VIENNA INSURANCE GROUP

WE ARE ONE

GROUP ANNUAL REPORT 2010 | VIENNA INSURANCE GROUP

VIG
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VIG

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HIGHLIGHTS

MARKET

> Growing interest in life insurance
> High amount of claims due to natural occurrences
> Great potential continues in Central and Eastern Europe

VIENNA INSURANCE GROUP

> Premiums rise again, strong increase in profits
> Strong sales through bank partner
> 20 successful years in the CEE region
> New forward-looking group structure
> Efficiency enhancement programme fully implemented
> VIG in 24 countries – market entry in Montenegro
> Ukraine is new core market

WE ARE ONE

20 years after our CEE market entry, we are now number 1 in many markets there. In 1990, we were one of the first insurance companies that dared set foot across the fallen Iron Curtain. In 2010, we have achieved success in 24 markets. We use our leading position in the CEE region to create sustainable value for the future, based on the four cornerstones of people, financial strength, region and best solutions.

The new Group structure established in 2010 set our course for the future. Since August 2010, the Vienna Insurance Group holding company has been responsible for Group management in Austria and in Central and Eastern Europe. It is also responsible for international reinsurance and international direct insurance for corporate customers. This modern, forward-looking management structure will allow us to continue asserting our leadership in the future, as it allows us to structure our market activities even more efficiently. At the same time, we mobilise the full strength of our Group, and take advantage of growth opportunities and synergies. This will strengthen our already excellent position, so that we may continue to say:
WE ARE ONE!

General Manager Dr. Günter Geyer

»... OUR MANY COMPANIES AND DISTRIBUTION CHANNELS FOLLOW A SINGLE SUSTAINABLE STRATEGY ...«

An interview with General Manager Dr. Günter Geyer, Chairman of the Managing Board of the Vienna Insurance Group.

Dr. Geyer, the motto of this annual report is "We are one". A strong message, isn't it?

Geyer: First of all, this statement stresses our commitment to leadership in our markets. 20 years after our decision to expand across the Austrian border into the CEE region, we are now the clear number 1 in many markets there. But at the same time, we need to mention that in spite of the diversity of our subsidiaries and brands, we are a highly integrated Group with relatively lean management and a shared commitment to quality. In short, our many companies and distribution channels follow a single successful, sustainable strategy.

Our commitment to leadership manifests in a number of ways. The most important are our efforts to do our best for our customers. By "customer", I mean two groups in this case. On the one hand, our customers in the true sense of the word, to whom we offer security, whose needs we understand, and whom we provide with excellent advice and service. On the other hand, however, our brokers, agents and employees are also highly important customers and intermediaries, and we are also deeply committed to serving them.

Why has VIG had such a history of success in Central and Eastern Europe? What can you do that others cannot?

Geyer: Our success in moving up from being a small player in the European context to a leader in the CEE region is mainly due to the fact that we placed enormous emphasis on the CEE region, on customer orientation, and on distribution channels. This is not different from what we did so successfully in Austria before, namely, commit ourselves to providing excellent service that perfectly satisfies the needs of our customers, and continuously adapt the structure to the market's requirements. This is where another of our principles also comes into play. We rely on local management that knows the market and its customers and is thus quick to react to new requirements.

We also feel that our multi-brand strategy gives us a further advantage. It allows us to address a wide variety of customer groups and benefit from the simultaneous use of multiple distribution channels. We have the most distribution partners in Austria, and are now a leader in this respect in the CEE region as well. Having our own field staff and insurance agents working in each of these markets for our brands gives us access to customers. And this is essential for the active sale of our products. This is particularly important in the CEE region, because the market there is much less developed than, for example, in Austria. Our task there is not just to approach new customers, but to make them aware of why they need insurance. This requires personal service at the individual level.

Systematic innovation and a continuous exchange of know-how within the Group are another reason for our success. As an early mover, our Company has a tradition of identifying new trends and needs and converting this knowledge into innovative products. Nursing care provisions are just one example. In this case, Wiener Städtische was the first to offer an insurance solution in Austria. We typically take products from Austria, which is our most highly developed market, and gradually introduce them into other markets, or adapt them to these markets. Motor vehicle legal expenses insurance is one of these best practices examples. As one of the largest motor vehicle insurers in the region, this previously unknown product offers great cross-selling potential, and allows us to give our customers another tool for acquiring security.

The demerger of VIG and Wiener Städtische in 2010 fundamentally changed the structure of the Group. What does this mean for VIG?

Geyer: It means that we now have a modern and efficient management structure that will allow us to continue asserting our leadership in coming years. We grew very quickly in a very short period of time, with the number of Group companies more than doubling in the last six to seven years. This also significantly increased the need for integration and management, and in the end made a clear division of responsibilities necessary. Wiener Städtische can now concentrate fully on its business operations in Austria, while the holding company devotes itself more to management and assumes responsibility for international reinsurance and international direct insurance for corporate customers. The core responsibilities of the holding company also include standardising IT systems and risk management, which is of the utmost importance in our sector in particular. Working together as partners remains a top priority, even with this new organisational structure.

Have all internal functions been centralised now?

Geyer: By no means. In fact, we place great importance on maintaining the regional nature of our Group and the customer proximity this brings in all of our markets. As a result, integration proceeds in stages within VIG, first in the individual countries themselves and then in the Group as a whole where this makes sense, while at all times working together and valuing each other as partners. On the other hand, of course, the holding company was also able to develop a new area of strength in the corporate customer segment by offering centralised service to large companies operating in more than one market, while at the same time naturally involving the local Group companies concerned.

In addition, the fact that our new structure has made Group management positions available to management in the CEE region also shows the importance of our new markets. Indeed, we are now generating more than half of our business in the CEE region, and this will be increasingly reflected in the management culture leading our Group in the future. We were previously limited in our ability to do this, because positions in the Group management were also tied to management responsibilities for the Austrian business.

Does this also result in changes for the shareholders?

Geyer: There are no direct changes. As before, the VIG share continues to represent an interest in the Group as a whole. The shareholders do, however, indirectly benefit from the increased efficiency of the Group. The restructuring was also very positively received by investors, as we learned in our discussions with them.

The figures show that 2010 was another successful year for VIG. Are you satisfied with the results? The last few years were also difficult for insurance companies.

Geyer: We continued to grow in 2010, which means that our strategy continued to be successful. Premium volume rose by approximately 7%, and our profit before taxes even rose by approximately 15%, in spite of enormous

charges due to natural catastrophes. This shows the positive effects of the efficiency enhancement programme that was begun in 2009, although we also benefited from considerably better performance in financial markets than in previous years. The combined ratio was approximately 98% in 2010. This simply means that we continue to follow our successful path – or in other words, to make profits – in the insurance business itself, that is, without including financial income. Based on this highly satisfying performance, we are proposing to the 2010 Annual General Meeting that the dividend be raised by approximately 11% to EUR 1.00 per share.

What factors had the greatest effect? You have already mentioned natural catastrophes. On the other hand, the insurance industry benefited from the trend towards retirement provisions.

Geyer: It is true that we were hit strongly by weather-related events, such as flooding, snow loading and hail. In addition, it was precisely our three largest markets, Austria, the Czech Republic and Poland, that were affected. Non-life insurance has, on the whole, grown somewhat more slowly. This is due to price competition, which always increases significantly during crises. In addition, due to the economic situation, fewer goods that are typically insured, such as company automobiles and homes, are being produced overall. This is in contrast to life insurance, which grew significantly in 2010, and even exceeded our expectations.

What other highlights did last year offer?

Geyer: The growth momentum coming from our Sparkassen Versicherung companies was once again very positive in 2010. This reconfirms the wisdom of the strategic decision we made in 2008 to acquire these companies as a basis for a comprehensive mutual sales agreement with the Erste Group. This cooperation was further intensified in 2010, and is also being expanded in the current year to markets such as Macedonia and Montenegro.

We also continued our expansion by i.e. acquiring the remaining minority interest in TBIH, which operates in Turkey, Georgia and Ukraine. At the same time, we declared Ukraine to be one of our core markets, as we feel this market offers substantial future potential. We have now established ourselves as one of the leading insurance companies with the general public there. We also acquired another insurance company in Albania in 2010, thereby strengthening our position considerably.

After 20 years of successful growth, what is your strategy for future years?

Geyer: Our strategy is definitely aimed at further growth, and is earnings-oriented. This is primarily based on the convergence process in the CEE region, but also in Austria, which still lies below the Western European standard in life insurance, for example. Personal retirement provisions are also becoming increasingly more significant here.

The CEE region is showing precisely the same sequence of developments that Austria experienced in the 1970s and 1980s. As prosperity increases, the need for insurance increases, beginning in the area of property insurance. This is followed in stages by savings and retirement provision products. One could say that the situation in most CEE countries is similar to that of Austria some time ago, and they therefore have a period of dynamic growth ahead of them. We want to benefit from this by targeting the market with new products that truly address customer needs.

At this point, I would once again like to stress that we are optimally set up in terms of distribution, and adjust our structure continuously to meet current needs.

Does this mean that your primary focus will continue to be on the CEE region?

Geyer: Absolutely, our regional orientation will remain unchanged. We were very pleased that last year, in particular, showed that we were correct to move into the CEE region, as the countries in this region are once again showing growth rates far above those achieved by many countries in Western Europe. Although growth in the CEE region may not be quite as dynamic as before the crisis, most economic analyses predict that it will once again be considerably higher than in Western Europe. The end-of-the-world scenarios that many predicted prematurely have not proven to be correct. Quite the contrary.

What are you doing to strengthen and, where possible, expand your leading position for the future?

Geyer: As I mentioned previously, we are focusing on innovative products and effective distribution channels to further expand our business. A third factor is financial strength, which is also important for future challenges that will affect the insurance sector as a whole. I'm thinking primarily of the new capital requirements under Solvency II. The fact that we currently satisfy existing requirements by more than 200% certainly makes us one of the most financially sound insurance companies in Europe. We nevertheless intend to expand our capital base further. This is also a very important point for customers, since security is exactly what they expect from us.

Quality advice and service require professional employees. What are you focusing on here?

Geyer: Developing talented employees and making the Group transparent to employees by using a highly flexible international exchange programme are particularly important to us. We want to expand our management resources in this way to ensure that we can act effectively when needed. Of course, this is not limited solely to executives, but applies to employees in a wide range of positions. Their qualifications, expertise and dedication to their work are of great importance to us. The success we have achieved is due to our employees, and I would like to take this opportunity to express my heartfelt thanks to them.

What answer do you give investors who ask whether they should invest in your shares?

Geyer: Investors who accompany us along the way are investing in high stability, long-term thinking and sustainable growth. Financial strength and steady growth in earnings and value are our top priorities, and are intended to benefit our customers, employees and shareholders. We remain true to our principles and strategies, which makes us predictable and attractive for investors. We are therefore definitely the correct choice for investors who have a long-term perspective and are looking for growth and stability.

And finally, what are your expectations for 2011?

Geyer: We expect no significant change in momentum in 2011, because the insurance business traditionally lags somewhat behind the general economic cycle. This means that we expect premium volume growth to be in the low percentage range again. Further efficiency increases and, hopefully, lower charges due to natural events should allow profits to grow noticeably faster than premiums once again. This will be accompanied and supported by steady expansion of our market position and intensive market cultivation, especially in the CEE region. In other words, we are committed to continuing our systematic and dedicated pursuit of profitable growth. That is our promise.

Thank you for the interview.

EVERYTHING AT ONE GLANCE

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COMPANY & STRATEGY

B

MAJOR TOPICS

C

GROUP MANAGEMENT REPORT

D

CONSOLIDATED FINANCIAL STATEMENTS

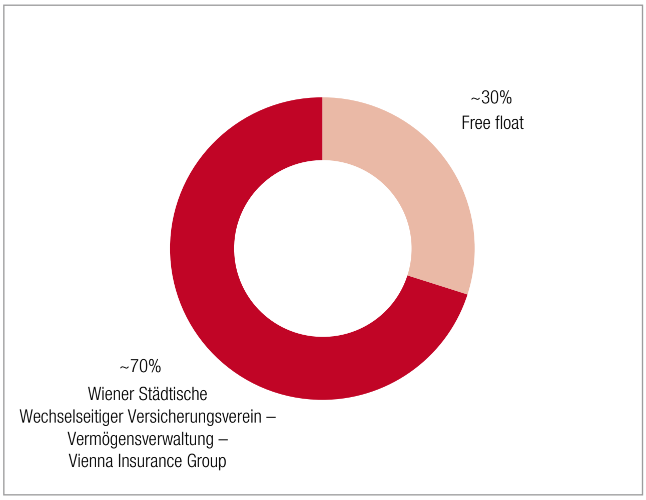
VIENNA INSURANCE GROUP KEY FIGURES

		2006	2007	2008	2009	2010
Income statement						
Premiums written	**EUR mn**	**5,881.51**	**6,911.93**	**7,898.87**	**8,019.28**	**8,593.01**
Property/Casualty insurance	EUR mn	3,067.15	3,671.17	4,278.85	4,206.75	4,350.04
Life insurance	EUR mn	2,516.46	2,934.16	3,305.73	3,491.17	3,904.81
Health insurance	EUR mn	297.90	306.60	314.28	321.36	338.16
Premiums written	**EUR mn**	**5,881.51**	**6,911.93**	**7,898.87**	**8,019.28**	**8,593.01**
Austria	EUR mn	3,434.73	3,695.37	3,755.72	3,874.15	4,041.14
Czech Republic	EUR mn	1,048.00	1,130.47	1,419.73	1,603.29	1,756.54
Slovakia	EUR mn	387.68	494.52	605.60	628.38	647.87
Poland	EUR mn	335.06	543.14	795.14	548.26	747.69
Romania	EUR mn	236.89	413.49	608.22	606.66	528.05
Remaining markets	EUR mn	439.15	634.94	714.46	758.54	871.72
Result from investments	**EUR mn**	**716.45**	**1,002.64**	**918.14**	**929.12**	**1,116.44**
Profit before taxes	**EUR mn**	**320.97**	**437.30**	**540.80**	**441.25**	**507.79**
Property/Casualty insurance	EUR mn	175.69	265.07	414.23	238.86	222.72
Life insurance	EUR mn	132.47	157.20	102.40	177.77	248.46
Health insurance	EUR mn	12.81	15.03	24.17	24.62	36.61
Profit before taxes	**EUR mn**	**320.97**	**437.30**	**540.80**	**441.25**	**507.79**
Austria	EUR mn	209.06	286.80	344.33	247.49	250.89
Czech Republic	EUR mn	59.12	73.81	107.45	122.91	167.33
Slovakia	EUR mn	27.66	30.30	4.99	23.01	37.32
Poland	EUR mn	7.73	18.78	26.11	27.42	24.18
Romania	EUR mn	2.75	4.56	57.46	24.19	28.51
Remaining markets	EUR mn	14.65	23.05	0.46	-3.77	-0.44
Profit of the period after taxes and minority interests	**EUR mn**	**260.90**	**312.62**	**408.53**	**340.49**	**379.75**
Balance sheet						
Investments	**EUR mn**	**19,600.95**	**23,237.37**	**28,149.97**	**30,522.50**	**33,638.12**
Shareholders' equity	**EUR mn**	**2,283.21**	**2,615.56**	**4,138.79**	**4,628.57**	**5,029.65**
Underwriting provisions	**EUR mn**	**16,867.28**	**20,040.65**	**25,029.14**	**26,954.42**	**29,245.77**
Total assets	**EUR mn**	**22,483.45**	**26,745.07**	**33,665.12**	**36,272.27**	**39,472.92**
Share						
Number of shares	**Units**	**105,000,000**	**105,000,000**	**128,000,000**	**128,000,000**	**128,000,000**
Market capitalisation	**EUR mn**	**5,586.00**	**5,775.00**	**3,087.36**	**4,608.00**	**4,979.20**
Average number of shares traded per day	**Units**	**~ 107,000**	**~125,000**	**~ 172,000**	**~ 156,000**	**~ 100,000**
Price as of 31 December	**EUR**	**53.20**	**55.00**	**24.12**	**36.00**	**38.90**
High	**EUR**	**54.27**	**57.90**	**58.20**	**44.00**	**40.97**
Low	**EUR**	**41.26**	**45.01**	**16.00**	**16.10**	**30.84**
Share performance for the year (excluding dividends)	**%**	**6.72**	**3.38**	**–56.10**	**49.25**	**8.06**
Dividend per share	**EUR**	**0.82**	**1.10**	**2.00***	**0.90**	**1.00**
Dividend yield	**%**	**1.54**	**2.00**	**8.29***	**2.50**	**2.57**
Earnings per share	**EUR**	**2.48**	**2.98**	**3.41**	**2.66**	**2.97**
Price-earnings ratio as of 31 December		**21.45**	**18.46**	**7.07**	**13.53**	**13.10**
Personnel statistics						
Number of employees		**18,587**	**20,307**	**23,393**	**24,386**	**25,006**
of which Austria		5,747	6,138	6,341	6,368	6,493
of which outside Austria		12,840	14,169	17,052	18,018	18,513

