THE ART OF SUSTAINABLE GROWTH.

ANNUAL FINANCIAL REPORT 2009
VIENNA INSURANCE GROUP

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

WIENER STÄDTISCHE
VIENNA INSURANCE GROUP

VIENNA
INSURANCE GROUP

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VIENNA INSURANCE GROUP

GROUP MANAGEMENT REPORT

PERFORMANCE 2009 (MANAGEMENT REPORT)

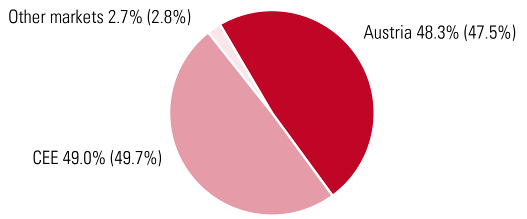
BUSINESS DEVELOPMENT OF THE GROUP 2009

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

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

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

PERCENTAGE OF PREMIUMS BY REGION IN 2009



Values for 2008 in parentheses

Overall, the Group generated 49.0% of its premiums in the CEE region in 2009. In property and casualty insurance, the CEE companies contributed 61.0% of the total property and casualty business. In the life insurance area, 39.1% of premiums were generated in the CEE region.

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

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

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

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

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

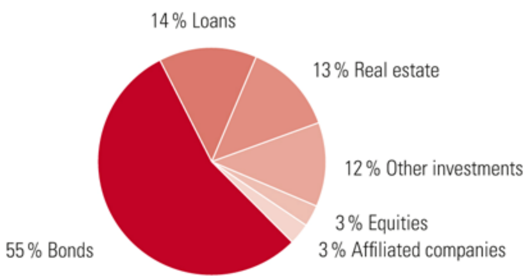
Combined ratio significantly below 100%
The Group's combined ratio (after reinsurance, not including investment income) was 96.3% in 2009.

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

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

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

BREAKDOWN OF INVESTMENTS



Equity

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

Underwriting provisions

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

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

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

RoE (Return on Equity)

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

Cash flow

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

BUSINESS DEVELOPMENT IN DETAIL

Group premium income

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

Gross premiums written by business lines

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

Gross premiums written by regions

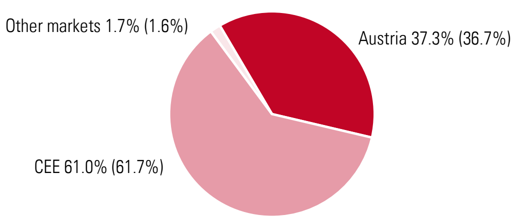
in EUR mn	2007	2008	2009
Austria	3,695.37	3,755.72	3,874.15
Czech Republic	1,130.47	1,419.73	1,603.29
Slovakia	494.52	605.60	628.38
Poland	543.14	795.14	548.26
Romania	413.49	608.22	606.66
Other CEE markets*	383.77	496.35	546.56
Other markets**	251.17	218.11	211.98
Total	**6,911.93**	**7,898.87**	**8,019.28**

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

Property and casualty insurance

Vienna Insurance Group companies generated EUR 4,206.75 million in Group premiums in the property/casualty area in 2009 (2008: EUR 4,278.85 million). This area therefore recorded a slight decrease of 1.7%, primarily due to currency effects. The

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



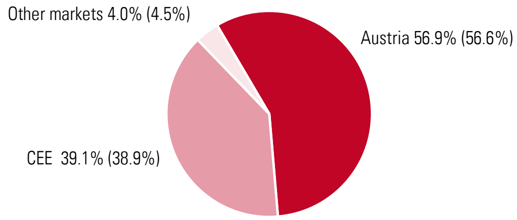
Values for 2008 in parentheses

Vienna Insurance Group companies in the Czech Republic contributed EUR 975.52 million to the Group premiums in this area, corresponding to an increase of 2.1% based on the local currency. The Vienna Insurance Group recorded an increase of 14.5% (EUR 384.07 million) in Poland in the property/casualty area based on the local currency, and an increase of 5.2% (EUR 519.43 million) in Romania based on the local currency. 61.0% of the premiums in the property/casualty area were generated in the CEE region.

Growth in life insurance premiums

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

PERCENTAGE OF PREMIUMS BY REGION IN LIFE INSURANCE IN 2009



Values for 2008 in parentheses

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

Health insurance premiums up 2.3%

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

Profit before taxes

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

Profit before taxes by business lines

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

Profit before taxes by regions

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

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

Property and casualty insurance

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

Life insurance

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

Health insurance

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

Employees

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

Employees by region

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

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

Sales

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

Significant events after the balance sheet reporting date

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

Risk management

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

The detailed risk report for the Vienna Insurance Group is provided in the notes to the consolidated financial statements on pages 47-61.

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

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

SEGMENT REPORTING BY REGIONS

AUSTRIA

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

V.I.G. companies in Austria

VIENNA INSURANCE GROUP
Wiener Städtische Versicherung AG

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

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

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

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

Donau Versicherung AG
Vienna Insurance Group

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

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

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

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

Sparkassen Versicherung AG
Vienna Insurance Group

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

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

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

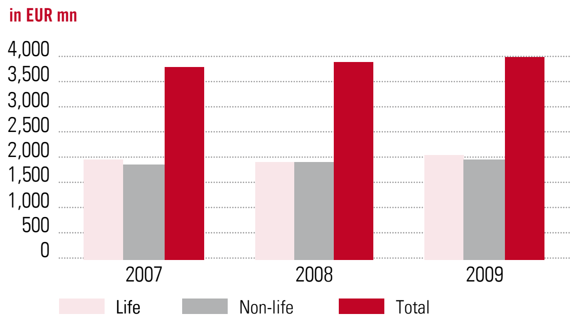
s Versicherung expanded its product range in 2009, offering health insurance to its customers for the first time in cooperation with Wiener Städtische. This is sold as supplementary health insurance in combination with the "s Unfall" casualty insurance product, and as a stand-alone product in the form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

Business development in Austria in 2009

Premium growth

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

PREMIUMS WRITTEN AUSTRIA



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

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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

Profit of EUR 247.49 million

The profit before taxes earned in Austria by the Vienna Insurance Group fell by 28.1% compared to 2008.

Combined ratio of 96.0%

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

Vienna Insurance Group in Austria*

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

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

CZECH REPUBLIC

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

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

V.I.G. companies in the Czech Republic

Kooperativa pojišťovna, a.s., Vienna Insurance Group

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

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

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

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

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

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

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

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

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

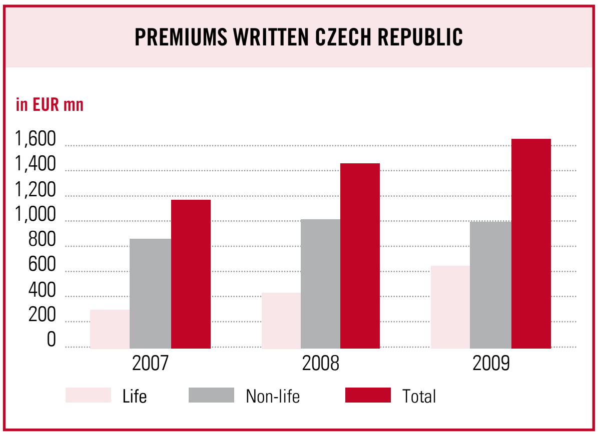
PČS has been a part of the Vienna Insurance Group family since 2008. It began operating in the Czech insurance market in 1992, and is now the third largest life insurance company in the Czech Republic. PČS's main distribution channel is České sporitelňa, whose more than 5 million customers and around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

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

Business development in the Czech Republic in 2009

Premiums increase by an outstanding 12.9%

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



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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

Czech Republic already contributing EUR 122.91 million to Group profit

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

Combined ratio of 91.2%

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

Vienna Insurance Group in the Czech Republic*

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

* PČS included since October 2008.

SLOVAKIA

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

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

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

V.I.G. companies in Slovakia

Kooperativa poisťovňa a.s,
Vienna Insurance Group

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

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

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

Komunálna poisťovňa a.s,
Vienna Insurance Group

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

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

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

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

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

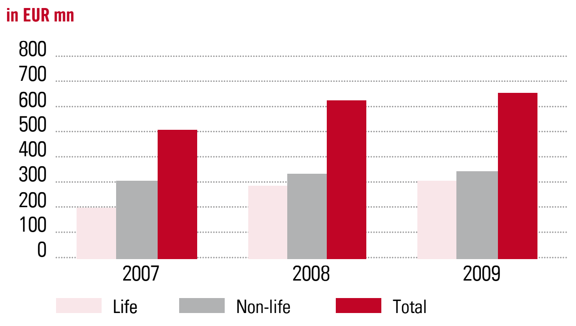
PSLSP operates successfully in the life insurance area and offers its customers a full range of products. In addition to single-premium life insurance policies, the sale of products with regular premium payments is now being promoted. PSLSP received an award from the business magazine Trend in 2009.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

Business development in Slovakia in 2009

Premium growth

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

PREMIUMS WRITTEN SLOVAKIA



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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

Profit before taxes of EUR 23.01 million

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

Combined ratio of 90.8%

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

Vienna Insurance Group in Slovakia*

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

*PSLSP included since October 2008.

POLAND

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

V.I.G. companies in Poland

TU Compensa S.A.,
Vienna Insurance Group

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

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

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

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

Benefia TU Majątkowych S.A.,
Vienna Insurance Group

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

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

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

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

TU InterRisk S.A.
Vienna Insurance Group

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

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

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

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

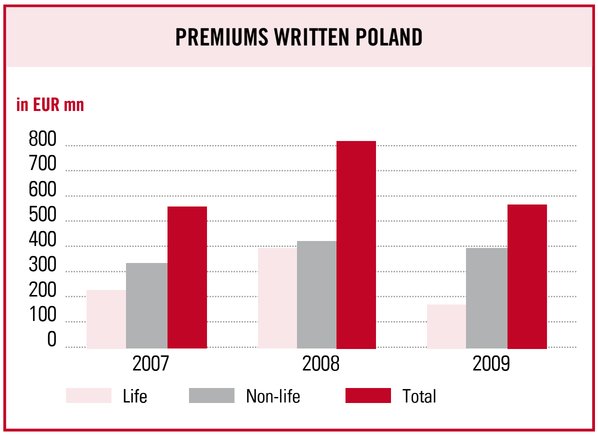
Member of V.I.G. since:	2007
Area of operations:	Non-life
Employees:	approx. 100
Market position: Non-life:	16th place
Market share: Non-life:	approx. 1%
Offices:	approx. 45

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

Business development in Poland in 2009

Premium growth

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



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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

Poland increases profit before taxes to EUR 27.42 million

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

Combined ratio of 100.5%

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

Vienna Insurance Group in Poland*

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

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

ROMANIA

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

V.I.G. companies

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

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

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

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

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

SC Asigurarea Romaneasca Asirom
Vienna Insurance Group S.A.

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

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

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

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

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

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

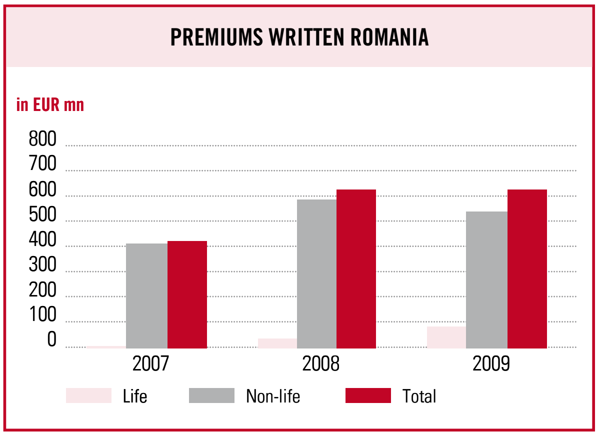
The BCR Group has become an important part of the Vienna Insurance Group since the purchase of the Erste Group's entire insurance operations in 2008. BCR non-life has been operating in the Romanian insurance market as a member of Banca Comercială Română since 2001. The company distributes its products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

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

Business development in Romania in 2009

Premium growth

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



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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

Profit before taxes of EUR 24.19 million in Romania

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

Combined ratio of 99.3%

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

Vienna Insurance Group in Romania*

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

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

OTHER CEE MARKETS

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

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

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

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

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

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

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

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

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

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

Business development in the Other CEE markets segment in 2009

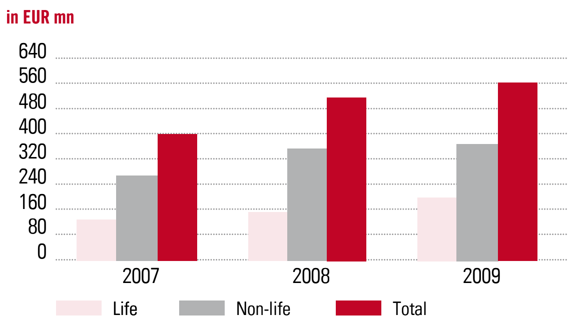
The companies in the CEE countries of Georgia, Russia and Belarus were not yet included within the Vienna Insurance Group's scope of consolidation.

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

Premium growth

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

PREMIUMS WRITTEN OTHER CEE MARKETS



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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

Profit before taxes

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

Combined ratio of 110.7%

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

Vienna Insurance Group in Other CEE markets*

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

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

OTHER MARKETS

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

Germany

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

InterRisk Versicherungs AG
Vienna Insurance Group

InterRisk Lebensversicherung AG
Vienna Insurance Group

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

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

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

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

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

Liechtenstein

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

Vienna-Life Lebensversicherung AG
Vienna Insurance Group

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

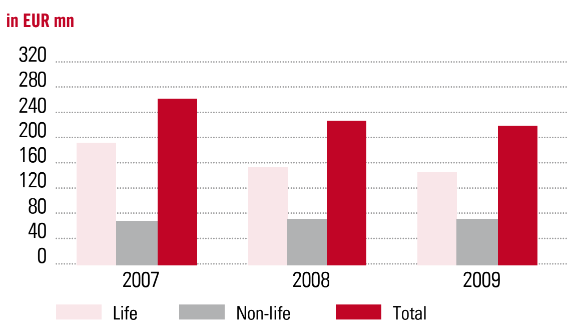
Vienna-Life operates exclusively in the life insurance segment and concentrates predominantly on unit-linked and index-linked life insurance. The focus is on custom-tailored insurance solutions that allow the company to respond to the needs of its customers.

Business development in the Other Markets segment in 2009

Premium growth

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

PREMIUMS WRITTEN OTHER MARKETS



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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

Profit before taxes increases 34.3% in Other Markets segment

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

Combined ratio of 83.8%

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

Vienna Insurance Group in the Other markets

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

OUTLOOK 2010

ECONOMIC DEVELOPMENT

Austria

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

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

CEE

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

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

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

THE 2010 INSURANCE MARKET

Austria

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

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

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

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

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

CEE

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

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

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

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

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

VIENNA INSURANCE GROUP – OUTLOOK

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

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

Forward-looking action programme

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

Reorganisation of Group structure

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

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

VIENNA INSURANCE GROUP WIENER STÄDTISCHE VERSICHERUNG AG

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

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

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

* including trading assets

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

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

CONSOLIDATED SHAREHOLDERS' EQUITY

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

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

* Including payment for servicing hybrid capital.

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

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

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

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

OTHER COMPREHENSIVE INCOME

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

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

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

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

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY LINES OF BUSINESS

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

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

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

SEGMENT REPORTING

CONSOLIDATED INCOME STATEMENT BY LINES OF BUSINESS AND REGIONS

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

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

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

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

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

Summary of significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Scope and methods of consolidation

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

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

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

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

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

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

The following company was deconsolidated during the financial year:

Deconsolidations	Deconsolidation date
PKB Privatkliniken Beteiligungs-GmbH, Vienna	31.03.2009

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

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

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

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

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

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

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

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

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

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

Balance sheet

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

Income statement

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

Non-profit housing societies

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

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

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

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

Classification of insurance policies

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

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

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

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

are considered profit-related participations in net income.

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

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

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

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

Recognition and accounting methods for insurance policies

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

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

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

Adequacy test for liabilities arising from insurance policies

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

Foreign currency translation

Transactions in foreign currency

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

Foreign currency translation of separate financial statements

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

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

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

Impairment

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

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

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

Estimates

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

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

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

Accounting policies for specific items in the financial statements

Intangible assets

GOODWILL

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

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

PURCHASED INSURANCE PORTFOLIOS

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

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

OTHER INTANGIBLE ASSETS

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

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

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

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

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

Investments

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

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

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

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

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

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

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

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

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

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

Useful life in years	from	to
Buildings	20	50

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Amendments to IAS 39 and IFRS 7 – "Reclassification of financial assets"

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

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

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

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

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

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

Investments for unit-linked and index-linked life insurance

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

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

Reinsurers' share in underwriting provision

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

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

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

Receivables

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

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

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

Other assets

Other assets are measured at cost less impairment losses.

Taxes

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

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

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

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

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

* From 2010 on: 19%

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

Underwriting provisions

UNEARNED PREMIUMS

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

MATHEMATICAL RESERVE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Provisions for pensions and similar obligations

PENSION OBLIGATIONS

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

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

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

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

Pension assumptions	2009	2008
Interest rate	5%	5.5%
Pension and salary increases	2.5%	3%
Labour turnover rate	age-dependent 0.5%-7%	0%-7%
Retirement age, women	62+	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 has been formed for this obligation.

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

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

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

Severance payment assumptions	2009	2008
Interest rate	5%	5.5%
Pension and salary increases	2.5%	3%
Labour turnover rate	age-dependent	
	0.5%-7%	0%-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

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

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

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

(Subordinated) liabilities

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

Earned premiums*

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

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

Expenses for claims and insurance benefits

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

Operating expenses

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

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

RISK REPORTING

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

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

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

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

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

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

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

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

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

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

General information

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

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

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

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

Reinsurance

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

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

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

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

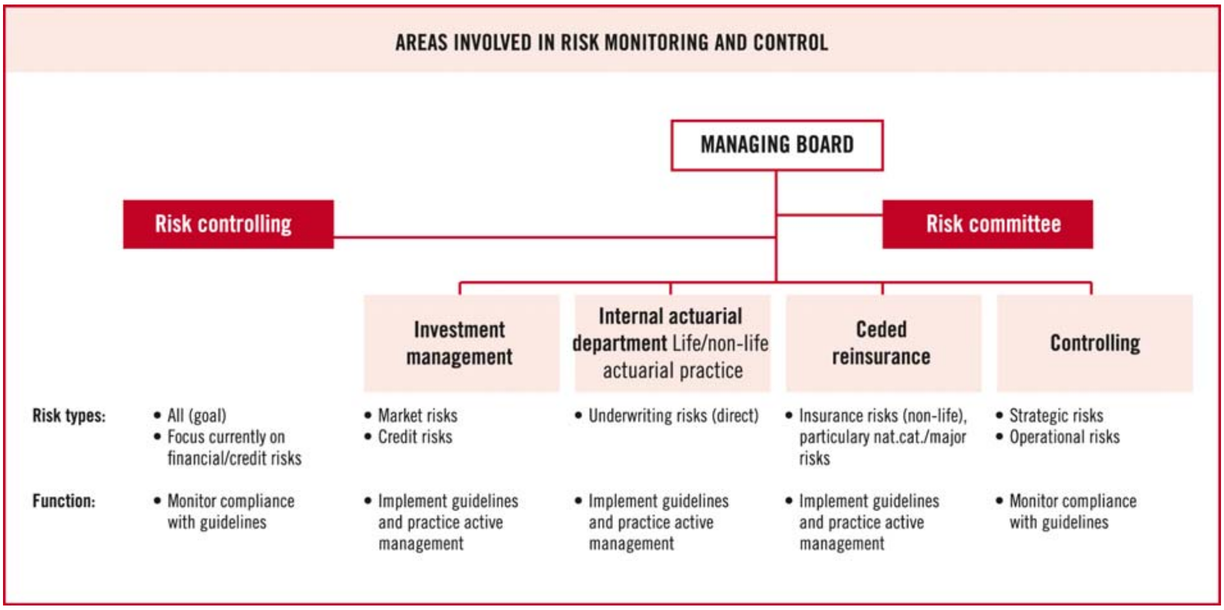
Areas involved in risk monitoring and control

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

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

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

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



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

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

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

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

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

Business risks

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

Guaranteed minimum interest rates

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

Loss reserves

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

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

Interest rate fluctuations

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

Share price risk

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

Aspects of tax law that affect the income situation

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

Developments in Central and Eastern Europe

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

Risks from acquisitions

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

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

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

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

Climate change

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

Credit risk from investments

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

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

Credit risk from reinsurance

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

Currency risks

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

Concentration risk

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

Regulatory environment

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

These regulations govern such matters as:

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

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

Investments

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

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

The investment strategy for Austria may be summarised as follows:

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

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

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

Composition investments

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

* includes shares in unconsolidated subsidiaries and other ownership interests.

MATURITY STRUCTURE AND RATING CATEGORIES

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

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

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

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

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

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

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

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

Bonds

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

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

Shares

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

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

Loans/Lending

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

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

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

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

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

Land and buildings

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

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

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

At equity consolidated companies

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

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

Market risk

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

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

Interest rate and share risk

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

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

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

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

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

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

Capital market scenario analysis

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

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

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

Life insurance

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

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

Embedded value sensitivity analysis for the life insurance business

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

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

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

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

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

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

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

Internal sensitivities are shown in the following table:

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

Property and casualty insurance provisions

General information

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

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

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

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

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

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

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

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

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

Development of gross loss reserve

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

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

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

Reinsurance

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

Reinsurance guidelines

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

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

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

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

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

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

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

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

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

Reinsurance coverage using the example of Wiener Städtische

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

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

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

Solvency II

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

1. INTANGIBLE ASSETS

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

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

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

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

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

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

Development of purchased software

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

Development of other intangible assets

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

2. LAND AND BUILDINGS

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

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

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

3. SHARES IN AT EQUITY CONSOLIDATED COMPANIES

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

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

4. PARTICIPATIONS – DETAILS

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

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

Affiliated companies and participations VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG

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

Affiliated companies and participations VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG

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

Affiliated companies and participations VIENNA INSURANCE GROUP

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

Affiliated companies and participations VIENNA INSURANCE GROUP

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

Affiliated companies and participations VIENNA INSURANCE GROUP

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

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

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

proportionally consolidated:

Turkey:	Ray Sigorta A.Ş.

not consolidated:

Georgia:	International Insurance Company IRAO Ltd., Georgian Pension an Insurance Holding JSC
Ukraine:	Privat Joint-Stock Company VAB Insurance, CJSC "Insurance Company "Ukrainian Insurance Group"
Romania:	Omniasig Addenda, S.A.

5. LOANS AND OTHER INVESTMENTS

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

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

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

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

Composition of reclassfied loans

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

Maturity structure of loans

in EUR '000	Acquisition costs carried forward 31.12.2009	31.12.2008
up to one year	160,925	205,350
more than one year up to five years	256,946	278,738
more than five years up to ten years	521,233	502,870
more than ten years	1,849,986	1,959,177
Total	**2,789,090**	**2,946,135**

Maturity structure of reclassified loans

in EUR '000	Acquisition costs carried forward 31.12.2009	31.12.2008
up to one year	15,685	13,878
more than one year up to five years	70,597	83,807
more than five years up to ten years	362,529	336,153
more than ten years	542,405	614,242
Total	**991,216**	**1,048,080**

Financial instruments in the “Financial instruments available for sale” category that were reclassified as loans in 2008 had a fair value of EUR 1,037,036,000 as of the reclassification date.

