees take advantage of this attractive offer.

Events occurring after the balance sheet date

On 2 February 2011, VIG Holding closed on its acquisition of an additional 10% interest in Ray Sigorta A.Ş. VIG Holding had entered into an agreement with Dogan Sirketler Grubu Holding S.A. for this acquisition in 2010. The transaction raised VIG Holding's interest in this Turkish non-life insurer to approximately 94.3%.

At the end of February 2011, the rating agency Standard & Poor's confirmed its existing rating of A+ with a stable outlook for VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

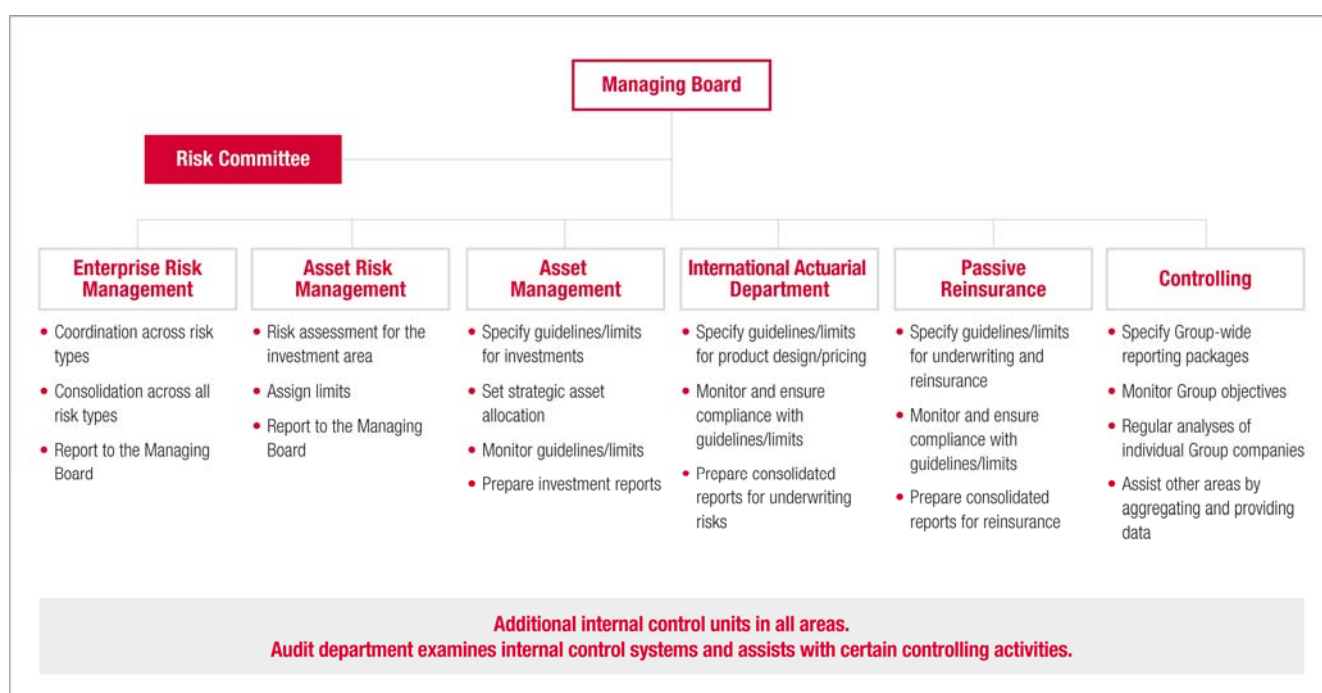
Other information

VIG Holding performs no research and development activities.

VIG Holding has no branch offices.

Risk report

The Vienna Insurance Group's core competence is dealing professionally with risk. The VIG Enterprise Risk Management department (ERM) is responsible for Group-wide risk management and is located in VIG Holding. ERM assists the Managing Board with updating the corporate risk strategy, risk organisation and other corporate risk management topics and documents, and is responsible for implementation of the European solvency regulations (Solvency II). As a result of the demerger and establishment of a holding company, a cross-class, cross-country risk committee is being formed. The international actuarial department, corporate reinsurance department, asset risk management department, group controlling, internal audit and group IT departments are also involved in the ongoing process of risk monitoring and risk management.



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

- Underwriting risks:** The core business of an insurance company consists of the transfer of risk from policyholders to the 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 holders, guarantors or managers, or by sector concentrations.

VIG Holding is exposed to underwriting risks as a result of its international corporate business and reinsurance business. Appropriate underwriting provisions are determined using recognised actuarial methods and assumptions.

Fair value measurement, value-at-risk (VaR) calculations, sensitivity analysis and stress tests are used to monitor market risks. Liquidity risk is limited by matching the investment portfolio to insurance obligations. A risk management process is also used to identify, analyse, evaluate, report, control and monitor strategic and operational risks created by changes in the business environment and deficiencies or errors in business processes, controls and projects. Limits are used to keep concentrations within the desired margin of safety.

Solvency II

During financial year 2009, the VIG Managing Board established a Group-wide project managed centrally from Austria by VIG Holding to implement Solvency II at the individual company and Group levels.

Due to the split into Wiener Städtische and VIG Holding in 2010, extensive changes are needed in risk management. Group-specific aspects of risk management that Wiener Städtische was previously dealing with are being reintegrated into the Vienna Insurance Group holding company. A new Group-wide risk management system is currently being built. The Enterprise Risk Management (ERM) department was established at the beginning of 2010 for this purpose. Its main objectives are further standardisation of risk management structures and processes, and successful implementation of Solvency II in the Vienna Insurance Group. The applicable risk policy is being reviewed and rolled out across the Group. In addition, Group-wide communications with respect to risk management are moving ahead.

Intensive work on the development and implementation of a partial internal model is already taking place at both the Group and individual company levels as part of the Solvency II project. Care is being taken to ensure that the necessary calculation models and processes are set up in the Group companies, so that consistent values can be calculated at both the individual company level and Group level. A method paper was prepared as part of the Solvency II project that provides a detailed description, based on the technical specifications of the Financial Market Authority, of the calculation and valuation methods that must be applied across the Group to calculate the solvency requirement according to the standard Solvency II formula. The solvency requirement based on the standard Solvency II formula will be calculated in parallel with the results from the partial internal model being prepared by the Vienna Insurance Group for two years.

Internal control and risk management system in the accounting process

The documentation of the process of preparing the annual financial statements was undertaken jointly with a consulting firm. In it, a summary of essential controls was made, as was a presentation of the linkage of the process and the controls to the risks identified as part of risk management.

The controls as thus documented are used during the process to ensure that potential reporting errors are avoided, or are identified and corrected.