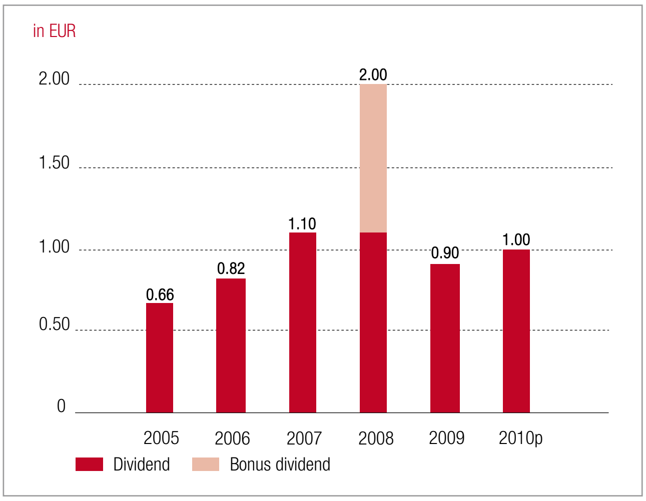
* Including bonus dividend EUR 0.90

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

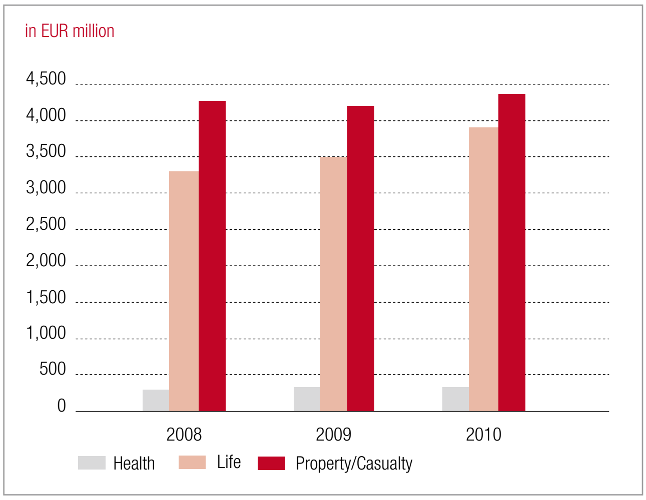
SHAREHOLDER STRUCTURE



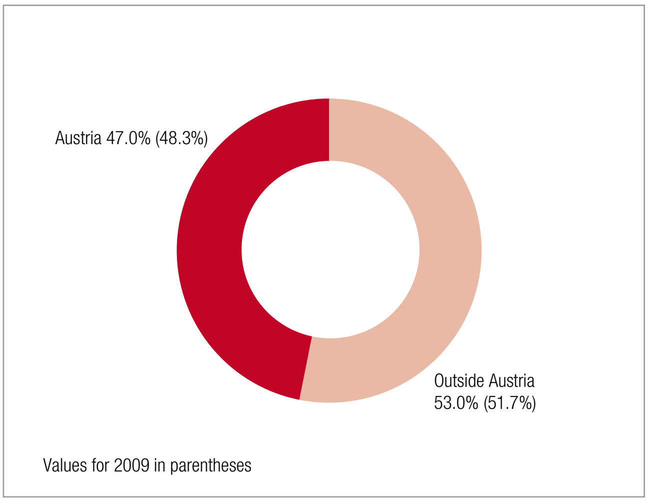
DEVELOPMENT OF DIVIDEND PER SHARE



PREMIUM DEVELOPMENT BY LINES OF BUSINESS



PERCENTAGE OF PREMIUMS BY REGION 2010



UNITY AND STRENGTH IN 24 COUNTRIES

Vienna Insurance Group by region in 2010

	Premium volume (Total)	Premium volume (Life)	Premium volume (Non-life)	Market position	Market share	Employees
	(EUR '000)	(EUR '000)	(EUR '000)			
Austria	**4,041,135**	**2,146,695**	**1,894,441**	**1st place**	**24.1%**	**6,493**
Czech Republic	**1,756,539**	**752,185**	**1,004,354**	**2nd place**	**30.7%**	**4,913**
Slovakia	**647,871**	**340,891**	**306,980**	**1st place**	**31.9%**	**1,572**
Poland	**747,693**	**188,253**	**559,440**	**NL: 3rd place**	**NL: 9.8%**	**1,902**
Romania	**528,050**	**93,158**	**434,892**	**1st place**	**26.9%**	**4,383**
Remaining Markets	**871,724**	**383,625**	**488,098**			**5,743**
Albania	16,184	–	16,184	2nd place	23.7%	343
Baltic States	17,031	17,031	–	L: 6th place	L: 4.6%	107
Bulgaria	127,054	13,559	113,495	1st place	17.6%	753
Germany	137,406	64,240	73,166	–	–	105
Georgia	20,539	–	20,539	1st place	25.5%	368
Croatia	104,817	61,306	43,511	4th place	8.6%	1,003
Liechtenstein	118,851	118,851	–	–	–	11
Macedonia	6,117	–	6,117	8th place	5.8%	87
Serbia	53,421	22,870	30,551	4th place	7.7%	1,050
Turkey	97,011	–	97,011	12th place	1.8%	262
Ukraine	43,343	1,511	41,832	4th place	3.0%	1,363
Hungary	129,949	84,257	45,692	7th place	4.4%	291

Market share and market position: status as of 2010 (Poland, Romania, Baltic States, Bulgaria, Georgia, Serbia and Ukraine: status as of 9M 2010)
The CEE markets of Montenegro, Russia and Belarus were not yet included in the scope of consolidation of the Vienna Insurance Group 2010.
There are branch offices in Italy and Slovenia.

THE VIENNA INSURANCE GROUP

The Vienna Insurance Group (VIG) is a listed insurance group based in Vienna that does business internationally. With a premium volume of EUR 8.6 billion and approximately 25,000 employees, VIG is one of the largest players on the insurance market in Central and Eastern Europe. It offers its customers high-quality products and services in the life and non-life segments. Shares of the Vienna Insurance Group are listed on the Vienna and Prague stock exchanges.

Standing for financial stability, VIG is able to offer customers, shareholders, partners and employees a high level of security. This is also underscored by the "A+" rating, with a "stable" outlook, given to it by the well-known rating agency Standard & Poor's.

Growth region: CEE
In 1990, VIG was one of the first Western insurance company to move into Central and Eastern Europe – a region that today already accounts for more than 50% of total group premiums. The Group's companies do business in Albania, Austria, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Turkey and Ukraine. In addition, Wiener Städtische and Donau Versicherung have branch offices in Italy and Wiener Städtische has a branch office in Slovenia. VIG is thus very well placed to take part in the CEE region's rising standard of living and hence in its rising need for insurance.

VIG – A STRONG IDENTITY UNITES ALL GROUP COMPANIES

Core market: Austria
Austria is of key importance for the Group; it is here that the expansion began. With the companies Wiener Städtische Versicherung, Donau Versicherung and Sparkassen Versicherung, which give the Group its outstanding positioning, VIG is the market leader in Austria.

Corporate structure redesigned
In 2010, as part of a restructuring, Wiener Städtische's operating business in Austria was separated out from the international holding company activities. The change has enabled VIG to focus on the task of managing the Group, as well as on the reinsurance and international corporate business. The transparent structures and processes created within the Group have allowed management to become more efficient.

Comprehensive product offerings
VIG has more than 185 years of experience in the insurance business on which to build. Committed customer advisors, innovative product offerings, excellent service and optimum customer access, assured through multiple distribution channels, were and are the cornerstones of the company's successful development. Furthermore, in line with its multi-brand strategy in every country, VIG relies on the power of proven brand names that are rich in tradition.

In Austria, the Group's companies have for many years been offering a broad range of innovative insurance solutions both in the life and the non-life segments. In Central and Eastern Europe, the rising standard of living has led to an increased need for insurance. While motor vehicle insurance and household/homeowners' policies were initially in strongest demand, today retirement provisions, savings and investment products in the form of life insurance policies are enjoying rising popularity.

VIG RE was founded to be the Group's own reinsurance company. Its location in the Czech Republic underscores the significance of the CEE region as a growth market.

Employees ensure success
Innovative products require top-quality advice and outstanding service. For that reason, the employees are particularly important to the company's success: The regional approach followed means that they are always close to the customers as well as to the needs of the market.

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

VIG
VIENNA INSURANCE GROUP

AUSTRIA
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
- donau – VIENNA INSURANCE GROUP
- S-VERSICHERUNG – VIENNA INSURANCE GROUP

ITALY BRANCH
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP
- donau – VIENNA INSURANCE GROUP

SLOVENIA BRANCH
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

CZECH REPUBLIC
- Kooperativa – VIENNA INSURANCE GROUP
- ČPP – VIENNA INSURANCE GROUP
- POJIŠŤOVNA ČESKÉ SPOŘITELNY – VIENNA INSURANCE GROUP
- VIG Re

SLOVAKIA
- Kooperativa – VIENNA INSURANCE GROUP
- KOMUNÁLNA poisťovňa – VIENNA INSURANCE GROUP
- POISŤOVŇA SLOVENSKEJ SPORITEĽNE – VIENNA INSURANCE GROUP

POLAND
- COMPENSA – VIENNA INSURANCE GROUP
- InterRisk – VIENNA INSURANCE GROUP
- BENEFIA – VIENNA INSURANCE GROUP
- PZM TU S.A. – VIENNA INSURANCE GROUP

ROMANIA
- OMNIASIG – VIENNA INSURANCE GROUP
- ASIROM – VIENNA INSURANCE GROUP
- BCR ASIGURARI – VIENNA INSURANCE GROUP
- BCR ASIGURARI DE VIATA – VIENNA INSURANCE GROUP

BULGARIA
- BULSTRAD – VIENNA INSURANCE GROUP
- BULSTRAD Life – VIENNA INSURANCE GROUP
- БЪЛГАРСКИ ИМОТИ – VIENNA INSURANCE GROUP

CROATIA
- KVARNER – VIENNA INSURANCE GROUP
- HELIOS – VIENNA INSURANCE GROUP
- ERSTE OSIGURANJE – VIENNA INSURANCE GROUP

HUNGARY
- UNION BIZTOSÍTÓ – VIENNA INSURANCE GROUP
- ERSTE BIZTOSÍTÓ – VIENNA INSURANCE GROUP

SERBIA
- WIENER STÄDTISCHE – VIENNA INSURANCE GROUP

UKRAINE
- КНЯЖА – VIENNA INSURANCE GROUP
- ГЛОБУС – VIENNA INSURANCE GROUP
- ЮПІТЕР – VIENNA INSURANCE GROUP
- УКРАЇНСЬКА СТРАХОВА ГРУПА – VIENNA INSURANCE GROUP

ESTONIA
- COMPENSA – VIENNA INSURANCE GROUP

LATVIA
- COMPENSA – VIENNA INSURANCE GROUP

LITHUANIA
- COMPENSA – VIENNA INSURANCE GROUP

TURKEY
- RAY SİGORTA – VIENNA INSURANCE GROUP

RUSSIA
- СТРАХОВАЯ КОМПАНИЯ МСК-Лайф – VIENNA INSURANCE GROUP

BELARUS
- КУПАЛА – VIENNA INSURANCE GROUP

GEORGIA
- GPI – VIENNA INSURANCE GROUP
- IRAO – VIENNA INSURANCE GROUP

ALBANIA
- SIGMA – VIENNA INSURANCE GROUP
- interalbanian – VIENNA INSURANCE GROUP

MACEDONIA
- WINNER – VIENNA INSURANCE GROUP
- WINNER Life – VIENNA INSURANCE GROUP

MONTENEGRO
- WIENER STÄDTISCHE Život – VIENNA INSURANCE GROUP

GERMANY
- InterRisk – VIENNA INSURANCE GROUP

LIECHTENSTEIN
- VIENNA-LIFE – VIENNA INSURANCE GROUP

March 2011
www.vig.com

VIG – MISSION STATEMENT

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

WE are at home in Central and Eastern Europe (CEE).

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

WE are a leading insurer in CEE.

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

WE are family.

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

WE care about people especially.

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

WE are aware of our social responsibility.

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

WE create value sustainably.

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

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

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

A

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

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

WE want to be the leader.

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

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

Our mission statement

- **WE are at home in CEE.**
- **WE are a leading insurer in CEE.**
- **WE are family.**
- **WE care about people especially.**
- **WE are aware of our social responsibility.**
- **WE create value sustainably.**
- **WE want to be the leader.**

EXECUTIVE BOARD VIENNA INSURANCE GROUP

DR. GÜNTER GEYER
General Manager, CEO

Areas of responsibility:
Group management, strategic planning, public relations, marketing, sponsoring, legal matters, human resources
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

DR. MARTIN SIMHANDL
Member of the Managing Board, CFO

Areas of responsibility:
asset management, asset risk management, equity investment management, finance and accounting
Country responsibilities:
Germany, Liechtenstein, Turkey

DR. PETER HAGEN
Deputy General Manager
Member of the Managing Board

Areas of responsibility:
Group cost structure,
Group IT/Back Office,
SAP Smile Solutions, VIG RE,
internal capital model project (Solvency II project)

Managing Board

Areas of responsibility: general secretariat, Group controlling, enterprise risk management/Solvency II, actuarial department, internal audit and investor relations

FRANZ FUCHS
Member of the Managing Board

Areas of responsibility:
performance management personal insurance
Country responsibilities:
Baltic States, Poland, Romania

DR. FRANZ KOSYNA
Deputy Member of
the Managing Board

MAG. ROLAND GRÖLL
Deputy Member of
the Managing Board

ING. MARTIN DIVIŠ, MBA
Member of the Managing Board

Areas of responsibility:
performance management motor
vehicle insurance
Country responsibilities:
Czech Republic, Georgia, Ukraine

MAG. PETER HÖFINGER
Member of the Managing Board

Areas of responsibility:
international corporate and large
customer business, Vienna International
Underwriters (VIU), reinsurance
Country responsibilities:
Belarus, Bulgaria, Hungary,
Montenegro, Russia, Serbia

Extended Executive Board

DR. RUDOLF ERTL, DKFM. KARL FINK, MAG. ROBERT HAIDER, DKFM. HANS RAUMAUF

MILESTONES
20 YEARS OF SUCCESSFUL EXPANSION IN THE CEE REGION

VIG has grown from a local insurance company into one of the largest international insurance groups in Central and Eastern Europe. The roots of the Group go back to 1824. As a result of its comprehensive range of products, close customer relationships and outstanding service, the Company rose to become the leading insurance company in Austria. Based on this success, the Group set itself a strategic milestone in 1990 to define its future path, namely, the beginning of a targeted geographical expansion into the CEE region. VIG was one of the first insurance groups to recognise and take advantage of the growth opportunities offered by a unified Europe.

20 years later, the Group is one of the most important players in Central and Eastern Europe, with approximately 50 group companies in 24 countries. Early entry into Central and Eastern Europe guaranteed VIG first mover advantages. The bold, while at the same time well-considered, steps in its expansion smoothed the path over the years for the Group to become number 1 in its core markets. Management and employees continue to create value today from the two decades of experience that has now been gathered. This know-how ensures that the Group companies in each country will continue to be optimally positioned in the future.

1824
Company established in Austria

1990 market
Employees: approximately 5,800
Very well positioned in Austria
Market share: approximately 18%

1990: The management of the Vienna Insurance Group is quick to recognise the many opportunities for growth in Central and Eastern Europe following the political reorganisation.

Entry into the insurance market in the former Czechoslovakia by acquiring an interest in the newly formed company Kooperativa

Market entry Germany

1991

1992: Wiener Städtische's insurance operations are transferred to a stock corporation. This is an important preparatory step for the IPO. Wiener Städtische Wechselseitige remains the principal shareholder, but its corporate object is limited to asset management.

1993: Partitioning of the Czech Republic and Slovakia – division of Kooperativa into three successor companies

1994: IPO – Wiener Städtische preferred shares first quoted on the official market of the Vienna Stock Exchange on 17 October 1994

1995

1996:
Market entry Hungary

1997

1998:
Market entry Poland

1999:
Market entry Liechtenstein, Croatia, Italy

2000

2001:
Market entry Romania

A

2002:
Market entry
Bulgaria,
Serbia,
Belarus

2003

2004:
Market entry
Slovenia,
Ukraine

2005: Wiener Städtische shares included in the ATX

First capital increase – 18,642,400 new shares are placed

The proceeds are used to finance further growth through acquisitions, primarily in the CEE region, finance organic growth, and generally optimise the financial structure.

2006:
Market entry
Georgia, Russia

Introduction of the
"Vienna Insurance Group"
umbrella brand

2007:
Market entry
Albania,
Macedonia,
Turkey

2008: Acquisition of Erste Group insurance operations in Austria, the Czech Republic, Slovakia, Romania, Croatia and Hungary, and entry into a mutual cooperation agreement

Second capital increase – 23,000,000 new shares are placed
The volume of EUR 1.14 billion makes this the largest share placement ever performed by an insurance group on the Vienna Stock Exchange.

The proceeds are used to finance the acquisition of the s Versicherung Group, including the long-term mutual distribution partnership with the Erste Group, and to finance further growth in the CEE region.