6. OTHER SECURITIES

Development	Held to maturity total		Available for sale		Trading assets		Recognised at fair value through profit and loss	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000								
Acquisition costs	2,365,092	373,237						
Cumulative depreciation as of 31.12. of previous years	-18,031	36						
Book value as of 31.12. of the previous year	**2,347,061**	**373,273**	**11,707,295**	**13,877,579**	**287,271**	**977,235**	**1,230,068**	**164,428**
Exchange rate changes	27,544	15,947	-564	20,403	3,320	-38,613	1,550	519
Book value as of 1.1.	**2,374,605**	**389,220**	**11,706,731**	**13,897,982**	**290,591**	**938,622**	**1,231,618**	**164,947**
Reclassifications	13,056	1,393,784	-45,918	-2,437,519	-136,525	-28,818	-27,746	8,657
Additions	684,793	164,649	5,320,269	6,049,986	206,673	641,970	280,341	164,853
Disposals	-218,094	-41,905	-3,641,892	-4,898,500	-263,865	-656,987	-277,347	-426,308
Change in scope of consolidation	35,954	458,776	-256,810	-75,318	19,584	-516,332	7,153	1,335,205
Changes in value recognised in profit and loss	0	0	0	0	4,083	-86,030	26,121	-17,286
Changes recognised directly in equity	0	0	616,141	-497,296	0	0	0	0
Impairments	0	-17,463	-184,151	-332,040	-1,625	-5,154	0	0
Book value as of 31.12.	**2,890,314**	**2,347,061**	**13,514,370**	**11,707,295**	**118,916**	**287,271**	**1,240,140**	**1,230,068**
Cumulative apprecation/ depreciation as of 31.12.	17,063	18,031						
Acquisition costs	**2,907,377**	**2,365,092**						

Composition Financial instruments held to maturity	Acquisition costs carried forward		Fair value	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
in EUR '000				
Government bonds	1,200,202	663,934	1,220,132	666,526
Corporate bonds	342,738	278,912	353,036	268,874
Other securities	27,147	10,431	37,268	10,452
Total	**1,570,087**	**953,277**	**1,610,436**	**945,852**

Composition
Financial instruments reclassified as held to maturity

in EUR '000	Acquisition costs carried forward 31.12.2009	Acquisition costs carried forward 31.12.2008	Fair value 31.12.2009	Fair value 31.12.2008
Government bonds	935,596	954,346	948,187	954,346
Other securities	384,631	439,438	386,280	439,438
Total	**1,320,227**	**1,393,784**	**1,334,467**	**1,393,784**

Financial instruments in the "Financial instruments available for sale" category that were reclassified as Financial instruments held to maturity in 2008 had a fair value of EUR 1,393,784,000 as of the reclassification date.

Composition
Financial instruments available for sale

in EUR '000	Acquisition costs carried forward 31.12.2009	Acquisition costs carried forward 31.12.2008	Unrealised gains and losses 31.12.2009	Unrealised gains and losses 31.12.2008	Fair value 31.12.2009	Fair value 31.12.2008
Non-fixed interest	**2,695,595**	**3,420,647**	**111,895**	**-118,506**	**2,807,490**	**3,302,141**
Shares and other participations*	1,149,817	1,445,577	176,539	88,437	1,326,356	1,534,014
Investment funds including joint investments	1,007,432	1,369,516	-45,267	-164,693	962,165	1,204,823
Other	538,346	605,554	-19,377	-42,250	518,969	563,304
Fixed-interest	**10,552,216**	**8,672,584**	**154,664**	**-267,430**	**10,706,880**	**8,405,154**
Bonds and other securities of affiliated companies	29,135	31,137	0	55	29,135	31,192
Bonds and other securities of participations	68,217	38,883	0	-872	68,217	38,011
Other fixed-interest securities	10,454,864	8,602,564	154,664	-266,613	10,609,528	8,335,951
Total	**13,247,811**	**12,093,231**	**266,559**	**-385,936**	**13,514,370**	**11,707,295**

* Includes shares in unconsolidated companies and other participations of EUR 639,708,000 (EUR 1,089,781,000)

In the case of Financial instruments available for sale, the balance sheet value corresponds to the fair value. Unrealised gains and losses represent the difference between acquisition cost carried forward and fair value.

Composition
Financial instruments recognised at fair value through profit and loss *

in EUR '000	Fair value 31.12.2009	Fair value 31.12.2008
Bonds	167,561	335,364
Structured bonds	646,583	641,838
Shares	11,724	13,424
Investment funds	523,610	515,871
Derivatives	1	8,728
Others	9,577	2,114
Total	**1,359,056**	**1,517,339**

* including trading assets

Fair value of derivative financial instruments

in EUR '000	Fair value 31.12.2009	Fair value 31.12.2008
Options	0	5,708
Futures	1	2,826
Other structured products	0	194
Total	**1**	**8,728**

The amount shown under "Options" relates to options on shares intended to hedge existing share positions.

Fair values for derivative financial instruments include both rights and obligations under derivative transactions existing as of the balance sheet date.

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

Composition

in EUR '000	Unit-linked 31.12.2009	Index-linked 31.12.2009	Total 31.12.2009	Total 31.12.2008
Investment funds	3,634,299	66,510	3,700,809	2,900,117
Structured bonds	0	863,658	863,658	639,153
Shares	0	23,407	23,407	1,375
Bank deposits	31,789	8,783	40,572	61,759
Total	**3,666,088**	**962,358**	**4,628,446**	**3,602,404**

The balance sheet value corresponds to the fair value.

Maturity structure

in EUR '000	31.12.2009	31.12.2008
no maturity	3,496,722	2,790,868
up to one year	96,696	112,319
more than one year up to five years	55,673	37,534
more than five years up to ten years	305,312	186,599
more than ten years	674,043	475,084
Total	**4,628,446**	**3,602,404**

8. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Provision for unearned premiums	105,463	7,374	0	112,837	138,085
Mathematical reserve	2	109,818	1,242	111,062	109,791
Provision for outstanding claims	876,661	8,361	92	885,114	968,601
Provision for profit-unrelated premium refunds	4,438	0	0	4,438	2,612
Provision for profit-related premium refunds	0	0	0	0	25
Other underwriting provisions	3,753	33	0	3,786	3,147
Total	**990,317**	**125,586**	**1,334**	**1,117,237**	**1,222,261**

Development	Book value as of 1.1.	Exchange rate changes	Additions	Amount used / released	Changes in scope of consolidation	Book value as of 31.12.
in EUR '000						
Provision for unearned premiums	138,085	-58	75,654	-120,497	19,653	112,837
Mathematical reserve	109,791	-49	9,993	-20,180	11,507	111,062
Provision for outstanding claims	968,601	1,893	477,176	-584,384	21,828	885,114
Provision for profit-unrelated premium refunds	2,612	15	4,035	-2,224	0	4,438
Provision for profit-related premium refunds	25	0	0	-25	0	0
Other underwriting provisions	3,147	-17	3,713	-3,057	0	3,786
Total	**1,222,261**	**1,784**	**570,571**	**-730,367**	**52,988**	**1,117,237**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	577,744	667,155
more than one year up to five years	249,449	250,307
more than five years up to ten years	132,825	143,811
more than ten years	157,219	160,988
Total	**1,117,237**	**1,222,261**

9. RECEIVABLES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Underwriting	**827,009**	**114,923**	**4,259**	**946,191**	**900,857**
Receivables from direct insurance business	*714,132*	*112,913*	*4,259*	*831,304*	*758,099*
to policyholders	556,122	98,098	3,171	657,391	578,478
to insurance intermediaries	126,055	14,166	0	140,221	139,692
to insurance companies	31,955	649	1,088	33,692	39,929
Receivables from reinsurance business	112,877	2,010	0	114,887	142,758
Non-underwriting	**201,368**	**396,064**	**19,826**	**617,258**	**574,068**
Other receivables	201,368	396,064	19,826	617,258	574,068
Total	**1,028,377**	**510,987**	**24,085**	**1,563,449**	**1,474,925**

Composition Other receivables	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Receivables from financial services and leasing	322	1,056	0	1,378	1,116
Pro rata interest and rent	55,538	331,412	11,419	398,369	354,012
Receivables from tax authority (excl. income tax)	8,690	16,621	456	25,767	19,292
Receivables from employees	1,610	714	1	2,325	2,044
Receivables from sales of investments	1,251	731	0	1,982	22,708
Receivables from facility managers	10,989	712	344	12,045	10,654
Receivables from third party claims settlement	21,710	0	0	21,710	23,007
Outstanding interest and rent	2,845	4,784	1,764	9,393	8,637
Other receivables	98,413	40,034	5,842	144,289	132,598
Total	**201,368**	**396,064**	**19,826**	**617,258**	**574,068**

Other liabilities are primarily comprised of service charges in the amount of EUR 28,677,000, receivables from prepayments and sureties in the amount of EUR 17,390,000, interest and dividend receivables in the amount of EUR 10,868,000 and receivables from regress claims and guarantees in the amount of EUR 6,361,000.

Maturity structure	Underwriting 31.12.2009	Non-underwriting 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000				
up to one year	932,895	587,497	1,520,392	1,436,800
more than one year up to five years	13,296	11,009	24,305	27,484
more than five years up to ten years	0	4,792	4,792	3,075
more than ten years	0	13,960	13,960	7,566
Total	**946,191**	**617,258**	**1,563,449**	**1,474,925**

10. TAX RECEIVABLES AND ADVANCE PAYMENTS OUT OF INCOME TAX

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	95,581	110,483
Life insurance	15,185	13,272
Health insurance	40	456
Total	**110,806**	**124,211**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	96,751	58,165
more than one year up to five years	14,055	66,046
Total	**110,806**	**124,211**

11. DEFERRED TAXES

The deferred tax assets and liabilities reported relate to temporary differences in the balance sheet items listed in the table below. (The differences were measured using the applicable tax rates.) It should be noted that deferred taxes, as far as permissible, are offset at the taxpayer level, and accordingly the different balances are shown either as assets or liabilities on the balance sheet.

Composition	Assets 31.12.2009	Liabilities 31.12.2009	Assets 31.12.2008	Liabilities 31.12.2008
in EUR '000				
Intangible assets	6,094	1,417	7,101	6,042
Investments	70,609	86,130	119,144	62,566
Receivables and other assets	3,783	7,445	7,932	4,610
Accumulated losses carried forward	53,103	0	43,939	0
Tax-exempt reserves	0	33,061	0	54,848
Underwriting provisions	74,887	156,956	31,880	145,144
Non-underwriting provisions	37,503	8,718	48,903	19
Liabilities and other liabilities	11,775	1,733	5,653	1,636
Total	**257,754**	**295,460**	**264,552**	**274,865**
Balance of deferred taxes		**37,706**		**10,313**

12. OTHER ASSETS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Tangible assets and inventories	52,761	18,482	272	71,515	74,669
Prepayments for projects	112	18	0	130	101
Other assets	44,532	133,136	4,689	182,357	31,323
Deferred profit participation*	0	0	0	0	114,798
Deferred charges	98,420	23,121	465	122,006	73,425
Total	**195,825**	**174,757**	**5,426**	**376,008**	**294,316**

* Deferral due to measurement differences related to policyholder profit participation.

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	79,674	65,661
more than one year up to five years	259,675	206,499
more than five years up to ten years	13,860	9,695
more than ten years	22,799	12,461
Total	**376,008**	**294,316**

Development of tangible assets and inventories	31.12.2009	31.12.2008
in EUR '000		
Acquisition costs	230,072	216,234
Cumulative depreciation as of 31.12. of previous years	-155,403	-146,806
Book value as of 31.12. of the previous year	**74,669**	**69,428**
Exchange rate changes	-367	-558
Book value as of 1.1.	**74,302**	**68,870**
Additions	30,744	39,971
Disposals	-15,999	-18,900
Changes in scope of consolidation	3,380	5,005
Scheduled depreciations	-20,912	-20,277
Book value as of 31.12.	**71,515**	**74,669**
Cumulative depreciation as of 31.12.	170,325	155,403
Acquisition costs	**241,840**	**230,072**

13. CASH AND CASH EQUIVALENTS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Current bank balances	112,769	366,063	3,984	482,816	617,514
Cash and cheques	1,299	407	1	1,707	1,813
Total	**114,068**	**366,470**	**3,985**	**484,523**	**619,327**

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

14. SHAREHOLDERS' EQUITY

Hybrid bonds

Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value
12.06.2008	250,000	unlimited	until 12.09.2018 8% p.a., afterwards variable	245,100
22.04.2009	250,000	unlimited	until 12.09.2018 8% p.a., afterwards variable	245,100

Composition of minority interests	31.12.2009	31.12.2008
in EUR '000		
Unrealised gains and losses	2,112	-2,145
Share in the profit of the period including other comprehensive income after taxes	27,894	33,786
Other	259,287	235,276
Total	**289,293**	**266,917**

Earnings per share

Under IAS 33.10, basic earnings per share "shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period".

Earnings per share		2009		2008
Profit of the period	EUR	340,486,000	EUR	408,533,000
Number of shares (weighted)	units	128,000,000	units	119,871,233
Before capital increase				105,000,000
Capital increase				23,000,000
Earnings per share	EUR	**2.66**	EUR	**3.41**

Since there were no potential dilution effects either in 2008 or in the current reporting period, the basic earnings per share equals the diluted earnings per share.

Consolidated shareholders' equity

The Company's share capital is equal to EUR 132,887,468.20, divided into 128,000,000 no-par value ordinary bearer shares with voting rights, with each share participating equally in the share capital.

The Managing Board is authorised, until 23 April 2014 at the latest, to increase the Company's share capital – in one or more tranches – by a nominal amount of EUR 66,443,734.10 through the issuance of 64,000,000 no-par value ordinary bearer or registered shares against cash contributions or contributions in kind. The terms of the share rights, the exclusion of shareholder pre-emption rights, and the other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preference shares without voting rights may also be issued, with rights equivalent to those of existing preference shares. The issue prices of ordinary and preference shares may differ.

The General Meeting of 24 April 2009 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 23 April 2014, including with shareholder pre-emption rights excluded, and to grant the holders of convertible bonds conversion rights to up to 30,000,000 non-par value ordinary bearer shares with voting rights in accordance with the convertible bond terms established by the Managing Board. The share capital has consequently been raised pursuant to § 159 (2)(1) of the Austrian Stock Corporation Act by a contingent capital increase of up to EUR 31,145,500.36, through the issuance of up to 30,000,000 no-par value ordinary bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Meeting resolution of 24 April 2009 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date regarding the issuance of convertible bonds based on the authorisation granted on 24 April 2009.

The General Meeting of 24 April 2009 also authorised the Managing Board to acquire the Company's own no-par value bearer shares pursuant to § 65(1)(4) and (8) of the Austrian Stock Corporation Act to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount payable upon repurchase of the Company's own shares may not be more than 50% below or more than 10% above the average unweighted stock exchange closing price on the ten stock exchange trading days preceding the repurchase. The Managing Board may decide to make the purchase via the stock exchange, through a public offer or in any other legally permissible and expedient manner. The Managing Board has made no use of this authorisation to date. The Company held no treasury shares as of 31 December 2009.

The General Meeting of 16 April 2008 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of income bonds with a total nominal value of up to EUR 2,000,000,000.00, including with shareholder pre-emption rights excluded. Income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 1) were issued on 12 June 2008 and income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 2) were issued on 23 April 2009. The income bonds are traded on the Vienna Stock Exchange. The interest rate is 8% p.a. until 12 September 2018 (fixed interest rate), after which the income bonds pay variable interest. The Company has the right to call the bonds with three months' notice after the start of the variable interest period.

The General Meeting of 24 April 2009 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 23 April 2014, including with shareholder pre-emption rights excluded.

On 12 January 2005, the Company issued supplementary capital bond 2005-2022, with a total nominal value of EUR 180,000,000.00, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. The interest rate during the first 12 years of the bond's term is 4.625% of its nominal value (fixed interest rate period), after which the bond pays variable interest.

On 12 January 2005, the Company also issued supplementary capital bond 2005, with a total nominal value of EUR 120,000,000.00, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. This bond does not have a fixed term. The interest rate during the first year of the bond's term is 4.25% of its nominal value, after which the bond pays variable interest.

On 20 April 2009, the Company issued supplementary capital bond 2009, with a total nominal value of EUR 100,000,000.00, pursuant to § 73c(2) of the Austrian Insurance Supervision Act. This bond does not have a fixed term. The interest rate during the first interest rate period (until 29 June 2010) is 4.762%, after which the bond pays variable interest.

The auditor has verified that the requirements under § 73b(2)(4) of the Austrian Insurance Supervision Act have been met.

Payout	Per share 2009	Total 2009
in EUR		
Ordinary shares	1.10	140,800,000
Bonus dividend	0.90	115,200,000
Total	**2.00**	**256,000,000**

Proposed distribution of profits

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG ended financial year 2009 with net retained profits of EUR 164,737,716.77. The following appropriation of profits will be proposed to the Annual General Meeting: The 128 million shares are to receive a dividend of EUR 0.90 per share. The payment and ex-dividend dates for this dividend will be 5 July 2010. A total of EUR 115,200,000.00 will thus be distributed. The unappropriated surplus of EUR 49,537,716.77 that remains for financial year 2009 after distribution of the dividend is to be carried forward.

ADJUSTED CAPITAL

The adjusted capital to be disclosed under § 86h(5) VAG was equal to EUR 3,133,707,000 as of 31 December 2009, without deduction of equalisation provisions, and EUR 2,814,697,000 when reduced by the equalisation provisions. The adjusted capital calculation was performed before taking minority interests into account.

15. SUBORDINATED LIABILITIES

Issuing company	Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG	12.01.2005	171,000	17	First 12 years: 4.625% p.a.; thereafter variable	154,746
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG	12.01.2005	120,000	unlimited [1]	First year: 4.25% p.a.; thereafter variable	102,600
VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG	20.04.2009	100,000	unlimited [2]	12M EURIBOR + 300 Basis points	100,000
DONAU Versicherung AG Vienna Insurance Group	15.04.+21.05.2004	10,500	unlimited [3]	4.95% p.a.	10,868
DONAU Versicherung AG Vienna Insurance Group	01.07.1999	3,500	unlimited [4]	4.95% p.a.	3,523
Sparkassen Versicherung AG Vienna Insurance Group	19.12.1996	12,136	until 19.12.2010 [7]	6.75% p.a.	12,585
Sparkassen Versicherung AG Vienna Insurance Group	01.03.1999	16,920	unlimited [5]	4.90% p.a.	15,831
Sparkassen Versicherung AG Vienna Insurance Group	02.04.2001	7,500	until 02.04.2011 [7]	6.25% p.a.	7,812
Sparkassen Versicherung AG Vienna Insurance Group	02.07.2007	20,500	unlimited [5]	6.10% p.a.	23,240
Sparkassen Versicherung AG Vienna Insurance Group	15.11.2003	28,200	unlimited [5]	4.95% p.a.	26,618
Sparkassen Versicherung AG Vienna Insurance Group	30.06.2006	41,400	unlimited [5]	4.75% p.a.	37,712
S.C. BCR Asigurări Vienna Insurance Group S.A.	24.04.2007	4,249	23.04.2012 [8]	EURIBOR + 350 Basis points	4,249
Kooperativa pojst'ovna, a.s., Vienna Insurance Group	27.10.2007	9,444	unlimited [6]	4.5% p.a.	8,213
Total		**545,349**			**507,997**

[1] The right to ordinary and extraordinary cancellation by the holder is excluded. Regular cancellation by the issuer is first allowed effective 12 January 2017.
[2] This may be cancelled, in whole or in part, both by the holders as well as by VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG, not before 31 December 2027, upon the giving of 5 years' notice.
[3] This may be cancelled, in whole or in part, both by the holders as well as by Donau, not before 31 December 2009, upon the giving of 5 years' notice and as of December 31 of each subsequent year.
[4] This may be cancelled, in whole or in part, both by the holders as well as by Donau, not before 1 July 2002, upon the giving of 5 years' notice and as of July 1 of each subsequent year.
[5] This can only be cancelled subject to not less than five years' notice, unless Austrian insurance regulators agree to repayment being made early.
[6] This can only be cancelled subject to not less than five years' notice.
[7] These have already been terminated.
[8] The right to ordinary and extraordinary termination is excluded for both parties.

Interest on supplementary capital bonds is only paid out to the extent that the interest is covered by the Company's domestic profit for the year. The interest is, however, always included as an expense.

16. PROVISION OF UNEARNED PREMIUMS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	956,953	877,834
Life insurance	161,158	151,179
Health insurance	1,955	1,699
Total	**1,120,066**	**1,030,712**

Development	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Book value as of 31.12. of the previous year	**877,834**	**151,179**	**1,699**	**1,030,712**	**960,354**
Exchange rate changes	-13	-313	0	-326	-45,904
Book value as of 1.1.	**877,821**	**150,866**	**1,699**	**1,030,386**	**914,450**
Additions	897,057	110,462	1,955	1,009,474	928,297
Amount used/released	-905,642	-117,469	-1,699	-1,024,810	-850,536
Changes in scope of consolidation	87,717	17,299	0	105,016	38,501
Book value as of 31.12.	**956,953**	**161,158**	**1,955**	**1,120,066**	**1,030,712**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	1,059,475	976,644
more than one year up to five years	52,896	44,985
more than five years up to ten years	7,695	9,083
Total	**1,120,066**	**1,030,712**

17. MATHEMATICAL RESERVE

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	123	117
Life insurance	16,557,602	16,118,730
for guaranteed policy benefits	15,024,555	14,731,326
for allocated and committed profit shares	1,533,047	1,387,404
Health insurance	790,271	743,118
Total	**17,347,996**	**16,861,965**

Development	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Book value as of 31.12. of the previous year	**117**	**16,118,730**	**743,118**	**16,861,965**	**12,502,836**
Exchange rate changes	2	9,383	0	9,385	-32,323
Book value as of 1.1.	**119**	**16,128,113**	**743,118**	**16,871,350**	**12,470,513**
Additions	18	2,082,491	47,153	2,129,662	1,757,489
Amount used/released	-14	-1,832,012	0	-1,832,026	-1,258,546
Transfer to provision for unearned premiums	0	72,544	0	72,544	85,553
Changes in scope of consolidation	0	106,466	0	106,466	3,806,956
Book value as of 31.12.	**123**	**16,557,602**	**790,271**	**17,347,996**	**16,861,965**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	1,354,542	1,314,155
more than one year up to five years	5,974,080	5,353,398
more than five years up to ten years	3,872,826	4,343,051
more than ten years	6,146,548	5,851,361
Total	**17,347,996**	**16,861,965**

Life insurance mathematical reserve	31.12.2009	31.12.2008
in EUR '000		
Direct business	16,331,683	16,005,801
Policy benefits	14,798,636	14,618,397
Allocated profit share	1,518,525	1,361,681
Committed profit shares	14,522	25,723
Indirect business	225,919	112,929
Policy benefits	225,919	112,929
Total	**16,557,602**	**16,118,730**

Health insurance mathematical reserve	31.12.2009	31.12.2008
in EUR '000		
Direct business	789,030	741,969
Individual insurance	626,832	592,822
Group insurance	162,198	149,147
Indirect business	1,241	1,149
Total	**790,271**	**743,118**

18. PROVISION FOR OUTSTANDING CLAIMS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	3,255,133	3,173,890
Life insurance	171,878	152,241
Health insurance	44,973	44,377
Total	**3,471,984**	**3,370,508**

Development Property/Casualty insurance	31.12.2009	31.12.2008
in EUR '000		
Book value as of 31.12. of the previous year	**3,173,890**	**2,866,932**
Exchange rate changes	2,639	-30,863
Book value as of 1.1.	**3,176,529**	**2,836,069**
Changes in scope of consolidation	118,405	21,365
Claims expenses	2,580,717	2,396,529
Claims payments and claims settlement costs	-2,619,941	-2,084,757
Other changes	-577	4,684
Book value as of 31.12.	**3,255,133**	**3,173,890**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
Up to one year	2,026,591	1,840,643
more than one year up to five years	802,774	766,529
more than five years up to ten years	250,131	360,337
more than ten years	392,488	402,999
Total	**3,471,984**	**3,370,508**

A detailed presentation of the gross loss reserve is provided under a heading by the same name in the “Risk Report” section.