The objectives of the annual financial statements process are:

- **Completeness:** all transactions in the reporting period are recorded in full.
- **Existence:** all balance sheet asset and liability items are present as of the balance sheet date.
- **Accuracy:** all transactions recorded in the financial statements relate to the same period as the financial statements.
- **Measurement:** all balance sheet asset and liability-side items, and income and expense items were recognised using the values they should be assigned based on accounting requirements.
- **Ownership:** proper disclosure of rights and obligations.
- **Presentation:** all financial statement items are correctly presented and disclosed.

The financial statement process comprises the compilation of all data from accounting and upstream processes to form the annual financial statements. The financial statements are submitted to the appropriate department head for review and further consultation with the Managing Board. The Managing Board provides final approval of the financial statements.

In addition, the auditor regularly assesses the functionality of the internal control system and reports its findings to the Supervisory Board audit committee.

Outlook

Economic growth

AUSTRIA

Two renowned Austrian economic research institutes, the Austrian Institute for Advanced Studies (IAS) and Austrian Institute of Economic Research (WIFO), are expecting real gross domestic product to rise by 2.1% and 2.2%, respectively, in 2011. This is almost the same as the growth in economic output of 1.9% and 2.0% that the institutes projected for 2010. The Austrian export industry, which benefited from the improvement in the global economic situation, played a particularly important role in the upward trend in 2010.

Private household consumption will continue to have a stabilising effect on growth in 2011, but will show only scant momentum. Rising global market commodity prices and the increase in selected indirect taxes are likely to increase the inflation rate by 0.2 and 0.4 percentage points. The calculations also appear to indicate a further increase in employment. However, since the supply of labour is also increasing, the unemployment rate will fall only minimally at best.

THE CEE REGION

WIFO's economic outlook predicts subdued growth for the Eurozone in coming years, while stronger growth is expected for Central and Eastern Europe. IAS also expects economic growth to accelerate in the CEE region. For example, economic growth is expected to increase again or reach positive territory in Hungary, Romania, Bulgaria and Croatia in 2011.

In general, the economic convergence process can be expected to continue in the CEE region in coming years, although it is presumed that the pace will no longer be as dynamic as it was before 2008. Countries that were still feeling strong after-effects of the crisis in 2010 will gain momentum and the region will recover over the long term.

Insurance market

AUSTRIA

According to the preliminary results issued by the Austrian Association of Insurance Companies (*Versicherungsverband Österreich – VVO*), the insurance year 2010 was considerably more favourable than the year before. Total premium volume in the Austrian insurance industry went up by about 2%. A large portion of the growth is due to the good performance of individual classes in the property/casualty area as well as the strong interest in single-premium life insurance products. Indications are that premium growth for the property/casualty area in 2011 will be comparable to 2010, that is approximately 2%. Growth of 1.7% is expected for the industry as a whole in 2011.

THE CEE REGION

The CEE region is expected to record high growth rates in coming years, particularly in the life insurance area, although Swiss Re calculations also predict increases for the non-life business, with a growth rate of approximately 4% for 2011. The non-life segment offers strong growth opportunities in Central and Eastern European markets where the private insurance industry still has a short history and the level of prosperity is still very low. Motor vehicle insurance is the very first thing people need when they buy a car of their own. In addition, the companies in the region begin to insure themselves against the many risks involved in their business activities. Finally, as the standard of living increases people's desire for four walls of their own and protection for the property they acquire becomes more urgent.

In overall terms, higher growth rates can be expected to continue in the insurance markets of Central and Eastern Europe in the near future as compared to Western Europe. Convergence potential remains high for the entire region.

Outlook for the Group

The Vienna Insurance Group expects profit before taxes to increase by approximately 10% in 2011, with a small percentage increase in premium volume. VIG has also set itself a goal of reducing its combined ratio to approximately 97%. This assumes that there is no significant deterioration in general economic and legal conditions and no dramatic change in losses due to natural catastrophes. This profit outlook reconfirms the Vienna Insurance Group's goal of continued growth.

The Vienna Insurance Group has set itself a goal of consolidating or expanding the Group's market position in each country in the coming year. To this end, the Vienna Insurance Group will work on further strengthening distribution for the long term, building on its proven multi-brand strategy and the extensive distribution networks available to it in each market.

Outlook for VIG Holding

Economic growth forecasts hold out the promise of positive stimulus for VIG Holding's business in 2011. Taking advantage of this is one of VIG Holding's stated goals, and it is thus making efforts to expand its premium volume. The Group-specific aspects of risk management that Wiener Städtische previously dealt with were integrated into VIG Holding in 2010. To that end, an Enterprise Risk Management (ERM) department was set up at the beginning of 2010. Its main objectives are further standardisation of risk management structures and processes, and successful implementation of Solvency II in the Vienna Insurance Group. Work on establishing a new Group-wide risk management system will continue in 2011.

PROPOSED DISTRIBUTION OF PROFITS

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe ended financial year 2010 with net retained profits of EUR 200,852,110.42. The following appropriation of profits will be proposed to the Annual General Meeting:

The 128 million shares are to receive a dividend of EUR 1.00 per share. The payment and ex-dividend dates for this dividend will be 16 May 2011.

A total of EUR 128,000,000.00 will therefore be distributed.

The net retained profits of EUR 72,852,110.42 remaining for financial year 2010 after distribution of the dividend are to be carried forward.

The Managing Board:



Dr. Günter Geyer



Dr. Peter Hagen



Dr. Martin Simhandl



Ing. Martin Diviš, MBA



Franz Fuchs



Mag. Peter Höfinger

Vienna, 10 March 2011

SEPARATE FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS

Balance sheet as of 31 December 2010

Assets	31.12.2010		2009
	in EUR		in EUR '000
A. Intangible Assets			
I. Expenses for acquisition of an insurance portfolio		0.00	3,500
II. Other intangible assets		9,251,171.25	18,537
Total intangible assets		9,251,171.25	22,037
B. Investments			
I. Land and buildings		113,370,468.91	434,583
II. Investments in affiliated companies and participations			
1. Shares in affiliated companies	3,846,365,383.47		4,220,289
<i>thereof reorganisation surplus</i>	<i>8,883,755.76</i>		<i>8,884</i>
2. Bonds and other securities of affiliated companies and loans to affiliated companies	202,115,110.19		596,562
3. Participations	18,777,206.71		286,782
<i>thereof reorganisation surplus</i>	<i>0.00</i>		<i>8,957</i>
4. Bonds and other securities of and loans to companies in which an ownership interest is held	0.00	4,067,257,700.37	37,448
III. Other investments			
1. Shares and other non-fixed-interest securities	83,372,629.15		2,818,632
2. Bonds and other fixed-interest securities	121,944,109.00		3,767,945
3. Shares in joint investments	0.00		50,334
4. Mortgage receivables	0.00		301,472
5. Policy prepayments	0.00		19,216
6. Other loans	8,000,000.00		330,136
7. Bank balances	0.00	213,316,738.15	69,180
IV. Deposits on assumed reinsurance business		253,718,985.57	19,077
Total investments		4,647,663,893.00	12,951,656
C. Investments for unit-linked and index-linked life insurance		0.00	1,681,469
D. Receivables			
I. Receivables from direct insurance business			
1. with policyholders	2,494,270.60		113,490
2. with insurance intermediaries	13.33		78,993
3. with insurance companies	0.00	2,494,283.93	21,129
II. Receivables from reinsurance business		12,882,029.29	103,247
III. Other receivables		39,769,241.45	186,937
Total receivables		55,145,554.67	503,796
E. Pro rata interest		9,125,552.95	110,351
F. Other assets			
I. Tangible assets (not incl. land and buildings) and inventories		188,590.40	16,679
II. Current bank balances and cash on hand		1,073,378.00	72,573
III. Other assets		45.51	138,566
Total other assets		1,262,013.91	227,818
G. Deferred charges			
I. Deferred tax assets		5,672,112.21	86,622
II. Other deferred charges		959,507.04	88,137
Total deferred charges		6,631,619.25	174,759
Total assets		4,729,079,805.03	15,671,886

Balance sheet as of 31 December 2010

Liabilities and shareholders' equity	31.12.2010		2009
	in EUR		in EUR '000
A. Shareholders' equity			
I. Share capital			
1. Par value		132,887,468.20	132,887
II. Capital reserves			
1. Committed reserves		2,267,232,422.07	2,267,233
III. Retained earnings			
1. Free reserves		270,823,488.93	224,970
IV. Risk reserve as per § 73a VAG, taxed portion		2,666,984.00	45,853
V. Net retained profits		200,852,110.42	164,738
<i>of which brought forward</i>		<i>49,537,716.77</i>	<i>18,253</i>
Total shareholders' equity		2,874,462,473.62	2,835,681
B. Tax-exempt reserves			
I. Risk reserve as per § 73a VAG		0.00	43,441
II. Valuation reserve for impairment losses		34,897,564.44	144,921
Total reserves		34,897,564.44	188,362
C. Subordinated liabilities			
I. Hybrid bond		500,000,000.00	500,000
II. Supplementary capital bond		300,000,000.00	400,000
Total subordinated liabilities		800,000,000.00	900,000
D. Underwriting provisions, retention			
I. Unearned premiums			
1. Gross	72,983,990.65		152,509
2. Reinsurers' share	0.00	72,983,990.65	-18,659
II. Mathematical reserve			
1. Gross	0.00		7,075,613
2. Reinsurers' share	0.00	0.00	-94,709
III. Provision for outstanding claims			
1. Gross	181,469,919.95		1,132,273
2. Reinsurers' share	-1,062,055.50	180,407,864.45	-288,434
IV. Provision for profit-unrelated premium refunds			
1. Gross	0.00		32,162
2. Reinsurers' share	0.00	0.00	-2,844
V. Reserve for profit-related premium refunds and policyholder profit participation			
1. Gross	0.00		61,274
2. Reinsurers' share	0.00	0.00	0
VI. Equalisation provision		0.00	164,633
VII. Other underwriting provisions			
1. Gross	0.00		12,963
2. Reinsurers' share	0.00	0.00	-1,720
Total underwriting provisions		253,391,855.10	8,225,061
E. Underwriting provisions for unit-linked and index-linked life insurance		0.00	1,611,521
Amount carried forward		3,962,751,893.16	13,760,625

Balance sheet as of 31 December 2010

Liabilities and shareholders' equity	31.12.2010	2009
	in EUR	in EUR '000
Amount carried forward	3,962,751,893.16	13,760,625
F. Non-underwriting provisions		
I. Provisions for severance pay	2,327,289.16	22,190
II. Provisions for pensions	11,981,449.00	102,112
III. Tax provisions	0.00	71,751
IV. Other provisions	13,920,005.88	85,437
Total other provisions	28,228,744.04	281,490
G. Deposits from ceded reinsurance business	0.00	100,926
H. Other liabilities		
I. Liabilities from direct insurance business		
1. with policyholders	47,175.00	200,314
2. with insurance intermediaries	0.29	20,902
3. with insurance companies	1,611,871.28	16,285
II. Liabilities from reinsurance business	4,181,088.78	26,238
III. Liabilities to financial institutions	45,469,643.85	106,038
IV. Other liabilities	680,327,406.54	1,058,025
Total liabilities	731,637,185.74	1,427,802
I. Deferred income	6,461,982.09	101,043
Total liabilities and shareholders' equity	4,729,079,805.03	15,671,886

Income statement for the financial year from 1 January 2010 to 31 December 2010

	2010		2009
	in EUR		in EUR '000
Underwriting account:			
1. Net earned premiums			
Premiums written			
Gross	536,852,989.61		2,334,871
Ceded reinsurance premiums	-11,156,704.35	525,696,285.26	-356,452
Change in unearned premiums			
Gross	-81,198,888.83		770
Reinsurers' share	0.00	-81,198,888.83	2,624
Total premiums		444,497,396.43	1,981,813
2. Investment income from underwriting business		2,387,498.11	233,513
3. Unrealised gains on investments shown under balance sheet asset item C		0.00	211,260
4. Other underwriting income		109,473.05	6,576
5. Expenses for claims and insurance benefits			
Payments for claims and insurance benefits			
Gross	166,133,830.93		1,637,298
Reinsurers' share	0.00	166,133,830.93	-237,370
Change in provision for outstanding claims			
Gross	181,469,919.95		-29,614
Reinsurers' share	-1,062,055.50	180,407,864.45	25,496
Total for claims and insurance benefits		-346,541,695.38	-1,395,810
6. Increase in underwriting provisions			
Mathematical reserve			
Gross	0.00		547,980
Reinsurers' share	0.00	0.00	-4,961
Other underwriting provisions			
Gross	0.00		965
Reinsurers' share	0.00	0.00	28
Total increase in underwriting provisions		0.00	-544,012
7. Expenses for profit-unrelated premium refunds			
Gross	0.00		21,870
Reinsurers' share	0.00	0.00	-2,769
Total expenses for profit-unrelated premium refunds		0.00	-19,101
8. Expenses for profit-unrelated premium refunds and policyholder profit participation			
Gross	0.00		205
Reinsurers' share	0.00		0
Total profit participation		0.00	-205
9. Administrative expenses			
Acquisition expenses		91,320,125.78	331,218
Other administrative expenses		5,289,308.02	103,121
Reinsurance commissions and profit shares from reinsurance cessions		-52,962.72	-47,525
Total operating expenses		-96,556,471.08	-386,814
10. Unrealised losses on investments shown under balance sheet asset item C		0.00	-11,711
11. Other underwriting expenses		-110,160.72	-23,908
12. Change in the equalisation provision		0.00	15,529
Underwriting result (amount carried forward)		3,786,040.41	67,130