Hybrid bond issue programme:
total volume EUR 500 million

Market entry Estonia, Latvia, Lithuania

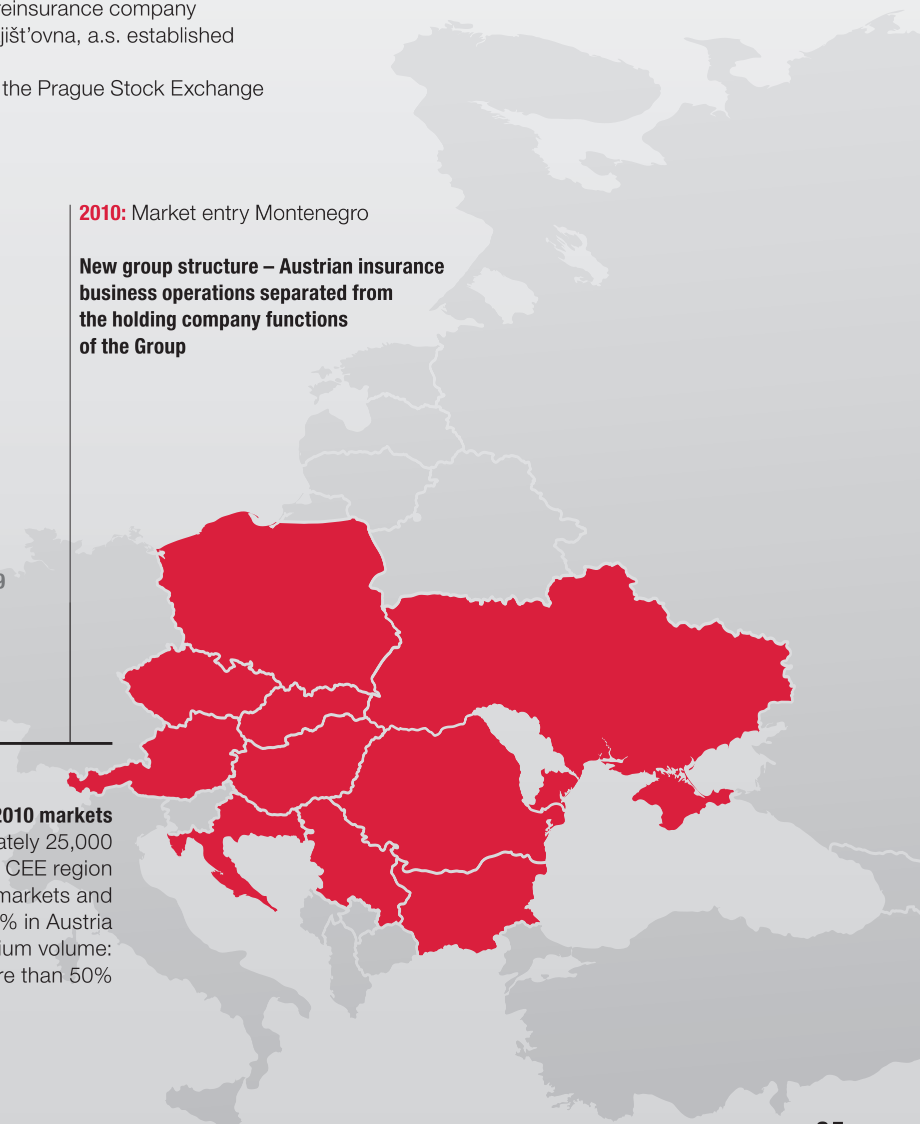
In-house reinsurance company
VIG RE zajišt'ovna, a.s. established

Listing on the Prague Stock Exchange

2009

2010: Market entry Montenegro

New group structure – Austrian insurance business operations separated from the holding company functions of the Group



2010 markets
Employees: approximately 25,000
Very well positioned in Austria and the CEE region
Market share: approximately 18% in core markets and approximately 24% in Austria
Contribution of CEE companies to premium volume: more than 50%

VIG
VIENNA INSURANCE GROUP

AT ONE WITH CUSTOMERS AND PARTNERS

We seek to have closer customer relationships than anyone else.
We therefore place our trust in the experience of our partners in the individual countries and the solid market knowledge of local management. Hence, we have strong regional roots and can quickly adjust to the needs and current demands in each country.

THE VIENNA INSURANCE GROUP

MARKET AND STRATEGY

VIENNA INSURANCE GROUP MARKETS

As a first mover, we braved the initial step into the Central and Eastern European insurance markets 20 years ago and gained access to an economic region which has subsequently developed in a remarkable manner.

Insurance markets in Central and Eastern Europe will be offering significant opportunities for growth in the future as well. The underlying business potential of the CEE region is primarily based on two factors:

- Insurance density (per capita premium payments) in Central and Eastern Europe is considerably below the Western European level.
- Growth rates of insurance markets in Central and Eastern Europe are significantly higher than those in Western Europe.

Significant potential for growth and convergence illustrated using insurance density

The long-term potential for growth and convergence in Central and Eastern Europe is revealed by its insurance density.

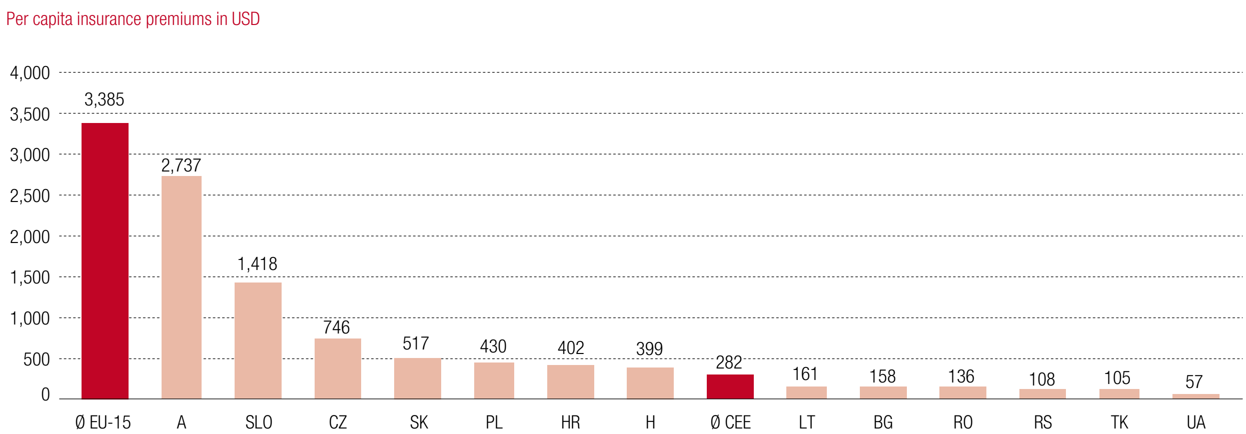
Insurance density refers to the average annual amount each inhabitant of a country spends on insurance premiums.

Overall market
When the insurance density of CEE countries is compared to that of the EU-15 countries, the convergence potential of the CEE countries becomes clear. In 2009, the countries of Central and Eastern Europe had an average insurance density of USD 282 compared to an average of USD 3,385 in the EU-15 countries.

Non-life insurance
The insurance density ratio of the CEE to the EU-15 states for non-life insurance is USD 170 to USD 1,273.

Life insurance
The insurance density in the life insurance segment is currently USD 112 for Central and Eastern Europe, compared to USD 2,112 for the EU-15 countries. The significant potential for growth and convergence is even more apparent in this segment than in the non-life insurance sector.

INSURANCE DENSITY 2009



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

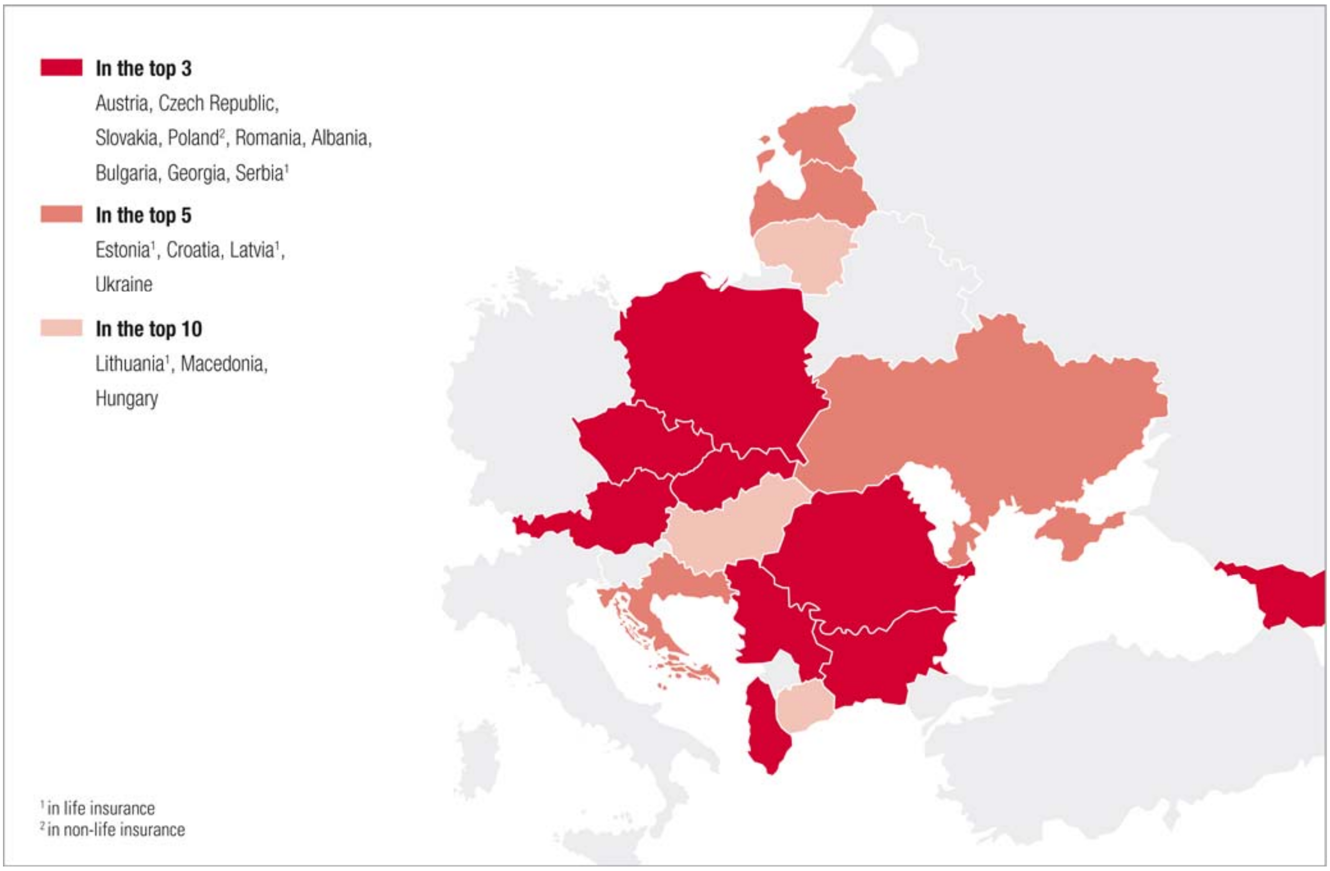
Economic region with potential for the future

Central and Eastern Europe remains an economic region with enormous potential for the future. The rising demand for life insurance products is illustrated by the continued growth of the insurance sector in CEE countries. The Vienna Insurance Group believes that the growth potential of this region will continue over the long term. Given its broad geographic representation and favoured position in Central and Eastern Europe, VIG stands to profit significantly from the on-going process of convergence.

Top positions in the region

In its core markets*, the Vienna Insurance Group is both number one overall and number one in the life and the non-life insurance segments. Each individual subsidiary and every one of its approximately 25,000 employees has contributed to this major success. Hence, the Vienna Insurance Group is exploiting the growth potential in the CEE region in an optimal manner. The challenge of maintaining and further expanding this position as number 1 overall in the core markets is a driving force and an objective for the future.

TOP POSITIONS OF THE VIENNA INSURANCE GROUP



* Core markets: Austria, Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia, Ukraine

The Vienna Insurance Group has continuously improved its market position in recent years through organic growth and acquisitions and is the leading insurance company in its core markets with a total of around 18%*. The strong market presence in Austria and in Central and Eastern Europe (CEE) is described in detail below:

Austria

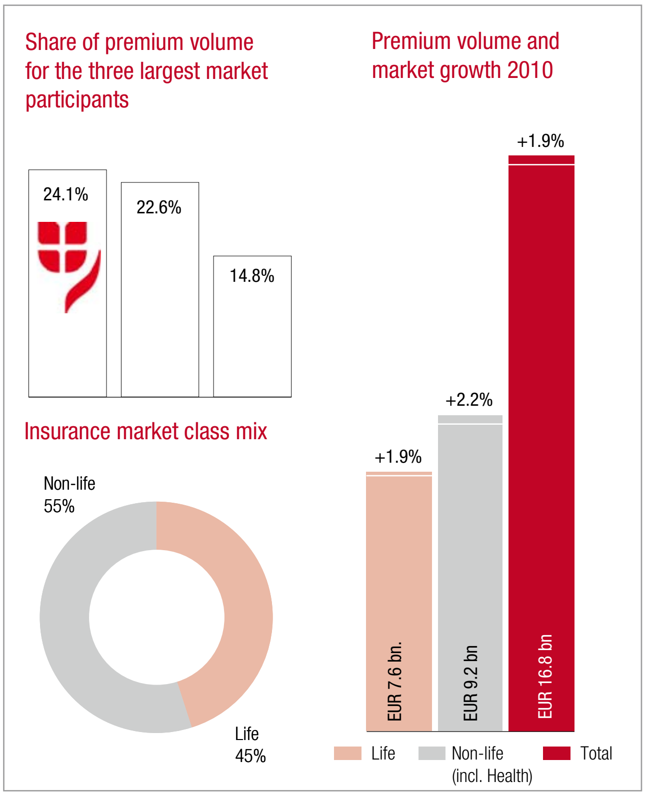
The Austrian insurance market is very well developed. Unlike many other Western European countries, however, more premiums are achieved in the non-life segment than in the life segment. In 2010 Austrian insurers generated an increase of about 2% in the overall market. This growth was mainly carried by the single premium business and selected classes of property and casualty insurance.

The Vienna Insurance Group further expanded its market leadership in 2010 and is the clear number 1 in Austria, with a market share of 24.1%. In addition, the Vienna Insurance Group undisputedly ranked first both in property and casualty insurance, with a market share of 20.8%, and in life insurance, with a market share of 28.3%.

Czech Republic

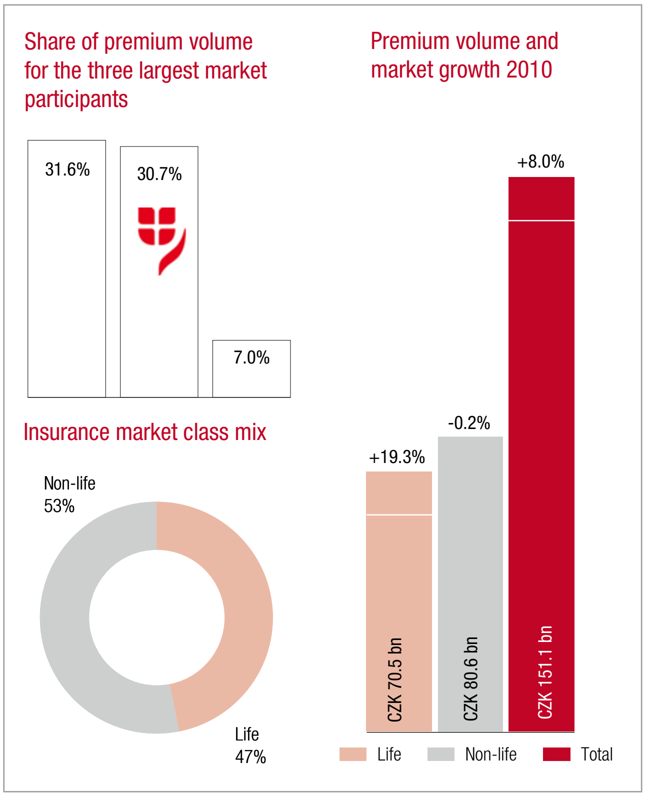
The development of the Czech insurance market was characterised, inter alia, by a strong single premium business in 2010. The life market, for example, increased by almost one fifth, while the non-life market remained almost unchanged. The competitive situation is still marked by the strong presence of two large insurance groups and a host of small and medium-sized market participants.

AUSTRIAN INSURANCE MARKET



Source: Austrian Insurance Association VVO; preliminary results 2010

CZECH INSURANCE MARKET



Source: Underwriting Association Czech Republic ČAP; Status as of 2010

* Market shares: Status as of 9M 2010

In 2010 the Vienna Insurance Group was able to keep the top position in the Czech Republic and now has a market share of 30.7%. For life insurance, it consolidated its first place with a market share of 26.6%. The Group's market share of 34.4% put it in an excellent second place in the non-life insurance area.

Slovakia

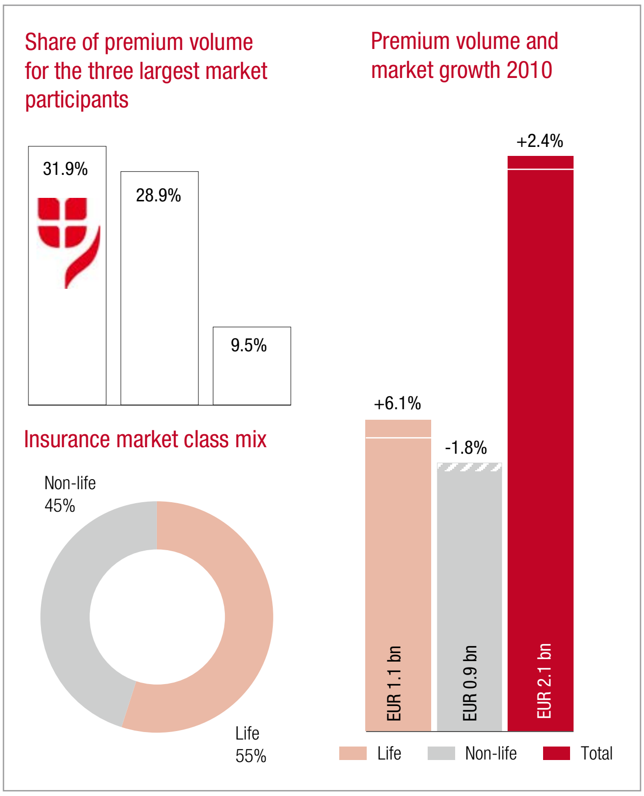
In the Slovakian insurance market more premiums were generated in the life area than in the non-life area in 2010. The competitive situation is quite comparable to that in the Czech Republic. Market concentration is high – more than 60% of the premiums are attributable to the two largest insurance groups.

In Slovakia, the Vienna Insurance Group held its ground as market leader with a market share of 31.9%. In life insurance, the Group consolidated its market position and now holds a market share of 31.9%. Despite sharp declines in new car sales, VIG was able to secure its market leadership in the motor vehicle area and continues to be the clear number 1 in the Slovakian motor vehicle insurance market, with a market share of 39.0%.