19. PROVISION FOR PROFIT-RELATED AND -UNRELATED PREMIUM REFUNDS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	38,555	31,492
thereof profit-related	197	197
thereof profit-unrelated	38,358	31,295
Life insurance	559,786	349,406
thereof profit-related	558,943	348,797
thereof profit-unrelated	843	609
Health insurance	14,949	14,840
thereof profit-unrelated	14,949	14,840
Total	**613,290**	**395,738**
thereof life insurance deferred profit participation	**333,247**	**102,752**
Recognised through profit and loss	213,950	108,496
Recognised directly in equity	119,297	-5,744

Development of life insurance

in EUR '000	31.12.2009	31.12.2008
Provision for premium refunds		
Book value as of 31.12. of the previous year	**246,654**	**234,519**
Exchange rate changes	-202	-950
Book value as of 1.1.	**246,452**	**233,569**
Addition/release	52,770	110,908
Changes in scope of consolidation	-139	-12,270
Transfer to mathematical reserve	-72,544	-85,553
Total	**226,539**	**246,654**
Deferred profit participation		
Book value as of 31.12. of the previous year	**102,752**	**319,463**
Exchange rate changes	0	-71
Book value as of 1.1.	**102,752**	**319,392**
Changes in scope of consolidation	0	86,404
Unrealised gains and losses of available for sale	427,243	-280,897
Revaluations recognised through profit and loss	-196,748	-22,147
Book value as of 31.12.	**333,247**	**102,752**
Provision for premium refunds incl. deferred profit participation	**559,786**	**349,406**

Development of health insurance

in EUR '000	31.12.2009	31.12.2008
Provision for premium refunds		
Book value as of 31.12. of the previous year	**14,840**	**18,321**
Book value as of 1.1.	**14,840**	**18,321**
Addition/release	109	-3,481
Total	**14,949**	**14,840**

Maturity structure for profit-related premium refunds

in EUR '000	31.12.2009	31.12.2008
up to one year	104,797	129,730
more than one year up to five years	208,024	50,935
more than five years up to ten years	156,376	113,468
more than ten years	89,943	54,861
Total	**559,140**	**348,994**

Maturity structure for profit-unrelated premium refunds

in EUR '000	31.12.2009	31.12.2008
up to one year	54,150	41,919
more than one year up to five years	0	4,825
Total	**54,150**	**46,744**

20. OTHER UNDERWRITING PROVISIONS

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	20,581	17,907
Life insurance	3,741	4,734
Health insurance	599	803
Total	**24,921**	**23,444**

Other underwriting provisions relate chiefly to provision for anticipated lapses.

Development	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Book value as of 31.12.	**17,907**	**4,734**	**803**	**23,444**	**19,100**
Exchange rate changes	-106	-51	0	-157	-399
Book value as of 1.1.	**17,801**	**4,683**	**803**	**23,287**	**18,701**
Additions	18,999	1,409	0	20,408	22,416
Amount used/released	-16,228	-2,617	-204	-19,049	-18,068
Changes in scope of consolidation	9	266	0	275	395
Book value as of 31.12.	**20,581**	**3,741**	**599**	**24,921**	**23,444**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	23,395	21,695
more than one year up to five years	82	442
more than five years up to ten years	1,444	1,307
Total	**24,921**	**23,444**

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

Composition	31.12.2009	31.12.2008
in EUR '000		
Unit-linked life insurance	3,450,961	2,669,548
Index-linked life insurance	925,199	677,225
Total	**4,376,160**	**3,346,773**

Development	31.12.2009	31.12.2008
in EUR '000		
Book value as of 31.12. of the previous year	**3,346,773**	**2,948,522**
Exchange rate changes	3,843	-30,628
Book value as of 1.1.	**3,350,616**	**2,917,894**
Additions	1,400,491	270,077
Amount used/released	-386,207	-286,108
Changes in scope of consolidation	11,260	444,910
Book value as of 31.12.	**4,376,160**	**3,346,773**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	119,448	69,841
more than one year up to five years	319,852	293,204
more than five years up to ten years	802,290	564,682
more than ten years	3,134,570	2,419,046
Total	**4,376,160**	**3,346,773**

22. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Composition	31.12.2009	31.12.2008
in EUR '000		
Provision for pension obligations	224,490	229,398
Provision for severance obligations	73,912	108,762
Total	**298,402**	**338,160**

Development of pension obligations	31.12.2009	31.12.2008
in EUR '000		
Present value of obligation (DBO) as of 31.12. of the previous year	**567,442**	**580,421**
Unrealised gains/losses	-19,808	-37,688
Plan assets	-318,236	-267,848
Book value as of 1.1.	**229,398**	**274,885**
Withdrawal for pension payments	-21,248	-21,374
Addition to provision	37,505	36,023
Reduction of the obligation	-21,165	-65,918
Changes in scope of consolidation	0	5,782
Book value as of 31.12.	**224,490**	**229,398**
Cumulative unrealised gains/losses	6,207	19,808
Plan assets	329,525	318,236
Present value of obligation (DBO) as of 31.12.	**560,222**	**567,442**

Development of severance obligations	31.12.2009	31.12.2008
in EUR '000		
Present value of obligation (DBO) as of 31.12. of the previous year	**140,733**	**141,566**
Unrealised gains/losses	-9,323	-11,833
Plan assets	-22,648	0
Book value as of 1.1.	**108,762**	**129,733**
Withdrawal for severence payments	-11,171	-8,694
Addition to provision	12,475	13,181
Reduction of the obligation	-36,154	-24,999
Changes in scope of consolidation	0	-459
Book value as of 31.12.	**73,912**	**108,762**
Cumulative unrealised gains/losses	2,597	9,323
Plan assets	63,244	22,648
Present value of obligation (DBO) as of 31.12.	**139,753**	**140,733**

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

Composition of additions to pension provisions	2009	2008
in EUR '000		
Current service costs	7,300	8,118
Interest expense	30,242	27,903
Realised actuarial gains (-) and losses (+)	-37	2
Total	**37,505**	**36,023**

Composition of additions to severance provisions	2009	2008
in EUR '000		
Current service costs	5,292	6,430
Interest expense	7,186	6,709
Realised actuarial gains (-) and losses (+)	-3	42
Total	**12,475**	**13,181**

Current service cost and actuarial gains and losses are shown in the income statement analogous to current personnel expenses from salaries. Interest expenses are reported as part of investment expenses.

Plan assets	31.12.2009	31.12.2008
in EUR '000		
Provision for pension obligations	329,525	318,236
Provision for severance obligations	63,244	22,648

Development of plan assets of pension obligations	31.12.2009	31.12.2008
in EUR '000		
Plan assets of pension obligations as of 1.1.	**318,236**	**267,848**
Expected income on plan assets	12,729	12,986
Contributions	21,165	65,918
Payments out-of-the plan assets	-22,587	-21,200
Expenses for plan assets	-18	-2,487
Changes in scope of consolidation	0	-4,829
Plan assets of pension obligations as of 31.12.	**329,525**	**318,236**

Development of plan assets of severance obligations	31.12.2009	31.12.2008
in EUR '000		
Plan assets of severance obligations as of 1.1.	**22,648**	**0**
Expected income on plan assets	2,999	0
Contributions	36,154	24,999
Payments out-of-the plan assets	-6,613	-615
Expenses for plan assets	8,056	-1,736
Plan assets of severance obligations as of 31.12.	**63,244**	**22,648**

23. OTHER PROVISIONS

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Provision for unused vacation entitlements	15,217	7,340	420	22,977	34,615
Provision for anniversary benefits	5,662	8,238	1,914	15,814	16,160
Other personnel provisions	3,518	1,657	68	5,243	14,166
Provision for derivatives	3,175	15	3	3,193	0
Provision for customer support and marketing	25,384	1,104	0	26,488	33,707
Provision for variable salary components	15,929	6,879	0	22,808	17,178
Provision for legal and consulting fees	1,827	881	35	2,743	3,903
Provision for litigation	2,104	2,407	0	4,511	1,945
Provision for renewal commissions	0	132	0	132	244
Provision for unpaid incoming invoices	11,490	21,749	590	33,829	21,290
Other provisions	131,156	17,254	351	148,761	117,801
Total	**215,462**	**67,656**	**3,381**	**286,499**	**261,009**

Development	Book value as of 1.1.	Changes in scope of consolidation	Exchange rate changes	Amount used	Release	Reclass-ifications	Additions	Book value as of 31.12.
in EUR '000								
Provision for unused vacation entitlements	34,615	-97	55	-1,270	-30,574	-15	20,263	22,977
Provision for anniversary benefits	16,160	-33	23	-216	-1,868	33	1,715	15,814
Other personnel provisions	14,166	-376	196	-1,541	-1,321	-9,107	3,226	5,243
Provision for derivatives	0	0	0	0	0	0	3,193	3,193
Provision for customer support and marketing	33,707	-118	22	-16,811	-4,735	0	14,423	26,488
Provision for variable salary components	17,178	391	176	-3,402	-7,876	67	16,274	22,808
Provision for legal and consulting fees	3,903	-24	-26	-1,881	-631	-86	1,488	2,743
Provision for litigation	1,945	-38	-40	-18	-87	86	2,663	4,511
Provision for renewal commissions	244	0	-1	-168	-2	0	59	132
Provision for unpaid incoming invoices from real estate	21,290	0	90	-10,858	-1,944	0	25,251	33,829
Other provisions	117,801	1,369	993	-18,084	-23,702	9,022	61,362	148,761
Total	**261,009**	**1,074**	**1,488**	**-54,249**	**-72,740**	**0**	**149,917**	**286,499**

Other provisions are comprised primarily of provisions for government obligations of EUR 87,772,000 and provisions for IT expenses of EUR 21,618,000.

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	108,297	83,494
more than one year up to five years	103,273	101,484
more than five years up to ten years	1,858	1,826
more than ten years	73,071	74,205
Total	**286,499**	**261,009**

24. LIABILITIES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Underwriting	**475,017**	**387,376**	**4,699**	**867,092**	**840,432**
Liabilities from direct business	396,824	270,095	3,365	670,284	572,214
to policyholders	274,658	226,895	3,019	504,572	406,707
to insurance intermediaries	101,148	42,876	0	144,024	134,538
to insurance companies	21,018	146	346	21,510	12,980
arising from financial insurance policies	0	178	0	178	17,989
Liabilities from reinsurance business	77,287	10,292	0	87,579	151,307
Deposits from ceded reinsurance business	906	106,989	1,334	109,229	116,911
Non-underwriting	**218,179**	**1,849,717**	**117,257**	**2,185,153**	**2,018,563**
Liabilities to financial institutions	55,580	743,785	34,000	833,365	788,294
Other liabilities	162,599	1,105,932	83,257	1,351,788	1,230,269
Total	**693,196**	**2,237,093**	**121,956**	**3,052,245**	**2,858,995**

Composition Other liabilities	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Tax liabilities (excl. income taxes)	50,611	18,303	297	69,211	78,862
Liabilities for social security	9,682	2,420	331	12,433	12,543
Liabilities to facility managers	1,762	2,845	739	5,346	431
Liabilities to employees	5,533	6,315	987	12,835	12,594
Bond liabilities	0	1,905	0	1,905	1,950
Other liabilities	95,011	1,074,144	80,903	1,250,058	1,123,889
Total	**162,599**	**1,105,932**	**83,257**	**1,351,788**	**1,230,269**

Other liabilities are comprised primarily of financing liabilities in the amount of EUR 1,004,660,000 and liabilities from various taxes and levies in the amount of EUR 2,763,000.

Maturity structure	Underwriting 31.12.2009	Non-underwriting 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000				
up to one year	824,208	316,002	1,140,210	1,242,967
more than one year up to five years	18,239	387,694	405,933	579,899
more than five years up to ten years	0	186,915	186,915	116,836
more than ten years	24,645	1,294,542	1,319,187	919,293
Total	**867,092**	**2,185,153**	**3,052,245**	**2,858,995**

25. TAX LIABILITIES OUT OF INCOME TAX

Composition	31.12.2009	31.12.2008
in EUR '000		
Property/Casualty insurance	77,734	111,193
Life insurance	28,193	18,274
Health insurance	6,424	7,146
Total	**112,351**	**136,613**

Maturity structure	31.12.2009	31.12.2008
in EUR '000		
up to one year	112,254	57,509
more than one year up to five years	97	79,104
Total	**112,351**	**136,613**

26. OTHER LIABILITIES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009	Total 31.12.2008
in EUR '000					
Deferred income	49,175	182,792	286	232,253	248,421
Other liabilities	1,853	288	0	2,141	11,267
Total	**51,028**	**183,080**	**286**	**234,394**	**259,688**

27. CONTINGENT LIABILITIES AND RECEIVABLES

Litigation

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG and its Group companies are involved in a number of legal actions arising out of the normal course of business. Taking into account the provisions formed for these legal actions, the management of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is of the opinion that they will not have a significant effect on the business or consolidated financial position of the Vienna Insurance Group.

Litigation relating to coverage

In their capacity as insurance companies, the companies of the Vienna Insurance Group are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings in which the companies of the Vienna Insurance Group are not involved as parties; however, they may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of Vienna Insurance Group, adequate provisions appropriate to the amount in dispute have been formed for all Group company claims.

Off-balance sheet commitments

The following table shows the off-balance sheet commitments as of 31 December 2007, 2008 and 2009.

Reporting period as of 31.12.	2007	2008	2009
in EUR mn			
Liabilities and assumed liabilities	18.2	5.1	4.9
Letters of comfort	8.2	13.9	14.2
Guarantee bond	2.2	0.0	0.0

The liabilities and assumed liabilities, as well as the letters of comfort for the individual financial years, were primarily related to loans of participations.

No off-balance sheet financing structures via special purpose vehicles (SPVs) or other similar corporate structures exist.

28. NET EARNED PREMIUMS

The premiums written and earned in the reporting period of 2009 and in the comparable period 2008 are broken down by segments as follows:

Premiums written	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
GROSS				
Direct business	4,136,939	3,476,586	321,276	7,934,801
Austria	1,544,579	1,984,660	321,276	3,850,515
Czech Republic	933,909	613,962	0	1,547,871
Slovakia	329,509	295,019	0	624,528
Poland	384,007	164,190	0	548,197
Romania	518,610	87,233	0	605,843
Other CEE markets	354,909	190,962	0	545,871
Other markets	71,416	140,560	0	211,976
Indirect business	69,810	14,585	85	84,480
Premiums written	**4,206,749**	**3,491,171**	**321,361**	**8,019,281**
REINSURERS' SHARE	-697,565	-33,203	-650	-731,418
Premiums written - retention	**3,509,184**	**3,457,968**	**320,711**	**7,287,863**

Net earned premiums	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
GROSS				
Direct business	4,133,007	3,483,542	321,225	7,937,774
Indirect business	68,125	15,659	85	83,869
Net earned premiums	**4,201,132**	**3,499,201**	**321,310**	**8,021,643**
REINSURERS' SHARE	-743,472	-35,242	-650	-779,364
Net earned premiums - retention	**3,457,660**	**3,463,959**	**320,660**	**7,242,279**

Premiums written	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
GROSS				
Direct business	4,233,222	3,294,718	314,111	7,842,051
Austria	1,537,123	1,861,350	314,111	3,712,584
Czech Republic	972,405	436,967	0	1,409,372
Slovakia	329,901	275,084	0	604,985
Poland	413,273	381,682	0	794,955
Romania	567,838	39,056	0	606,894
Other CEE markets	343,283	151,866	0	495,149
Other markets	69,399	148,713	0	218,112
Indirect business	45,631	11,015	169	56,815
Premiums written	**4,278,853**	**3,305,733**	**314,280**	**7,898,866**
REINSURERS' SHARE	-812,298	-43,886	-921	-857,105
Premiums written - retention	**3,466,555**	**3,261,847**	**313,359**	**7,041,761**

Net earned premiums

	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
GROSS				
Direct business	4,140,503	3,308,824	314,087	7,763,414
Indirect business	43,884	10,120	169	54,173
Net earned premiums	**4,184,387**	**3,318,944**	**314,256**	**7,817,587**
REINSURERS' SHARE	-808,974	-46,087	-921	-855,982
Net earned premiums - retention	**3,375,413**	**3,272,857**	**313,335**	**6,961,605**

Premiums written Property/Casualty insurance

	Gross 2009	Reinsurers' share 2009	Retention 2009	Gross 2008
in EUR '000				
Direct business				
Fire and fire business interruption insurance	509,046	-339,728	169,318	506,168
Household insurance	221,153	-20,800	200,353	211,008
Other non-life insurance	341,622	-37,405	304,217	343,570
Motor liability insurance	1,167,333	-54,611	1,112,722	1,220,127
Other motor vehicle insurance	1,014,412	-55,202	959,210	1,049,781
Casuality insurance	294,247	-29,016	265,231	276,651
Liability insurance	275,054	-51,873	223,181	270,585
Legal expenses insurance	46,890	-250	46,640	45,134
Marine, aviation and transport insurance	62,427	-33,110	29,317	71,401
Credit and guarantee insurance	19,082	-32	19,050	38,664
Other insurance	185,673	-37,403	148,270	200,133
Subtotal	**4,136,939**	**-659,430**	**3,477,509**	**4,233,222**
Indirect business				
Marine, aviation and transport insurance	894	0	894	1,480
Other insurance	68,916	-38,135	30,781	44,151
Subtotal	**69,810**	**-38,135**	**31,675**	**45,631**
Total premiums written in Property and Casuality	**4,206,749**	**-697,565**	**3,509,184**	**4,278,853**

A portion of the earned premiums of EUR 68,125,000 (EUR 43,884,000) from indirect business in the property/casualty insurance segment and EUR 15,659,000 (EUR 10,120,000) in the life insurance segment were included in the income statement after being deferred by one year.

Premiums written - Direct life insurance business	2009	2008
in EUR '000		
Regular premiums	2,144,078	1,931,610
Endowment insurance, not including risk insurance	986,549	945,486
Risk insurance	239,214	133,055
Annuity insurance	185,202	200,744
Unit-linked insurance	407,309	383,499
Index-linked insurance	15,262	13,786
Government sponsored pension plans	310,542	255,040
Single premium policies	1,332,508	1,363,108
Endowment insurance, not including risk insurance	552,992	477,140
Risk insurance	91,404	114,919
Annuity insurance	102,367	176,997
Unit-linked insurance	353,202	330,060
Index-linked insurance	229,781	261,848
Government sponsored pension plans	2,762	2,144
Total premiums written direct in Life	**3,476,586**	**3,294,718**
thereof:	3,476,586	3,294,718
Policies with profit participation	1,953,288	1,851,723
Policies without profit participation	398,697	347,678
Unit- and index-linked policies	1,124,601	1,095,317
thereof:	3,476,586	3,294,718
Individual insurance	3,295,738	2,949,305
Group insurance	180,848	345,413

Please refer to the relevant individual financial statements for information on investments of unit- and index-linked life insurance.

Premiums written - Health insurance (gross)	2009	2008
in EUR '000		
Direct business	321,276	314,111
Individual insurance	225,258	220,305
Group insurance	96,018	93,806
Indirect business	85	169
Group insurance	85	169
Total premiums written direct in Health	**321,361**	**314,280**

29. FINANCIAL RESULT

Composition Income	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Current income	177,507	1,132,041	41,335	1,350,883
Income from appreciations	11,505	55,917	3,137	70,559
Income from the disposal of investments	155,041	195,191	16,240	366,472
Total	**344,053**	**1,383,149**	**60,712**	**1,787,914**

Composition Income	Current income 2009	Income from appreciations 2009	Gains from disposal of investments 2009	Total 2009
in EUR '000				
Self-used land and buildings	11,936	0	2,681	14,617
Third-party used land and buildings	204,917	0	3,210	208,127
Loans	168,804	0	12,698	181,502
Reclassified loans	43,051	0	1,464	44,515
Financial instruments held to maturity	69,750	0	577	70,327
Fixed-interest securities	69,050	0	561	69,611
Other securities	700	0	16	716
Financial instruments reclassified as held to maturity	53,425	0	0	53,425
Fixed-interest securities	39,509	0	0	39,509
Other securities	13,916	0	0	13,916
Financial instruments available for sale	591,972	6,669	288,161	886,802
Shares and other participations	42,102	0	189,514	231,616
Investment funds including joint investments	36,455	0	5,468	41,923
Other non-fixed-interest securities	26,151	0	12,169	38,320
Fixed-interest securities of affiliated companies	1,887	0	0	1,887
Fixed-interest securities of participating companies	1,669	0	102	1,771
Fixed-interest securities	483,440	6,669	80,908	571,017
Other securities	268	0	0	268
Financial instruments held for trading	7,383	5,872	32,653	45,908
Fixed-interest securities	6,815	3,318	4,584	14,717
Shares	321	2,104	1,109	3,534
Investment funds	244	424	175	843
Derivatives	0	0	26,785	26,785
Other securities	3	26	0	29
Financial instruments recognised at fair value through profit and loss	44,580	58,018	11,128	113,726
Fixed-interest securities	20,354	40,462	1,415	62,231
Shares	41	151	7,322	7,514
Investment funds	21,783	13,025	1,070	35,878
Other securities	2,402	4,380	1,321	8,103
Other investments	128,629	0	0	128,629
Unit- and index-linked life insurance	26,436	0	13,900	40,336
Total	**1,350,883**	**70,559**	**366,472**	**1,787,914**
thereof participations	*47,443*	*0*	*95,865*	*143,308*

Composition Income	**Property/ Casualty 2008**	**Life 2008**	**Health 2008**	**Total 2008**
in EUR '000				
Current income	207,080	1,024,471	38,879	1,270,430
Income from appreciations	12,112	41,050	328	53,490
Income from the disposal of investments	249,185	606,584	7,693	863,462
Total	**468,377**	**1,672,105**	**46,900**	**2,187,382**

Composition Income	**Current income 2008**	**Income from appreciations 2008**	**Gains from disposal of investments 2008**	**Total 2008**
in EUR '000				
Self-used land and buildings	11,443	828	964	13,235
Third-party used land and buildings	209,914	10,755	10,947	231,616
Loans	136,100	0	1,688	137,788
Reclassified loans	42,053	0	0	42,053
Financial instruments held to maturity	33,794	0	183	33,977
Fixed-interest securities	32,764	0	183	32,947
Other securities	1,030	0	0	1,030
Financial instruments available for sale	614,952	2,406	641,842	1,259,200
Shares and other participations	72,924	2,324	547,812	623,060
Investment funds including joint investments	45,635	0	42,813	88,448
Other non-fixed-interest securities	27,043	0	259	27,302
Fixed-interest securities of affiliated companies	35	0	0	35
Fixed-interest securities of participating companies	7,768	0	5,345	13,113
Fixed-interest securities	461,232	82	45,613	506,927
Other securities	315	0	0	315
Financial instruments held for trading	22,994	23,011	183,629	229,634
Fixed-interest securities	21,945	18,766	6,780	47,491
Shares	436	392	82	910
Investment funds	497	163	20	680
Derivatives	0	3,479	176,698	180,177
Other securities	116	211	49	376
Financial instruments recognised at fair value through profit and loss	14,386	16,490	14,765	45,641
Fixed-interest securities	11,057	13,533	11,429	36,019
Shares	146	0	22	168
Investment funds	3,183	2,009	266	5,458
Other securities	0	948	3,048	3,996
Other investments	160,327	0	91	160,418
Unit- and index-linked life insurance	24,467	0	9,353	33,820
Total	**1,270,430**	**53,490**	**863,462**	**2,187,382**
thereof participations	*18,474*	*2,324*	*436,821*	*457,619*

Composition Expenses	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Depreciations of investments	80,545	305,369	5,319	391,233
Exchange rate changes	1,090	-4,384	-13	-3,307
Losses from disposal of investments	30,507	156,588	26,431	213,526
Interest expenses	31,222	84,116	7,117	122,455
Personnel provisions	12,665	20,290	5,236	38,191
Interest on borrowings	18,557	63,826	1,881	84,264
Other expenses	37,786	89,775	6,481	134,042
Total	**181,150**	**631,464**	**45,335**	**857,949**