Income statement for the financial year from 1 January 2010 to 31 December 2010

	2010	2009
	in EUR	in EUR '000
Underwriting result (amount carried forward)	3,786,040.41	67,130
Non-underwriting account:		
1. Investment and interest income		
Income from participations	211,377,777.12	108,838
Income from land and buildings	10,319,602.07	28,722
Income from other investments	23,690,221.73	321,104
Income from appreciations	0.00	689
Income from the disposal of investments	395,186.96	176,237
Other investment and interest income	11,594,423.23	27,398
Total investment income	257,377,211.11	662,988
2. Investment and interest expenses		
Expenses for asset management	30,384,329.25	26,655
Depreciation of investments	4,526,958.86	186,813
Interest expenses	74,169,855.12	83,304
Losses from disposal of investments	231,902.57	13,221
Other investment expenses	4,795,527.37	17,346
Total investment expenses	-114,108,573.17	-327,339
3. Investment income transferred to the underwriting account	-2,387,498.11	-233,513
4. Other non-underwriting income	72,844.08	1,261
5. Other non-underwriting expenses	-132,210.82	-551
6. Result from ordinary activities	144,607,813.50	169,976
7. Taxes on income	8,362,671.55	-26,790
8. Profit for the period	152,970,485.05	143,186
9. Release of reserves		
Release of valuation reserve for impairment losses	1,010,892.60	3,299
Total release of reserves	1,010,892.60	3,299
10. Transfer to reserves		
Transfer to risk reserve as per § 73a VAG	2,666,984.00	0
Total transfer to reserves	-2,666,984.00	0
11. Profit for the year	151,314,393.65	146,485
12. Retained profits brought forward	49,537,716.77	18,253
Net retained profits	200,852,110.42	164,738

NOTES TO THE FINANCIAL STATEMENTS

The insurance business operations of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG (now: **VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe**, FN 75687f) was spun off to VERSA-Beteiligungs AG (now: **WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group**, FN 333376i) with retroactive effect as of 1 January 2010 under a demerger and acquisition agreement of 10 May 2010, making use of the favourable reorganisation tax treatment provided for in Art. VI of the Reorganisation Tax Act (*Umgründungssteuergesetz*). The General Meeting resolution was adopted on 29 June 2010 and the demerger of the insurance business operations from the holding company acquired legal force on 3 August 2010 after approval by the Austrian Financial Market Authority (FMA).

WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group therefore continues to be the largest individual company in the Group and continues to operate the property/casualty, life and health insurance business in Austria. **VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe** is a listed Group holding company that focuses on management responsibilities. It is, however, also active as an international reinsurer and in the international corporate business.

Due to a completely different business structure, the figures in the balance sheet and income statement of the acquired company, VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG, as of 31 December 2009 have limited comparability and informational value.

I. General disclosures regarding accounting policies

The annual financial statements were prepared **in accordance with Austrian generally accepted accounting principles** and the general standard of presenting a fair and true view of the net assets, financial position and results of operations.

The **precautionary principle** was satisfied in that only profits that had been realised as at the balance sheet date were reported and all identifiable risks and impending losses are recorded in the balance sheet, with the excep-

tion of the less strict measurement of bonds and other fixed interest securities as provided for in § 81h(1) VAG and use of the measurement options provided for in § 81h(2a) VAG for units of special funds. As a rule, figures are shown in thousands of Euros (EUR '000). Figures from the previous year are indicated as such or shown in parentheses.

II. Accounting principles

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

Shares and other non-fixed-interest **securities** (with the exception of units of special funds that exclusively or predominantly hold bonds or other fixed-interest securities), and shares in affiliated companies are valued according to the strict lower-of-cost-or-market principle (*strenges Niederstwertprinzip*). Starting in 2008, bonds and other fixed-interest securities have been measured using the less strict lower-of-cost-or-market principle (*gemildertes Niederstwertprinzip*) provided for in § 81h(1) VAG. Valuation using the less strict lower-of-cost-or-market principle resulted in EUR 421,000 of write-downs not being performed.

The valuation options provided for in § 81h(2a) VAG were used to value units in special funds that exclusively or predominantly hold bonds or other fixed-interest securities.

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

The investment strategy is laid down in the form of investment guidelines that are continuously monitored for compliance by the corporate risk management and internal audit departments. The corporate risk management department reports regularly to the tactical and strategic investment committee. The internal audit department reports regularly to the Managing Board.

As a rule, investments are largely low-risk. The strategic investment committee decides on possible high-risk investments based on the inherent risk of each individual investment after performing a full analysis of all related risks and liquidity at risk and considering all assets currently in the portfolio and the effects of the individual investments on the overall risk position.

All known financial risks are assessed regularly and specific limits or reserves are used to limit exposure. Security price risk is reviewed periodically using value-at-risk and stress tests. Default risk is measured using both internal and external rating systems.

An important goal of investment and liquidity planning is to maintain adequate amounts of liquid, value-protected financial investments. Liquidity planning therefore takes into account the trend in insurance payments and the majority of investment income is generally reinvested.

Forward exchange transactions in the currencies CZK, RON and PLN were entered into in 2010.

As a rule, **mortgage receivables and other loans**, including those to affiliated companies and companies in which an ownership interest is held, are valued at the nominal value of the outstanding receivables. Discounts deducted from loan principal are spread over the term of the loan and shown under deferred income on the liabilities side of the balance sheet.

Valuation allowances of adequate size are formed for doubtful **receivables** and deducted from their nominal values. **Tangible assets** (not including land and buildings) are valued at cost less depreciation. Low-cost assets are written off in full in the year of acquisition.

Unearned premiums are essentially calculated by prorating over time after applying a cost deduction of EUR 0 (EUR 18,113,000).

The **provision for outstanding claims** for direct business is calculated for losses reported by the balance sheet date by individually evaluating claims that have not yet been settled and adding lump-sum safety margins for large unascertainable losses.