Poland

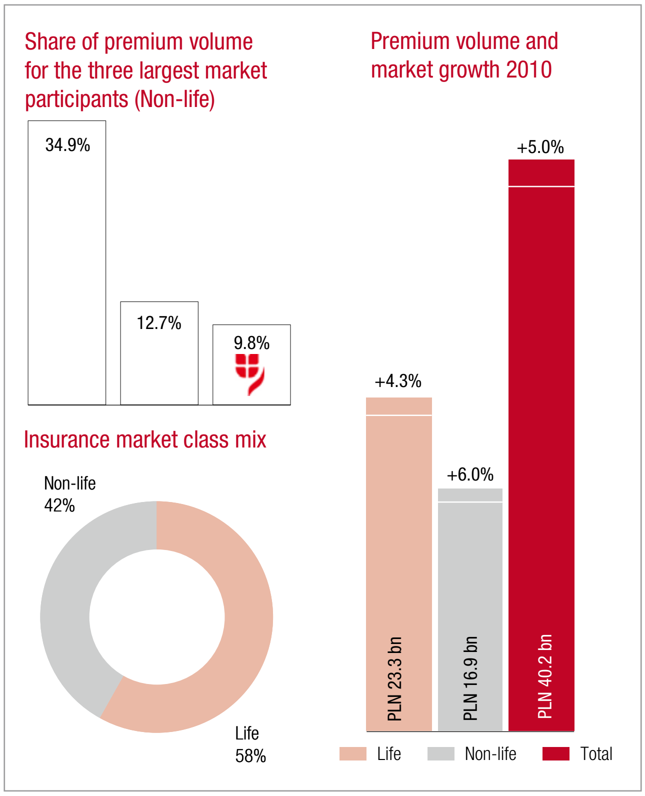
The Polish insurance market developed nicely during the 1st through 3rd quarters of 2010. For non-life insurance, premium volume increased by 6%. Thus, the growth rate in this segment was above that of the historically strong life insurance area.

SLOVAKIAN INSURANCE MARKET



Source: Underwriting Association Slovakia SLASPO; Status as of 2010

POLISH INSURANCE MARKET



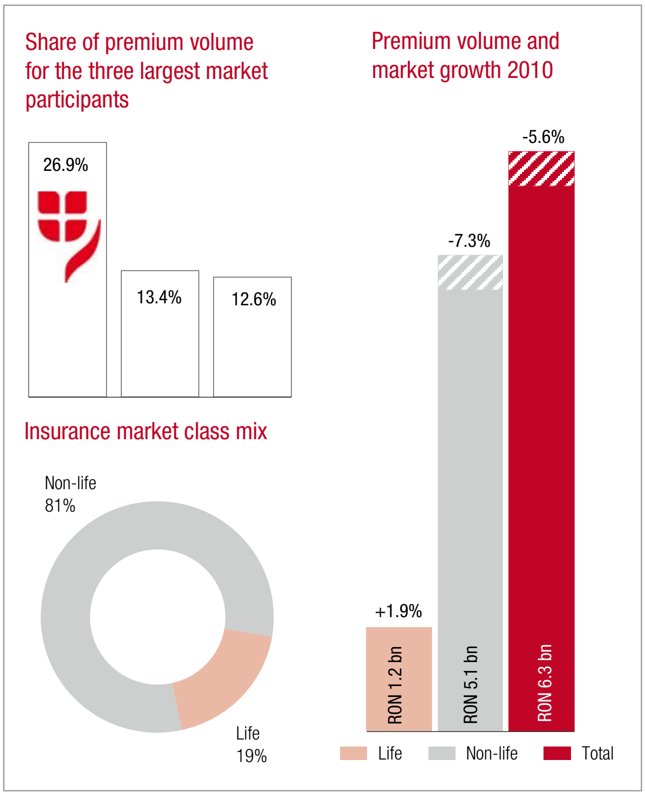
Source: Financial Market Authority Poland KNF; Status as of 9M 2010

Driving the Vienna Insurance Group's growth in Poland was non-life insurance, which generated a 1.1 percentage point increase in market share. Here, VIG ranks third, with a market share of 9.8%. In motor vehicle insurance as well, it also holds an excellent third place, with a market share of 11.5%.

Romania

The continued challenging economic conditions in Romania were also reflected in the insurance market in 2010, where non-life insurance and the overall market declined in the first three quarters. With under 20%, life insurance made a relatively small contribution to the premium volume but shows great development potential over the long term.

ROMANIAN INSURANCE MARKET



Source: Insurance Profile; Status as of 9M 2010

2010 saw the sale of Omniasig Life completed. Despite this step and the difficult economic situation, the Vienna Insurance Group was able to maintain its market leadership and is number 1 in Romania, with a market share of 26.9%. Strong gains in life insurance were recorded in particular by BCR Life. In this segment, the Vienna Insurance Group increased its market share to 24.3% and ranks in an excellent second place.

Albania

The Vienna Insurance Group was able to successfully complete the acquisition of Interalbanian at the start of December 2010. With this step, VIG significantly expanded its market position in Albania. Until then, it had been represented in the Albanian insurance market exclusively by Sigma. With a market share of 23.7%, VIG holds an excellent second place in the market, clearly distinguishing itself from the remaining competitors. In motor vehicle insurance, it became the market leader, with a market share of 26.6%.

Bulgaria

In Bulgaria, the Vienna Insurance Group achieved a market share of 17.6%, thus making it again the clear market leader. Despite the difficult economic circumstances in Bulgaria, it was able to secure its leadership position in both non-life as well as in motor vehicle insurance.

Estonia

The Vienna Insurance Group operates in Estonia with Compensa Life and ranks among the top 5, with a market share of 7.4%.

Georgia

The Georgian companies of the Vienna Insurance Group, GPIH and IRAO, together hold a market share of 25.5%, giving them an outstanding first place in the market.

Croatia

In Croatia, the merger of Cosmopolitan Life and Helios was successfully completed in 2010. The Vienna Insurance Group achieved fourth place on the market, with an 8.6% market share. In life insurance, VIG increased its market share from 17.8% to 18.2% and continues to be the clear number 1 on the Croatian life insurance market.

Latvia

In Latvia too, the Vienna Insurance Group is active with Compensa Life. With a market share of 8.1%, it ranges among the top 5 on the life insurance market.

Lithuania

In 2010, the VIG established a branch office of the Polish Compensa Non-life in Lithuania. Both in life and in non-life insurance, VIG has already positioned itself among the top 10.

Macedonia

The Vienna Insurance Group increased its market share in Macedonia to 5.8% and grew well above the market level. Also, as of 2010 year end, a license for a life insurance company had been issued by the local authorities. Thus, VIG consistently expanded its involvement and presence in Central and Eastern Europe.

Montenegro

At the end of 2010, the Vienna Insurance Group officially completed the establishment of a life insurer in Montenegro. The business of Wiener Städtische Podgorica will be launched in 2011. VIG thereby gains access to a 24th country as its market.

Serbia

In Serbia, the Vienna Insurance Group continues to be among the top 5 of the overall market in 2010, with a market share of 7.7%. For life insurance, the Serbian company covers almost one quarter of the market, holding a market share of 23.0%, and is in an outstanding second place.

Turkey

In 2010 the Vienna Insurance Group agreed to the acquisition of another approximately 10% of Ray Sigorta. After completing the transaction in early 2011, the Vienna Insurance Group now holds a total of some 94.3% of the shares. With a market share of 1.8%, Ray Sigorta is in the twelfth place on the overall market and operates only in the area of non-life insurance.

Ukraine

Since mid-2010, the Vienna Insurance Group has had Ukraine as a core market. With the full takeover of TBIH, the ownership interest in UIG, acquired in 2007, rose to 100%. VIG is among the top 5 and one of the leading players in the Ukrainian market.

Hungary

The Vienna Insurance Group's market share of 4.4% in Hungary puts it in seventh place in the market. For life insurance, Erste Vienna Insurance Group Biztosító, in particular, recorded strong growth, with a market share of 2.8%.

Belarus

The Vienna Insurance Group was represented in the non-life area with two insurance companies (Kupala and Victoria) until the end of 2010 and was among the top 10 in this segment. As part of a merger, Victoria's portfolio was transferred in full to Kupala.

Market positions and shares: Status as of 9M 2010 (Albania, Croatia, Lithuania, Turkey and Hungary: Status as of 2010)

OBJECTIVES AND STRATEGY

For many years, we have been pursuing a clear strategy of value-oriented growth. We have been guided by an ideal of leadership extending to a range of sectors. Our consistent pursuit of this ideal has made us one of the largest insurance groups in Central and Eastern Europe.

Identifying people's needs for security and old age provisions and responding to them with custom-made insurance solutions is the core business of the Vienna Insurance Group. In many countries of the CEE region, the various companies of VIG represent the first place to go and the preferred contact for matters relating to asset accumulation and hedging against risks.

Corporate goals

VIG strives to achieve long-term, on-going growth in premiums and earnings. The overarching strategy for future corporate development is guided by two key goals:

- Maintaining the top position in Austria, and
- Expanding insurance activities in the growth region of Central and Eastern Europe

Main principles for achieving these goals

Underlying all business activities of the Group are VIG's four management principles and its focus on CEE as a centre of activities. VIG puts its trust in them as it pursues its growth strategy.

Focus on CEE

Two decades ago, with vision, prudence and determination, VIG set out on a path leading to Central and Eastern Europe. Today, the same mixture of foresight, determination and respect for tradition allows the Group to take advantage of the strong demand for insurance solutions and the multiple growth opportunities afforded by the region.

Think globally – act locally

The concerns of Vienna Insurance Group customers are in good hands at every company of the Group and in every market. In all VIG companies, high demands are made of the insurance solutions provided and the level of service offered. By employing local management, however, the Vienna Insurance Group also takes appropriate account of the specifics of each country. Managers and employees who are from the area understand the peculiarities of the market as well as the concerns and wishes of the people in it. A combination of local knowledge and VIG's many years of experience in an international environment likewise ensures that the insurance companies' products and services are of high quality and tailored to customer needs.

Especially in the corporate customer segment, customised and professional insurance solutions for customers with international operations are imperative. For that reason, the Vienna Insurance Group set up Vienna International Underwriters (VIU), an insurance platform specifically for corporate customers. Its comprehensive network in this area offers professional and individual service across countries by experts in Austria and the entire CEE region.

Collaboration within the Group is characterised by direct communication and the interchange of knowledge. Managers and employees of the individual companies regularly discuss examples of best practice. From the exchange of ideas within the Group, insurance solutions and processes are thereby encouraged that are in line with the times, customer-oriented and adapted to local market conditions.

Multi-brand policy

The Vienna Insurance Group's multi-brand policy makes it significantly different from other market participants in the region. Each Group company uses its local brand as its first name, followed by Vienna Insurance Group as its family name. Hence, established, successfully introduced brands which already have a high degree of customer recognition are retained. Keeping them strengthens the loyalty and commitment of local employees and managers. Plus, it is easier to continue using established distribution relationships with an already existing brand.

Each company seeks to make effective use of its individual brand, actively gaining new customers and retaining their loyalty. If a brand proves to be no longer necessary in the competitive environment, companies can also be merged. Furthermore, when several companies are present in a single country, VIG looks to exploit efficiencies resulting from the combination of administrative areas.

Multi-channel distribution

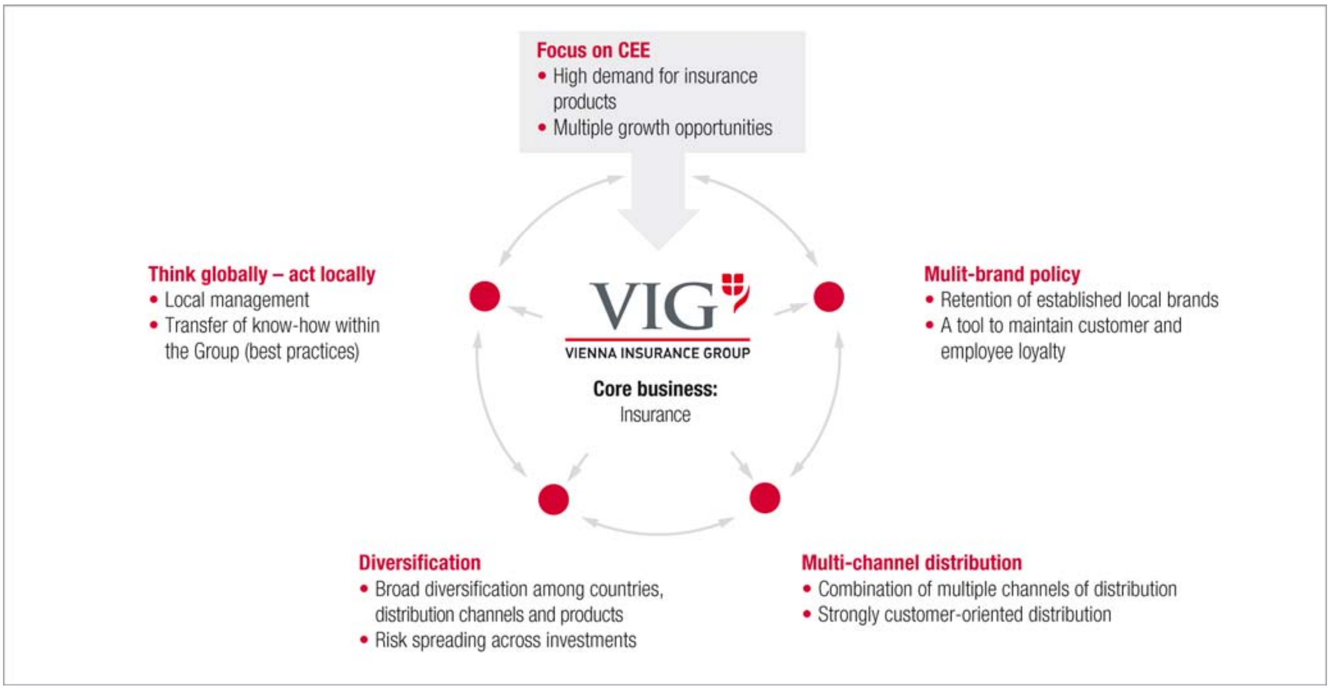
VIG's multi-brand policy goes hand in hand with multi-channel distribution, where the interactions put the policy's true strength on display. The variety of distribution channels ensures the Vienna Insurance Group optimum access to customers in every market while addressing a wide range of target groups. Underlying the sales structure is a highly effective sales force, consisting of salaried sales representatives and exclusive agents. In addition, depending on the specifics of the market, VIG maintains partnerships with independent agents, multi-level organisations and banks. Banks in particular are playing an increasingly important role in life insurance. The Vienna Insurance Group is also profiting from this development and, with the Erste Group, has a strong bank sales partner at its side.

The importance of the individual sales channels varies from company to company. How important a sales channel is in a market depends upon the country's legal framework as well as the level of development of its insurance sector. All in all, every market requires a well-placed and committed sales force to fully exploit the existing business potential.

Diversification

The Vienna Insurance Group is active in a field that addresses a basic human need: security. Security is not just an issue for the customer; the Group seeks to limit its own risks through targeted assessments and broad diversification. VIG thus pursues diversification on several levels – across countries, distribution channels and products. Particularly in investments and reinsurance, special attention is paid to quality and a corresponding distribution of risk.

MAIN PRINCIPLES FOR ACHIEVING VIG'S GOALS



Solid financial strength

VIG presents itself as an insurance provider with strong roots that is capable of quick and flexible adjustments to local market conditions. Its excellent capital resources and presence in numerous countries give the Vienna Insurance Group its outstanding position in international competition. Based on existing solvency provisions, VIG's equity capitalisation rate is over 200%. Although the efficiency enhancement programme begun in 2009 has been brought to a successful conclusion, VIG will also continue to make systematic efforts in the future to improve its internal efficiency.

Strong partners – VIG and Erste Group

VIG and Erste Group – two leading financial service providers firmly established in Central and Eastern Europe. But there is much more that unites the two. Two major steps were taken in 2008 to establish a long-term partnership going beyond the core business of each company: First, VIG purchased all insurance activities of Erste Group and, second, an agreement was reached regarding cooperation.

The 15-year agreement between VIG and Erste Group, which is being continuously expanded, contains a commitment by both parties to offer each other's products through their own sales networks. Specifically, this means that the companies of Erste Group market insurance solutions of the Vienna Insurance Group, and VIG in turn offers a select number of Erste Group's banking products to its own customers.

The increased access to sales at bank teller windows has enabled the Vienna Insurance Group to significantly expand its life insurance business in Austria and the CEE region. The s Versicherung companies are experiencing excellent development. In many countries, VIG is today one of the most important providers of life insurance products.

FOR US, THERE IS ONLY ONE ERSTE

SUCCESS FACTORS

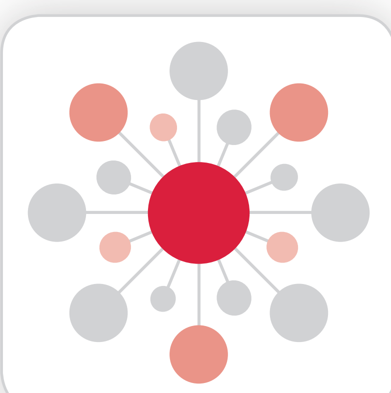
The Vienna Insurance Group now has approximately 25,000 employees, operates in 24 countries, and is a market leader in many of them. This success is due to a number of factors. These include the immediate demands of the insurance business with respect to distribution, products and service. Each company is individually responsible for satisfying these demands. Other factors include the shared fundamental values used in practice within the Group. Such factors will continue to play a key role in enabling the Vienna Insurance Group to selectively take advantage of growth potential, particularly in the CEE region.

Commitment to leadership

Close customer relationships

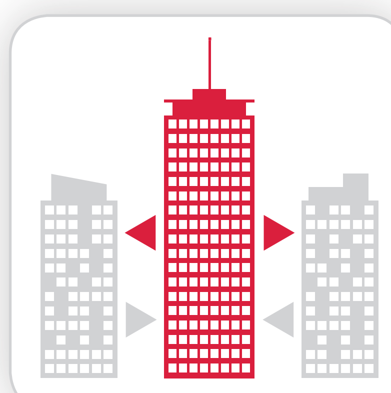
Excellent knowledge of the market

Comprehensive range of products and services



Most extensive distribution network

Quick identification and exploitation of market opportunities



Close coordination between top management and Group companies

VIG

VIENNA INSURANCE GROUP

CLEARLY ONE TOP-GRADE STOCK

Financial strength and a sound balance sheet structure have always been important cornerstones of our business. This is an advantage for our customers, and for our shareholders as well. Our stock exchange listings in Vienna and Prague make it easier for us to access the capital market. This also provided significant momentum to our successful expansion.