Composition Expenses	Depreciations of investments 2009	Exchange rate changes 2009	Losses from disposal of investments 2009	Total 2009
in EUR '000				
Self-used land and buildings	12,336	0	149	12,485
Third-party used land and buildings	85,931	0	310	86,241
Loans	54,561	-2,491	467	52,537
Reclassified loans	9,546	0	10,450	19,996
Financial instruments held to maturity	0	-1,544	311	-1,233
Fixed-interest securities	0	-1,547	311	-1,236
Other securities	0	3	0	3
Financial instruments available for sale	190,820	808	104,860	296,488
Shares and other participations	60,416	1,331	26,302	88,049
Investment funds including joint investments	81,474	640	46,901	129,015
Other non-fixed-interest securities	12,961	47	4,963	17,971
Fixed-interest securities of participating companies	0	0	112	112
Fixed-interest securities	35,969	-1,210	26,582	61,341
Other securities	0	0	0	0
Financial instruments held for trading	3,414	-82	80,722	84,054
Fixed-interest securities	2,518	-82	1,544	3,980
Shares	144	0	55	199
Investment funds	114	0	13	127
Derivatives	0	0	79,110	79,110
Other securities	638	0	0	638
Financial instruments recognised at fair value through profit and loss	31,897	175	5,578	37,650
Fixed-interest securities	27,998	118	1,619	29,735
Shares	0	-4	0	-4
Investment funds	2,942	61	910	3,913
Other securities	957	0	3,049	4,006
Other investments	2,728	-173	0	2,555
Unit- and index-linked life insurance	0	0	10,679	10,679
Total	**391,233**	**-3,307**	**213,526**	**601,452**
thereof impairments	*258,237*			
thereof participations	*32,466*	*0*	*1,565*	*34,031*

Composition Expenses	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Depreciations of investments	78,927	507,333	15,471	601,731
Exchange rate changes	-11,159	-760	-9	-11,928
Losses from disposal of investments	37,041	382,321	9,814	429,176
Interest expenses	31,693	99,560	6,739	137,992
Personnel provisions	11,727	18,225	4,660	34,612
Interest on borrowings	19,966	81,335	2,079	103,380
Other expenses	27,503	86,371	2,606	116,480
Total	**164,005**	**1,074,825**	**34,621**	**1,273,451**

Composition Expenses	Depreciations of investments 2008	Exchange rate changes 2008	Losses from disposal of investments 2008	Total 2008
in EUR '000				
Self-used land and buildings	10,364	0	240	10,604
Third-party used land and buildings	83,743	0	0	83,743
Loans	396	4,194	0	4,590
Financial instruments held to maturity	17,463	-938	1,111	17,636
Fixed-interest securities	17,463	-937	1,111	17,637
Other securities	0	-1	0	-1
Financial instruments available for sale	334,446	-2,428	187,869	519,887
Shares and other participations	171,740	-1,875	78,953	248,818
Investment funds including joint investments	49,120	-833	36,844	85,131
Other non-fixed-interest securities	25,301	-269	903	25,935
Fixed-interest securities of participating companies	0	40	257	297
Fixed-interest securities	88,285	703	70,912	159,900
Other securities	0	-194	0	-194
Financial instruments held for trading	114,195	-458	193,566	307,303
Fixed-interest securities	95,083	-458	1,112	95,737
Shares	6,369	0	2,767	9,136
Investment funds	1,332	0	3,558	4,890
Derivatives	11,036	0	186,129	197,165
Other securities	375	0	0	375
Financial instruments recognised at fair value through profit and loss	33,776	257	9,189	43,222
Fixed-interest securities	24,101	177	1,194	25,472
Shares	1,144	0	1,642	2,786
Investment funds	8,205	80	5,046	13,331
Other securities	326	0	1,307	1,633
Other investments	7,348	-12,555	781	-4,426
Unit- and index-linked life insurance	0	0	36,420	36,420
Total	**601,731**	**-11,928**	**429,176**	**1,018,979**
thereof impairments	*363,646*			
thereof participations	*61*	*0*	*463*	*524*

The Interest expenses and Other expenses result from items on the liabilities side of the balance sheet or from business operations and therefore cannot be directly allocated to an investment class.

30. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

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

Composition Income	Current income 2009	Gains from disposal of investments 2009	Total 2009
in EUR '000			
Shares in at equity consolidated companies	-1,308	465	-843
Total	**-1,308**	**465**	**-843**

Composition Income	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Current income	3,521	1,174	392	5,087
Gains from disposal of investments	176	0	0	176
Total	**3,697**	**1,174**	**392**	**5,263**

Composition Income	Current income 2008	Gains from disposal of investments 2008	Total 2008
in EUR '000			
Shares in at equity consolidated companies	5,087	176	5,263
Total	**5,087**	**176**	**5,263**

Composition Expenses	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Losses from disposal of investments	1,058	0	0	1,058
Total	**1,058**	**0**	**0**	**1,058**

Composition Expenses	Losses from disposal of investments 2008	Total 2008
in EUR '000		
Shares in at equity consolidated companies	1,058	1,058
Total	**1,058**	**1,058**

The current unrecognised loss from at equity consolidated companies was EUR 114,000 (EUR 1,000).

31. OTHER INCOME

Composition	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
in EUR '000				
Other underwriting income	57,443	36,409	2	93,854
Other non-underwriting income	19,904	11,164	64	31,132
Total	**77,347**	**47,573**	**66**	**124,986**

Other Income is primarily comprised of EUR 42,308,000 in gains from exchange rate changes, EUR 11,177,000 in compensation for services performed, and EUR 25,477,000 from the release of other provisions.

Composition	Property/ Casualty 2008	Life 2008	Health 2008	Total 2008
in EUR '000				
Other underwriting income	51,267	39,248	38	90,553
Other non-underwriting income	26,595	10,308	1	36,904
Total	**77,862**	**49,556**	**39**	**127,457**

32. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross 2009	Reinsurers' share 2009	Retention 2009
in EUR '000			
Property/Casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,594,037	-449,672	2,144,365
Changes in provision for outstanding claims	71,049	9,428	80,477
Subtotal	**2,665,086**	**-440,244**	**2,224,842**
Change in mathematical reserve	5	0	5
Change in other underwriting provisions	4,959	1	4,960
Expenses for profit-unrelated premium refunds	31,299	-3,905	27,394
Total expenses	**2,701,349**	**-444,148**	**2,257,201**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,479,617	-24,819	2,454,798
Changes in provision for outstanding claims	12,863	1,346	14,209
Subtotal	**2,492,480**	**-23,473**	**2,469,007**
Change in mathematical reserve	896,110	7,472	903,582
Change in other underwriting provisions	-388	26	-362
Expenses for profit-related and profit-unrelated premium refunds	-25,141	0	-25,141
Total expenses	**3,363,061**	**-15,975**	**3,347,086**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	214,134	-1,007	213,127
Changes in provision for outstanding claims	684	-19	665
Subtotal	**214,818**	**-1,026**	**213,792**
Change in mathematical reserve	47,941	-117	47,824
Expenses for profit-unrelated premium refunds	11,255	0	11,255
Total expenses	**274,014**	**-1,143**	**272,871**
TOTAL	**6,338,424**	**-461,266**	**5,877,158**

Composition	Gross 2008	Reinsurers' share 2008	Retention 2008
in EUR '000			
Property/Casualty insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,426,211	-415,594	2,010,617
Changes in provision for outstanding claims	291,031	-150,940	140,091
Subtotal	**2,717,242**	**-566,534**	**2,150,708**
Change in mathematical reserve	-3	0	-3
Change in other underwriting provisions	3,807	-1,688	2,119
Expenses for profit-unrelated premium refunds	24,167	-1,255	22,912
Total expenses	**2,745,213**	**-569,477**	**2,175,736**
Life insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	2,036,582	-24,328	2,012,254
Changes in provision for outstanding claims	12,635	-709	11,926
Subtotal	**2,049,217**	**-25,037**	**2,024,180**
Change in mathematical reserve	1,017,239	-10,839	1,006,400
Change in other underwriting provisions	1,305	-23	1,282
Expenses for profit-related and profit-unrelated premium refunds	140,084	-25	140,059
Total expenses	**3,207,845**	**-35,924**	**3,171,921**
Health insurance			
Expenses for claims and insurance benefits			
Payments for claims and insurance benefits	211,591	-692	210,899
Changes in provision for outstanding claims	856	33	889
Subtotal	**212,447**	**-659**	**211,788**
Change in mathematical reserve	35,721	-168	35,553
Expenses for profit-unrelated premium refunds	12,359	0	12,359
Total expenses	**260,527**	**-827**	**259,700**
TOTAL	**6,213,585**	**-606,228**	**5,607,357**

33. OPERATING EXPENSES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009
in EUR '000				
Acquisition expenses				
Commission expenses	576,273	349,757	6,016	932,046
Pro rata personnel expenses	161,189	61,267	10,666	233,122
Pro rata material expenses	110,662	106,056	7,572	224,290
Subtotal	**848,124**	**517,080**	**24,254**	**1,389,458**
Administrative expenses				
Pro rata personnel expenses	112,562	52,501	5,945	171,008
Pro rata material expenses	115,118	77,451	6,600	199,169
Subtotal	**227,680**	**129,952**	**12,545**	**370,177**
Received reinsurance commissions	-102,130	-7,967	-115	-110,212
Total	**973,674**	**639,065**	**36,684**	**1,649,423**

Composition	Property/ Casualty 31.12.2008	Life 31.12.2008	Health 31.12.2008	Total 31.12.2008
in EUR '000				
Acquisition expenses				
Commission expenses	604,493	284,648	6,853	895,994
Pro rata personnel expenses	165,468	67,533	10,387	243,388
Pro rata material expenses	125,971	100,438	10,172	236,581
Subtotal	**895,932**	**452,619**	**27,412**	**1,375,963**
Administrative expenses				
Pro rata personnel expenses	115,989	53,282	6,696	175,967
Pro rata material expenses	122,606	66,935	7,618	197,159
Subtotal	**238,595**	**120,217**	**14,314**	**373,126**
Received reinsurance commissions	-176,188	-10,665	-116	-186,969
Total	**958,339**	**562,171**	**41,610**	**1,562,120**

34. OTHER EXPENSES

Composition	Property/ Casualty 31.12.2009	Life 31.12.2009	Health 31.12.2009	Total 31.12.2009
in EUR '000				
Other underwriting expenses	155,829	81,432	2,386	239,647
Other non-underwriting expenses	74,365	14,545	3	88,913
Total	**230,194**	**95,977**	**2,389**	**328,560**

Other expenses are primarily comprised of EUR 38,862,000 in losses from exchange rate changes, EUR 117,257,000 in allowances (not including investments), EUR 40,657,000 in other contributions and fees and EUR 13,876,000 in current business expenses.

Composition	Property/ Casualty 31.12.2008	Life 31.12.2008	Health 31.12.2008	Total 31.12.2008
in EUR '000				
Other underwriting expenses	170,393	69,729	560	240,682
Other non-underwriting expenses	41,592	14,648	2	56,242
Total	**211,985**	**84,377**	**562**	**296,924**

35. TAX EXPENSE

Composition	31.12.2009	31.12.2008
in EUR '000		
Actual taxes	100,417	101,081
Actual taxes related to other periods	-4,264	16,058
Total actual taxes	**96,153**	**117,139**
Deferred taxes	-18,620	-18,685
Total	**77,533**	**98,454**

Reconciliation	31.12.2009	31.12.2008
in EUR '000		
Expected income tax rate in %	25%	25%
Profit before taxes	441,246	540,797
Expected tax expenses	**110,312**	**135,199**
Adjusted for tax effects due to:		
Tax-exempt income from participations	-9,146	-35,680
Non-deductible expenses	13,161	22,541
Income not subject to tax	-11,237	-26,069
Taxes from previous years	-4,264	16,058
Changes in tax rates	-14,451	-11,778
Adjustment for accumulated losses carried forward and other tax effects	-6,842	-1,817
Effective income tax expenses	**77,533**	**98,454**
Effective income tax rate in %	**17.6%**	**18.2%**

The income tax rate of the parent company VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is used as the Group tax rate. EUR 45,376,000 (EUR 94,604,000) in loss carry-forwards was not recognised. Deferred tax liabilities of EUR 41,017,000 (deferred tax assets of EUR -18,361,000) were applied against the revaluation reserve with no effect on profit or loss. This amount represents the deferred taxes on the variance in financial instruments available for sale.

36. OTHER INFORMATION

Employee statistics	31.12.2009	31.12.2008
Austria	6,368	6,341
Field staff	2,965	2,961
Office employees	3,403	3,380
Outside Austria	18,018	17,052
Field staff	10,101	8,821
Office employees	7,917	8,231
Total	**24,386**	**23,393**

Personnel expenses	31.12.2009	31.12.2008
in EUR '000		
Wages and salaries	369,328	384,118
Expenses for severance benefits and payments to company pension plans	12,681	9,138
Expenses for retirement provisions	-527	1,250
Mandatory social security contributions and expenses	128,413	124,396
Other social security expenses	15,349	7,232
Total	**525,244**	**526,134**
thereof field staff	*224,571*	*233,214*
thereof office staff	*300,673*	*292,920*
Expenses for severance and pensions for:		
Managing Board members and senior management	1,343	586
Remaining employees	10,811	9,802

Supervisory board and managing board compensation (gross)	31.12.2009	31.12.2008
in EUR '000		
Compensation paid to Supervisory Board members	366	353
Total payments to former members of the Managing Board resp. their survivors	4,264	1,074
Provision for future pension obligations of Managing Board members	1,002	372
Compensation paid to active Managing Board members	4,238	5,610*

* Managing Board members also received special remuneration of EUR 1,690,000 relating to the highly successful implementation of the capital increase.

In view of the economic environment, which continues to present great challenges to many Group customers as well, the Managing Board opted to waive the 2008 profit-related income component to which it was contractually entitled upon the achievement of its targets.

Despite the good results in 2009, the Managing Board, in recognition of the difficult economic situation, is also waiving its 2009 bonus entitlement.

Until 12 June 2009, the Managing Board in 2009 consisted of six members. On 13 June 2009, an amendment to the articles of association went into effect, changing the Company's organisational structure so as to segregate its holding and operating functions. This amendment also created two Managing Board committees. Since that time, the Managing Board as a whole has been made up of ten members.

The average number of employees in the fully consolidated companies (including cleaning staff) was 24,128 (22,269). Of this number, 13,066 (11,238) were active in sales, leading to personnel costs of EUR 224,571,000 (EUR 229,508,000), and 11,062 (11,031) worked in operations, resulting in personnel costs of EUR 296,934,000 (EUR 286,828,000).

The average number of employees in the proportionally consolidated companies (including cleaning staff) was 258 (1,124). Of this number, 0 (544) were active in sales, leading to personnel costs of EUR 0 (EUR 3,706,000), and 258 (580) worked in operations, resulting in personnel costs of EUR 3,739,000 (EUR 6,092,000).

37. AUDITING FEES AND AUDITING SERVICES

Auditing fees were EUR 496,000 (EUR 610,000) and were broken down into the following areas:

Composition	31.12.2009	31.12.2008
in EUR '000		
Audit of consolidated financial statement	163	163
Audit of financial statement ot parent company	191	191
Other audit services	42	42
All other fees	100	214
Total	**496**	**610**

38. RELATED PARTIES

Related companies and persons

Related parties include the affiliated companies, joint ventures and associated companies listed in note 4. In addition, the members of the Managing Board and Supervisory Board of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG and their families also qualify as related parties. Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung holds a majority of the voting rights of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG. Based on this controlling interest, it is therefore also a related party.

No loans or guarantees were granted to the members of the Managing Board or Supervisory Board during the reporting periods.

Likewise, no loans or guarantees existed as of the 31 December 2009 and 31 December 2008 balance sheet dates.

Transactions with related parties

The Group charges Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung for office space. Other services (e.g., accounting services) are provided by the Group.

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

Transactions with unconsolidated affiliated and associated companies primarily relate to financing and intercompany charges.

Open entries at the end of the reporting period	31.12.2009	31.12.2008
in EUR '000		
Receivables		
Receivables from insurance business	5,833	1,565
Other receivables	16,653	10,458
Subtotal	**22,486**	**12,023**
Other liabilities		
Liabilities from insurance business	-3,234	-72
Other liabilities	-68,332	-5,172
Subtotal	**-71,566**	**-5,244**
Total	**-49,080**	**6,779**
Loans to non-consolidated affiliated companies	199,501	246,272
Loans to participations	37,557	29,456

39. LEASING BUSINESS

Central Point Insurance IT-Solutions GmbH is a company which, in collaboration with SAP Österreich GmbH and other outside partners, works to adapt complete IT solutions and policy management programmes to the needs of individual users in financial services and insurance companies, connecting this software to these companies' IT systems and licensing it accordingly.

Maturity structure of payments	31.12.2009	31.12.2008
in EUR '000		
up to one year	40,671	23,382
more than one year up to five years	117,977	132,095

In the 2009 business year, the Supervisory Board was made up of the following persons:

Chairman:
Präsident Komm.-Rat Dkfm. Klaus **Stadler**

Deputy Chairman:
Komm.-Rat Dr. Karl **Skyba**

Members:
Generalabt Propst Bernhard **Backovsky**
Mag. Alois **Hochegger**
Dipl.-Ing. Guido **Klestil**
Senator Prof. Komm.-Rat Walter **Nettig**
Hofrat Dkfm. Heinz **Öhler**
Mag. Reinhard **Ortner**
Dr. Johann **Sereinig**
Mag. Dr. Friedrich **Stara**

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

Members of the Managing Board and Supervisory Board received no advances or loans in financial year 2009. There were no loans outstanding to members of the Managing Board or Supervisory Board as of 31 December 2009.

No guarantees existed for members of the Managing Board or Supervisory Board as of 31 December 2009.

In the 2009 business year, the Managing Board was made up of the following persons:

Chairman:
Dr. Günter **Geyer**

Members:
Ing. Martin **Diviš,** MBA (starting 13 June 2009)
Dr. Christine **Dornaus** (starting 13 June 2009)
Dkfm. Karl **Fink** (until 30 September 2009)
Franz **Fuchs** (starting 1 Oktober 2009)
Dr. Peter **Hagen**
Dr. Judit **Havasi** (starting 13 June 2009)
Mag. Peter **Höfinger**
Mag. Robert **Lasshofer**
Erich **Leiß** (starting 13 June 2009)
Dr. Martin **Simhandl**

Compensation Plan for Managing Board Members:

The Managing Board of the Company manages the Vienna Insurance Group. The Managing Board is also responsible for duties relating to the operational management of Wiener Städtische AG in Austria. In some cases, responsibility is also assumed for additional duties in affiliated or related companies.

The compensation of Managing Board members is comprised of a fixed (approximately 60%) and a variable (approximately 40%) component. The performance-linked component is dependent on the profit of the Group, as well as of key Group companies, and takes into account the sustained performance of the Company and the Group. There is a maximum limit on this performance-linked component. The Managing Board receives no performance-linked compensation if profit falls below certain thresholds.

In view of the economic environment, which also continues to present great challenges to many of the Group's customers, the Managing Board waived the 2008 performance-linked income component it was contractually entitled to upon achieving its targets. Despite the good 2009 results, the Managing Board, in recognition of the difficult economic situation, is also waiving its bonus entitlement for 2009.

Until 12 June 2009, the Managing Board in 2009 consisted of six members. On 13 June 2009, an amendment to the articles of association went into effect, changing the Company's organisational structure so as to segregate its holding and operating functions. This amendment also created two Managing Board committees. Since that time, the Managing Board as a whole has been made up of ten members.

The standard employment agreement of a member of the Managing Board of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG includes a pension entitlement equal to, at most, 40% of the measurement basis if the member remains on the Managing Board until the age of 65 (the measurement basis is equal to the standard fixed salary). The rules for Managing Board members with many years of prior service differ in that the percentage of the measurement basis is higher for historical reasons (up to 55%), with supplements awarded for remaining on the Managing Board at the Supervisory Board's request after the age limit has been reached.

A pension is normally received only if a Managing Board member's position is not extended through no fault of his or her own, or the Managing Board member retires due to illness or age.

To the extent that the law does not require application of the provisions of the Austrian Employee and Self-Employment Provisions Act (*Mitarbeiter- und Selbstständigen-Vorsorgegesetz*), the Managing Board agreements of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG provide for a severance payment structured in accordance with the provisions of the Austrian Employee Act (*Angestelltengesetz*), as amended in 2003, in combination with applicable sector-specific provisions. Under these provisions, depending on the period of service, Managing Board members can receive two to twelve months' compensation as a severance payment, with an increase of 50% if the member retires or withdraws after a long-term illness. A member who withdraws from the Managing Board of his or her own volition before being able to retire, or who withdraws due to a fault of his or her own, is not entitled to a severance payment.

The total expenses (cash claims and provisions for future claims) for severance payments and pensions of EUR 12.154 million in 2009 (2008: EUR 10.388 million) include EUR 1.343 million (2008: EUR 0.586 million) in severance payment and pension expenses (cash claims and provisions for future claims) for senior management (*leitende Angestellte*) as defined in § 80(1) AktG and former members of the Managing Board and their survivors, and provisions for future severance payments and pension claims of members of the Managing Board.

The members of the Managing Board received gross compensation of EUR 4.238 million (2008: EUR 5.610 million plus special remuneration of EUR 1.690 million) for their services in 2009. The total compensation paid to former members of the Managing Board (including surviving dependents) was EUR 4.264 million in 2009 (2008: EUR 1.074 million), including amounts owed to two Board members under the law and by contract in connection with their age-related withdrawal.

The Managing Board:

Dr. Günter Geyer

Dr. Peter Hagen | **Mag. Robert Lasshofer** | **Dr. Martin Simhandl**

Ing. Martin Diviš, MBA | **Dr. Christine Dornaus** | **Franz Fuchs**

Dr. Judit Havasi | **Mag. Peter Höfinger** | **Erich Leiß**

Vienna, 11 March 2010

SUPERVISORY BOARD REPORT

The Supervisory Board reports that it has taken the opportunity to comprehensively review the management of the Company, both acting as a whole and also regularly through its committees, Chairman and Deputy Chairman. Detailed presentations and discussions during meetings of the Supervisory Board and its committees were used for this purpose, as were recurring meetings with the members of the Managing Board, who provided detailed explanations and supporting documentation relating to the management and financial position of the Company and the Group. The strategy, business development, risk management, internal control system and activities of the internal audit department of the Company were also discussed in these meetings.

The Supervisory Board has formed four committees from among its members. Information on the responsibilities and composition of these committees is available on the Company's website and in the corporate governance report.

One ordinary General Shareholders' Meeting and five Supervisory Board meetings were held in 2009. Four meetings of the Audit Committee were also held. The Committee for Urgent Matters held one meeting and was also contacted in writing with regard to eight matters. The Supervisory Board was informed of all resolutions passed by these committees at its next following meeting. The auditor of the financial statements and consolidated financial statements, PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, attended three Audit Committee meetings and two Supervisory Board meetings, including the meeting dealing with the auditing of the annual financial statements and consolidated financial statements and the formal approval of the annual financial statements, as well as the General Shareholders' Meeting. The Committee for Managing Board Matters also held three meetings in 2009.

No agenda items were discussed in the Supervisory Board and committee meetings without the participation of members of the Managing Board. No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

By the inspection of appropriate documents, meetings with the Managing Board and discussions with the auditor, the Supervisory Board Audit Committee was able to form a satisfactory view of the accounting process and found no reasons for objection. The Audit Committee also reviewed the effectiveness of the internal control system, the internal auditing system and the risk management system, by requesting descriptions of the processes and organisation of these systems from the Managing Board, the auditor and the individuals directly responsible for these areas. The Audit Committee reported on its monitoring activities to the Supervisory Board as a whole and stated that no deficiencies had been identified.

In order to prepare the Supervisory Board's proposal for selection of the auditor of the financial statements and consolidated financial statements, the Audit Committee requested that PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (PwC) submit documents relating to its license to audit. Based on a written report, it was determined that there exist no reasons for exclusion or circumstances that could provide cause for concern regarding partiality. In addition, a list, grouped by category of services and showing the total revenues received by PwC from the Company in the previous financial year, was requested and reviewed, and it was verified that PwC was included in a statutory quality assurance system. The Audit Committee reported to the Supervisory Board on the knowledge gained from these investigations and proposed to the Supervisory Board that PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be selected, following the General Shareholders' Meeting, as auditor of the financial statements and consolidated financial statements.