In indirect business, provisions for outstanding claims are primarily based on reports from ceding companies as of the 31 December 2010 balance sheet dates. The reported amounts were supplemented by additional amounts if considered necessary in light of past experience.

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

The **provisions for severance pay, pensions, and anniversary bonuses** are based on the pension insurance calculation principles of the Actuarial Association of Austria (AVÖ), AVÖ 2008-P (Employees), using a discount rate of 4%. Company pension plan obligations are measured using the actuarial entry age normal method (*Teilwertverfahren*). The retirement age used to calculate the provisions for anniversary bonuses and severance pay is the statutory minimum retirement age as stipulated in the Austrian General Social Security Act (ASVG) (2004 reform) for the provision for anniversary bonuses, subject to a maximum age of 62 years. The retirement age used to calculate the retirement age for the provision for pensions depends on each individual agreement. The following percentages were used for employee turnover based on age: <31 – 7.5%, 31 - 35 3.5%, 36 - 40 2.5%, 41 - 50 1.5%, 51 - 55 0.5% and 56 - 65 0%. The severance entitlement used to calculate the provision for severance obligations depends on each individual agreement. The following percentages were used for employee turnover based on age: <30 – 7.5%, 30 - 34 3.5%, 35 - 39 2.5%, 40 - 50 1.5%, 50 - 59 1.0% and 60 - 65 0%. The interest expenses for personnel provisions of EUR 522,000

(EUR 4,694,000) are reported under investment and interest expenses. A portion of the direct pension obligations, in the amount of EUR 2,088,000 (EUR 265,845,000), is being administered as an occupational group insurance plan under an insurance policy concluded in accordance with § 18f to 18j VAG. As permitted under the Austrian Federal Ministry of Finance decree of 3 August 2001, an amount of EUR 0 (EUR 35,674,000) was transferred to an external insurance company to outsource severance pay obligations. The severance pay provision required under Austrian corporate law for 2010 was EUR 4,694,000 (EUR 79,297,000). The amount earmarked for satisfaction of the outsourced severance pay obligations and held by the external insurance company was EUR 2,608,000 (EUR 63,244,000). The difference of EUR 2,177,000 (EUR 23,127,000) between the size of the severance pay provisions to be formed under Austrian corporate law and the deposit held by the external insurance company is reported in the provisions for severance pay in the balance sheet.

Amounts denominated in **foreign currencies** are converted into euros at the relevant mean rate of exchange.

The **underwriting items for assumed reinsurance business** and associated retrocessions are included immediately in the annual financial statements.

The following disclosures are provided for **off-balance sheet liabilities**: Letters of comfort and liability undertakings totalling EUR 19,042,000 (EUR 48,742,000) have been issued in connection with a real estate purchase and borrowing. Liability undertakings totalling EUR 0 (EUR 94,000) have been issued in connection with loan repayments.

A total of EUR 0 (EUR 29,149,000) relates to letters of comfort with affiliated companies.

III. Notes to the balance sheet

The **value of developed and unimproved properties** was EUR 33,092,000 (EUR 105,666,000) as of 31 December 2010.

The **book value of self-used property** was EUR 18,417,000 (EUR 74,180,000).

Other loans not secured by insurance contracts were comprised of the following: loans to the Republic of Austria in the amount of EUR 0 (EUR 52,339,000), loan receivables from other public bodies in the amount of EUR 0 (EUR 35,372,000) and loan receivables from other borrowers in the amount of EUR 8,000,000 (EUR 242,425,000).

The fair values of investments are:

Items under § 81c (2) VAG	Fair value on 31.12.2010	Fair value on 31.12.2009
in EUR '000		
Land and buildings	283,223	697,377
Shares in affiliated companies	5,556,223	5,881,990
Bonds and other securities of and loans to affiliated companies	202,115	596,943
Participations	18,798	311,324
Bonds and other securities of and loans to companies in which an ownership interest is held	0	37,448
Shares and other non-fixed-interest securities	92,615	2,944,176
Bonds and other fixed-interest securities	129,281	3,894,037
Shares in joint investments	0	50,334
Mortgage receivables	0	301,472
Policy prepayments	0	19,216
Other loans	8,000	330,136
Bank balances	0	69,180
Deposits on assumed reinsurance business	253,719	19,077
	6,543,974	15,152,710

Hidden reserves fell by EUR 304,744,000 during the reporting year to a total of EUR 1,896,310,000 (EUR 2,201,054,000). The fair value of the shares in affiliated companies and shares in companies in which an ownership interest is held is equal to the stock market value or other available market value (up-to-date internal valuations or appraisal reports). If no stock market or other available market value exists, the purchase price is used as the fair value, if necessary reduced by any write-downs or a proportionate share of the publicly reported equity capital, whichever is greater. For shares and other securities, stock market values or book values (purchase price, reduced by write-downs if necessary) are used as the fair value. The remaining investments were valued at their nominal values, where necessary reduced by write-downs.

The fair values of land and buildings were determined in accordance with the recommendations of the Austrian Association of Insurance Companies. All properties are individually valued during a 5-year period.

The fair value of EUR 283,223,000 for land and buildings is comprised of market value appraisals for the years 2007 to 2010 as follows: 2010: EUR 71,275,000, 2009: EUR 25,020,000, 2008: EUR 129,363,000, 2007: EUR 57,565,000.

The amount shown under **other liabilities** includes EUR 1,122,000 in tax liabilities and EUR 196,000 in social security liabilities.

The following balance sheet items are attributable to affiliated companies and companies in which an ownership interest is held:

	Affiliated companies		Companies in which an ownership interest is held	
	2010	2009	2010	2009
in EUR '000				
Mortgage receivables	0	42,372	0	4,368
Deposit receivables	253,719	1,454	0	0
Receivables from direct insurance business	0	3,741	0	1,419
Receivables from reinsurance business	9,970	28,666	0	107
Other receivables	24,483	127,571	6,335	6,115
Deposit liabilities	0	84,969	0	0
Liabilities from direct insurance business	1,612	751	0	71
Liabilities from reinsurance business	3,734	12,136	0	2
Other liabilities	664,565	1,001,182	0	0

Liabilities arising from the use of off-balance sheet tangible assets were EUR 1,364,000 (EUR 23,191,000) for the following financial year, and EUR 7,243,000 (EUR 141,403,000) for the following five years.