THE VIENNA INSURANCE GROUP

OWNERSHIP AND CONTROL

VIG SHARES AND INVESTOR RELATIONS

International equity markets

Following a highly volatile development in the first half of 2010, capital markets over the previous year were generally characterised by a positive mood. In the beginning of 2010, the promising trend from the prior year continued without interruption over the short term. Starting with the end of January, however, the mood of the capital market noticeably changed. Growing concerns over the economy's possibly bottoming out a second time owing to worsening conditions marked a challenging stock market environment of volatile sideways movement. Only towards the end of first quarter 2010 did a promising trend develop, caused by surprisingly positive business results, especially from U.S. financial service providers. This led most markets to temporary highs for the year.

Subsequently, however, economic developments returned to the forefront. At the centre of investor interest, first and foremost, was the public debt of some Southern European EU Member States. This caused stock markets to give back their entire gains for the year in just a few weeks of trading. Most of all, it was the downgrading of the affected debtor countries that led to investors' increased sensitivity to risk. Only a comprehensive EU assistance package aimed at refinancing the public debt of certain countries managed to put a halt to the market slide. Additional promising support for a reversal of the trend also came from the positive round of six-month company reports. The capital markets consequently posted significant price increases over the summer months.

Additional confidence building signals for a sustained upswing in the stock market came on the economic front. The European economy – propelled to a significant extent by Germany – recovered faster than originally expected. This was reflected in robust increases in numerous leading indicators. In particular, a strong rise in incoming orders in industry and retail lent support to the optimistic mood. Furthermore, the ifo Business Climate Index managed to hit a twenty-year high. The upward trend was temporarily interrupted by the looming insolvency of Ireland. The EU rescue fund that was quickly put together helped to turn back the reversals, and the stock market year ended at close to its previous highs.

The US Dow Jones industrial index consistently maintained a level above the 10,000 point mark over the past year, with an 11% rise once again chalking up double-digit growth. By contrast, the European benchmark index Eurostoxx 50 saw a downturn of -5.8%, while the Japanese leading index, the Nikkei 225, suffered a loss of -3.0%.

CEE stock exchanges performed much better. Overall, the euro-denominated CECE Index rose by almost 16%. This was above all due to better growth forecasts and the lower national debts and deficits than in Western Europe.

The Vienna Stock Exchange

The ATX, the leading index of the Vienna Stock Exchange, turned in quite a good performance in 2010. With a growth rate of 16.4% compared to the previous year, the Vienna stock market did better than most other West European stock exchanges.

After the market experienced price setbacks at the beginning of the year in tandem with the international trend, a friendlier global environment and significantly improved economic prospects supported the strong price recovery.

The growing concern about the potential insolvency of a number of Southern European countries and its effects on the CEE region caused the ATX to hit its low for the year, 2,216.84 points, on 8 June 2010.

The ATX, supported by a positive reporting season, managed to stabilise over the summer months. Despite the downturn from the Ireland crisis, consistently improving economic data helped the stock exchange achieve a record high not seen for several years, 2,941.63 points, on 29 December 2010.

A

VIG share

For shareholders of the Vienna Insurance Group as well, the 2010 stock market year was quite gratifying. The overall value of the share rose by approximately 8%.

After a strong price increase at the beginning of the year due to the excellent profits, the share value experienced a downturn in line with the international trend, bringing the share to its low for the year of EUR 30.84, on 25 May 2010.

Investors' steadily returning confidence in a rapid and lasting recovery of CEE national economies, a positive stock market environment and a solid trend in profits helped the share hit its high for the year, EUR 40.97, on 11 October 2010. The share accordingly saw an increase in value of approximately 33% within five months. The share then moved sideways with a slightly negative bias, closing out the year at EUR 38.90.

Overview of the VIG share

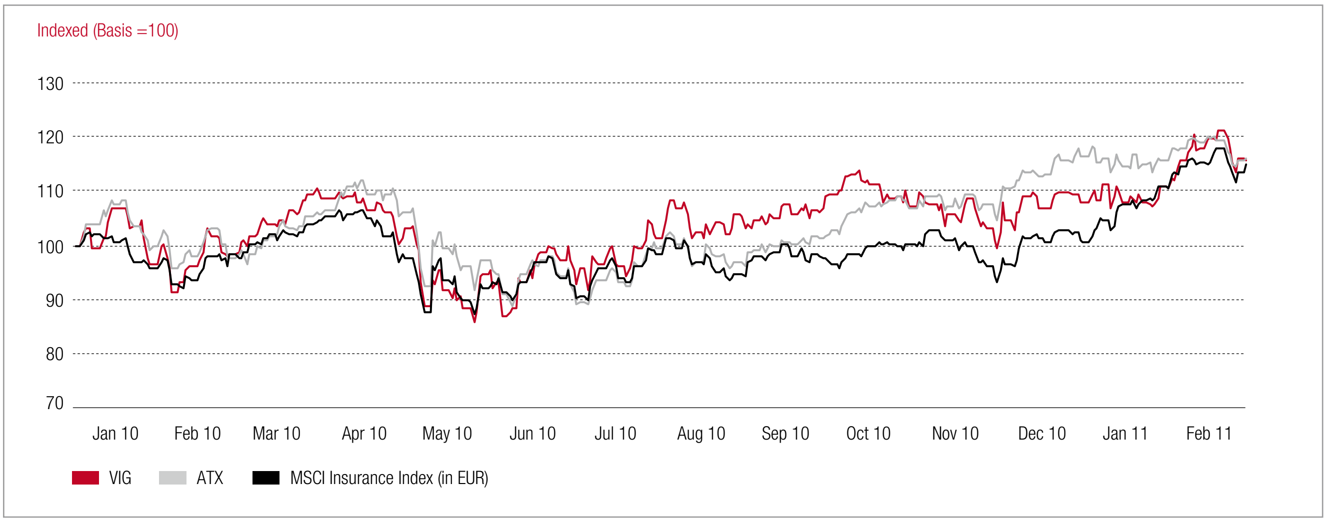
Initial listing (Vienna)	17 October 1994
Initial listing (Prague)	5 February 2008
Number of common shares	128 million
Free float	approx. 30%
ISIN	AT0000908504
Securities symbol	VIG
Bloomberg	VIG AV / VIG CP
Reuters	VIGR.VI / VIGR.PR
Rating – Standard & Poor's	A+, stable outlook

Key share information for 2010

High	EUR	40.97
Low	EUR	30.84
Year-end price	EUR	38.90
Market capitalisation	EUR	4.98 billion
Proposed dividend 2010	EUR	1.00
Average daily stock exchange trading volume*	EUR	4.5 million
Annual performance 2010		+8.1%

* Using single counting

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI INSURANCE INDEX (IN EUR)
JANUARY 2010 TO FEBRUARY 2011

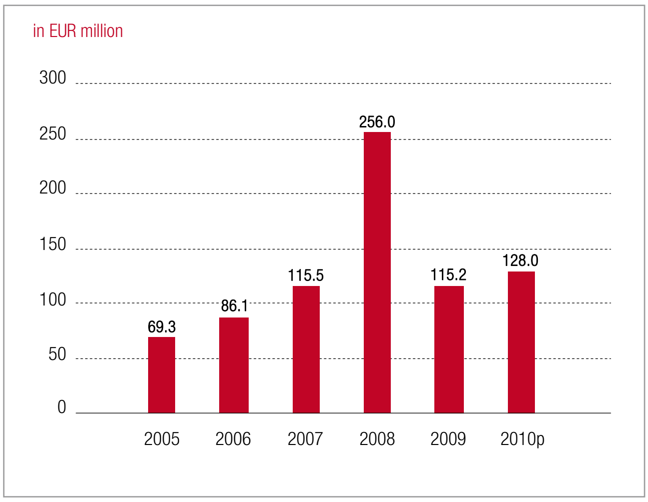


Liquidity
Trading volumes of Vienna Insurance Group shares on the Vienna Stock Exchange decreased slightly over the previous year. Around 25 million shares were traded during 2010, representing an annual trading volume of more than EUR 1.1 billion. This corresponds to an average daily turnover of EUR 4.5 million. As of February 2011, VIG shares had a weighting of around 6.7% in the ATX leading index.

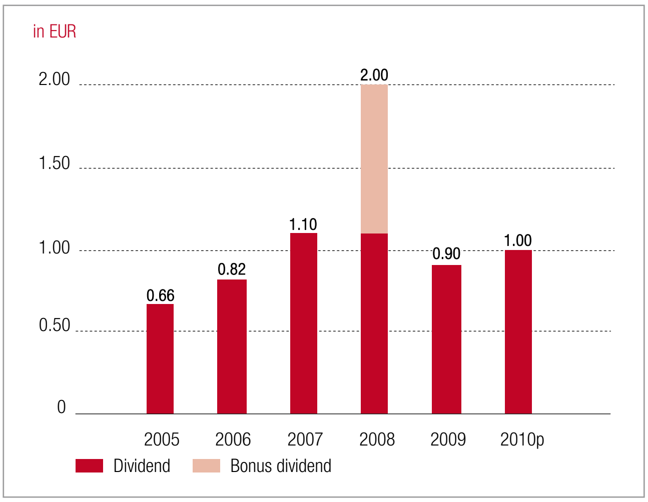
Trading volume on the Prague Stock Exchange stabilised in 2010 at the level of the preceding year. The liquidity of the shares continued to reach as high as 10% of total daily volume on both stock exchanges. VIG shares are included in the PX, the leading index of the Prague Stock Exchange.

Dividends
For financial year 2010, the Managing Board plans to propose to the Company's executive bodies an increase in dividends from EUR 0.90 to EUR 1.00 per share. This takes full account of the Group's continual increase in profits as well as of the long-established dividend policy of distributing a minimum of 30% of corporate profits (after taxes and minority interests). The dividend payment date is provisionally set for 16 May 2011.

DEVELOPMENT OF PROFIT DISTRIBUTIONS



DEVELOPMENT OF DIVIDEND PER SHARE



Capital Market Communications
With the goal of strengthening confidence in the Vienna Insurance Group, Investor Relations (IR) and management in 2010 together visited more cities than ever before in order to enable direct dialogue with investors and analysts.

IR activities included a total of 13 roadshows, actively initiated by VIG, to the most important financial centres of Europe, the United States and Canada; five roadshows organised by the Vienna Stock Exchange with Austrian investment banks to London, Tokyo, Paris, Milan and New York; and participation in eleven international bank conferences. At nearly 300 meetings, the Managing Board and/or Investor Relations were available to answer questions from existing and potential investors. Management also presented the Vienna Insurance Group at a roadshow for retail investors organised by the online magazine *Börse Express* and made itself available afterwards for discussions with private investors. All presentations used at the roadshows and bank conferences are available at any time at www.vig.com/ir, under Events.

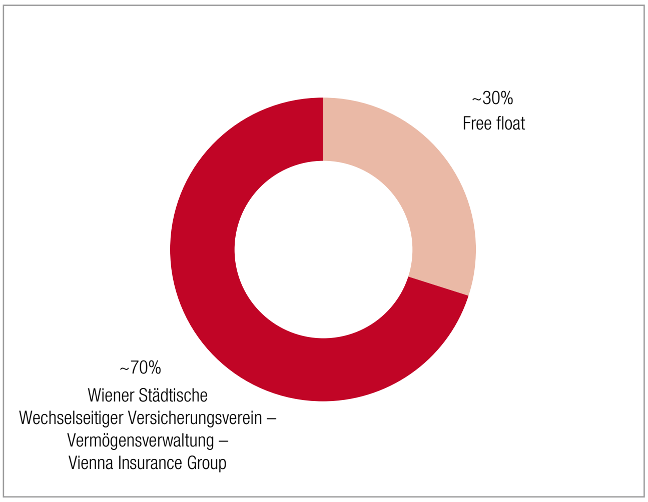
Financial analysts also play a crucial role in communications. They research and scrutinise companies and their results, as well as any factors that have a major influence on the companies' future development. The analyses and the recommendations based on them, together with target prices, are a not insignificant guideline for many investors. Together with *Börse Express*, the Vienna Insurance Group honoured Austria's best analysts with the VIG Analyst Award.

On the Vienna Insurance Group's redesigned website, which is now entirely devoted to the Group holding company, content relevant to the capital markets, under Investor Relations, was likewise redone. To give website visitors direct access to relevant documents, news releases, along with any accompanying presentations, are now directly linked to the Financial Calendar, which brings together earnings publication dates with those of the Annual General Meeting and the dividend payment. The "Investor Kit" makes it easy to find relevant documents on the IR pages right away; the Kit contains a clearly summarised list of currently relevant documents. There are also links to the corresponding pages on the Internet where information can be retrieved for periods further back.

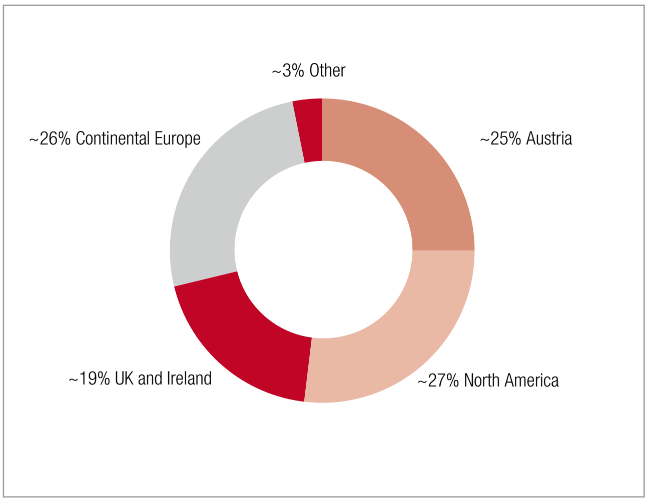
The Investor Kit also gives the user another new and interactive service tool: the Vienna International Group's factsheet. It offers a quick overview of VIG, including compact information on strategy, management and shares as well as the most important financial data. When printed out, the Standard Factsheet covers two pages and can be downloaded in German or English. Graphics can also be generated for a variety of key figures from several years or quarters.

We invite you to try out the Vienna Insurance Group's Factsheet, at www.vig.com/factsheet.

SHAREHOLDER STRUCTURE OF THE VIG



GEOGRAPHICAL DISTRIBUTION OF FREE FLOAT



Analyses of VIG shares

Owing to the financial crisis, there were a number of personnel changes on investment bank research teams. But it is particularly gratifying to VIG that it was possible to raise the number of financial institutions regularly publishing reports on VIG. For example, Raiffeisen Centro Bank (RCB) and UBS have again begun covering the Vienna Insurance Group. The following 16 investment banks currently publish research on VIG shares:

- Atlantik
- Bank of America Merill Lynch
- CA Cheuvreux
- Citigroup
- Credit Suisse
- Deutsche Bank
- Erste Group
- Goldman Sachs
- HSBC
- JP Morgan
- Keefe, Bruyette & Woods
- Morgan Stanley
- Raiffeisen Centro Bank (RCB)
- Société Générale
- UBS
- UniCredit

VIG financial calendar*

Annual General Meeting	6 May 2011
Ex-dividend day	16 May 2011
Dividend payment date	16 May 2011
3M results for 2011	17 May 2011
6M results for 2011	18 August 2011
9M results for 2011	15 November 2011

* Preliminary schedule

Investor Relations

VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe
Investor Relations Team
Schottenring 30
1010 Vienna
Phone: +43 (0) 50 350-21919
E-Mail: investor.relations@vig.com

CORPORATE GOVERNANCE REPORT

Transparency and stakeholder trust are important to us, as is observance of and compliance with the provisions of the Austrian Code of Corporate Governance.

The Austrian Code of Corporate Governance, introduced in 2002 and updated several times since then, is the standard for good corporate governance and management control in Austria. The rules making up the Code contribute to the strengthening of trust in the Austrian capital market, and the report companies are required to publish regarding compliance with these requirements supports a high level of transparency.

The Vienna Insurance Group views corporate governance as an on-going process that changes constantly in response to new conditions and current trends and that must be continuously improved for the benefit of the Group and all of its stakeholders. The goal of all Corporate Governance measures taken is to ensure responsible corporate management oriented towards long-term growth with simultaneously effective company controls.

In this regard, the Vienna Insurance Group's new corporate structure, introduced in mid-2010, creates clear areas of responsibility and enables optimal management of activities in Central and Eastern Europe. The Vienna Insurance Group, as a listed group holding company, concentrates on international management and thereby ensures the Group's efficient and successful continued development.

As part of corporate governance in practice, the Managing Board, the Supervisory Board and the employees of the Vienna Insurance Group all regard observance of and compliance with the rules of the Austrian Code of Corporate Governance to be a matter of great importance. In what follows, the Vienna Insurance Group's declaration of adherence to the Code, discussions regarding areas of deviation, and detailed information on the composition of, procedures followed by, and the compensation of the Managing Board and Supervisory Board, are clearly presented in a structured manner.

The Vienna Insurance Group is committed to the application of and compliance with the most recent version of the Austrian Code of Corporate Governance (January 2010). The rules are divided into the following three categories:

- Rules based on mandatory legal requirements ("Legal requirements").
- Rules based on standard international requirements. Non-compliance with these rules must be declared and explained in order to comply with the Code ("Comply or explain")
- Rules that merely possess the character of recommendations. Non-compliance with these rules need not necessarily be disclosed or explained ("Recommendation")

The Austrian Code of Corporate Governance is available to the public both on the Vienna Insurance Group website and on the website of the Austrian Working Group for Corporate Governance.

The Vienna Insurance Group complies with all of the "legal requirements" of the Austrian Corporate Governance Code as required by law. The Vienna Insurance Group deviates from three "comply or explain" rules, as explained below:

Rule 31:
The fixed and variable performance-linked annual remunerations of each individual Management Board member are to be disclosed in the Corporate Governance Report for each financial year. This shall also apply if the remuneration is paid through a management company.

Rule 51:
The remuneration for the financial year to supervisory board members is to be reported in the Corporate Governance Report for each individual member of the supervisory board. Generally, there are no stock option plans for members of supervisory boards. Should stock option plans be granted in exceptional cases, then these must be decided in every detail by the general meeting.