In addition, the Supervisory Board Audit Committee received the 2009 annual financial statements, management report and corporate governance report from the Managing Board, reviewing and carefully examining them. The Supervisory Board Audit Committee also subjected the 2009 consolidated financial statements and Group management report to a careful review. The Managing Board's proposal for appropriation of profits was also debated and discussed in the course of this review. As a result of this review and discussion, a unanimous resolution was adopted to recommend unqualified acceptance thereof to the Supervisory Board. The committee chairman informed the Supervisory Board of the resolutions adopted by the committee.

The 2009 annual financial statements together with the management report and corporate governance report, the 2009 consolidated financial statements together with the Group management report, and the Managing Board's proposal for appropriation of profits were subsequently addressed, thoroughly discussed, and reviewed by the Supervisory Board. In addition, the auditor's reports prepared by PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft regarding the 2009 annual financial statements and management report and the 2009 consolidated financial statements and Group management report were reviewed by the Audit Committee and by the Supervisory Board as a whole, and debated and discussed in detail with PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

The ultimate findings of the audit provided no basis for any qualifications to be raised. The Supervisory Board stated that it had nothing to add to the auditor's reports on the financial statements and consolidated financial statements.

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

The 2009 annual financial statements have therefore been approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board is submitting a motion to the Annual General Meeting of Shareholders that it resolve on the appropriation of profits proposed by the Managing Board and give its formal approval to the actions of the Managing Board and of the Supervisory Board.

Vienna, March 2010

The Supervisory Board:

KR Dkfm.Klaus STADLER
(Chairman)

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

VIENNA INSURANCE GROUP
Wiener Städtische Versicherung AG , Vienna,

for the fiscal year from January 1 to December 31, 2009. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2009, the consolidated statement of comprehensive income for the fiscal year ended December 31, 2009, and the notes to the consolidated financial statements.

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

The Company's management is responsible for the group accounting and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the supplementary provisions of Section 245a UGB and Section 80b VAG (Insurance Supervision Act). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing and with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2009 and its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2009 in accordance with in International Financial Reporting Standards (IFRS) as adopted by the EU, and the supplementary provisions of Section 80b VAG in connection with Section 245a UGB.

Comments on the Management Report for the Group
Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and whether the other disclosures in the management report for the Group do not give rise to a misstatement of the Group's financial position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB are appropriate.

PWC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Günter Wiltschek
Austrian Certified Public Accountant

Vienna, 11 March 2010

Disclosure, publication and duplication of the consolidated financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

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 Managing Board:

Dr. Günter Geyer
General Manager and Chairman of the Managing Board
Areas of responsibility: management of the Group, strategic questions, public relations, marketing, legal office, human resources
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

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

Mag. Robert Lasshofer
Deputy General Manager,
Member of the Managing Board
Areas of responsibility: sales, corporate and large risk business, marketing / advertising

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

Ing. Martin Diviš, MBA
Member of the Managing Board
Areas of responsibility: profitability steering motor insurance
Country responsibilities: Czech Repbulic, Belarus, Ukraine

Dr. Christine Dornaus
Member of the Managing Board
Areas of responsibility: investment/ ownership interest/real estate, accounting

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

Dr. Judit Havasi
Member of the Managing Board
Areas of responsibility: human resources, law, reinsurance/actuarial services personal insurance

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

Erich Leiß
Member of the Managing Board
Areas of responsibility: non-life insurance (underwriting/claims), IT, business organisation, reinsurance property insurance

Vienna, 11 March 2010

WIENER STÄDTISCHE AG
MANAGEMENT REPORT TO THE SEPARATE FINANCIAL STATEMENTS

MANAGEMENT REPORT

WIENER STÄDTISCHE AUSTRIA BUSINESS DEVELOPMENT IN 2009

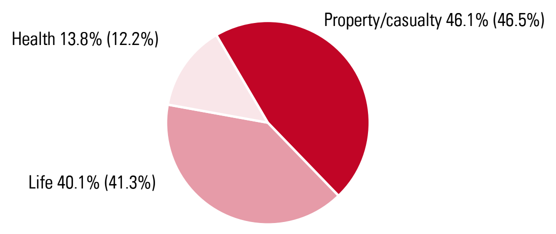
As a single entity within the Group, Wiener Städtische is the largest insurance company in Austria. It operates in the property/casualty, life and health insurance segments. In addition to its operations in the Austrian market, Wiener Städtische also operates through branch offices in Italy and Slovenia. Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung holds a majority of the voting rights of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG. The international rating agency Standard & Poor's reconfirmed the Vienna Insurance Group's existing "A+" rating. with a stable outlook, in 2010.

Premium income

In financial year 2009, Wiener Städtische generated a total premium volume of EUR 2,334.87 million, representing a 9.6% increase over 2008. EUR 2,299.19 million of these total premiums were generated from direct business and EUR 35.68 million from indirect business. Of the gross premiums written, EUR 1,978.42 million were retained by Wiener Städtische, and EUR 356.45 million ceded to reinsurance companies.

The property/casualty segment contributed EUR 1,076.11 million, or 46.1%, of the total premiums, the life insurance segment EUR 937.40 million, or 40.1%, and the health insurance segment EUR 321.36 million, or 13.8%.

PREMIUMS BY SEGMENTS



Values for 2008 in parentheses

Expenses for claims and insurance benefits

Including the change in the mathematical reserve, expenses for claims and insurance benefits in 2009 rose by 13.0% compared to the previous year, to EUR 2,155.66 million.

Operating expenses

Administrative expenses fell by 11.3%, from EUR 489.76 million to EUR 434.34 million.

Wiener Städtische Austria key figures (UGB)

in million EUR	2007	2008	2009
Gross premiums written	**2,587.79**	**2,583.65**	**2,334.87**
thereof property/casualty	1,126.49	1,201.57	1,076.11
thereof life	1,145.70	1.067.80	937.40
thereof health	306.60	314.28	321.36
Financial result	**457.73**	**441.44**	**335.65**
Gross expenses for insurance claims*	**-2,186.10**	**-1,907.24**	**-2,155.66**
Result from unrealised gains and losses from unit- and index-linked life insurance items	**-22.40**	**-332.35**	**199.55**
Gross administrative expenses	**-466.69**	**-489.76**	**-434.34**
Result from ceded reinsurance	**-57.61**	**32.35**	**-83.32**
Other income/ expenses (net)	**-133.71**	**-112.97**	**-26.77**
Result from ordinary activities	**179.01**	**215.12**	**169.98**
thereof property/casualty	120.87	168.72	148.51
thereof life	52.30	36.98	9.64
thereof health	5.84	9.42	11.83
Investments**	**11,741.37**	**13,648.30**	**14,633.13**
Underwriting provisions***	**9,685.18**	**10,007.17**	**10,348.57**
Coverage of capital requirements (in %)	**444.9**	**685.6**	**698.6**

* incl. change in mathematical reserve
** incl. unit-linked and index-linked life insurance
*** incl. unit-linked and index-linked life insurance, incl. deposits from ceded reinsurance business

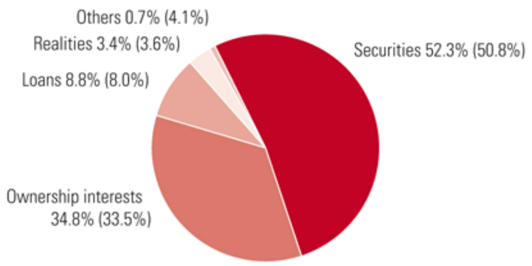
Combined ratio far below 100%
Wiener Städtische's 2009 net combined ratio of 96.0% (after deducting the reinsurance portion) was once again significantly below 100%. The combined ratio is a figure showing the ratio of administrative expenses and insurance payments to earned premiums in the property and casualty business.

Financial result
The financial result for Wiener Städtische Austria in 2009 went down by 24.0% compared to the previous year, to EUR 335.65 million. This decrease is mainly due to the extraordinary financial result, due on the one hand to higher write-downs of participations and loans, and on the other hand to lower realised gains on sales relative to the year before. The financial result of Wiener Städtische Austria was influenced by Group effects resulting from its "holding function" for the Vienna Insurance Group. For example, the 2009 financial result of Wiener Städtische Austria included proceeds from sales (Ringturm KAG, Wüstenrot) and dividend payments from Group companies (e.g. Donau, Kooperativa Prague). However, the gains realised in 2008 from the sale of BA-CA Versicherung and Unita were significantly higher than the gains realised in 2009.

Investments
Investments were EUR 14,633.13 million (+7.2%) as of 31 December 2009, including EUR 1,681.47 million (+35.6%) attributable to investments for unit-linked and index-linked life insurance. The balance of investments not attributable to unit-linked and index-linked life insurance rose 4.4%, to EUR 12,951.66 million.

Investments at the end of 2009 (not including investments for unit-linked and index-linked life insurance) consisted of 52.3% securities, 34.8% participations, 8.8% loans, 3.4% real estate and 0.7% other investments.

STRUCTURE OF INVESTMENTS*



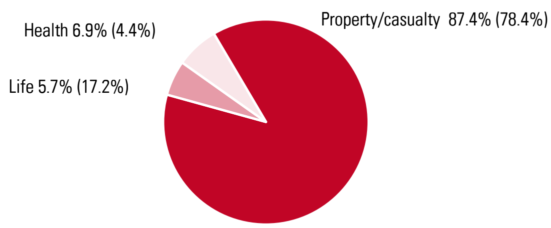
Values for 2008 in parentheses
* Balance of investments excluding unit-linked and index-linked life insurance was EUR 12,951.66 mn (EUR 12,408.48 mn) as at 31 December 2009

Result from ordinary activities
Wiener Städtische earned a result from ordinary activities of EUR 169.98 million in financial year 2009, calculated in accordance with the provisions of the Austrian Commercial Code (UGB). This corresponds to a decrease of 21.0% compared to the value in 2008 (EUR 215.12 million). This decrease was primarily the result of higher depreciation, amortisation and write-downs.

87.4% of the result from ordinary activities came from the property/casualty segment, 5.7% from life insurance, and 6.9% from health insurance.

As described above for the financial result, the result from ordinary activities of Wiener Städtische Austria was also influenced by Group effects resulting from its "holding function" for the Vienna Insurance Group.

RESULT FROM ORDINARY BUSINESS BY SEGMENTS



Values for 2008 in parentheses

Business development in detail

Property and casualty insurance
Wiener Städtische generated EUR 1,076.11 million in premiums in the property and casualty segment (direct and indirect business), a decrease of 10.4% compared to the previous year. One reason for this decrease is that mandatory reinsurance within the Group is no longer being provided by Wiener Städtische Austria, but instead by VIG Re. Indirect premiums in the property/casualty business thus decreased by 78.9%, from EUR 147.81 million to EUR 31.16 million. In contrast, direct premiums written fell only slightly, by 0.8%, to EUR 1,044.95 million.

In the non-motor vehicle classes, Wiener Städtische's direct premiums written grew by 0.2% compared to the previous year, to EUR 712.63 million. In contrast, direct premiums in the motor vehicle classes decreased by 2.9%, to EUR 332.32 million. Increased price competition due to the stagnating market environment is having a negative effect on premium income in the segment of motor vehicle insurance. The reasons for this are, first, that business is only being underwritten on the basis of profitability, but also lower-performance vehicles are being purchased in the passenger and estate car market.

Premiums increased in the non-motor vehicle classes for general liability insurance (+2.6% to EUR 108.80 million from direct business) and household insurance (+3.3% to EUR 75.84 million from direct business).

Burglary (+9.4%) and storm damage (+9.1%) showed particularly high growth rates in this business.

The high increase in premiums for burglary insurance is due to people's greater need for security owing to an increasing number of break-ins. The rising volume of premiums in the storm damage segment shows the continuing demand for coverage against natural catastrophes. Events in recent years (storms) have increased public awareness of the need for insurance coverage in this segment.

Key figures property/casualty insurance

in million EUR	2007	2008	2009
Gross premiums written	1,126.49	1,201.57	1,076.11
Financial result	76.59	147.83	102.19
Gross expenses for insurance claims	-734.14	-893.22	-707.79
Gross administrative expenses	-251.72	-284.55	-236.99
Result from ceded reinsurance	-55.08	34.55	-75.29
Other income/ expenses (net)	-41.27	-37.46	-9.72
Result from ordinary activities	120.87	168.72	148.51

The loss rate was 68.2% (total after reinsurance, incl. claims processing expenses). Expenses for claims and insurance benefits declined by 20.8% in 2009, to EUR 707.79 million. Gross administrative expenses were EUR 236.99 million in 2009 (-16.7%).

The result from operating activities in the property/casualty segment for the whole of 2009 was EUR 148.51 million, representing a drop of 12.0% compared to the previous year.

Life insurance

Wiener Städtische recorded a decline in life insurance premiums to EUR 937.40 million, representing a decrease of 12.2% compared to 2008. This was primarily due to increased volatility in the business of single-premium products.

As expected, the economic downturn and negative effects of the financial crisis caused a sharp drop in the single-premium life insurance business in 2009 and a decrease in regular premiums. Direct premiums written in the life insurance segment went down 9.9% relative to the preceding year. Single-premium products recorded a drop in premiums of 19.6%, to EUR 293.15 million. Regular premiums decreased by 4.6%, to a level of EUR 639.81 million.

Key figures life insurance

in million EUR	2007	2008	2009
Gross premiums written	1,145.70	1,067.80	937.40
Financial result	372.45	291.49	217.73
Gross expenses for insurance claims*	-1,197.58	-765.45	-1,184.52
Result from unrealised gains and losses from unit- and index-linked life insurance items	-22.40	-332.35	199.55
Gross administrative expenses	-174.57	-159.67	-155.19
Result from ceded reinsurance	-2.54	-2.18	-1.96
Other income/ expenses (net)	-68.76	-62.66	-3.37
Result from ordinary activities	52.30	36.98	9.64

* incl. the change in the actuarial reserve

Gross expenses for claims and insurance benefits were EUR 1,184.52 million in 2009. Gross administrative expenses decreased by 2.8%, to EUR 155.19 million.

The result from ordinary activities in the life insurance segment for the whole of 2009 decreased from EUR 36.98 million for the previous year to EUR 9.64 million.

Health insurance

EUR 321.36 million in premiums were written in the health insurance segment during the financial year just ended, corresponding to an increase of 2.3% over 2008.

Expenses for claims and insurance benefits were EUR 263.35 million in 2009, equalling an increase of 5.9% as compared to a year ago. This figure already includes an addition to the ageing reserve. The ageing reserve ensures funding for future insurance benefits, regardless of demographic changes. Administrative expenses fell by 7.4% in 2009, to EUR 42.16 million.

The result from operating activities rose to EUR 11.83 million in the health insurance segment, representing an increase of 25.6%.

Private nursing care insurance is becoming increasingly important in the health insurance segment. Wiener Städtische was a pioneer in offering nursing care products to the market and continues to be a clear market leader in this segment. Because of increasing public awareness of the topic of old-age nursing care, demand for insurance solutions in this segment is expected to rise over the long term.

Key figures life insurance

in million EUR	2007	2008	2009
Gross premiums written	306.60	314.28	321.36
Financial result	8.69	2.13	15.73
Gross expenses for insurance claims *	–257.38	–248.57	–263.35
Gross administrative expenses	–40.41	–45.53	–42.16
Result from ceded reinsurance	0.01	–0.00	–6.08
Other income/ expenses (net)	–11.67	–12.89	–13.67
Result from ordinary activities	5.84	9.42	11.83

* incl. the change in the actuarial reserve

Employees

Calculated for the year as a whole, the number of Wiener Städtische employees fell by 217 compared to 2008. At the end of 2009, Wiener Städtische had a total of 3,737 employees for the year as whole, including 1,884 employees in sales and 1,704 in administration. 178 Wiener Städtische administrative employees handled Group matters for the Vienna Insurance Group. There were 149 interns at the end of 2009.

Number of employees

	2007	2008	2009
Office employees	1,740	1,795	1,704
Field sales representatives (incl. interns)	2,022	2,159	2,033
Total	3,762	3,954	3,737

Employee interests

The economic success of Wiener Städtische is due to the commitment and high qualifications of its employees. Wiener Städtische offers its employees personal development and career opportunities, and places a great importance on training. Wiener Städtische also provides a variety of fringe benefits to make conditions attractive for its employees. For example, Wiener Städtische employees receive subsidies when they purchase their own insurance, use the company crèche and have lunch. In addition, Wiener Städtische employees in Vienna can obtain coupons for major Austrian retail chains from the works council. Many employees take advantage of this attractive offer.

Events occurring after the balance sheet date

No other events of special significance that would have changed the presentation of the net assets, financial position and results of operations occurred after the balance sheet date.

OUTLOOK

Economic development Austria 2010

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

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

The 2010 insurance market Austria

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

In the life insurance business, the latest expert projections forecast a further 3% decrease in premiums for 2010 as a whole. Premium volume is also expected to decline in the property/casualty segment due to the troubled economic situation. In 2010, a decline of 0.5% in premium volume is expected in this area. Health insurance is likely to continue to grow, as it does every year. The latest projections from VVO predict a moderate increase of 2.5% in health insurance premiums.

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

Wiener Städtische Austria 2010

The economic situation, which continues to be difficult, will have an effect on the insurance business in Austria in 2010. The management of Wiener Städtische expects business volume to stagnate in Austria in 2010, and possibly even decline.

Wiener Städtische will concentrate on its core business in 2010, that is, on its business operations in Austria. The main priority is further improving the combined ratio in the property/casualty segment.

Wiener Städtische's main goal is to continue strengthening the insurance business in Austria, thereby consolidating the Company's leading position. The focus is on further strengthening distribution and on the broad range of insurance services which are continuously adjusted to changes in the economic environment and designed to meet customer needs.

As part of a restructuring, Wiener Städtische is extensively optimising its customer support. Three new service centres were created to combine underwriting and claims units, thereby allowing loss and claims notifications to be handled centrally and with greater efficiency. These reorganisation measures will make Wiener Städtische an even stronger company.

Reorganisation of Group structure
In addition to its operations as an insurance company in Austria, Wiener Städtische also acts as the parent company for the Vienna Insurance Group. Previous years have thus seen Wiener Städtische develop from a successful local insurance company into an insurance group with international operations.

To take account of this dynamic growth, the Vienna Insurance Group has decided to create a new organisational structure for the Group. The plans involve separating the Austrian insurance business from the international activities of the Group. The resulting listed Group holding company will bear the name Vienna Insurance Group AG Wiener Versicherung Gruppe*. Wiener Städtische, the largest single company in the Group, will continue its successful insurance business operations in Austria.

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

PROPOSED DISTRIBUTION OF PROFITS

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG ended financial year 2009 with net retained profits of EUR 164,737,716.77. The following appropriation of profits will be proposed to the Annual General Meeting:

The 128 million shares are to receive a dividend of EUR 0.90 per share. The payment and ex-dividend dates for this dividend will be 5 July 2010.

A total of EUR 115,200,000.00 will thus be distributed.

The unappropriated surplus of EUR 49,537,716.77 that remains for financial year 2009 after distribution of the dividend is to be carried forward.

Managing Board:

Dr. Günter Geyer

Dr. Peter Hagen	**Mag. Robert Lasshofer**	**Dr. Martin Simhandl**
Ing. Martin Diviš, MBA	**Dr. Christine Dornaus**	**Franz Fuchs**
Dr. Judit Havasi	**Mag. Peter Höfinger**	**Erich Leiß**

Vienna, 11 March 2010

WIENER STÄDTISCHE AG SEPARATE FINANCIAL STATEMENTS

VIENNA INSURANCE GROUP WIENER STÄDTISCHE VERSICHERUNG AG

Separate financial statements prepared in accordance with the Austrian Corporate Code (UGB)
and the Austrian Insurance Supervision Act (VAG)

31 December 2009

Reporting Period	**1.1.2009 – 31.12.2009**
Balance sheet comparison date	**31.12.2008**
Income statement comparison date	**1.1.2008 – 31.12.2008**
Currency	**EUR**

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

Assets		Property/Casualty
in EUR		
A. Intangible assets		
I. Expenses for acquisition of an insurance portfolio		3,500,000.00
II. Other intangible assets		18,468,991.68
TOTAL INTANGIBLE ASSETS		**21,968,991.68**
B. Investments		
I. Land and buildings		124,319,384.98
II. Investments in affiliated companies and participations		
1. Shares in affiliated companies	3,449,344,285.01	
thereof reorganisation surplus	*0.00*	
2. Bonds and other securities of affiliated companies and loans to affiliated companies	264,083,279.22	
3. Participations	33,959,703.00	
thereof reorganisation surplus	*0.00*	
4. Bonds and other securities of and loans to companies in which an ownership interest is held	6,483,381.79	3,753,870,649.02
III. Other investments		
1. Shares and other non-fixed-interest securities	110,058,961.18	
2. Bonds and other fixed-interest securities	246,529,524.65	
3. Shares in joint investments	0.00	
4. Mortgage receivables	29,456,655.13	
5. Policy prepayments	0.00	
6. Other loans	70,283,538.53	
7. Bank deposits	55,462,566.74	511,791,246.23
IV. Deposits on assumed reinsurance business		1,090,709.23
TOTAL INVESTMENTS		**4,391,071,989.46**
C. Investments of unit- and index-linked life insurance		**0.00**
Amount carried forward		**4,413,040,981.14**

Health		Life		Total business in 2009		2008
						in EUR '000
	0.00		0.00		3,500,000.00	4,900
	0.00		67,546.27		18,536,537.95	17,080
	0.00		**67,546.27**		**22,036,537.95**	**21,980**
	65,252,258.36		245,011,353.87		434,582,997.21	444,529
65,539,634.82		705,405,172.14		4,220,289,091.97		3,795,431
0.00		*8,883,755.76*		*8,883,755.76*		*8,884*
33,736,084.08		298,742,436.48		596,561,799.78		401,467
13,380,161.85		239,442,839.05		286,782,703.90		354,505
0.00		*8,957,022.00*		*8,957,022.00*		*8,957*
16,157,371.31	128,813,252.06	14,806,915.88	1,258,397,363.55	37,447,668.98	5,141,081,264.63	31,157
323,646,237.72		2,384,926,831.60		2,818,632,030.50		2,606,716
257,528,148.49		3,263,887,254.85		3,767,944,927.99		3,550,903
0.00		50,333,710.10		50,333,710.10		53,940
69,984,832.54		202,030,412.05		301,471,899.72		237,722
0.00		19,215,937.78		19,215,937.78		19,846
50,924,431.39		208,928,291.52		330,136,261.44		377,055
13,195,291.06	715,278,941.20	522,475.36	6,129,844,913.26	69,180,333.16	7,356,915,100.69	384,973
	1,334,204.97		16,651,874.57		19,076,788.77	150,231
	910,678,656.59		**7,649,905,505.25**		**12,951,656,151.30**	**12,408,475**
	0.00		**1,681,469,320.71**		**1,681,469,320.71**	**1,239,819**
	910,678,656.59		**9,331,442,372.23**		**14,655,162,009.96**	**13,670,274**

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

Assets		Property/Casualty
in EUR		
Amount carried forward		**4,413,040,981.14**
D. Receivables		
I. Receivables from direct insurance business		
1. from policyholders	87,137,552.19	
2. from insurance intermediaries	78,193,402.27	
3. from insurance companies	19,325,032.43	184,655,986.89
II. Receivables from reinsurance business		102,498,916.62
III. Other receivables		167,783,535.33
TOTAL RECEIVABLES		**454,938,438.84**
E. Pro rata interest		**7,073,114.92**
F. Other assets		
I. Tangible assets (not incl. land and buildings) and inventories		16,513,239.16
II. Current bank balances and cash on hand		41,632,919.43
III. Other assets		116,010,384.43
TOTAL OTHER ASSETS		**174,156,543.02**
G. Prepaid expenses		
I. Deferred taxes		60,588,647.33
II. Other prepaid expenses		82,184,202.59
TOTAL PREPAID EXPENSES		**142,772,849.92**
H. Offsetting items between departments		**–243,384,022.92**
Total assets		**4,948,597,904.92**