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

	Intangible assets	Land and buildings	Shares in affiliated companies	Bonds and other securities of and loans to affiliated companies	Participations	Bonds and other securities of and loans to companies in which an ownership interest is held
in EUR '000						
As of 31 December 2009	22,037	434,583	4,220,289	596,562	286,783	37,448
Disposal due to demerger	17,181	317,838	620,892	345,511	268,006	37,448
Additions	4,859	1,152	812,343	182,000	0	0
Disposals	0	0	565,375	238,936	0	0
Depreciation	464	4,527	0	0	0	0
Change due to value adjustments	0	0	0	8,000	0	0
As of 31 December 2010	9,251	113,370	3,846,365	202,115	18,777	0

IV. Notes to the income statement

The premiums written, earned premiums, expenses for insurance claims, administrative expenses and reinsurance balance in property/casualty insurance in 2010 are broken down as follows:

	Premiums written	Net earned premiums	Expenses for claims and insurance benefits	Administrative expenses	Reinsurance balance
Gross					
in EUR '000					
Direct business					
Fire and fire business interruption insurance	10,433	10,433	3,732	2,332	-6,552
Other non-life insurance	74	74	7	3	-71
	10,507	10,507	3,739	2,335	-6,623
(Previous year values)	(1,044,949)	(1,039,654)	(677,446)	(235,998)	(-76,197)
Indirect business					
Other insurance	526,346	445,147	343,865	94,274	-3,418
	526,346	445,147	343,865	94,274	-3,418
(Previous year values)	(31,162)	(33,692)	(30,345)	(990)	(-4,895)
Total direct and indirect business	536,853	455,654	347,604	96,609	-10,041
(Previous year values)	(1,076,111)	(1,073,346)	(707,791)	(236,988)	(-81,092)

The result from indirect business was EUR 9,395,000. The earned premiums from indirect business of EUR 445,147,000 were immediately included in the income statement.

Of the income from participations, income from other investments and income from land and buildings shown in the income statement, affiliated companies account for the following amounts:

	2010	2009
in EUR '000		
Income from participations		
Property/casualty insurance	211,309	67,328
Health insurance	0	102
Life insurance	0	23,476
Total	211,309	90,906
Income from other investments		
Property/casualty insurance	18,035	317
Health insurance	0	2,748
Life insurance	0	17,072
Total	18,035	20,137
Income from land and buildings		
Property/casualty insurance	41	6
Health insurance	0	52
Life insurance	0	299
Total	41	357

The deposit interest income for indirect business was transferred to the underwriting account.

The expenses for insurance claims, expenses for administrative expenses, other underwriting expenses and investment expense items contain:

	2010	2009
in EUR '000		
Wages and salaries	13,766	123,963
Expenses for severance benefits and payments to company pension plans	41	11,994
Expenses for retirement provisions	1,463	23,308
Expenses for statutory social contributions and income-related contribution and mandatory contributions	2,882	43,983
Other social security expenses	120	2,312

Commissions of EUR 1,776,000 (EUR 172,492,000) were incurred for indirect business in 2010.

Losses on disposals of investments were EUR 232,000 (EUR 13,221,000) in financial year 2010.

The valuation reserve shown on the balance sheet as at 31 December 2010 and releases over the fiscal year are broken down by asset item as follows:

	As of 31.12.2009	Disposal due to demerger	Release	As of 31.12.2010
in EUR '000				
Land and buildings	111,501	81,502	1,011	28,988
Shares in affiliated companies	6,135	226	0	5,909
Shares and other non-fixed-interest securities	26,456	26,456	0	0
Intangible assets	829	829	0	0
	144,921	109,013	1,011	34,897

The formation and release of untaxed reserves resulted in an increase in income tax expenses of EUR 253,000 (EUR 825,000) during the financial year.

V. Significant participations**VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
affiliated companies and participations – as of 31.12.2010**

Name, location	Direct interest in capital (%)	Capital (EUR '000)	Net income/loss (EUR '000)	Last annual financial statements
Direct interests in affiliated companies				
“WIENER STÄDTISCHE OSIGURANJE” akcionarsko društvo za osiguranje, Belgrade	99.89	11,901	1,708	2010
Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica, Podgorica	100.00			established in 2010
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	85.97	71,264	8,873	2010
BENEFIA Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw	100.00	21,249	1,336	2010
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	100.00	16,739	-1,702	2010
Bulgarski Imoti Non-Life Insurance Company AD, Sofia	99.92	-1,362	-8,707	2010
Business Insurance Application Consulting GmbH, Vienna	100.00	2,175	169	2010
COMPENSA Holding GmbH, Wiesbaden	100.00	19,629	-6	2010
Compensa Life Vienna Insurance Group SE, Tallinn	100.00	7,026	748	2010
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	63.33	47,501	-6,976	2010
Compensa Towarzystwo Ubezpieczeń Na Życie Spolka Akcyjna Vienna Insurance Group, Warsaw	71.13	41,748	5,915	2010
DONAU Versicherung AG Vienna Insurance Group, Vienna	3.97	153,288	39,196	2010
Erste osiguranje Vienna Insurance Group d.d., Zagreb	90.00	7,477	793	2010
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	90.00	5,286	-2	2010
HELIOS Vienna Insurance Group d.d., Zagreb	100.00	22,234	1,372	2010
IC Globus, Kiev	80.00	5,479	1	2010
Interalbanian Sh.a., Tirana	75.00	3,677	469	2009
InterRisk Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	99.98	63,627	10,241	2010
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100.00	39,740	13,520	2010
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	100.00	2,931	208	2010
Komunálna poisťovňa, a.s. Vienna Insurance Group, Bratislava	18.86	34,946	2,142	2010
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	94.23	239,221	23,820	2010
Kooperativa, poisťovňa, a.s. Vienna Insurance Group, Prague	96.32	539,473	137,530	2010
Kvarner Vienna Insurance Group dioničko društvo za osiguranje, Rijeka	98.62	13,104	-686	2010
LVP Holding GmbH, Vienna	100.00	563,900	3,177	2010
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	99.10	114,262	9,451	2010
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	90.00	24,251	2,636	2010
Pojišťovňa České spořitelny, a.s. Vienna Insurance Group, Pardubice	90.00	109,576	23,853	2010
Polski Związek Motorowy Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	86.79	11,393	-4,952	2010
PRIVATE JOINT-STOCK COMPANY “UKRAINIAN INSURANCE COMPANY “KNAZHA VIENNA INSURANCE GROUP”, Kiev	99.99	10,858	54	2010
Private Joint-Stock Company “JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP”, Kiev	95.55	1,999	-330	2010
Private Joint-stock company “VAB Life”, Kiev	100.00	1,450	201	2009
S.C. BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	91.31	18,114	6,385	2010