Explanation: The principles of the compensation paid to members of the Managing Board and Supervisory Board are published, as is the total compensation paid to all members of the Managing Board and the Supervisory Board. There are no stock options plans for members of the Managing Board or Supervisory Board. Detailed information on the individual amounts of compensation received by Managing Board and Supervisory Board members would have relatively little informational value to investors and is not published in the Corporate Governance Report in the interests of respecting the rights to privacy of members of those Boards.

The Company endeavours to keep the total operating compensation of its Managing Board members approximately at comparable net levels, even when a board member is subject in part to different taxation requirements in other countries due to additional operational functions. The result of these efforts has led the corporation to give individual members of the Managing Board lower gross compensation than other Managing Board members, such that the publication of the individual salaries does not have any real significance.

Rule 41:
The supervisory board shall set up a nomination committee. In cases of supervisory boards with not more than six members (including employees' representatives) this function may be exercised by all members jointly. The nomination committee submits proposals to the supervisory board for filling mandates that become free in the Management Board and deals with issues of successor planning.

Explanation: Because of its particular importance, the issue of successor planning is handled by the Supervisory Board as a whole. The Supervisory Board of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe for this reason has not set up a nomination committee.

Members of the Managing Board

The Managing Board of the Vienna Insurance Group is made up of six people:

Dr. Günter Geyer
General Manager and Chairman of the Managing Board
Year of birth: 1943
Date first appointed: 1988
End of current term of office: on the last day of the month in which the 2012 Annual General Meeting is held

Dr. Günter Geyer joined Wiener Städtische Versicherung in 1974 and was appointed to the Managing Board in 1988. Since 1 July 2001 he has been General Manager and Chairman of the Managing Board of the Vienna Insurance Group. In various positions in Austria and the CEE region, Dr. Geyer made a key contribution to shaping the Group's rise to the status of an internationally successful insurance group. He held, for example, the function of Chairman of the Managing Board of Union Versicherung as well as that of General Manager of Donau Versicherung. Dr. Günter Geyer was directly involved in setting up the Company's first insurers in Central and Eastern Europe.

Areas of responsibility: Group management, strategic planning, public relations, marketing, sponsoring, legal matters, human resources
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia

Positions currently held on the Supervisory Boards of other domestic and foreign corporations outside the Group: Casinos Austria AG, Casinos Austria International Holding GmbH, Österreichische Verkehrsbüro Aktiengesellschaft, Regionalmedien Austria AG, Wien Holding GmbH

Dr. Peter Hagen
Deputy General Manager
Year of birth: 1959
Date first appointed: 2004
End of current term of office: 30 June 2013

Dr. Peter Hagen has been a member of the Managing Board since 1 July 2004. Prior to that, among other responsibilities he directed the General Secretariat and the International Division as well as the Group's reinsurance. From January 1998 until December 2002 Dr. Hagen was a member of the Managing Board of the Group's Czech and Slovakian Kooperativa companies; from November 2007 until December 2009 he was Deputy General Manager and Member of the Managing Board of Kooperativa pojišťovna. Since 2008 Dr. Hagen has been General Manager of the Group's reinsurance company, VIG RE, playing a decisive role in its foundation and successful growth. As of 1 October 2009 Dr. Peter Hagen holds the title of "Deputy General Manager" of the Vienna Insurance Group.

Areas of responsibility: Group cost structure, Group IT/Back Office, SAP SMILE Solutions, VIG RE, internal capital model project (Project Solvency II)

Positions currently held on the Supervisory Boards of other domestic and foreign corporations outside the Group: voestalpine AG, CEESEG Aktiengesellschaft, Wiener Börse AG

Dr. Martin Simhandl, CFO
Year of birth: 1961
Date first appointed: 2004
End of current term of office:
30 June 2013

Dr. Martin Simhandl began his career in the group in 1985 in the legal department of Wiener Städtische Versicherung. In 1995 he became head of equity investment management, and in 2003 he took over coordination of the Group's asset management activity. On 1 November 2004 Dr. Simhandl was appointed to the Company's Managing Board.

Areas of responsibility: asset management, asset-risk management, equity investment management, finance and accounting
Country responsibilities: Germany, Liechtenstein, Turkey

Positions currently held on the Supervisory Boards of other domestic and foreign corporations outside the Group: Ringturmkapitalanlagen GmbH, Sparkassen Immobilien AG, Wiener Hafen Management GmbH

Ing. Martin Diviš, MBA
Year of birth: 1973
Date first appointed: 2009
End of current term of office:
30 June 2013

Ing. Martin Diviš has been a Member of the Managing Board since 13 June 2009. In 1995 he joined the Kooperativa pojišťovna, where he was responsible for Marketing Communications for the Czech insurer. In 2005 Ing. Martin Diviš was appointed to the management and a year later to the Managing Board of Kooperativa. Since May 2008 he has been the company's Chairman of the Managing Board and General Manager.

Areas of responsibility: performance management motor vehicle insurance
Country responsibilities: Czech Republic, Georgia, Ukraine

Ing. Diviš is not a member of any Supervisory Boards of other domestic and foreign corporations outside the Group.

Franz Fuchs
Year of birth: 1953
Date first appointed: 2009
End of current term of office:
30 June 2013

Franz Fuchs began his career in the insurance industry as an actuary. He held leading management positions in other international companies as a specialist in the life insurance line and pension funds before joining the Vienna Insurance Group. Since 2003, Franz Fuchs has been a Member of the Managing Board of Compensa Non-life and Compensa Life as well as a Member of the Managing Board of VIG Polska in Poland. He was first appointed to the Managing Board of the Vienna Insurance Group on 1 October 2009.

Areas of responsibility: performance management personal insurance
Country responsibilities: Baltic States, Poland, Romania

Positions currently held on the Supervisory Boards of other domestic and foreign corporations outside the Group: C-QUADRAT Investment AG

Mag. Peter Höfinger
Year of birth: 1971
Date first appointed: 2009
End of current term of office:
30 June 2013

Mag. Peter Höfinger has been a member of the Managing Board of the Vienna Insurance Group since 1 January 2009. Prior to that, he was Director of the Managing Board at Donau Versicherung. Mag. Peter Höfinger was appointed to this position in 2003. Previously he held management positions outside of the Group, in Hungary, the Czech Republic and Poland.

Areas of responsibility: International corporate and key customer business, Vienna International Underwriters (VIU), reinsurance
Country responsibilities: Belarus, Bulgaria, Hungary, Montenegro, Russia, Serbia

Positions currently held on the Supervisory Boards of other domestic and foreign corporations outside the Group: O.J.S.C. “Insurance Group MSK“, Insurance Company “MSK-Life” Ltd.

The entire Managing Board is responsible for matters relating to the General Secretariat, Group Controlling, Enterprise Risk Management/Solvency II, Actuarial Services, Internal Audit and Investor Relations.

The following two deputy members were also appointed to the Managing Board, and will become members of the Managing Board in the event of a long-term inability of a member of the Managing Board to discharge his or her duties:
Mag. Roland Gröll (year of birth: 1965)
Dr. Franz Kosyna (year of birth: 1954)

Members of the Supervisory Board

Präsident Gen.-Dir. Komm.-Rat Dr. Wolfgang Ruttenstorfer
Chairman
Year of birth: 1950
Date first appointed: 29 June 2010
End of current term of office: 2014

Komm.-Rat Dr. Karl Skyba
Deputy Chairman
Year of birth: 1939
Date first appointed: 1992
End of current term of office: 2014

Abbot Primate Provost Bernhard Backovsky
Year of birth: 1943
Date first appointed: 2002
End of current term of office: 2014

Mag. Alois Hochegger
Year of birth: 1949
Date first appointed: 2005
End of current term of office: 2014

Dipl.-Ing. Guido Klestil
Year of birth: 1941
Date first appointed: 1992
End of current term of office: 2014

Hofrat Dkfm. Heinz Öhler
Year of birth: 1945
Date first appointed: 2002
End of current term of office: 2014

Mag. Reinhard Ortner
Year of birth: 1949
Date first appointed: 2007
End of current term of office: 2014

Gen.-Dir. Dr. Martin Roman
Year of birth: 1969
Date first appointed: 29 June 2010
End of current term of office: 2014

Dr. Johann Sereinig
Year of birth: 1952
Date first appointed: 1992
End of current term of office: 2014

Mag. Dr. Friedrich Stara
Year of birth: 1949
Date first appointed: 2002
End of current term of office: 2014

Supervisory Board independence

In accordance with Rule 53 of the Austrian Code of Corporate Governance, the Supervisory Board of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, has established the following criteria for independence:

- The Supervisory Board member has not been a member of the Managing Board or senior manager of the Company, or a subsidiary of the Company, in the last five years.
- The Supervisory Board member does not maintain a business relationship with the Company or a subsidiary of the Company of such significant scope for the Supervisory Board member that his or her activities on the Supervisory Board are thereby affected to the detriment of the Company. This also applies to business relationships with companies in which the Supervisory Board member has a significant economic interest. The approval of individual transactions by the Supervisory Board in accordance with § 95(5)(12) of the Austrian Stock Corporation Act or § 15(2)(l) of the articles of association does not automatically lead to a classification as non-independent. It is expressly noted that the entry into or existence of contracts of insurance with the company does not in any case adversely affect independence.
- Over the last three years, the Supervisory Board member has not been an auditor of the Company's financial statements or an interested party or employee of the auditing company doing such auditing.
- The Supervisory Board member is not a member of the Managing Board of another company that has a member of the Company's Managing Board as a member of its Supervisory Board.

- The Supervisory Board member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, brother, sister, niece, nephew) of a member of the Managing Board or of persons who are in one of the positions described in the foregoing points.

The Supervisory Board as a whole is to be viewed as independent when at least 50% of the members elected by the Annual General Meeting satisfy the above-listed criteria for independence of a Supervisory Board member.

All members of the Supervisory Board elected by the General Shareholders' Meeting have declared that they are to be deemed independent in accordance with the criteria laid down by the Supervisory Board. No member of the Supervisory Board is a shareholder of the Company with an ownership interest of greater than 10% or represents the interests of such shareholder.

The following Supervisory Board members held Supervisory Board positions or comparable positions in domestic or foreign listed companies in 2010:

Gen.-Dir. Komm.-Rat Dr. Wolfgang Ruttenstorfer
CA Immobilien Anlagen AG
OMV Petrom S.A.
F. Hoffmann-La Roche AG
Telekom Austria AG

Dipl.-Ing. Guido Klestil
austriamicrosystems AG

Komm.-Rat Dr. Karl Skyba
Flughafen Wien AG

Supervisory Board Committees:

The following qualified Supervisory Board committees were formed to increase the efficiency of the Board and to deal with complex issues:

COMMITTEE FOR URGENT MATTERS (WORKING COMMITTEE)

The Working Committee decides on matters that require Supervisory Board approval but cannot be deferred until the next ordinary Supervisory Board meeting because of particular urgency.

Gen.-Dir. Komm.-Rat Dr. Wolfgang Ruttenstorfer
1st Deputy: Dr. Johann Sereinig
2nd Deputy: Mag. Alois Hochegger
3rd Deputy: Mag. Reinhard Ortner

Komm.-Rat Dr. Karl Skyba
1st Deputy: Dipl.-Ing. Guido Klestil
2nd Deputy: Hofrat Dkfm. Heinz Öhler
3rd Deputy: Mag. Reinhard Ortner

AUDIT COMMITTEE (ACCOUNTS COMMITTEE)

The Audit Committee (Accounts Committee) is responsible for the duties assigned by § 92(4a) of the Austrian Stock Corporation Act, namely:

1. Monitoring the accounting process;
2. Monitoring the effectiveness of the company's internal control system, internal auditing system and risk management system;
3. Monitoring the company and group audits;
4. Examination and monitoring of the independence of the auditor of the financial statements (consolidated financial statements), particularly with respect to additional services provided to the audited company;
5. Auditing of the annual financial statements and preparation for their approval, examination of the proposed appropriation of profits, management report and corporate governance report, and presentation of a report on the audit findings to the Supervisory Board;
6. Auditing of the consolidated financial statements and Group management report, and presentation of a report on the audit findings to the Supervisory Board of the parent company;
7. Preparation of the Supervisory Board proposal for selecting the auditor of the financial statements (consolidated financial statements).

Gen.-Dir. Komm.-Rat Dr. Wolfgang Ruttenstorfer
1st Deputy: Dr. Johann Sereinig
2nd Deputy: Mag. Alois Hochegger
3rd Deputy: Mag. Reinhard Ortner

Komm.-Rat Dr. Karl Skyba
1st Deputy: Dipl.-Ing. Guido Klestil
2nd Deputy: Hofrat Dkfm. Heinz Öhler
3rd Deputy: Mag. Reinhard Ortner

COMMITTEE FOR MANAGING BOARD MATTERS (COMPENSATION COMMITTEE)
The Committee for Managing Board Matters deals with Managing Board personnel matters. The Committee for Managing Board Matters thus decides on the content of employment contracts with members of the Managing Board and their compensation, and examines remuneration policies at regular intervals.

Gen.-Dir. Komm.-Rat Dr. Wolfgang Ruttenstorfer
Komm.-Rat Dr. Karl Skyba

STRATEGY COMMITTEE
The Strategy Committee works together with the Managing Board and, as appropriate, with experts that it consults, to prepare fundamental decisions that must then be decided on by the Supervisory Board as a whole.

Gen.-Dir. Komm.-Rat Dr. Wolfgang Ruttenstorfer
1st Deputy: Dr. Johann Sereinig
2nd Deputy: Mag. Alois Hochegger
3rd Deputy: Mag. Reinhard Ortner

Komm.-Rat Dr. Karl Skyba
1st Deputy: Dipl.-Ing. Guido Klestil
2nd Deputy: Hofrat Dkfm. Heinz Öhler
3rd Deputy: Mag. Reinhard Ortner

The company concluded no agreements with members of the Supervisory Board in 2010 that would have required approval from the Supervisory Board.

Procedures followed by the Managing Board and Supervisory Board

Managing Board
The Managing Board usually meets once a week to discuss the current course of business, and over the course of those meetings it makes the necessary decisions and adopts the required resolutions. The members of the Managing Board continuously exchange information with each other and the respective heads of the various departments. In managing the company, the Managing Board is supported by the Extended Executive Board and the Senior Advisory Board. These boards consist of managers that have international and specialist experience on the executive board level.

Supervisory Board
The management of the Company is periodically monitored by the Supervisory Board as a whole, as well as by its committees, its Chairman and Deputy Chairman. Detailed presentations and discussions during Supervisory Board and Supervisory Board Committee meetings are used for this purpose, as are recurring meetings between, in particular, the executive committee of the Supervisory Board and the members of the Managing Board, who provide comprehensive explanations and supporting documentation relating to the management and financial position of the Company and the Group. The strategy, business development, risk management, internal control system and activities of the internal audit department of the Company are also discussed at Supervisory Board meetings and in meetings with the Managing Board.

The Supervisory Board and Audit Committee also conduct direct discussions with the auditor of the financial statements and consolidated financial statements in order to inform themselves regarding the accounting process and the progress of the audit and to inquire whether the audit has produced any material findings. The audit reports are discussed and deliberated over in detail with the audit managers during the meetings dealing with the annual and Group financial statements. The Supervisory Board also obtains a quarterly report from the internal audit department, and has the Managing Board explain to it the organisation and functioning of the risk management and internal control systems.

The Supervisory Board has formed four committees from among its members, a Committee for Urgent Matters (Working Committee), Audit Committee (Accounts Committee), Committee for Managing Board Matters (Compensation Committee) and a Strategy Committee. Detailed information on these committees is provided in the "Supervisory Board committees" section.

Number of meetings of the Supervisory Board and its committees

One ordinary General Shareholders' Meeting and five Supervisory Board meetings were held in 2010. Three meetings of the Audit Committee were also held. The Committee for Urgent Matters held one meeting and was also contacted in writing with regard to six matters. The Supervisory Board was informed of any resolutions passed by the committees at its next following Supervisory Board meeting. In addition, two meetings of the Committee for Managing Board matters were also held in 2010. No member of the Supervisory Board attended fewer than half of the Supervisory Board meetings.

Disclosure of information on Managing Board and Supervisory Board compensation

Compensation plan for members of the Managing Board:
Compensation of the Managing Board takes account of the significance of the Group and the responsibility that goes with it, the economic situation of the company, and the market environment.

The variable portion of the compensation emphasises the need for sustainability in several ways; it depends largely on achieving long-term criteria that go beyond a single year.

The amount of the performance-related portion of the remuneration has an upper limit and accounts for approximately 40% of the possible total income. The prerequisite for being awarded this compensation is taking into consideration the sustainable development of the Company and the Group. The Managing Board is not entitled to the performance-related component of compensation if results fall below certain thresholds.

Even when the target is fully met for one financial year, because of the focus on sustainability, the full variable compensation is only awarded when an adequate result is achieved in the following year as well.

In this regard, the performance criteria of the variable compensation for 2010 is the profit before taxes of the years 2010 and 2011.

Stock options or similar instruments are not a part of the compensation of the Managing Board.

In consideration of the difficult situation of individual companies and their customers, the Managing Board, despite the positive results of 2009 and after having foregone variable compensation for 2008, waived its claim to bonus payments for 2009 as well. This meant that no bonuses were paid to the Managing Board in the year 2010.

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

A pension is normally received only if a Managing Board member's position is not extended not through any fault of his or her own or the Managing Board member retires due to illness or age.

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

Compensation plan for members of the Supervisory Board
In accordance with resolutions adopted by the 16th ordinary General Shareholders' Meeting on 25 May 2007, the members of the Supervisory Board elected by the General Shareholders' Meeting are entitled to receive compensation in the form of a payment remitted monthly in advance. Members of the Supervisory Board who withdraw during the course of a month receive full compensation for the

month in question. In addition to this compensation, Supervisory Board members are entitled to receive an attendance allowance for participating in Supervisory Board meetings and Supervisory Board committee meetings (remitted after participation in the meeting). The total compensation paid to members of the Supervisory Board in 2010 was EUR 351,000 (2009: EUR 366,000).