Health		Life		Total business in 2009		2008
						in EUR '000
	910,678,656.59		**9,331,442,372.23**		**14,655,162,009.96**	**13,670,274**
3,170,530.38		23,181,978.66		113,490,061.23		132,596
0.00		799,285.88		78,992,688.15		80,015
1,088,385.27	4,258,915.65	715,798.11	24,697,062.65	21,129,215.81	213,611,965.19	26,297
	0.00		747,989.66		103,246,906.28	105,529
	4,243,315.24		14,910,032.88		186,936,883.45	157,732
	8,502,230.89		**40,355,085.19**		**503,795,754.92**	**502,169**
	7,194,563.16		**96,083,436.10**		**110,351,114.18**	**103,069**
	0.00		165,495.45		16,678,734.61	15,025
	2,067,441.32		28,872,673.87		72,573,034.62	121,935
	4,688,800.00		17,866,540.65		138,565,725.08	108,741
	6,756,241.32		**46,904,709.97**		**227,817,494.31**	**245,701**
	916,655.83		25,116,764.41		86,622,067.57	65,910
	0.00		5,953,077.04		88,137,279.63	38,882
	916,655.83		**31,069,841.45**		**174,759,347.20**	**104,792**
	91,123,683.79		**152,260,339.13**		**0.00**	**0**
	1,025,172,031.58		**9,698,115,784.07**		**15,671,885,720.57**	**14,626,005**

BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

Liabilities and shareholders' equity		Property/Casualty
in EUR		
A. Shareholders' equity		
I. Share capital		
1. Par value		82,253,688.41
II. Capital reserves		
1. Committed reserves		1,859,512,981.64
III. Retained earnings		
1. Free reserves		141,089,334.33
IV. Risk reserve as per § 73a VAG, taxed portion		15,301,745.25
V. Net retained profits		128,378,107.13
thereof brought forward		*6,603,765.31*
TOTAL SHAREHOLDERS' EQUITY		**2,226,535,856.76**
B. Tax-exempt reserves		
I. Risk reserve as per § 73a VAG		19,406,564.75
II. Valuation reserve for impairment losses		36,709,096.71
TOTAL RESERVES		**56,115,661.46**
C. Subordinated liabilities		
I. Hybrid bond		0.00
II. Supplementary capital bond		250,000,000.00
TOTAL SUBORDINATED LIABILITIES		**250,000,000.00**
D. Underwriting provisions - retained		
I. Unearned premiums		
1. Gross	113,141,378.56	
2. Reinsurers' share	–18,414,985.74	94,726,392.82
II. Mathmatical reserve		
1. Gross	0.00	
2. Reinsurers' share	0.00	0.00
III. Provision for outstanding claims		
1. Gross	1,046,927,346.79	
2. Reinsurers' share	–283,784,820.72	763,142,526.07
IV. Provision for profit-unrelated premium refunds		
1. Gross	17,212,688.72	
2. Reinsurers' share	–1,349,412.27	15,863,276.45
V. Provision for profit-related premium refunds and policyholder profit participation		
1. Gross	196,912.47	
2. Reinsurers' share	0.00	196,912.47
VI. Equalisation provision		164,632,606.60
VII. Other underwriting provisions		
1. Gross	10,804,041.04	
2. Reinsurers' share	–1,719,664.26	9,084,376.78
TOTAL TECHNICAL PROVISIONS		**1,047,646,091.19**
E. Underwriting provisions of unit- and index-linked life insurance		**0.00**
Amount carried forward		**3,580,297,609.41**

Health		Life		Total business in 2009		2008
						in EUR '000
	17,931,004.41		32,702,775.38		132,887,468.20	132,888
	43,968,805.39		363,750,635.04		2,267,232,422.07	2,267,232
	6,921,770.40		76,958,978.73		224,970,083.46	224,970
	3,325,210.71		27,226,449.51		45,853,405.47	45,853
	14,864,925.86		21,494,683.78		164,737,716.77	274,253
	5,079,314.19		*6,569,728.04*		*18,252,807.54*	*80,755*
	87,011,716.77		**522,133,522.44**		**2,835,681,095.97**	**2,945,196**
	9,208,223.29		14,825,539.49		43,440,327.53	43,440
	9,111,672.71		99,100,451.41		144,921,220.83	149,049
	18,319,896.00		**113,925,990.90**		**188,361,548.36**	**192,489**
	0.00		500,000,000.00		500,000,000.00	250,000
	0.00		150,000,000.00		400,000,000.00	300,000
	0.00		**650,000,000.00**		**900,000,000.00**	**550,000**
1,955,124.33		37,412,244.92		152,508,747.81		170,458
–195,512.43	1,759,611.90	–48,794.36	37,363,450.56	–18,659,292.53	133,849,455.28	–22,175
790,271,389.00		6,285,341,829.37		7,075,613,218.37		7,055,587
–80,144,667.10	710,126,721.90	–14,564,373.58	6,270,777,455.79	–94,709,040.68	6,980,904,177.69	–18,814
44,972,932.00		40,373,222.34		1,132,273,501.13		1,279,128
–4,467,669.50	40,505,262.50	–181,000.00	40,192,222.34	–288,433,490.22	843,840,010.91	–412,184
14,949,000.00		0.00		32,161,688.72		30,961
–1,494,900.00	13,454,100.00	0.00	0.00	–2,844,312.27	29,317,376.45	–1,493
0.00		61,076,846.30		61,273,758.77		84,999
0.00	0.00	0.00	61,076,846.30	0.00	61,273,758.77	–25
	0.00		0.00		164,632,606.60	180,162
598,743.72		1,560,085.22		12,962,869.98		12,689
0.00	598,743.72	0.00	1,560,085.22	–1,719,664.26	11,243,205.72	–1,133
	766,444,440.02		**6,410,970,060.21**		**8,225,060,591.42**	**8,358,160**
	0.00		**1,611,520,904.43**		**1,611,520,904.43**	**1,176,949**
	871,776,052.79		**9,308,550,477.98**		**13,760,624,140.18**	**13,222,794**

Liabilities and shareholders' equity		Property/Casualty
in EUR		
Amount carried forward		**3,580,297,609.41**
F. Non-underwriting provisions		
I. Provision for post-employment benefits		0.00
II. Provision for pensions		0.00
III. Tax provisions		55,447,346.43
IV. Other provisions		65,332,060.71
TOTAL OTHER PROVISIONS		**120,779,407.14**
G. Deposits from ceded reinsurance business		**9,997.41**
H. Other liabilities		
I. Liabilities from direct insurance business		
1. from policyholders	97,997,313.54	
2. from insurance intermediaries	17,094,840.57	
3. from insurance companies	15,935,953.86	131,028,107.97
II. Liabilities from reinsurance business		16,608,591.64
III. Liabilities to financial institutions		52,961,853.48
IV. Other liabilities		1,041,285,013.27
TOTAL LIABILITIES		**1,241,883,566.36**
I. Prepaid expenses		**5,627,324.60**
Total assets		**4,948,597,904.92**

Health		Life		Total business in 2009		2008
						in EUR '000
	871,776,052.79		**9,308,550,477.98**		**13,760,624,140.18**	**13,222,794**
	0.00		22,190,390.78		22,190,390.78	58,155
	0.00		102,111,636.00		102,111,636.00	99,374
	6,424,200.00		9,879,382.98		71,750,929.41	81,865
	11,418,997.00		8,685,769.95		85,436,827.66	94,862
	17,843,197.00		**142,867,179.71**		**281,489,783.85**	**334,256**
	86,302,749.00		**14,613,167.94**		**100,925,914.35**	**16,239**
3,654,398.12		98,662,092.41		200,313,804.07		108,180
0.00		3,807,618.13		20,902,458.70		21,366
346,150.89	4,000,549.01	3,286.58	102,472,997.12	16,285,391.33	237,501,654.10	9,271
	6,095,814.05		3,533,768.38		26,238,174.07	89,423
	34,000,000.00		19,076,112.32		106,037,965.80	78,430
	4,868,100.30		11,872,111.40		1,058,025,224.97	555,857
	48,964,463.36		**136,954,989.22**		**1,427,803,018.94**	**862,527**
	285,569.43		**95,129,969.22**		**101,042,863.25**	**190,189**
	1,025,172,031.58		**9,698,115,784.07**		**15,671,885,720.57**	**14,626,005**

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

Property/casualty insurance	2009		2008
	in EUR		in EUR '000
Underwriting account			
1. Net earned premiums			
Premiums written			
Gross	1,076,111,433.00		1,201,571
Ceded reinsurance premiums	–313,887,103.38	762,224,329.62	–341,603
Change due to unearned premiums			
Gross	–2,766,009.37		10,010
Reinsurers' share	2,619,856.80	–146,152.57	434
TOTAL PREMIUMS		**762,078,177.05**	**870,412**
2. Investment income from technical business		**54,475.97**	**64**
3. Other underwriting income		**6,214,570.25**	**5,022**
4. Expenses for claims and insurance benefits			
Payments for claims and insurance benefits			
Gross	741,834,813.95		742,137
Reinsurers' share	–213,406,362.26	528,428,451.69	–185,439
Changes in provision for outstanding claims and insurance benefits			
Gross	–34,043,892.61		151,085
Reinsurers' share	25,660,588.85	–8,383,303.76	–136,181
TOTAL CLAIMS AND INSURANCE BENEFITS		**–520,045,147.93**	**–571,602**
5. Increase in underwriting provisions			
Other underwriting provisions			
Gross	965,332.37		918
Reinsurers' share	27,394.24	992,726.61	0
TOTAL INCREASE IN UNDERWRITING PROVISIONS		**–992,726.61**	**–918**
6. Expenses for profit-unrelated premium refunds			
Gross	10,614,481.55		6,214
Reinsurers' share	–1,657,490.87	8,956,990.68	–1,616
TOTAL EXPENSES FOR PROFIT-UNRELATED PREMIUM REFUNDS		**–8,956,990.68**	**–4,598**
7. Administrative expenses			
Acquisition expenses		188,287,465.62	230,979
Other administrative expenses		48,700,638.45	53,574
Reinsurance commissions and profit commissions from reinsurance cessions		–42,429,789.85	–49,030
TOTAL OPERATING EXPENSES		**–194,558,314.22**	**–235,523**
8. Other underwriting expenses		**–13,388,184.07**	**–6,124**
9. Change in the equalisation provision		**15,529,303.40**	**–36,759**
UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)		**45,935,163.16**	**19,974**

Property/casualty insurance	2009	2008
	in EUR	in EUR '000
Underwriting result (amount carried forward)	**45,935,163.16**	**19,974**
Non-underwriting account		
1. Investment and interest income		
Income from participations	76,939,815.95	34,727
Income from land and buildings	6,502,366.07	4,849
Income from other investments	14,846,120.61	36,413
Income from appreciations	514,172.43	0
Gains from disposal of investments	130,305,973.31	141,813
Other investment and interest income	4,088,498.93	16,186
TOTAL INVESTMENT INCOME	**233,196,947.30**	**233,988**
2. Expenses for investments and interest expenses		
Expenses for asset management	7,819,358.82	3,948
Depreciation of investments	65,529,930.44	9,474
Interest expenses	36,121,927.76	24,079
Losses from disposal of investments	9,540,281.50	285
Other investment expenses	11,995,610.83	48,374
TOTAL INVESTMENT EXPENSES	**–131,007,109.35**	**–86,160**
3. Investment income transferred to the underwriting account	**–54,475.97**	**–64**
4. Other non-underwriting income	**983,711.83**	**2,006**
5. Other non-underwriting expenses	**–544,636.56**	**–1,024**
Result from ordinary activities, property/casualty insurance	**148,509,600.41**	**168,720.00**

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

Health insurance	2009		2008
	in EUR		in EUR '000
Underwriting account			
1. Net earned premiums			
Premiums written			
Gross	321,360,873.20		314,280
Ceded reinsurance premiums	–39,156,115.74	282,204,757.46	–921
Change due to unearned premiums			
Gross	–51,335.13		–23
Reinsurers' share	25,631.13	–25,704.00	0
TOTAL PREMIUMS		**282,179,053.46**	**313,336**
2. Investment income from technical business		**15,726,701.87**	**2,126**
3. Other underwriting income		**2,526.48**	**38**
4. Expenses for claims and insurance benefits			
Payments for claims and insurance benefits			
Gross	214,728,761.11		211,995
Reinsurers' share	–22,401,597.62	192,327,163.49	–692
Changes in provision for outstanding claims and insurance benefits			
Gross	684,268.00		856
Reinsurers' share	–94,706.70	589,561.30	33
TOTAL CLAIMS AND INSURANCE BENEFITS		**–192,916,724.79**	**–212,192**
5. Increase in underwriting provisions			
Mathematical reserve			
Gross	47,941,269.00		35,721
Reinsurers' share	–4,913,270.00	43,027,999.00	–168
TOTAL INCREASE IN UNDERWRITING PROVISIONS		**–43,027,999.00**	**–35,553**
6. Expenses for profit-unrelated premium refunds			
Gross	11,255,275.17		12,359
Reinsurers' share	–1,110,945.78	10,144,329.39	0
TOTAL EXPENSES FOR PROFIT-UNRELATED PREMIUM REFUNDS		**–10,144,329.39**	**–12,359**
7. Administrative expenses			
Acquisition expenses		27,051,026.87	29,312
Other administrative expenses		15,107,842.98	16,221
Reinsurance commissions and profit shares from reinsurance cessions		–4,578,505.00	–116
TOTAL OPERATING EXPENSES		**–37,580,364.85**	**–45,417**
8. Other underwriting expenses		**–2,477,112.30**	**–560**
UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)		**11,761,751.48**	**9,419**

Health insurance	2009	2008
	in EUR	in EUR '000
Underwriting result (amount carried forward)	**11,761,751.48**	**9,419**
Non-underwriting account		
1. Investment and interest income		
Income from participations	1,497,476.97	4,549
Income from land and buildings	6,115,090.30	4,045
Income from other investments	29,811,796.20	24,310
Income from appreciations	64,329.70	0
Gains from disposal of investments	3,332,486.79	5,038
Other investment and interest income	1,383,752.46	5,848
TOTAL INVESTMENT INCOME	**42,204,932.42**	**43,790**
2. Expenses for investments and interest expenses		
Expenses for asset management	4,879,930.67	2,512
Depreciation of investments	12,679,922.42	27,661
Interest expenses	7,724,938.04	8,868
Losses from disposal of investments	691,222.21	599
Other investment expenses	502,217.21	2,024
TOTAL INVESTMENT EXPENSES	**–26,478,230.55**	**–41,664**
3. Investment income transferred to the underwriting account	**–15,726,701.87**	**–2126**
4. Other non-underwriting income	**63,956.61**	**1**
5. Other non-underwriting expenses	**0.00**	**0**
Result from ordinary activities, health insurance	**11,825,708.09**	**9,420**

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

Life insurance		2009	2008
		in EUR	in EUR '000
Underwriting account			
1. Net earned premiums			
Premiums written			
Gross	937,399,094.75		1,067,795
Ceded reinsurance premiums	–3,408,868.90	933,990,225.85	–4,535
Change due to unearned premiums			
Gross	3,586,864.78		4,562
Reinsurers' share	–21,653.76	3,565,211.02	–43
TOTAL PREMIUMS		**937,555,436.87**	**1,067,779**
2. Investment income from technical business		**217,731,833.51**	**291,488**
3. Unrealised gains on investments shown under balance sheet asset item C		**211,259,794.38**	**31,569**
4. Other underwriting income		**359,090.75**	**218**
5. Expenses for claims and insurance benefits			
Payments for claims and insurance benefits			
Gross	680,734,395.45		721,059
Reinsurers' share	–1,562,333.70	679,172,061.75	–1,638
Changes in provision for outstanding claims and insurance benefits			
Gross	3,745,715.87		–6,607
Reinsurers' share	–70,000.00	3,675,715.87	–111
TOTAL CLAIMS AND INSURANCE BENEFITS		**–682,847,777.62**	**–712,703**
6. Increase in underwriting provisions			
Mathematical reserve			
Gross	500,039,426.30		50,994
Reinsurers' share	–48,113.80	499,991,312.50	–645
TOTAL INCREASE IN UNDERWRITING PROVISIONS		**–499,991,312.50**	**–50,349**
7. Expenses for profit-unrelated premium refunds			
and policyholder profit participation			
Gross	205,407.23		65,025
Reinsurers' share	0.00	205,407.23	–25
TOTAL PROFIT PARTICIPATION		**–205,407.23**	**–65,000**
8. Administrative expenses			
Acquisition expenses		115,879,525.10	118,307
Other administrative expenses		39,312,015.59	41,366
Reinsurance commissions and profit commissions from reinsurance cessions		–516,425.74	–707
TOTAL OPERATING EXPENSES		**–154,675,114.95**	**–158,966**
9. Unrealised losses on investments shown under balance sheet asset item C		**–11,710,829.20**	**–363,922**
10. Other underwriting expenses		**–8,043,101.96**	**–2,246**
UNDERWRITING RESULT (AMOUNT CARRIED FORWARD)		**9,432,612.05**	**37,868**

Life insurance	2009	2008
	in EUR	in EUR '000
Underwriting result (amount carried forward)	**9,432,612.05**	**37,868**
Non-underwriting account		
1. Investment and interest income		
Income from participations	30,401,235.14	20,113
Income from land and buildings	16,104,277.87	17,722
Income from other investments	276,446,214.71	308,643
Income from appreciations	110,381.96	11,583
Gains from disposal of investments	42,598,244.75	204,697
Other investment and interest income	21,925,686.86	18,120
TOTAL INVESTMENT INCOME	**387,586,041.29**	**580,878**
2. Expenses for investments and interest expenses		
Expenses for asset management	13,955,910.94	7,128
Depreciation of investments	108,602,895.51	240,151
Interest expenses	39,457,428.67	28,113
Losses from disposal of investments	2,989,406.67	8,109
Other investment expenses	4,848,565.99	5,889
TOTAL INVESTMENT EXPENSES	**–169,854,207.78**	**–289,390**
3. Investment income transferred to the underwriting account	**–217,731,833.51**	**–291,488**
4. Other non-underwriting income	**213,858.49**	**76**
5. Other non-underwriting expenses	**–5,950.71**	**–966**
Result from ordinary activities, life insurance	**9,640,519.83**	**36,978**

INCOME STATEMENT FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2009

Property/Casualty + Health + Life = Total Business	2009	2008
	in EUR	in EUR '000
Underwriting result, property/casualty	45,935,163.16	19,974
Underwriting result, health	11,761,751.48	9,419
Underwriting result, life	9,432,612.05	37,868
TOTAL UNDERWRITING RESULT	**67,129,526.69**	**67,261**
Non-underwriting account		
1. Investment and interest income		
Income from participations	108,838,528.06	59,389
Income from land and buildings	28,721,734.24	26,616
Income from other investments	321,104,131.52	369,366
Income from appreciations	688,884.09	11,583
Gains from disposal of investments	176,236,704.85	351,548
Other investment and interest income	27,397,938.25	40,154
TOTAL INVESTMENT INCOME	**662,987,921.01**	**858,656**
2. Expenses for investments and interest expenses		
Expenses for asset management	26,655,200.43	13,588
Depreciation of investments	186,812,748.37	277,286
Interest expenses	83,304,294.47	61,060
Losses from disposal of investments	13,220,910.38	8,993
Other investment expenses	17,346,394.03	56,287
TOTAL INVESTMENT EXPENSES	**–327,339,547.68**	**–417,214**
3. Investment income transferred to the underwriting account	**–233,513,011.35**	**–293,678**
4. Other non-underwriting income	**1,261,526.93**	**2,083**
5. Other non-underwriting expenses	**–550,587.27**	**–1,990**
6. Result from ordinary activities	**169,975,828.33**	**215,118**
7. Taxes on income	**–26,790,335.42**	**–25,792**
8. Profit for the period	**143,185,492.91**	**189,326**
9. Release of reserves		
Release of valuation reserve for impairment losses	3,299,425.23	6,606
TOTAL RELEASE OF RESERVES	**3,299,425.23**	**6,606**
10. Transfer to reserves		
Transfer to risk reserve as per § 73a VAG	0.00	2,434
Transfer to free reserves	8.91	0
TOTAL TRANSFER TO RESERVES	**–8.91**	**–2,434**
11. Profit for the year	**146,484,909.23**	**193,498**
12. Retained profits brought forward	**18,252,807.54**	**80,755**
Net retained profits	**164,737,716.77**	**274,253**

I. GENERAL INFORMATION ON 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 exception 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 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 POLICIES

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

Investments for unit-linked and index-linked life insurance are valued in accordance with the current cost principle. Unit-linked life insurance investments are made in the following funds: Acatis Aktien Global Fonds (T); Pioneer Investments Total Return FCP; All Asia Miteigentumsanteile gem. § 20 InFG T; All Europe Thesaurierungs-Anteile; Allianz PIMCO Bondspezial FCP (A); Allianz Pimco Liquidität Manager A (EUR); Allianz RCM Verm. DE-Anteile; All Japan T Miteigentumsanteile; All Trends (T); ALL WORLD (T) MITEIGENTUMSANTEILE; AXA World Funds II Continental European Opportunities Equities; Baring German Growth Trust (T); Baring Global Umbrella Fund Eastern Europe Class; Baring HK China – Units Class A EUR; BAWAG PSK GLOBAL BOND FOND; Berenberg-Balkan-Baltikum-Universal Fonds (A); BlackRock Global Funds-Emerging Markets Fund A2; BlackRock Global Funds-Euro Bond Fund A2; BlackRock Global Funds-European Opportunity Fund A2; BlackRock Global Funds-Global Allocation Hedge A2; BlackRock Global Funds-Japan Small + Midcap Opportunity Fund A2; BlackRock Global Funds Latin American Fund (T); BlackRock Global Funds New Energy Fund (T); BlackRock Global Funds US Flexible Equity Fund A; BlackRock Global Funds World Energy Fund (T); BlackRock Global Funds - World Gold Fund; BlackRock Global Funds World Gold Fund Hedged; BlackRock Global Funds-World Mining Fund-A2- EUR; BW Renta International Universal Fonds; Carmignac Patrim.A 3D; CI Global Mix 50; Cominvest Fonds; ComStage ETF Dow Jones Euro STOXX 50 TR; CONSTANTIA EURO BOND EUR FONDS; Constantia European Property T; C-QUADRAT Active World Balanced FONDS; C-QUADRAT Active World Dynamic (T) ANTEILE; C-QUADRAT Active World Equity; C-Quadrat ARTS Best Momentum T; C-Quadrat ARTS Total Return Global – AMI; C-Quadrat ARTS Total Return Special T; C-Quadrat Triathlon Miteigentumsfonds gem. Para 20 a InvFG; CRYSTAL ROOF RUBIN FUND (T); CRYSTAL ROOF SAFIR (T); CRYSTAL ROOF SMARAGD FUND (T); CS BOND FUND (LUX) EURO ABERDEEN B CAP (T); CS BOND FUND (LUX) USD ABERDEEN B CAP (T); CS EF(LUX)SMALL CAP USD FUND (T); CS MONEY MARKET CHF FUND (LUX) (T); dbxt DBLCI OYB – Sh – 1C – Capitalisation; dbxt DJES50 Shs 1D Distribution; Deka Immobilien Euro – Anteile; DEKARENT INTERN. FONDS; Dexia Bond Euro Inflation Linked C; Dexia Equities B European Property Securities; Dexia Quant Equities Europe; Dexia Sustainable European Balanced Medium T; dit-GI. Mkt. Bond – Units; DJE Alpha Global; DkLT Em Bd Units CF Distribution; DWS Biotech-Aktien Typ 0 (Deutschland); DWS Flex Pens 2014 Fonds (neu); DWS Flexpension 2015; DWS Flexpension 2016; DWS Flexpension 2017; DWS Flexpension 2018; DWS Flexpension 2021; DWS Flexpension 2022; DWS Flexpension 2023; DWS Flexpension II 2019 Shs 2009-31.12.2019 Capitalisation; DWS Flexpension II 2024 – Shs 2009-31.12.2024 Capitalisation; DWS Flexpension Sicav 2019; DWS Flexpension Sicav 2020; DWS Investa Anteile; DWS Invest European Equities (T); DWS Invest Global Agribusiness (T); DWS Invest Top 50 Asia (T); DWS Osteuropa FCP Units Capitalisation (T); DWS Top 50 Euro Anteile; DWS &Top Dividende Anteile; DWS VERMOEGENSBILDUNGSFOND I (A); Ecofin Index Aktien --- Thesaurierungs-Anteile; E+S Erfolgs-Invest Miteigentumsfonds gem. Para 20 InvFG; ESPA Bond Emerging Markets; Espa Cash Euro Midterm (A); ESPA CASH EURO-PLUS (T) (SPARFONDS); ESPA PORTFOLIO BOND (T); ESPA SELECT STOCK (T); ESPA STOCK VIENNA FONDS; Ethna Aktiv E Units; FAIR INVEST BALANCED Miteigentumsanteile in Wertpapieren (T); FI Alpha Renten Global; Fid. 2 AUD Cur – Shs A Capitalisation; Fid. China Foc – Shares A USD Distribution; FIDELITY EURO BOND FUND; FIDELITY EUROPEAN GROWTH FUND (A); Fidelity Funds European Fund; Fidelity Funds Global Property Fund; FIDELITY FUNDS INTERNATIONAL USD-FUND; Fidelity Funds SICAV - Latin America Fund; Fidelity Funds SICAV - Pacific Fund; Fidelity Funds World Fund; FIDELITY GLOBAL FPS USD FUND; FIDELITY GROWTH FPS EUR FUND; FIDELITY JAPAN JPY FUND; FIDELITY JAPAN SMALL.COMP.JPY FUND; FIDELITY MODERATE FPS EUR FUND; Fidelity Switzerland Fund A; First Private Europa Aktien ULM (T); Franklin Templeton Investment Funds- Templeton Bric Fund T; Gartmore Continental European Shs A1; Global Advantage Emerging Markets High Value (T); Global Health Care (All Pharma) Miteigentumsf.gem.§ 20 (T); GOLDEN ROOF BRANCHEN (T); GOLDEN ROOF WELT (T); Gutmann Vorsorge Fonds; Henderson Horizon Continental European Equity F; HSBC Global Indian Equity; Invesco Funds - Invesco Pan European Equity A; Invesco Funds Pan European Small Cap Equity A; Invesco Funds Ser. 4 Invesco Japanese Small/Mid Cap Equity 4; Invesco Funds Series 1 Japanese Equity A; Invesco Funds Series 2 - Invesco Emerging Markets Bond A; Invesco Funds Series 5 PRC Equity Fund; iShares DAX (T); iShares DJ Euro Stoxx SD 30; iShares eb.rexx Jumbo Pfandbriefe; iShares S+P Listed private Equity; JPMF Jap Equity – USD Distribution; JPMORGAN AMERICA EQUITY A Dis-USD FUNDS; JPMorgan-Emerging Markets Debt A INC EUR; JP MORGAN FLEMING