Name, location	Direct interest in capital (%)	Capital (EUR '000)	Net income/loss (EUR '000)	Last annual financial statements
S.C. BCR Asigurări Vienna Insurance Group S.A., Bucharest	95.92	15,443	-11,909	2010
SIGURIA E MAHDE VIENNA INSURANCE GROUP Sh.A., Tirana	87.01	11,667	1,811	2010
TBI BULGARIA EAD, Sofia	100.00	26,134	-50	2010
TBIH Financial Services Group N.V., Amsterdam	100.00	133,595	-6,581	2010
UNION Vienna Insurance Group Biztosító Zrt., Budapest	100.00	34,466	925	2010
Vienna-Life Lebensversicherung AG, Bendorf	100.00	12,030	495	2010
VIG RE zajišťovna, a.s., Prague	70.00	116,022	15,569	2010
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	100.00	881,708	135,603	2010
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	41.00	482	340	2009
Versicherungsaktiengesellschaft "Kupala", Minsk	52.34	1,092	45	2009
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	64.30	6,673	5	2009
Vienna International Underwriters GmbH, Vienna	100.00	68	7	2009
More than 20% ownership, where a direct ownership interest exists				
Central Point Insurance IT-Solutions GmbH, Vienna	38.00	111	0	2009
Geschlossene Aktiengesellschaft "Strachowaja kompanija "MSK- Life", Moscow	25.00	7,798	4,640	2009
students4excellence GmbH, Vienna	20.00	41	5	2009

The exception provision in § 241 (2) and (3) of the Austrian Corporate Code (*Unternehmensgesetzbuch* – UGB) was applied.

VI. Other disclosures

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 to increase the Company's share capital by a nominal amount of EUR 66,443,734.10 in one or more tranches on or before 28 June 2015 by issuing 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 29 June 2010 authorised the Management Board to issue, subject to the approval of the Supervisory Board, 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 28 June 2015, including the authorisation to exclude shareholder pre-emptive rights, and to grant the holders of convertible bonds conversion rights to up to 30,000,000 no-par value ordinary bearer shares with voting rights in conformity with the convertible bond terms established by the Management Board. The share capital has consequently been raised pursuant to § 159 (2) no. 1 of the Austrian Stock Corporation Act (*Aktiengesetz – AktG*) 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 29 June 2010 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 29 June 2010.

The General Meeting of 29 June 2010 further authorised the Management Board to issue, subject to Supervisory Board approval, one or more tranches of bearer income bonds with a total nominal value of up to EUR 2,000,000,000.00, including authorisation to exclude shareholder pre-emption rights. The Managing Board has not adopted any resolutions to date regarding the issuance of income bonds based on this authorisation.

The General Meeting of 24 April 2009 authorised the Managing Board to acquire the Company's own no-par value bearer shares pursuant to § 65(1) no. 4 and 8 AktG 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 a maximum of 50% below, or more than a maximum of 10% above, the average unweighted stock exchange closing price on the 10 stock exchange trading days preceding 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 2010.

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 based on the authorisation granted by the General Meeting of 16 April 2008. 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 each quarter after the start of the variable interest period.

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) VAG. 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 million pursuant to § 73c(2) VAG. This bond does not have a fixed term. The interest rate during the first year of the bond's term is 4.25% p.a. of its nominal value, after which the bond pays variable interest.

The auditor has verified legality as required under § 73b(2) no. 4 VAG.

The Supervisory Board had the following members in financial year 2010:**Chairman:**

Präsident Komm.-Rat Dkfm. Klaus **Stadler**
(until 29 June 2010)
Präsident Komm.-Rat Dr. Wolfgang **Ruttenstorfer**
(starting 29 June 2010)

Deputy Chairman:

Komm.-Rat Dr. Karl **Skyba**

Members:

Abbot Primate Provost Bernhard **Backovsky**
Mag. Alois **Hochegger**
Dipl.-Ing. Guido **Klestil**
Senator Prof. Komm.-Rat Walter **Nettig**
(until 29 June 2010)
Hofrat Dkfm. Heinz **Öhler**
Mag. Reinhard **Ortner**
Dr. Martin **Roman** (starting 29 June 2010)
Dr. Johann **Sereinig**
Mag. Dr. Friedrich **Stara**

Employee representatives (until effective date of the demerger on 3 August 2010):

Peter **Grimm**
Brigitta **Kinast-Pötsch**
Franz **Urban**
Gerd **Wiehart**
Peter **Winkler**

The Managing Board had the following members in financial year 2010:**Chairman:**

Dr. Günter **Geyer**

Members:

Ing. Martin **Divis**
Dr. Christine **Dornaus** (until 3 August 2010)
Franz **Fuchs**
Dr. Hans-Peter **Hagen**
Dr. Judit **Havasi** (until 3 August 2010)
Mag. Peter **Höfing**

Mag. Robert **Lasshofer** (until 3 August 2010)
Erich **Leiß** (until 3 August 2010)
Dr. Martin **Simhandl**

The **average number of employees** (including cleaning staff) was 186 (3,933 before the demerger). The average number of salaried employees was 186 (3,846 before the demerger; not including cleaning staff), of which 0 (2,096 before the demerger) were in sales, leading to personnel expenses of EUR 0 (EUR 94,235,000 before the demerger), and 186 (1,750 before the demerger) in operations, leading to personnel expenses of EUR 18,272,000 (EUR 111,325,000 before the demerger).

No loans were outstanding to **members of the Managing Board** on 31 December 2010 (EUR 0).

Supervisory Board members received no loans in 2010.

No **guarantees** were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2010.

In 2010, the total expenses for severance pay and pensions of EUR 1,504,000 (EUR 35,302,000 before the demerger) included severance pay and pension expenses of EUR 1,178,000 (EUR 8,010,000 before the demerger) for **members of the Managing Board and senior management in accordance with § 80(1) AktG**.

The **Managing Board of the Company** manages the Vienna Insurance Group. In some cases, responsibility is also assumed for additional duties in affiliated or related companies.

The members of the Managing Board received compensation of EUR 2,425,000 (2009: EUR 2,592,000 for the same members; EUR 3,769,000 including Managing Board members of the current Wiener Städtische Versicherung AG Vienna Insurance Group, before the demerger) for their services in 2010. Of this amount, EUR 436,000 (EUR 0) was compensation from affiliated companies.

Supervisory Board members received EUR 351,000 for their services to the Company in 2010.

A summary of **auditing fees** is provided in the notes to the consolidated financial statements.

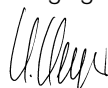
The Company is a group member within the meaning of § 9 of the Corporation Tax Act (*Körperschaftsteuergesetz – KStG*) of Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, Vienna.