Measures put in place to promote women to the Managing Board, Supervisory Board and management positions

In the Vienna Insurance Group, experience has shown that consistently promoting the development of women starting from the "rank and file", including promotion of a balance between career and family, results in women moving successively upward through all levels of management. As a result of this process, the proportion of women in management positions directly reporting to the Managing Board of the Company (now known as VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe), including substitute members, has increased over about the last 20 years from 10% in 1992 to 50% as of 31 December 2010.

This includes the General Secretary for top management of the Group, Mag. (FH) Sabine Stiller and, for example, the women heading the legal and equity investment management areas.

Women now make up approximately 20% of the top executive boards (managing boards) of the European group companies of the Vienna Insurance Group. The proportion of women in the managing boards of some companies is significantly higher, as it is, for example, in the largest single company in the Group, Wiener Städtische Austria (40%).

In the major European companies of the Vienna Insurance Group, women hold approximately 40% of the management positions directly below the managing board.

Promotion of a balance between career and family has allowed more than a few top-ranking managers to celebrate the birth of a new child, including an active male member and an active female member of the managing boards of Austrian VIG companies.

The Managing Board:

Dr. Günter Geyer

Dr. Peter Hagen

Dr. Martin Simhandl

Ing. Martin Diviš, MBA

Franz Fuchs

Mag. Peter Höfinger

Vienna, March 2011

SUPERVISORY BOARD REPORT

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

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

One ordinary General Shareholders' Meeting and five Supervisory Board meetings were held in 2010. Three meetings of the Audit Committee were also held. The Committee for Urgent Matters held one meeting and was also contacted in writing with regard to six matters. The Supervisory Board was informed of all resolutions passed by these committees at its next meeting following. The auditor of the financial statements and consolidated financial statements, PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, attended three Audit Committee meetings and three Supervisory Board meetings, including the meeting dealing with the auditing of the annual financial statements and consolidated financial statements and the formal approval of the annual financial statements, as well as the General Shareholders' Meeting. Two meetings of the Committee for Managing Board Matters were also held in 2010.

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

By the inspection of appropriate documents, meetings with the Managing Board and discussions with the auditor, the Supervisory Board Audit Committee was able to form a satisfactory view of the accounting process and found no reasons for objection.

The Audit Committee also reviewed the effectiveness of the internal control system, the internal auditing system and the risk management system by requesting descriptions of the processes and organisation of these systems from the Managing Board, the auditor and the individuals directly responsible for these areas. The Audit Committee reported on its monitoring activities to the Supervisory Board as a whole and stated that no deficiencies had been identified.

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

In addition, the Supervisory Board Audit Committee received the 2010 annual financial statements, management report and corporate governance report from the Managing Board, and reviewed and carefully examined them. The Supervisory Board Audit Committee also subjected the 2010 consolidated financial statements and Group management report to a careful review. The Managing Board's proposal for appropriation of profits was also debated and discussed in the course of this review. As a result of this review and discussion, a unanimous resolution was adopted to recommend unqualified acceptance thereof to the Supervisory Board. The committee chairman informed the Supervisory Board of the resolutions adopted by the committee.

The 2010 annual financial statements together with the management report and corporate governance report, the 2010 consolidated financial statements together with the Group management report, and the Managing Board's proposal for appropriation of profits were subsequently addressed, thoroughly discussed, and reviewed by the Supervisory Board. In addition, the auditor's reports prepared by PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft regarding the 2010 annual financial statements and management report and the 2010 consolidated financial statements and Group management report were reviewed by the Audit Committee and by the Supervisory Board as a whole, and debated and discussed in detail with PwC INTER-TREUHAND GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The ultimate findings of the audit provided no basis for any qualifications to be raised. The Supervisory Board stated that it had nothing to add to the auditor's reports on the financial statements and consolidated financial statements.

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

The 2010 annual financial statements have therefore been approved in accordance with § 96 (4) of the Austrian Stock Corporation Act.

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

Vienna, March 2011

The Supervisory Board:

Komm.-Rat Dr. Wolfgang RUTTENSTORFER
(Chairman)

VIG

VIENNA INSURANCE GROUP

ONE PART OF THE WHOLE

As one of the leading insurance groups in the CEE region, we are aware of the great responsibility we bear. In our view, a solid foundation for sustained economic success is found only in balancing the interests of all our stakeholders. This extends far beyond our customers and employees, which is why we also make a wide range of contributions to social causes of all kinds.

THE VIENNA INSURANCE GROUP

RESOURCES AND RESPONSIBILITIES

HUMAN CAPITAL

Our employees possess a wide range of talent, skills and needs. As an employer of approximately 25,000 persons, our goal is to promote their professional and personal development, and support them in challenging and developing their abilities.

VIG feels that promoting the development and motivation of its employees is an important way to successfully address the continuous change taking place in the business world. The Company also demands the highest standards of conduct and professionalism.

The human resources (HR) activities are closely linked to the Vienna Insurance Group business strategy. As a result, the focus of the Group's human resource efforts also changed in 2010. In addition to the central objective of company growth, another focus decided on was the management of change processes, support for employees in dealing with the associated effects, and the steering of efficiency improvement measures. Human Resources takes care to ensure that VIG's employees provide the best support possible for the changes stemming from difficult market conditions.

Strategic objectives for 2010

> **Ensure employee satisfaction in spite of change processes**

> **Ensure loyalty of talented employees and use top employees in the right places**

> **Strengthen the culture of achievement within the Company**

> **Promote entrepreneurial thinking and the exchange of best practices**

OUR AIM IS …

… to be the preferred employer in the insurance industry

Career Calling '10

In 2010, VIG once again participated in Austria's largest career fair, "Career Calling '10". Organised by the zBp Career Centre at the Vienna University of Economics and Business, this recruiting event brings top national and international companies together with students, graduates and young professionals in the areas of business, science and technology. The career fair attracted 5,000 visitors this year. The focus of the presentation was VIG as a Group. All of the individual companies were given the opportunity to present themselves at the VIG stand by means of company brochures, recruiting materials and advertisements for vacant positions. The attendance at the fair was accompanied by advertising in the print media, e.g. in the Career Magazine of zBp and the Job Fair Roundup of the "Der Standard" daily newspaper.

Balkan Case Challenge (BCC) – Identification and promotion of talented young students

In its search for talented young students with international backgrounds and extensive language skills, VIG supports the Balkan Case Challenge, a competition for talented students from twelve South Eastern European countries organised each year by the World University Service (WUS). The students develop and present a realistic case study during the competition. The BCC is a unique platform offering the chance to meet young, dedicated individuals from South Eastern Europe. Discussions with the top students from the region were continued in the "South Eastern Europe Career Day" organised by the Austrian Chamber of Commerce.

… to identify and recruit talented employees

Internal Job Market

The Vienna Insurance Group places great importance on promoting the development of qualified, dedicated employees and filling important positions from within the Company. In 2010, close to 25% of available positions were filled by internal applicants. The internal job market has established itself as an important tool for building employee loyalty to the Company, ensuring that expertise remains in the Group for the long term while keeping recruiting expenses low. The ability to advertise internally throughout the Group provides local HR managers with access to a large group of candidates and opens up attractive international career opportunities for employees.

Career portal on www.vig.com – an entryway for prospective employees

As a result of the redesign of the vig.com website in 2010, the "Jobs & Career" section now has a modern recruiting and selection system. The online recruiting tool simplifies information exchange with internal and external applicants and helps the Vienna Insurance Group in its search for talented, motivated employees. A total of approximately 900 applications have been received through this channel since March 2010.

In addition to publishing all current job openings, the "Jobs & Career" section of the website provides information on the Group's human resources strategy and recruiting initiatives, as well as a map that can be used to find recruitment contacts in individual group companies. In order to provide potential employees with a realistic view of the working environment being offered, employees are shown at their workplaces along with a short statement about their personal VIG career paths.

Welcome Day

New employees of the Vienna Insurance Group should quickly become familiar and comfortable with their working environment. For this purpose, an all-day welcoming event is held for new employees of VIG Holding under the motto "Challenges that unite us – We are family". New employees there are given important information on the Group, the insurance business and the values of VIG, and have the opportunity to exchange information with other employees and make new contacts within the Company.

A WIDE RANGE OF DEVELOPMENT OPPORTUNITIES FOR APPROX. 25,000 EMPLOYEES

… to motivate employees and increase employee loyalty

Learning and advanced training

The Vienna Insurance Group is convinced that training and advanced training have a positive and lasting effect on employee loyalty. It therefore uses a structured approach in the training and development area. The Vienna Insurance Group is striving to realise a vision of a systematic, multi-perspective training system that can provide a full range of professional and personal development. The individual programmes are aimed at a variety of user groups.

The VIG Corporate University is a modular Group-wide platform for initiatives and activities designed to develop management and leadership skills. The VIG School of Business, which primarily focuses on expanding and developing professional knowledge, added new training courses in 2010. In addition to the VIG Underwriting Academy, new advanced training programmes were developed and offered in areas such as risk management.

Performance Development Dialogue (PDD)

Group-wide implementation of a performance-linked management and development tool, the Performance Development Dialogue (PDD), began in 2010. Developed in 2009, this structured employee performance review is an important step towards strengthening a culture of achievement in which common company values, standards and performance expectations, along with desired modes of conduct, contribute to the long-term success of the Company. In addition to VIG Holding, sections of two other companies, in Austria and the Czech Republic, were also included in the pilot phase. The PDD process is scheduled to be implemented throughout the Group in the next three years.

Lead@VIG

Effective successor management, i.e. the recruitment and development of future managers, continued to be one of the main focuses of Group human resources efforts in 2010. At the start of the year, an initial group of 500 top and potential performers was identified. The next steps in the successor management process were focussed on identifying and managing succession risks in a structured manner in order to ensure an adequate supply of personnel to fill key positions in VIG companies and the Group holding company over the long term.

Three priority areas were identified for successor management where steps are being implemented in 2011:

- Human capital risk management for managing board positions
- Human capital risk management for the holding company
- Creation of separate human capital risk management processes for each VIG company

Staff Diagnostic

VIG Staff Diagnostic is a standardised Group-wide evaluation programme that allows employee potential to be identified and systematically developed. The analysis is adapted to the needs of each user, thereby ensuring that employees are used precisely where their skills, interests and knowledge can be used best. VIG Staff Diagnostic helps increase performance and expertise over the long term as well as increase employee loyalty to the Company. Use of a standardised evaluation programme lays the foundation for a professional Group-wide career and development planning system.

DIVERSITY AND DIFFERENT TALENTS AND ABILITIES ARE AN ADVANTAGE

The Vienna Insurance Group performed a total of 100 employee evaluations in Austria, Poland, Romania, Croatia, Macedonia and Turkey in 2010. The focus was on distribution and the management level.

Mobility in practice

An international company needs internationally mobile employees. VIG encourages its employees to gather experience in the 24 markets where the Group is active, thereby promoting cooperation between countries and companies. Further improvements were made to employee mobility programmes throughout the Group in 2010. The goal of the project was to increase transparency and create uniform guidelines and clarity with respect to processes and selection procedures. The focus was on job rotation.

The international on-the-job training programme introduces highly talented trainees to the work processes, guidelines and standards of important departments in VIG Holding and Group companies during a stay of from two to ten months. In addition to international assignments, local rotations within the Group holding company are also possible.

The objective for 2011 is to expand the existing mobility programme to additional departments and companies and promote new measures, including “knowledge transfer trips” and “international project assignments”. Designed to be short, intensive stays, they are aimed at further strengthening cooperation and the transfer of know-how within the Group.

… to give equal opportunity to all

Diversity and Equal Treatment

Diversity is not just a catchword in the Vienna Insurance Group, but an accepted everyday reality. Diversity and individuality are seen as enriching, both for customer contact and internal cooperation, and make a key contribution to the continuous development and improvement of VIG products and internal processes.

These considerations also extend to the important area of equal treatment for men and women in terms of remuneration and career opportunities. VIG therefore welcomes the creation of a legal framework for more income transparency as a positive step. The Corporate Governance Report provides detailed facts and figures on women’s careers in VIG.

CORPORATE SOCIAL RESPONSIBILITY

As a successful international insurance group, we feel we have a responsibility to create the conditions for a future worth living. Satisfying economic demands, while not neglecting social and environmental concerns, is an important organisational challenge for us, and is the only way we can be true to our fundamental value of value-oriented growth.

VIG addresses socially relevant topics such as provisions for pensions or nursing care both in its business dealings and beyond. It is committed to helping people in their efforts to achieve security. The Group companies use exchanges with political and business decision-makers to initiate improvements in the provisions made for old age in their countries, while continuously expanding their product ranges to meet the current needs of the population. Efforts are also made to develop resource-saving service and process innovations.

It is in the interest of the Vienna Insurance Group to address the concerns of all stakeholders and satisfy their need for information. Establishing an open and collaborative dialogue with stakeholders has proven to be an effective way to secure confidence in the Company, especially in economically difficult times.

The Vienna Insurance Group has a corporate culture of value creation, openness, and respect for others around us that is anchored in the values of the Group. The Vienna Insurance Group makes use of the potential in its diversity to work internationally, across borders and cultures, to make an important contribution to mutual understanding.

Included in two sustainability indices in 2010

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

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

Social responsibility

VIG and its principal shareholder Wiener Städtische Wechselseitige use partnerships and targeted initiatives to assist the activities of aid organisations, particularly in the Central and Eastern European countries where VIG Group companies operate. Its involvement is aimed at creating lasting benefits. It therefore directs its assistance to institutions and projects based on their reliability as partner organisations and an effective, long-term use of the funds. The focus is on social projects that provide assistance to children in need and lead to a lasting improvement in the living conditions of the people involved.

Three examples of concrete measures that address social responsibility:

Caritas Eastern Europe Campaign
Each February, Caritas collects donations for street children and socially disadvantaged children in the poorest countries of Eastern and Southern Europe. The campaign operates under the motto "Working wonders together", and supports more than 100 projects in Albania, Bulgaria, Hungary, Romania, Slovakia, Ukraine and other countries. The donations are used to provide food and clothing for children and pay for the cost of schooling. The goal is to provide children with the opportunity to obtain an education and learn a profession, regardless of their circumstances.

Die Zweite Sparkasse
Wiener Städtische, the largest company in the Vienna Insurance Group, has been a cooperation partner to the "Bank for People without a Bank" since 2007, making it the first insurance company in Austria to become involved in the area of micro-insurance. The "Second Savings Bank" (*Die Zweite Sparkasse*) supports people in need who no longer have access to banking services as a result of difficult economic circumstances.

In addition to the banking products offered, all account holders receive an insurance package from Wiener Städtische. The basic insurance package provides one free legal consultation each quarter and free casualty insurance. The casualty insurance automatically covers children living in the same household as the account holder. Premium payments are made by the principal shareholder Wiener Städtische Wechselseitige. The option of purchasing household insurance for a monthly premium of only EUR 3 is also available.

The "Second Savings Bank" has branches in Graz, Innsbruck, Klagenfurt, Salzburg, Vienna, Villach and, since 2010, Linz. Regional Sparkasse branches offer "Second Savings Bank" services in Lower Austria, Upper Austria and Burgenland.

Hospice Association of Styria
The Hospice Association of Styria (*Hospizverein Steiermark*) assists seriously and terminally ill patients and their families and works to promote social awareness. Around 700 active volunteers help patients and their families at home, in retirement homes, and nursing homes, hospitals, outpatient hospices and palliative care facilities.

Cultural Commitment

VIG feels that art and culture are an important factor in a society's quality of life, and that it is rewarding to take responsibility in this area. VIG and its group companies and principal shareholder Wiener Städtische Wechselseitige therefore provide assistance to artists and cultural projects.

Examples of cultural commitment:

Ringturm.Art Exhibition
The Group has been a committed supporter of the arts and artists since the 1920s, and has developed into a highly active collector. Today, the Vienna Insurance Group has a remarkable art collection in Austria, focusing on painting and the graphic arts from 1945 to the present, that was exhibited to the public for a limited time.

From the middle of October 2010 to the middle of March 2011, a cross-section of the Vienna Insurance Group's collection was presented for the first time in a special exhibition presented by the Leopold Museum in Vienna titled Ringturm.Art. More than a hundred works of art were presented, including works by Irene Andessner, Christian Ludwig Attersee, Herbert Boeckl, Herbert Brandl, Robert Hammerstiel, Peter Kogler, Oskar Kokoschka, Josef Mikl, Eva Schlegel, Hubert Schmalix, Peter Weibel, Max Weiler and Otto Zitko. This project was made possible by the principal shareholder Wiener Städtische Wechselseitige.

Web@rchiv Austria
The Web@rchiv of the Austrian National Library was launched in 2008 and is dedicated to collecting and archiving the entire webspace for the nation of Austria. The Web@rchiv Austria (*Web@rchiv Österreich*) has been accessible to the public since June 2010. The project will provide future readers and scientists access to websites that have already disappeared from the live web. In this way, the Austrian National Library has extended its activities from the preservation of printed materials to the preservation of information published on the Internet for posterity. This project received an honourable mention in the 2010 Maecenas Art Sponsoring Awards.

The Morning Line Istanbul
The Vienna Insurance Group has provided support to the Thyssen-Bornemisza Art Contemporary (T-B A21) since 2005. The foundation promotes contemporary art by commissioning unconventional projects and promoting

their distribution. T-B A21 presented "The Morning Line", a sound installation, in the Istanbul European Capital of Culture 2010 art programme. The installation by Matthew Richie and Aranda\Lasch explores the interplay between different artistic and scientific disciplines, such as architecture, music and mathematics. VIG and the Turkish group company Ray Sigorta were the main sponsors of the project.

"Architecture in the Ringturm" exhibition series

The Ringturm, designed by renowned architect Erich Boltenstern and the headquarters of the Vienna Insurance Group, is a place where people can meet and exchange ideas. Architectural exhibitions have been presented regularly since 1998 in the "Architecture in the Ringturm" series. Principal shareholder Wiener Städtische Wechselseitige uses this exhibition series to provide architects in all of the countries where VIG operates with a venue that is accessible to the public free of charge.