EUROPE SMALL CAP FUND; JP MORGAN FLEMING FUNDS LATINAMERICA EUQ; JPMorgan Global Total Return Fund; JPMorgan JF India Fund (A); JP MORGAN PACIFIC EQUITY A DIST – USD FUND; JP MORGAN US Small Growth Cap A Dist USD; Julius Baer Multistock Black Sea Fund (A); Kapital u Wert Premium Ausgewogen (T) Anteile; Kapital u Wert Premium Dynamisch (T) Anteile; L. ETF Euro M. CBA – Parts de Distribution et/ou de Capital; Lyxor ETF DJ Buywrite - Parts de Capitalisation/Distribution; Lyxor ETF Euro 5-7Y; Lyxor ETF Euro MTS; Lyxor ETF World Water; Lyxor Euro MTS 3-5Y; Market Access Jim Rogers Int Commodity Index; M & G 1 Global Basic Accum.Shs.Class A; MLIIF New Energy Fd; MLIIF World Mining Shs A2 Capitalisation; MMT Global Selection; MORGAN STANLEY EMERGING MKTS USD FUND(T); MORGAN STANLEY EM.MKTS.DEBT USD FUND (T); Morgan Stanley Investment Funds SICAV; MORGAN STANLEY JAPANESE VALUE EQUITY FUND (T); Multi Invest OP; Multi Invest Spezial OP; Nord Concept Anteile; OP Food Anteile (A); PEH Strategie Flexibel; PIA AMERICA STOCK FONDS (T); PIA DOLLAR BOND FONDS (T); PIA DOLLAR CASH FONDS; PIA EURO BOND FONDS; PIA EURO CASH FONDS (T); PIA EURO CORPORATE BOND FONDS (T); PIA Euro Plus Bond VT; PIA MASTER FONDS DYNAMISCH (T); PIA MASTER FONDS KONSERVATIV (A) ANTEILE; PIA MASTER FONDS PROGRESSIV (T); PIA MASTER FONDS TRADITIONELL (T); PIA MÜNDEL BOND (A) Miteigentumsanteile; PIA SELECT EUROPE STOCK (A) Miteigentumsanteile; PIA SELECT EUROPE STOCK (T); PIA TRADERENT (T); PICTET FUNDS FCP-BIOTECH ANT. –P; Pictet Funds (Lux) Sicav Security; Pictet Funds (LUX) Sicav Water; Pioneer Em Mkt Bd – Units – A Annually EUR Hedged Distrib.; Pioneer Euro Aggregate Bond; Pioneer Global Ecology; Pioneer Investments European Bond Special; PSM Growth UI; PSM Value Strategy UI – (T); Raiffeisen Euro Rent (T); RF Eurasien Aktien – Anteile; RT Absolute Return Bond Fund T; RT ACTIVE GLOBAL TREND (T) (v.RT BlueChipsfonds); RT Euro Cash Plus (T) Fonds; RT Osteuropa Absolute Return Miteigentumsfonds T; RT Osteuropa Aktienfonds Miteigentumsanteile T; RT PIF DYNAMISCH FONDS(T); RT PIF TRADITIONELL FONDS(T); RT VIF VERSICHERUNG INT. FONDS THESAURIEREND; RT VORSORGE RENTENFONDS Miteigentumsanteile; RT VORSORGE-RENTENFONDS (T); RT Zukunftsvorsorge-Aktienfonds T; Schoellerbank Aktienfonds (A); SCHOELLERBANK Aktienfonds WÄHR.(T); Schoellerbank Aktienfonds währungsgesichert; Schoellerbank Anleihefond; Schoellerbank Euro Alternativ; Schoellerbank Global Dynamic (T); Schoellerbank Kurzinvest (A); Schoellerbank Liquid (A); Schoellerbank Netto Rent; Schoellerbank Realzins Plus (A); Schoellerbank USD Kurzinvest Anteile (A); Schoellerbank USD Kurzinvest (T); Schoellerbank USD Rentenfonds (A); Schoellerbank USD Rentenfonds (A, EUR Notierung); Schoellerbank Vorsorgefonds; Schoellerbank Vorsorgefonds T Miteigentumsanteile; Schoellerbank Zinsstruktur Plus Miteigentumsf.gem. Para 20; Schoellerb.Global Pension Fonds; Schöllerbank Global Pension; Schöllerb.Zinsstruk.Plus; SKWB Netto Rent (T); SKWB (Lemberger) USD Rentenfonds (T); SKWB SCHOELLERBANK AKTIENFONDS T; SKWB SCHOELLERBANK ANLEIHEFONDS T; SKWB SCHOELLERBANK EURO ALTERNATIV T; SKWB SCHOELLERBANK KURZINVEST T; SKWB SCHOELLERBANK REALZINS PLUS T; SKWB SCHOELLERBANK USD RENTENFONDS T; SPAR TRUST CORPORATE (T); Spezial Plus Miteigentumsfonds in Wertpapieren T; StarCapital Universal Bondvalue UI; SUCCESS ABSOLUTE (T); SUCCESS RELATIVE FONDS (T); Superior 3 Ethik Miteigentumsfonds gem. Para 20 InvFG; Templeton Emerging Markets FD-A YDIS; Templeton Growth Fund EURO; Threadneedle European Select Fund; Threadneedle US Equities; Top Vario Mix (T); Top Vario Mix – Vollthesaurierungs-Anteile; TRADECOM FONDSTRADER; UBS LUX BOND FUND-US (T); UBS (Lux) Strategy Fund FCP Balanced (T); UniAsia – Units Capitalisation; Unternehmensanleihenfonds 2014 gem. § 20 InvFG (A); Unternehmensanleihenfonds 2014 gem. § 20 InvFG (T); VONTOBEL FUND EMERGING MARKETS EQUITY B-USD CAP; VONTOBEL FUND US DOLLAR BOND B-USD-CAP; VPI Word Invest Miteigentumsanteile § 20 InvFG; VPI World Select TM Miteigentumsfonds gem. Par.20 InvFG; WSTV ESPA DYNAMISCH; WSTV ESPA Garantie Miteigentumsfonds gemäß § 20a InvGF; WSTV ESPA PROGRESSIV; WSTV ESPA TRADITIONELL.

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*). Beginning in 2008, bonds and other fixed-interest securities have been valued 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 write-downs of EUR 60,188,000 (EUR 153,015,000) not being taken.

The valuation options provided in § 81h(2a) VAG were used to value units in **special funds** that exclusively or predominantly hold bonds or other fixed-interest securities. EUR 2,775,000 (EUR 103,900,000) in write-downs were not taken for units of special funds due to use of this less strict valuation principle.

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 set out in the form of investment guidelines the adherence to which is continuously reviewed by the corporate risk controlling and internal audit departments. The corporate risk controlling 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 potentially riskier 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 evaluated regularly and specific limits or reserves are used to limit exposure. Securities price risks are 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 guarantee that the return on investment remains continuously above the minimum rate of return for the life insurance class and that adequate amounts of liquid, value-protected financial investments are maintained for all classes. Liquidity planning therefore takes into account the trend in insurance benefits and the vast majority of investment income is generally reinvested.

An interest rate swap running until 12 January 2017, with a notional amount of EUR 120 million, was entered into for the supplementary capital bond issued on 12 January 2005 which became a variable supplementary capital bond after the first year (AT0000342704). Another interest rate swap running until 15 December 2010, with a notional amount of EUR 25,565,000, also exists for variable-interest securities held in the portfolio.

Austrian banks have the option to tender previously subscribed bank bonds with a value of EUR 15,000,000 in 2013 and EUR 20,000,000 in 2014. It is currently not expected that these options will be exercised.

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. Property, plant and equipment (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 for property/casualty insurance were essentially calculated by prorating over time after applying a cost deduction of EUR 18,113,000 (EUR 18,557,000). Unearned premiums for life insurance are formed according to the amounts prescribed in the business plan. No cost deduction is applied. Unearned premiums for health insurance are calculated by prorating over time without applying a cost deduction.

The **mathematical reserve** is calculated using the formulas and calculation bases contained in the business plans approved by or submitted to the supervisory authority.

The **provision for outstanding claims** for direct business in the property/casualty and life insurance segments 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. Lump-sum provisions based on past experience are formed for losses incurred but not reported.

In health insurance, provisions for outstanding claims are calculated by applying lump-sum percentages to payments made for claims during the financial year. The percentage rates were unchanged compared to the previous year.

In indirect business, provisions for outstanding claims are primarily based on reports from ceding companies as of the 31 December 2009 or 31 December 2008 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, Federal Gazette (BGBl.) No. 545/1991, in the version appearing in Federal Gazette II No. 66/1997. Use was made of the release provision in § 13.

The **provision for profit-related premium refunds and policyholder profit participation** contains the amounts earmarked for policyholder premium refunds based on business plans and the articles of association and over which no disposition had been made as of the balance sheet date.

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%. 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 the individual agreements. The following percentages were used for employee turnover based on age: <31 - 7%, 31 - 35 3%, 36 - 40 2%, 41 - 50 1% und 51 - 65 0.5%. The interest expenses for personnel provisions of EUR 4,694,000 (EUR 7,343,000) are reported under investment and interest expenses. A portion of the direct pension obligations, in the amount of EUR 265,845,000 (EUR 254,140,000), is being administered as an occupational group insurance plan under an insurance policy concluded in accordance with § 18 f to 18 j VAG.

As permitted under the Austrian Federal Ministry of Finance decree of 3 August 2001, an amount of EUR 35,674,000 (EUR 24,999,000) was transferred to an external insurance company to outsource severance pay obligations. The severance pay provision required under Austrian commercial law for 2009 was EUR 79,297,000 (EUR 70,718,000). The amount earmarked for satisfaction of the outsourced severance pay obligations and held by the external insurance company was EUR 63,244,000 (EUR 22,648,000). The difference of EUR 23,127,000 (EUR 59,290,000) between the size of the severance pay provision to be formed under Austrian commercial 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 euro at the relevant average exchange rate.

A portion of the underwriting items for assumed reinsurance business and the associated retrocessions for property/casualty and life insurance is deferred for one year before being shown in the annual financial statements.

The following explanatory notes are provided for off-balance sheet liabilities: Letters of comfort and liability undertakings totalling EUR 48,742,000 (EUR 38,659,000) have been issued in connection with a real estate purchase and borrowing. Liability undertakings totalling EUR 94,000 (EUR 98,000) have been issued in connection with loan repayments.

A total of EUR 29,149,000 (EUR 31,249,000) relates to letters of comfort with affiliated companies.

Based on an amendment to the regulation of the Austrian Federal Minister of Finance on the rendering of accounts by undertakings engaged in the contractual insurance business (RLVVU) in the Austrian Federal Gazette (BGBl) II No. 41/2009 in combination with the "Agreement on indirect and direct business in accordance with § 1(2) RLVVU" available for inspection at the Association of Insurance Companies, business referred to as indirect and direct are both shown as direct business in the figures published in the annual financial statements as of 31 December 2009. The detailed figures for premiums, claims and commissions therefore have limited comparability with the preceding year.

III. NOTES TO BALANCE SHEET ITEMS

The value of developed and unimproved properties was EUR 105,666,000 (EUR 110,248,000) as of 31 December 2009.

The book value of self-used property was EUR 74,180,000 (EUR 72,779,000).

Other loans not secured by insurance contracts were comprised of the following: loans to the Republic of Austria in the amount of EUR 52,339,000 (EUR 90,787,000), loan receivables from other public bodies in the amount of EUR 35,372,000 (EUR 41,049,000) and loan receivables from other borrowers in the amount of EUR 242,425,000 (EUR 245,219,000).

The fair values of investments are:

Items under § 81c (2) VAG in EUR ´000	**Market value 31.12.2009**	**Market value 31.12.2008**
Land and buildings	697,377	696,833
Shares in affiliated companies	5,881,990	5,492,606
Bonds and other securities of and loans to affiliated companies	596,943	401,872
Participations	311,324	431,100
Bonds and other securities of and loans to other companies in which an ownership interest exists	37,448	31,157
Shares and other non-fixed-interest securities	2,944,176	2,527,258
Bonds and other fixed-interest securities	3,894,037	3,515,688
Shares in joint investments	50,334	53,940
Mortgage receivables	301,472	237,722
Policy prepayments	19,216	19,846
Other loans	330,136	377,055
Bank balances	69,180	384,973
Deposit receivables	19,077	150,231
	15,152,710	**14,320,281**

Hidden reserves rose by EUR 289,248,000 during the reporting year to a total of EUR 2,201,054,000 (EUR 1,911,806,000). 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 valuation calculations). 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 publically 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 recommendation of the Austrian Association of Insurance Companies. All properties are individually valued during a 5-year period. The valuation was based predominantly on appraisals from 2008 and 2007.

The fair value of EUR 697,377,000 for land and buildings is comprised of market value appraisals for the years 2005 to 2009 as follows: 2009: EUR 95,367,000, 2008: EUR 394,943,000, 2007: EUR 140,547,000, 2006: EUR 15,490,000, 2005: EUR 51,030,000.

In health insurance, the mathematical reserve is calculated using actuarial principles in accordance with § 18c VAG for all portfolio groups.

For individual insurance, the mathematical reserve is calculated exclusively for each individual policy. This also applies to new business in the group insurance segment affected by the 1994 amendment to the Austrian Insurance Contract Act (VersVG). For the remaining group policies, a lump-sum mathematical reserve is formed. The mathematical reserve is calculated using the prospective method only. The calculation of the mathematical reserve takes into account the fact that the mathematical reserve for a policy is forfeited in favour of the community of the insured (Versichertengemeinschaft) in the event of early policy termination or death of the insured.

The claims frequencies used for the actuarial calculation of the mathematical provision are primarily derived from analyses of the Group's own claims experience. Mortality rates were mainly taken from the Austrian 2000/2002 general mortality tables. Consistent with the premium calculation, the mathematical reserve is largely calculated using a discount rate of 3% p.a.

In life insurance, the mathematical reserve is calculated using principles laid down in business plans and approved by the supervisory authority and using bases submitted to the supervisory authority.

The mathematical reserve is calculated for each individual case, with the prospective method being used almost exclusively.

The main probability tables are as following:

For endowment insurance policies	DM 24/26 ÖVM 80/82 ÖVM/ÖVF 90/92 ÖVM/ÖVF 00/02
For annuity insurance policies	EROM/EROF AVÖ 1996 R AVÖ 2005 R

For a large portion of the portfolio, the mathematical reserve is calculated using a discount rate of 3% p.a. Starting in 1995, a discount rate of 4% p.a. was used for certain policies, and between 1 July 2000 and 31 December 2003 a discount rate of 3.25% p.a. was used. For policies with an inception date on or after 1 January 2004 the discount rate is 2.75% p.a.; on or after 23 September 2005 the discount rate is 2.25% for employer group policies. For insurance policies purchased after 1 January 2006 the discount rate is 2.25%.

The amount shown under other liabilities includes EUR 25,528,000 (EUR 26,847,000) in tax liabilities, and EUR 3,519,000 (EUR 3,580,000) in social security liabilities.

The following balance sheet items are accounted for by affiliated companies and companies in which an ownership interest is held:

	Affiliated companies		Companies in which an ownership interest exists	
in EUR ´000	2009	2008	2009	2008
Mortgage receivables	42,372	61,122	4,368	4,569
Deposit receivables	1,454	26,688	0	7,932
Receivables from direct insurance business	3,741	5,257	1,419	1,378
Receivables from reinsurance business	28,666	12,427	107	135
Other receivables	127,571	88,315	6,115	3,421
Liabilities from reinsurance business	84,969	0	0	0
Liabilities from direct insurance business	751	1,010	71	576
Liabilities from reinsurance business	12,136	14,038	2	340
Other liabilities	1,001,182	466,394	0	69

Liabilities arising from the use of off-balance sheet tangible assets were EUR 23,191,000 (EUR 13,616,000) for the following financial year, and EUR 141,403,000 (EUR 90,184,000) for the following five years.

The book values of intangible assets, land and buildings, as well as of investments in affiliated companies an ownership interests, have evolved as follows:

in EUR ´000	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
As of 31 December 2007	**21,980**	**444,529**	**3,795,430**	**401,467**	**354,505**	**31,157**
Additions	5,644	11,313	510,370	276,350	7,086	12,677
Disposals	8	1,165	5,589	26,709	58,199	6,072
Rebooking	–1,133	0	–245	–11,276	–14,415	–314
Depreciations	4,420	20,094	79,677	270	2,194	0
Appreciation	4	0	0	0	0	0
Change due to value adjustments	–30	0	0	–43,000	0	0
As of 31 December 2008	**22,037**	**434,583**	**4,220,289**	**596,562**	**286,783**	**37,448**

IV. NOTES TO INCOME STATEMENT ITEMS

The premiums written, earned premiums, expenses for insurance claims, operating expenses and reinsurance balance in property and casualty insurance in 2009 are broken down as follows:

Gross

in EUR ´000	Premiums written	Net earned premiums	Expenses for claims and insurance benefits	Administrative expenses	Reinsurance balance
Direct business					
Fire and fire business interruption insurance	209,977	212,878	111,939	40,538	–93,892
Liability insurance	108,801	106,744	60,444	30,141	–1,434
Household insurance	75,838	75,619	37,955	21,058	–1,065
Motor liability insurance	203,463	205,115	126,507	38,223	3,105
Legal expenses insurance	26,380	26,348	11,341	6,760	–92
Marine, aviation and transport insurance	27,061	26,444	16,856	6,339	–2,597
Other insurances	28,484	26,399	13,517	5,495	–9,435
Other motor vehicle insurance	123,567	123,932	105,565	27,123	4,777
Other non-life insurance	149,616	144,297	143,600	38,345	24,660
Casualty insurance	91,762	91,878	49,722	21,976	–224
	1,044,949	**1,039,654**	**677,446**	**235,998**	**–76,197**
(Previous year's values)	(1.053.763)	(1.064.676)	(788.799)	(249.843)	(44.853)
Indirect business					
Marine, aviation and transport insurance	531	568	567	–105	–34
Other insurances	30,631	33,124	29,778	1,095	–4,861
	31,162	**33,692**	**30,345**	**990**	**–4,895**
(Previous year's values)	(147.808)	(146.904)	(104.423)	(34.710)	(-15,371)
Total direct and indirect business	**1,076,111**	**1,073,346**	**707,791**	**236,988**	**–81,092**
(Previous year's values)	(1.201.571)	(1.211.580)	(893.222)	(284.553)	(29.482)

Premiums written for health insurance in 2009 are broken down as follows:

in EUR ´000	2009	2008
Direct business		
Individual insurance	225,258	220,305
Group insurance	96,018	93,806
Indirect business		
Individual insurance	0	0
Group insurance	85	169
	321,361	**314,280**

Premiums written for life insurance in 2009 are broken down as follows:

in EUR ´000	2009	2008
Direct business	932,964	1,034,951
Indirect business	4,435	32,844
	937,399	**1,067,795**

For life insurance, premiums in the direct business are made up as follows:

in EUR ´000	2009	2008
Individual insurance	858,728	906,813
Group insurance	73,236	128,138
	931,964	**1,034,951**
Single premium policies	293,150	364,529
Policies with regular premium payments	639,814	670,422
	932,964	**1,034,951**
Policies with profit participation	492,689	514,818
Policies without profit participation	3,386	3,939
Unit-linked life insurance policies	388,975	405,431
Index-linked life insurance policies	47,914	110,763
	932,964	**1,034,951**

For the branch office in Italy, direct premiums written are EUR 82,980,000 and the underwriting result is EUR 6,541,000. The exception rule of § 81o(6) VAG was used.

The reinsurance balance for life insurance was negative in 2009, with a value of EUR 1,955,000 (EUR 2,177,000). The reinsurance balance for health insurance was negative in 2009, with a value of EUR 6,081,000 (EUR 22,000). A portion of the earned premiums of EUR 33,692,000 (EUR 146,904,000) from indirect property/casualty insurance business was deferred for one year before being shown in the income statement. Of the EUR 4,441,000 (EUR 33,560,000) in earned premiums from indirect life insurance business, EUR 338,000 (EUR 46,000) was deferred for one year before being shown in the income statement.

Of the income from ownership interests and income from other investments shown on the income statement, affiliated companies account for the following amounts:

in EUR ´000	2009	2008
Income from participations		
Property/casualty insurance	67,328	31,279
Health insurance	102	0
Life insurance	23,476	18,350
Total	**90,906**	**49,629**
Income from other investments		
Property/casualty insurance	317	4,232
Health insurance	2,748	2,542
Life insurance	17,072	26,344
Total	**20,137**	**33,118**

All of the investment income in the life insurance and health insurance segments was transferred to the underwriting account, as investment income is a component of the underwriting calculations in both segments. In the property/casualty segment, only deposit interest income for indirect business was transferred to the underwriting account.