The taxable earnings of the group members are attributed to the parent company. The parent company has entered into agreements with each group member governing the allocation of positive and negative tax amounts for the purpose of allocating corporate income tax charges according to their origin. A claim of EUR 3,304,000 (liability of

EUR 17,838,000) exists against the parent company for tax allocations. Use was made of the election to capitalise deferred profit taxes due to temporary differences between earnings under corporate law and taxable earnings. The tax rate chosen for deferred taxes is 25%.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is included in the consolidated financial statements prepared by the company Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, with registered office in Vienna. These consolidated financial statements have been disclosed and are available for inspection at the business premises of this company at Schottenring 30, 1010 Vienna.

The Managing Board:



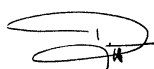
Dr. Günter Geyer



Dr. Peter Hagen



Dr. Martin Simhandl



Ing. Martin Diviš, MBA



Franz Fuchs



Mag. Peter Höfing

Vienna, 10 March 2011

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of VIENNA INSURANCE-GROUP AG Wiener Versicherung Gruppe (formerly VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG), Vienna, for the fiscal year from January 1 to December 31, 2010. These financial statements comprise the balance sheet as of December 31, 2010, the income statement for the fiscal year ended December 31, 2010, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and the provisions of the 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; 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 financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines

and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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 financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of December 31, 2010 and of its financial performance for the fiscal year from January 1 to December 31, 2010 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management report

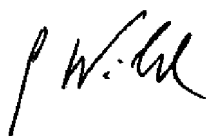
Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent

with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 10 March 2011

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Mag. Günter Wiltschek
Austrian Certified Public Accountant

Disclosure, publication and duplication of the 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.

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 formed four committees from 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 Meeting and five Supervisory Board meetings were held in 2010. Three 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 six matters. The Supervisory Board was informed of any resolutions passed by the committees at the next Supervisory Board meeting. The auditor of the financial statements and consolidated financial statements, PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, attended three Audit Committee meetings and three 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 Meeting. In addition, two meetings of the Committee for Managing Board matters were also held in 2010.

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 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 these monitoring activities to the Supervisory Board 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. A written report was prepared stating that there were no grounds for exclusion or circumstances that could provide cause for concern regarding partiality. In addition, a list grouped by category of services 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 Meeting, as auditor of the financial statements and consolidated financial statements.

In addition, the Supervisory Board Audit Committee received the 2010 annual financial statements, management report and corporate governance report from the Managing Board, and reviewed and carefully examined them. The Supervisory Board Audit Committee also subjected the 2010 consolidated financial statements and Group management report to a careful examination. The Managing Board's proposal for distribution of profits was also debated and discussed during the course of this examination.

As a result of this examination and discussion, a unanimous resolution was adopted to recommend unqualified acceptance thereof to the Supervisory Board. The committee chairman informed the Supervisory Board of the resolutions adopted by the committee.

The 2010 annual financial statements together with the management report and corporate governance report, the 2010 consolidated financial statements together with the Group management report, and the Managing Board's proposal for distribution of profits were subsequently addressed, thoroughly discussed, and examined by the Supervisory Board. In addition, the auditor's reports prepared by PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for the 2010 annual financial statements and management report and the 2010 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 final findings of the examination provided no reason for objections. The Supervisory Board stated that it had nothing to add to the auditor's reports on the financial statements and consolidated financial statements.

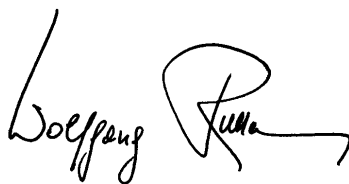
After a thorough examination, the Supervisory Board therefore adopted a unanimous resolution to approve the annual financial statements prepared by the Managing Board, to raise no objection to the management report, consolidated financial statements and Group management report, and to state its agreement with the Managing Board's proposal for appropriation of profits.

The 2010 annual financial statements have therefore been approved in accordance with § 96(4) AktG.

The Supervisory Board proposes to the General Meeting that it approve the distribution of profits proposed by the Managing Board and formally approve the actions of the Managing Board and Supervisory Board.

Vienna, March 2011

The Supervisory Board:

A handwritten signature in black ink, appearing to read 'Wolfgang RUTTENSTORFER', with a stylized flourish at the end.

Komm.-Rat Dr. Wolfgang RUTTENSTORFER
(Chairman)

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe prepared in accordance with the requirements of Austrian corporate law and the Austrian Insurance Supervision Act give a true and fair view of the Company's net assets, financial position and results of operations, the management report presents the business development, performance and position of the Company so as to give a true and fair view of its net assets, financial position and results of operations, and the management report provides a description of the principal risks and uncertainties to which the Company is exposed.

The Managing Board:



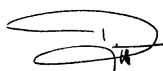
Dr. Günter Geyer
General Manager, CEO
Chairman of the Managing Board



Dr. Peter Hagen
Deputy General Manager,
Member of the Managing Board



Dr. Martin Simhandl
CFO
Member of the Managing Board



Ing. Martin Diviš, MBA
Member of the Managing Board



Franz Fuchs
Member of the Managing Board



Mag. Peter Höfing
Member of the Managing Board

Vienna, 10 March 2011

Managing Board areas of responsibility:

Dr. Günter Geyer: Group management, strategic planning, public relations, marketing, sponsoring, legal matters, human resources;
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

Dr. Peter Hagen: Group cost structure, Group IT/Back Office, SAP Smile Solutions, VIG RE, internal capital model project (Solvency II project)

Dr. Martin Simhandl: asset management, asset risk management, equity investment management, finance and accounting;
Country responsibilities: Germany, Liechtenstein, Turkey

Ing. Martin Diviš, MBA: performance management motor vehicle insurance; Country responsibilities: Georgia, Czech Republic, Ukraine

Franz Fuchs: performance management personal insurance; Country responsibilities: Baltic states, Poland, Romania

Mag. Peter Höfing: international corporate and large customer business, Vienna International Underwriters (VIU), reinsurance;
Country responsibilities: Bulgaria, Montenegro, Russia, Serbia, Hungary, Belarus

NOTES

This report also includes forward-looking statements based on current assumptions and estimates made by the Management of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Information provided using the words “expectation” or “target” or similar formulations indicate such forward-looking statements. Forecasts 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 was published. Actual results may differ from the forecasts if the assumptions underlying the forecast fail to materialise or if risks arise at a level that was not anticipated.

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

The report was prepared with the greatest possible care in order to ensure that the information provided in all parts is accurate and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Our aim was to make the report easy to read, with a flowing style. 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.

In the event of doubt, the German version is authoritative

Editorial deadline: 28 February 2011

GENERAL INFORMATION:

Publisher and media owner:

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ADDRESS:

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Schottenring 30
1010 Wien

Phone: +43 (0) 50 350 350