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

in EUR ´000	2009	2008
Wages and salaries	123,963	139,917
Expenses for severance benefits and payments to company pension plans	11,994	7,341
Expenses for retirement provisions	23,308	16,818
Expenses for statutory social contributions and income-related contribution and mandatory contributions	43,983	40,391
Other social security expenses	2,312	1,315

Commission expenses of EUR 172,492,000 (EUR 171,695,000) were incurred for indirect business in 2009.

Losses on disposals of investments were EUR 13,221,000 (EUR 8,992,000) in financial year 2009.

The valuation reserve shown on the balance sheet as at 31 December 2009 and releases over the fiscal year are broken down by asset item as follows:

in EUR ´000	As of 31.12.2008	Rebooking	Release	As of 31.12.2009
Land and buildings	114,575	0	3,074	111,501
Shares in affiliated companies	6,963	0	828	6,135
Participations	610	–384	226	0
Shares and other non-fixed-interest securities	26,072	384	0	26,456
Intangible assets	829	0	0	829

The formation and release of untaxed reserves resulted in an increase in income tax expenses of EUR 825,000 (EUR 1,651,000) during the financial year.

V. PROFIT PARTICIPATION

Health insurance

All policies with an adjustment clause whose premiums were not increased by an actuarially-required amount when 2009 premium adjustments were performed receive a special profit share on 31 December 2009.

The size of the profit share equals the single-premium amount that is necessary to provide relief to older persons covered by health insurance.

According to § 7 of the regulation of the Financial Market Authority (FMA) on profit participation in the health insurance sector (GBVKVU) of 12 June 2007, the regulation is applicable to policies whose actuarial bases were submitted after 30 June 2007 and whose terms provide for profit participation. The expenses for profit-related premium refunds plus any direct credits must be at least 85 percent of the assessment basis for the health insurance policies concerned.

The assessment basis within the meaning of § 3(1) GBVKVU is calculated as follows for health insurance policies entitled to participate in profits:

in EUR ´000

Earned premiums	**3,629**
Expenses for insurance claims including changes to underwriting reserves	**-2,945**
Operating expenses	**-2,278**
Other underwriting and non-underwriting income/expenses	**-29**
Investment and interest income and expenses	**70**
Assessment base as at 31/12/2009	**-1,551**

As a general rule, the listed income and expense items were calculated directly. Where this was not possible, an allocation was performed as far as possible on the basis of origin in accordance with the provisions of § 3(2) GBVKVU. The deduction election provided for in § 3(3) GBVKVU was used when calculating the assessment basis.

Since the assessment basis is negative, the percentage rate in § 6(1) GBVKVU was not calculated.

Life insurance

Under the FMA regulation on profit participation in the life insurance sector (GBVVU) of 20 October 2006, the expenses for profit-related premium refunds and policyholder profit participation plus any direct credits must be at least 85% of the assessment base.

The assessment basis within the meaning of § 3(1) GBVVU is calculated as follows for life insurance policies entitled to participate in profits:

in EUR ´000

Earned premiums	**487,724**
Expenses for insurance claims including changes to underwriting reserves	**-594,436**
Operating expenses	**-77,773**
Other underwriting and non-underwriting income/expenses	**-2,016**
Investment and interest income and expenses	**158,626**
Assessment base as at 31/12/2009	**-27,875**

As a general rule, the listed income and expenses were calculated directly. Where this was not possible, an allocation was performed as far as possible on the basis of origin in accordance with the provisions of § 3(2) GBVVU.

The expenses for profit participation, including direct credits, were EUR 5,408,000 in 2009. Since the assessment basis is negative, the percentage rate in § 7(1) GBVVU was not calculated.

The following applies to all profit groups:
A change was made in the timing of profit resolutions in the previous year. As a result, when the 2009 financial statements were prepared, the Managing Board had not yet adopted a resolution on the size of the profit share for the next profit distribution scheduled for 31 December 2010.

The expenses for profit participation are transferred to provisions for policyholder profit participation. One of the advantages of traditional life insurance versus other forms of investment shows up clearly, however, especially in difficult macroeconomic times, namely continuous profit allocation.

The Managing Board intends to adopt a resolution near the end of 2010 on the size of profit distribution on 31 December 2010.

This deferral of the resolution makes it possible to take 2010 investment performance into account, react quickly to changing capital market conditions, and make better forecasts of future performance, in order allow the size of the traditional profit share to correspond to what it would be if the profit shares were smoothed to the greatest extent possible over the years.

After the resolution is adopted, policyholders will be informed of the rates used to allocate profit shares to their policies on 31 December 2010.

Information on the last profit distribution on 31 December 2009 was published in the Wiener Zeitung newspaper on 15 December 2009.

VI. SIGNIFICANT PARTICIPATIONS

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

WIENER STÄDTISCHE VERSICHERUNG AG

Name, Location	31.12.2009 Share of capital in %	Equity capital in EUR ´000	Net income for the year in EUR ´000	Last Annual Financial Statement
Direct interests in affiliated companies				
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	33.40	–538	–72	2009
Anděl Investment Praha s.r.o., Prague 6	100.00	5,892	28,787	2009
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	75.00	11	372	2009
BML Versicherungsmakler GmbH, Vienna	100.00	40,000	709,940	2009
CENTER Hotelbetriebs GmbH, Vienna	55.00	55	–694	2009
DBR-Liegenschaften GmbH & Co KG, Stuttgart	100.00	515	16,069	2009
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	100.00	0	23	2009
DIRECT-LINE Direktvertriebs-GmbH, Vienna	100.00	1	46	2008
EXPERTA Schadenregulierungs-Gesellschaft m.b.H., Vienna	25.00	246	758	2008
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	76.00	46	205	2008
HUMANOCARE gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH, Vienna	100.00	370	897	2008
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	100.00	80	1,862	2009
LVP Holding GmbH, Vienna	100.00	2,438	107,499	2009
PFG Holding GmbH, Vienna	60.05	3,139	139,285	2009
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	49.47		44	2008
Projektbau Holding GmbH, Vienna	60.00		41,692	2008
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	66.70	320	–3,848	2009
VICE-Beteiligungs AG, Vienna	100.00			2009 gegründet
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Vienna	100.00	–203	1,431	2009
More than 20% ownership, where a direct ownership interest exists				
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	30.46		163,132	2008

VIENNA INSURANCE GROUP

Name, Location	31.12.2009 Share of capital in %	Equity capital in EUR ´000	Net income for the year in EUR ´000	Last Annual Financial Statement
Direct interests in affiliated companies				
„WIENER RE" akcionarsko društvo za reosiguranje, Belgrad	100.00	576	6,124	2009
„WIENER STÄDTISCHE OSIGURANJE" akcionarsko drustvo za osiguranje, Belgrad	100.00	301	11,084	2009
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	85.91	4,483	67,831	2009
BENEFIA Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warsaw	100.00	846	18,624	2009
BENEFIA Towarzystwo Ubezpieczen S.A. Vienna Insurance Group, Warsaw	100.00	1,399	19,236	2009
BULGARSKI IMOTI LIFE Insurance Company AD, Sofia	99.97	–31	3,995	2009
Bulgarski Imoti Non-Life Insurance Company AD, Sofia	99.91	388	3,860	2009
Business Insurance Application Consulting GmbH, Vienna	100.00	202	2,153	2009
Compensa Life Vienna Insurance Group SE, Tallinn	100.00	1,134	6,617	2009
COMPENSA Holding GmbH, Coburg	100.00	–23	19,635	2009
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	71.13	1,381	34,638	2009
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	61.60	5,286	97,449	2009
Cosmopolitan Life Vienna Insurance Group - dionicko drustvo za osiguranje, Zagreb	100.00	–9,061	5,701	2009
Erste osiguranje Vienna Insurance Group d.d., Zagreb	90.00	2	6,663	2009
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	90.00	138	5,435	2009
Helios Vienna Insurance Group d.d., Zagreb	100.00	–2,872	11,910	2009
IC Globus Insurance Company with Added Liability “Globus”, Kiev	74.00	–69	2,447	2009
InterRisk Towarzystwo Ubezpieczen Spolka Skcyjna Vienna Insurance Group, Warsaw	99.97	9,849	59,453	2009
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	100.00	8,120	33,220	2009
Joint Stock Company "Jupiter Life Insurance Vienna Insurance Group", Kiev	73.00	–102	1,849	2009
Joint Stock insurance company WINNER - Vienna Insurance Group, Skopje	100.00	96	2,738	2009
KOOPERATIVA poist'ovna, a.s. Vienna Insurance Group, Bratislava	94.23	15,042	223,521	2009
Kooperativa, pojist'ovna, a.s. Vienna Insurance Group, Prague 1	89.65	91,379	458,163	2009
Kvarner Vienna Insurance Group dionicko drustvo za osiguranje, Rijeka	98.75	–2,824	15,362	2008
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	98.86	10,340	106,067	2009
Poist'ovna Slovenskej sporitel'ne, a.s. Vienna Insurance Group, Bratislava	90.00	1,975	21,250	2009
Pojist'ovna Ceské sporitelny, a.s. Vienna Insurance Group, Pardubice	90.00	23,422	83,458	2009

Name, Location	31.12.2009 Share of capital in %	Equity capital in EUR ´000	Net income for the year in EUR ´000	Last Annual Financial Statement
Polski Zwiazek Motorowy Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	95.83	–5,637	17,349	2008
Private Joint-stock company " VAB Life", Kiev	100.00	185	1,333	2009
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Vienna	41.00	301	443	2008
S.C. BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	88.47	2,702	12,373	2009
S.C. BCR Asigurari Vienna Insurance Group S.A., Bucharest	93.17	–13,099	15,648	2009
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	100.00	52	42,334	2009
SIGURIA E MAHDE VIENNA INSURANCE GROUP Sh.A., Tirana	87.01	989	9,244	2009
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	38.33	41,138	456,971	2009
TBI BULGARIA AD, Sofia	100.00	–237	37,529	2009
TBIH Financial Services Group N.V., Amsterdam	60.00	–14,522	112,260	2008
UNION Vienna Insurance Group Biztosító Zrt., Budapest	100.00	3,350	37,226	2009
Private Joint-Stock Company Ukrainian Insurance Company "Kniazha Vienna Insurance Group", Kiev	99.99	–13,102	–4,467	2009
Versicherungsaktiengesellschaft "Kupala", Minsk	67.52	102	1	2009
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	64.30	–492	6,458	2008
Vienna International Underwriters GmbH, Vienna	100.00	16	62	2008
Vienna-Life Lebensversicherung Aktiengesellschaft, Bendern	100.00	72	9,679	2009
VIG RE zajist'ovna, a.s., Prague 1	70.00	433	4,007	2009
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague 5	100.00	198	3,103	2009
ZASO Victoria Non-Life, Minsk	34.66	385	626	2008
VERSA-Beteiligungs AG, Vienna	100.00	–84	309,916	2009
More than 20% ownership, where a direct ownership interest exists				
Central Point Insurance IT-Solutions GmbH, Vienna	38.00		111	2008
Geschlossene Aktiengesellschaft Strachowaja kompanije "MSK-Life", Moscow	25.00		2,987	2008
students4excellence GmbH, Vienna	20.00		37	2008

The exception contained in § 241 (2) and (3) UGB was applied.

VII. OTHER INFORMATION

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 23 April 2014 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 24 April 2009 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 23. April 2014, including with shareholder pre-emption rights excluded, and to grant the holders of convertible bonds conversion rights to up to 30,000,000 no-par value ordinary bearer shares with voting rights in accordance with the convertible bond terms established by the Managing Board. The share capital has consequently been raised pursuant to § 159 (2)(1) of the Austrian Stock Corporation Act by a contingent capital increase of up to EUR 31,145,500.36, through the issuance of up to 30,000,000 no-par value ordinary bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Meeting resolution of 24. April 2009 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date regarding the issuance of convertible bonds based on the authorisation granted on 24 April 2009.

The General Meeting of 24 April 2009 also authorised the Managing Board to acquire the Company's own no-par value bearer shares pursuant to § 65(1)(4) and (8) of the Austrian Stock Corporation Act to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount payable upon repurchase of the Company's own shares may not be more than 50% below or more than 10% above the average unweighted stock exchange closing price on the ten stock exchange trading days preceding the repurchase. The Managing Board may decide to make the purchase via the stock exchange, through a public offer or in any other legally permissible and expedient manner. The Managing Board has made no use of this authorisation to date. The Company held no treasury shares as of 31 December 2009.

The General Meeting of 16 April 2008 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of income bonds with a total nominal value of up to EUR 2,000,000,000.00, including with shareholder pre-emption rights excluded. Income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 1) were issued on 12 June 2008 and income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 2) were issued on 23 April 2009. The income bonds are traded on the Vienna Stock Exchange. The interest rate is 8% p.a. until 12 September 2018 (fixed interest rate), after which the income bonds pay variable interest. The Company has the right to call the bonds with three months' notice after the start of the variable interest period.

The General Meeting of 24 April 2009 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of income bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 23 April 2014, including with shareholder pre-emption rights excluded.

On 12 January 2005, the Company issued supplementary capital bond 2005-2022 with a total nominal value of EUR 180,000,000.00 pursuant to § 73c(2) of the Austrian Insurance Supervision Act. The interest rate during the first 12 years of the bond's term is 4.625% p.a. 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) of the Austrian Insurance Supervision Act. This bond does not have a fixed term. The interest rate during the first year of the bond's term is 4.25% p.a. of its nominal value, after which the bond pays variable interest.

On 20 April 2009, the Company issued supplementary capital bond 2009 with a total nominal value of EUR 100,000,000.00 pursuant to § 73c(2) of the Austrian Insurance Supervision Act. This bond does not have a fixed term. The interest rate during the first interest rate period (until 29 June 2010) is 4.762% p.a., after which the bond pays variable interest.

The auditor has verified that the requirements under § 73b(2)(4) of the Austrian Insurance Supervision Act have been met.

In the business year 2009 the Supervisory Board was made up of the following persons:

Chairman:
Präsident Komm.-Rat Dkfm. Klaus **Stadler**

Deputy Chairman:
Komm.-Rat Dr. Karl **Skyba**

Members:
Generalabt Propst Bernhard **Backovsky**
Mag. Alois **Hochegger**
Dipl.-Ing. Guido **Klestil**
Senator Prof. Komm.-Rat Walter **Nettig**
Hofrat Dkfm. Heinz **Öhler**
Mag. Reinhard **Ortner**
Dr. Johann **Sereinig**
Mag. Dr. Friedrich **Stara**

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

In the business year 2009 the Managing Board was made up of the following persons:

Chairman:

Dr. Günter **Geyer**

Members:
Ing. Martin **Divis** (beginning 13 June 2009)
Dr. Christine **Dornaus** (beginning 13 June 2009)
Dkfm. Karl **Fink** (until 30 September 2009)
Franz **Fuchs** (beginning 1 October 2009)
Dr. Hans-Peter **Hagen**
Dr. Judit **Havasi** (beginning 13 June 2009)
Mag. Peter **Höfinger**
Mag. Robert **Lasshofer**
Erich **Leiß** (beginning 13 June 2009)
Dr. Martin **Simhandl**

During the business year 2009, the following persons were appointed to be trustees pursuant to § 22 (1) VAG:

Trustees:
(life insurance department – § 20 (2;1) VAG)
Mag. Oskar **Ulreich**

Deputy:
Mag. Nicole **Plankenbüchler**

Trustees:
(except life insurance department – § 20 (2;1) VAG)
Mag. Wolfgang **Pechriggl**

Deputy:
Dr. Michael **Hysek**

The **average number of employees** (including cleaning staff) was 3,933 (3,949). The average number of salaried employees was 3,846 (3,858), of which 2,096 (2,091) were active in sales, leading to personnel expenses of EUR 94,235,000 (EUR 98,988,000), and 1,750 (1,767) worked in operations, resulting in personnel expenses of EUR 111,325,000 (EUR 106,795,000).

No loans were outstanding to **members of the Managing Board** on 31 December 2009 (EUR 000).

No loans were granted to **members of the Supervisory Board** in 2009.

No **guarantees** were outstanding for members of the Managing Board or Supervisory Board as of 31 December 2009.

In 2009, the total expenses for severance pay and pensions of EUR 35,302,000 (EUR 24,159,000) included severance pay and pension expenses of EUR 8,010,000 (EUR 6,612,000) for **members of the Managing Board and senior management in accordance with § 80(1) of the Austrian Stock Corporation Act (AktG).**

The **Managing Board of the Company** is responsible for the operational management of the Company, as well as management of the Company in its capacity as the parent company of the Vienna Insurance Group. In some cases, additional responsibilities are also assumed in affiliated or related companies.

The **members of the Managing Board** in 2009 received gross compensation of EUR 4,097,000 (EUR 5,478,000 plus special remuneration of EUR 1,690,000). Subsidiaries paid EUR 328,000 (EUR 330,000) of this amount for management board services provided in these companies.

In view of the economic environment, which presented – and continues to present – great challenges to many Group customers as well, the Managing Board opted to waive the 2008 profit-related income component to which it was contractually entitled upon the achievement of its targets.

Despite the good results in 2009, the Managing Board, in recognition of the difficult economic situation, is also waiving its 2009 bonus entitlement.

Until 12 June 2009, the Managing Board in 2009 consisted of six members. On 13 June 2009, an amendment to the articles of association went into effect, changing the Company's organisational structure so as to segregate its holding and operating functions. This amendment also created two Managing Board committees. Since that time, the Managing Board as a whole has been made up of ten members.

The total compensation paid to former members of the Managing Board (including surviving dependents) was EUR 4,264,000 in 2009 (2008: EUR 1,074,000), including amounts owed to two members of the Managing Board under the law and by contract in connection with their age-related separation from service.

The compensation received by the members of the Supervisory Board in 2009 for their services to the Company was EUR 366,000 (EUR 353,000).

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

From 1 January 2005 to 31 December 2008, the Company was the parent company of a group of companies within the meaning of § 9 of the Austrian Corporate Income Act (KStG). Since 1 January 2009, the Company has been a group member, within the meaning of § 9 KStG, of the Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung, Vienna, group of companies.

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 liability from tax allocations in the amount of EUR 17,838,000 exists against the parent company. Use was made of the election to report as an asset the deferred profit taxes due to timing differences between earnings under Austrian commercial law and taxable earnings. The tax rate chosen for deferred taxes is 25%.

VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG is included in the consolidated financial statements prepared by the company Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung, 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 | **Mag. Robert Lasshofer** | **Dr. Martin Simhandl**

Ing. Martin Diviš, MBA | **Dr. Christine Dornaus** | **Franz Fuchs**

Dr. Judit Havasi | **Mag. Peter Höfinger** | **Erich Leiß**

Vienna, 11 March 2010

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements including the accounting system of

VIENNA INSURANCE GROUP
Wiener Städtische Versicherung AG, Vienna,

for the fiscal year from 1 January to 31 December 2009. These financial statements comprise the balance sheet as of 31 December 2009, the income statement for the fiscal year ended 31 December 2009, 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 these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these 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 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, 2009 and of its financial performance for the fiscal year from January 1 to December 31, 2009 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 § 243a UGB are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to § 243a UGB are appropriate.

Vienna, 11 March 2010

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 § 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.

REPORT BY THE SUPERVISORY BOARD

The Supervisory Board reports that it has taken the opportunity to comprehensively review the management of the Company, both acting as a whole and also regularly through its committees, Chairman and Deputy Chairman. Detailed presentations and discussions during meetings of the Supervisory Board and its committees were used for this purpose, as were recurring meetings with the members of the Managing Board, who provided detailed explanations and supporting documentation relating to the management and financial position of the Company and the Group. The strategy, business development, risk management, internal control system and activities of the internal audit department of the Company were also discussed in these meetings.

The Supervisory Board has formed four committees from among its members. Information on the responsibilities and composition of these committees is available on the Company's website and in the corporate governance report.

One ordinary General Shareholders' Meeting and five Supervisory Board meetings were held in 2009. Four meetings of the Audit Committee were also held. The Committee for Urgent Matters held one meeting and was also contacted in writing with regard to eight matters. The Supervisory Board was informed of all resolutions passed by these committees at its next following meeting. The auditor of the financial statements and consolidated financial statements, PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, attended three Audit Committee meetings and two Supervisory Board meetings, including the meeting dealing with the auditing of the annual financial statements and consolidated financial statements and the formal approval of the annual financial statements, as well as the General Shareholders' Meeting. The Committee for Managing Board Matters also held three meetings in 2009.

No agenda items were discussed in the Supervisory Board and committee meetings without the participation of members of the Managing Board. No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

By the inspection of appropriate documents, meetings with the Managing Board and discussions with the auditor, the Supervisory Board Audit Committee was able to form a satisfactory view of the accounting process and found no reasons for objection.

The Audit Committee also reviewed the effectiveness of the internal control system, the internal auditing system and the risk management system, by requesting descriptions of the processes and organisation of these systems from the Managing Board, the auditor and the individuals directly responsible for these areas. The Audit Committee reported on its monitoring activities to the Supervisory Board as a whole and stated that no deficiencies had been identified.

In order to prepare the Supervisory Board's proposal for selection of the auditor of the financial statements and consolidated financial statements, the Audit Committee requested that PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (PwC) submit documents relating to its license to audit. Based on a written report, it was determined that there exist no reasons for exclusion or circumstances that could provide cause for concern regarding partiality. In addition, a list, grouped by category of services and showing the total revenues received by PwC from the Company in the previous financial year, was requested and reviewed, and it was verified that PwC was included in a statutory quality assurance system. The Audit Committee reported to the Supervisory Board on the knowledge gained from these investigations and proposed to the Supervisory Board that PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft be selected, following the General Shareholders' Meeting, as auditor of the financial statements and consolidated financial statements.

In addition, the Supervisory Board Audit Committee received the 2009 annual financial statements, management report and corporate governance report from the Managing Board, reviewing and carefully examining them. The Supervisory Board Audit Committee also subjected the 2009 consolidated financial statements and Group management report to a careful review. The Managing Board's proposal for appropriation of profits was also debated and discussed in the course of this review. As a result of this review and discussion, a unanimous resolution was adopted to recommend unqualified acceptance thereof to the Supervisory Board. The committee chairman informed the Supervisory Board of the resolutions adopted by the committee.

The 2009 annual financial statements together with the management report and corporate governance report, the 2009 consolidated financial statements together with the Group management report, and the Managing Board's proposal for appropriation of profits were subsequently addressed, thoroughly discussed, and reviewed by the Supervisory Board. In addition, the auditor's reports prepared by PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft regarding the 2009 annual financial statements and management report and the 2009 consolidated financial statements and Group management report were reviewed by the Audit Committee and by the Supervisory Board as a whole, and debated and discussed in detail with PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

The ultimate findings of the audit provided no basis for any qualifications to be raised. The Supervisory Board stated that it had nothing to add to the auditor's reports on the financial statements and consolidated financial statements.

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

The 2009 annual financial statements have therefore been approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board is submitting a motion to the Annual General Meeting of Shareholders that it resolve on the appropriation of profits proposed by the Managing Board and give its formal approval to the actions of the Managing Board and of the Supervisory Board.

Vienna, March 2010

The Supervisory Board:

KR Dkfm. Klaus STADLER

(Chairman)

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the annual financial statements of VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG 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 and Chairman of the Managing Board
Areas of responsibility: management of the Group, strategic questions, public relations, marketing, legal office, human resources
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

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

Mag. Robert Lasshofer
Deputy General Manager,
Member of the Managing Board
Areas of responsibility: sales, corporate and large risk business, marketing / advertising

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

Ing. Martin Diviš, MBA
Member of the Managing Board
Areas of responsibility: profitability steering motor insurance
Country responsibilities: Czech Repbulic, Belarus, Ukraine

Dr. Christine Dornaus
Member of the Managing Board
Areas of responsibility: investment/ ownership interest/real estate, accounting

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

Dr. Judit Havasi
Member of the Managing Board
Areas of responsibility: human resources, law, reinsurance/actuarial services personal insurance

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

Erich Leiß
Member of the Managing Board
Areas of responsibility: non-life insurance (underwriting/claims), IT, business organisation, reinsurance property insurance

Vienna, 11 March 2010

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GENERAL INFORMATION

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