VIG CULTURE ACTIVE
VIENNA INSURANCE GROUP

Form & Energy. Architecture in and from Austria
One of the exhibitions that took place in 2010 was "Form & Energy. Architecture in and from Austria", which focused on environmentally friendly construction projects, thereby underscoring VIG's concerns for environmental protection and sustainable development.

Careful use of natural resources is a key focus of environmental goals and changes in building methods worldwide, and has led to a number of model technical and structural projects and initiatives in Austria. The exhibition ran from 27 May 2010 to 2 July 2010, and showed a selection of many projects from the last decade: environmentally friendly power plants and transportation infrastructure projects, renewable resources and modern climate-control equipment in residential construction and housing developments, sustainable concepts for urban development and public buildings for education, culture and sports, and innovative architecture for commerce and industry. Around 60 examples were presented of architecture that meets the highest environmental standards for construction and operation.

The Ringturm architectural centre also presented the following exhibitions in 2010:

19 March 2010 to 30 April 2010
Ivan I. Leonidov – Russian constructivist architect
The "100 Years of Leonidov" exhibition presented a large number of model reconstructions, plans, photographs and carefully produced computer reconstructions and video montages casting a new light on the life work of Ivan Leonidov, the most advanced of the Russian constructivists.

13 July 2010 to 17 September 2010
Tirana_ Plan Build Live – Everyday life in Albania's capital city
This exhibition cast light on another portion of the "terra incognita" of Southern Europe. Planning, building and living in Tirana – capital city of the little-known country of Albania – was the topic addressed by this exhibition and publication.

1 October 2010 to 12 November 2010
A whole life – New architecture for nursing homes
The increasing number of elderly persons in need of care have special needs in terms of their living situation. This exhibition focuses on the forward-looking architecture of modern nursing homes in Vienna that meet these needs.

9 December 2010 to 18 March 2011
Bohuslav Fuchs - Czech avant-garde architect
Bohuslav Fuchs realised many buildings and worked in urban development and regional planning. He is considered to be the main proponent of "Brno Functionalism". The exhibition presented a selection of approximately 40 of his most significant buildings in many previously unseen photographs and newly prepared texts.


VIG
VIENNA INSURANCE GROUP
VIG
VIENNA INSURANCE GROUP

ONE STEP AHEAD

The industry is changing – and so are we! We have successfully implemented our new, forward-looking structure and improved the management efficiency of the Group. We are continually adjusting our products to changing customer needs and conditions in the market, which means that we are already prepared for the challenges of tomorrow.

THE **VIENNA INSURANCE GROUP**

ON GROWING OLD AND PROVIDING FOR THE FUTURE

The aging of European society has direct consequences for the insurance business. The collective aging process is encountered everywhere in discussions about the future of life and health insurance.

Will the pyramid of the past become top-heavy in the future?
Longer life expectancies and lower birth rates, a shrinking population, and rising expenditures for old-age provisions, thereby placing pressure on government budgets. It is a complex subject with an interplay of many factors and many actors, and an urgent need for action.

Although demographic change is not just a European phenomenon, the effects are particularly large in these societies. The countries of Europe are already practically the undisputed leaders on the list of countries with the highest rates of population aged 60 and above. Aside from small overseas territories, Japan is the only country with an older age structure. And, according to Eurostat projections, the distribution will continue to shift over the next 50 years. Grandchildren will live more than ten years longer than their grandparents in some Central and Eastern European countries. Although the birth rate will rise in almost all of the countries of Europe, it will remain below the level of 2.1 children per woman needed to maintain a constant population over the long term. Higher labour market participation rates and net immigration will only reduce the effects of a shrinking working-age population, not eliminate them completely. As a result, approximately 25 million fewer people will be in the EU workforce in 2060 than today.

The need for pension and healthcare reforms
If no changes are made to the structure of pension and healthcare systems, demographic change will cause a jump in government expenditures in most European countries. Expenditures for pensions, medical care and long-term care are rising. The expected future cost explosion is placing increasing pressure on governments to act, as the further the aging process progresses, the greater the increase in costs, and the more difficult it becomes to implement structural change.

There is no way to avoid reforms to the pension and healthcare systems, and reforms are unlikely to be successful without an increase in retirement age and indexing of benefits. Pensions will rise more slowly than wages, and the relative income of pensioners will decline significantly in many countries. In order to maintain living standards and the quality of life in old-age, private pensions will have to make up for what the government pension system can no longer provide. The share of old-age pensions provided by supplementary pension systems will rise significantly.

A similar situation also exists in the area of healthcare and nursing care. The cost of medical care is increasing, while the readiness and, in most cases, the ability to assume responsibility for providing such care decreases. Changes in family structures, greater labour force participation by women and geographical mobility allow fewer and fewer relatives to provide care for family members. Private old-age provisions will therefore also become a more important issue in terms of the potential need for care.

An aging Europe presents new challenges for insurers
Demographic change is a critical factor in the future of the life and health insurance provided by the Vienna Insurance Group. Young people in particular are already highly aware that they cannot rely on the government alone in their old age. Increasingly more not only know that they need to make provisions on their own, but are also doing so. The structural changes also bring risks for the insurance industry. As life expectancy rises, the term of insurance coverage increases, potentially making more extensive medical care necessary. The benefits paid by insurance companies rise.

Many questions still remain unanswered. Who will be able to put money aside for the future during their working lives? How healthy will we be during old age? What will technological advances bring? What direction will politics follow? It appears that demographic change will continue to be a topic of concern to the insurance industry in the future.

Boom in VIG's private provision solutions

As the leading provider of life insurance products in the CEE region, the Vienna Insurance Group offers customers an extensive range of options for private old-age provisions. Acquisition of the s Versicherung Group and new customer-oriented products have allowed the Group to expand and strengthen its position in life insurance markets in Austria and the CEE region. Particularly high demand in 2010 caused VIG life insurance premiums to increase across the Group. Life insurance companies were also established in Macedonia and Montenegro with the goal of further participating in the long-term growth of old-age provision products in the CEE region.

The race for private health insurance in the CEE region already started in 2009 with an expansion of the products offered in the Czech Republic and Poland. Once again, the Vienna Insurance Group is one of the pioneers in a segment with great long-term business potential. It was recognised early on that old-age provision products were important not only for pensions and healthcare, but would also become increasingly more important for nursing care. Based on this belief, products of this kind are being offered by our Group companies, at the moment above all in Austria, where VIG is the clear market leader in nursing care insurance.

2010
Europe today

- Approximately 500 million people live in the European Union. Two thirds of them are of working age, between 15 and 64 years of age. Every fifth person is over 65, and not even one twentieth is advanced in years, i.e. 80 or over. There are four working age people for each person over 65 years of age (age ratio: ~ 26%). The average citizen is approximately 40 years old.
- The aging of society is more advanced in some member states. The age ratio is particularly high in Germany and Italy (31 % each), and especially low in Ireland (17 %), Slovakia (17 %), Cyprus (19 %) and Poland (19 %).

2060
Europe tomorrow

- The population has grown slightly due to migration and a longer life expectancy. Approximately 506 million people live in the EU in 2060. Three out of ten are aged 65 or older, and 12 % are over 80. This corresponds to approximately 61 million EU citizens who are advanced in years. At an average of 53 %, the age quotient is more than twice as high as it was 50 years ago. There are two working-age persons for everyone aged 65 years or older. The pyramid has become a pillar. The average citizen is around 48 years old, that is, almost eight years older.
- National differences have also changed, with demographic change having an especially large effect in the countries of Central and Eastern Europe. The age ratios in Slovakia, Poland, Romania and Bulgaria, for example, have increased two to four times.

The figures cited for the demographic structure of the European Union and related projections have been taken from the European EUROSTAT database (data as of: January 2011) and the publication "The 2009 Ageing Report: Underlying assumptions and projection methodologies for the EU-27 Member States. European Economy 7/2008" by the European Commission.

MASSIVE CHARGES FROM NATURAL DISASTERS

From Chile to China, from Poland to Pakistan: the year 2010 was marked by severe earthquakes, floods and record temperatures. This change in underlying conditions also poses new challenges for insurers.

2010 – the year of catastrophes

The records of the reinsurer Munich Re paint a bleak picture of the past claim year. On average more than two catastrophes a day, more than a quarter of a million deaths, estimated total losses of 130 billion U.S. dollars – not including the flood damage in Australia at the turn of the year. This year's catalogue of natural disasters is once again a sad one. In terms of both the amount and the number of losses, 2010 is above the mean of the last ten years. For the global insurance business, it is one of the years with the greatest losses of the last three decades.

In Central and Eastern Europe, mainly floods, hail, strong winds and heavy snow led to high losses. Especially in Poland and in the Czech Republic the Vienna Insurance Group has been burdened to an unusually high extent by the strong weather extremes, Thus, claim payments rose.

THE TREND OF INCREASING WEATHER EXTREMES CONTINUED IN 2010

Change in underlying conditions

Over the past 30 years, the number of weather extremes observed has increased sharply. Catastrophic weather events, storms like Hurricanes Katrina or Kyrill, floods, as we experienced in 2010 in many parts of the world, or the heat wave in Russia and the forest fires in Israel.

Europe has been affected by the climate changes in different ways and to different degrees depending on the region. More extreme temperatures, less precipitation in the summer and a higher risk of flooding will probably continue to mark the climate in Central and Eastern Europe. In addition, an increased risk of forest fires and strong fluctuations in crop yields can be expected.

Currently, one can assume that this trend will also continue in the future. It is therefore important to adapt to these changing conditions by ensuring that all players work together to develop early warning systems, promote flood control or control water consumption in a targeted manner.

Insurance companies as risk experts in demand

The central idea behind the insurance business is to stabilise the financial situation of individuals and companies through benefits in the event of loss. If extreme weather leads to higher damages, the costs for it to be covered will also increase. By pooling the risks of many individuals and using diversification effects, insurance companies are better able to bear the risks and to protect affected parties from the ruinous consequences of those rare but often very destructive events. By virtually providing risks with a price tag, insurance companies also use incentives to prevent and minimise damage.

How VIG deals with and provides solutions for risk

The Vienna Insurance Group is an expert in analysing and evaluating risks. As such, it is engaged in the development of risk management systems and the formulation of measures for risk reduction. Together with other insurers, the Vienna Insurance Group helps make regions in many areas more resilient and more able to act in the event of natural disasters.

The insurance companies of the Vienna Insurance Group offer customers comprehensive coverage for damages caused by natural disasters such as floods, storms and snow loading. They themselves also take adequate precautions for claims that arise. The Vienna Insurance Group analyses the exposure to natural disaster risks in its insurance portfolios using the latest available natural hazards models and obtains coverage for its exposure, up to well above the 250-year events shown by the model, from the largest and most highly regarded reinsurers.

VIG dealing with natural disasters

- Comprehensive insurance coverage for e.g. floods, storms and snow loading
- Fast and non-bureaucratic assistance in the event of loss
- Close cooperation with the largest reinsurers worldwide

To be insured by a company of the Vienna Insurance Group means that customers will receive quick and uncomplicated help in the event of loss. This stated claim is behind many of the initiatives in the service area that have been successfully implemented by the companies of the Vienna Insurance Group. The services offered range from online claims reporting and professional telephone support to a severe weather warning service and tips for loss prevention.

RESTRUCTURING OF THE GROUP

We continue to develop, as does our organisation. The structural changes at the Group and company levels make 2010 a year of change and new beginnings.

Modern management structure in force

The approval received from the Austrian Financial Market Authority on 3 August 2010 represented the conclusion of a forward-looking process initiated the year before. At the end of the process, a Group company had been formed to act as a common umbrella for the group companies, and the insurance business in Austria had been strengthened; the beginning of the process was marked by our successful expansion into Central and Eastern Europe. The dynamic growth of the Group forms the background for the decision to separate the international activities of the Group from the responsibilities as a market leader in Austria.

THE NEW VIG: MORE INNER UNITY, MORE OUTER STRENGTH.

In 2009, the focus of restructuring was on organisational measures, and in 2010 the focus moved to resolutions by the Company's boards and the authorities. The new management structure of the Vienna Insurance Group enjoyed broad approval among shareholders. At the General Meeting in the middle of the year, they voted unanimously for the reorganisation.

The operating insurance business in Austria was spun off, and WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, the largest single company in the Group, continues to operate the property/casualty, life and health insurance businesses as before.

The listed Group holding company operates under the name VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, and is responsible for international management of the Group. It is also responsible for international reinsurance and corporate business. In particular, the main management responsibilities of the Group holding company include the following:

- IT coordination
- Investment management
- Finance and accounting
- Planning and controlling
- International human resources development
- International actuarial services
- Risk management
- Group audit
- Investor Relations
- Public Relations
- Marketing
- Reinsurance
- International corporate and large customer business
- Vienna International Underwriters (VIU)

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

The new image of the Group

The newly designed logo created as part of the reorganisation conveys the strength of a leading international insurer. It stresses the innovative ability and international nature of the Group, and focuses attention on VIG's function as a holding company for the Group. The logo stands for the forward-looking, profit-oriented nature of the Group, while introducing traditional elements that recall its historical roots.

The redesigned Internet website also reflects the Group holding company function and the importance of the Vienna Insurance Group in Central and Eastern Europe. The Group website www.vig.com offers a full range of information on VIG, extending from the history and creation of the Group, information on the Group's shares and cultural responsibility, all the way to international career opportunities. One of the new features is an RSS feed that provides users with a clear notification of any changes to the Investor Relations and Public Relations pages.

Interest in TBIH increased to 100%

The Vienna Insurance Group's acquisition of the 40% minority interest in TBIH Financial Services Group N.V. (TBIH) previously held by Kardan Financial Services B.V. was the final step in the Vienna Insurance Group's complete acquisition of TBIH. TBIH holds majority interests in insurance companies in Georgia, Turkey and Ukraine. The Vienna Insurance Group has had an investment in TBIH since 2006. In 2009, the Vienna Insurance Group directly acquired the interests held by TBIH in insurance companies in Albania, Bulgaria, Croatia and Macedonia. Integrating TBIH's insurance activities more closely into the Vienna Insurance Group allows better use of the Group's expertise for positioning in the various insurance markets.

Organisational measures at the country level

Objectives of the action programme achieved

The Vienna Insurance Group's forward-looking efficiency enhancement programme was begun in 2009, implemented measures in a number of countries, and concluded successfully in 2010. The programme achieved total savings of approximately EUR 100 million, due in part to efficient use of synergies and improvements in customer-related processes. Group-wide back office activities were promoted and extended into other areas. The projects were initiated in 2009 and implemented on schedule. Wiener Städtische's newly established Service Centre, for example, began operations in 2010. Due to the centralisation of resources, claims processing is now even more customer-friendly and efficient.

Romania

The Romanian company Omniasig Life was sold in the middle of 2010. The Vienna Insurance Group is now concentrating its efforts in the life insurance business solely on the development of the two subsidiaries BCR Life and Asirom, which hold excellent positions in this market segment.

Albania

Interalbanian has been a member of the Vienna Insurance Group since December 2010. The company was established in 2004 as a non-life insurance company and mainly serves customers in the motor vehicle class. The acquisition strengthens the Group's position as the second largest insurance company in the country. In addition to Interalbanian, the Vienna Insurance Group also operates through Sigma in Albania.

Croatia

The Vienna Insurance Group merged two of its group companies, Helios and Cosmopolitan Life, to create a major provider of life and non-life insurance with a widespread distribution network. The merged company operates under the name Helios Vienna Insurance Group, and offers attractive solutions throughout the country for comprehensive insurance protection in all situations of life.

Montenegro and Macedonia

The Vienna Insurance Group established two life insurance companies in 2010, Wiener Städtische Podgorica in Montenegro and Winner-Life Skopje in Macedonia. This step allowed the Group to expand its presence in Central and Eastern Europe and gain access to potential new business in markets offering good opportunities for growth. Both companies begin distribution of their products in 2011, with two companies in the Erste Group, Erste Bank Podgorica and Sparkasse Bank Makedonija Skopje, as strong partners at their side. This expands the cooperative arrangement with the Erste Group to a total of ten countries.

Turkey

The Vienna Insurance Group has reached agreement with Dogan Sirketler Grubu Holding to acquire a further interest of approximately 10% in the non-life insurance company Ray Sigorta. The transaction was concluded at the beginning of 2011. This step allows the Vienna Insurance Group to increase its involvement in the up-and-coming Turkish insurance market and integrate Ray Sigorta even more strongly into the Group network.

Belarus

The Belarusian company Victoria was merged into Kupala at the end of 2010. The merged company operates under the name SBA ZASO Kupala. The goal was to strengthen the Vienna Insurance Group's operating basis in a market facing important liberalisation measures.

PREPARING FOR SOLVENCY II

Changes in the supervisory system present the insurance industry with many new challenges. By establishing our own enterprise risk management department and implementing numerous other measures, we are, however, well prepared for the introduction of Solvency II.

A new European supervisory system

In 2009, after long negotiations, the European Parliament and European finance ministers reached agreement on a new framework directive for insurance supervision in Europe. Known under the name "Solvency II", the directive deals with a new European supervisory system that brings fundamental reforms to insurance supervisory law. The goal of the new rules is to ensure that insurance and reinsurance companies are financially sound enough to withstand negative events. The current static system for determining capital adequacy will be replaced by a risk-based system that also takes into account, in particular, qualitative elements. Policyholder protection and the stability of financial markets should be improved at the same time. The new framework directive will also modernise the supervision of insurance groups

THE NEW SUPERVISORY SYSTEM PLACES EVEN MORE IMPORTANCE ON RISK MANAGEMENT

Three-pillar approach

Solvency II is based on a three-pillar approach. The first pillar deals with quantitative requirements, and distinguishes between two regulatory capital requirements: the Solvency Capital Requirement (SCR), and the Minimum Capital Requirement (MCR). The second pillar deals with qualitative requirements and concerns the governance system of a company. The third pillar deals with the requirements for reporting to regulatory authorities and disclosure requirements.

QIS Studies

A total of five international Quantitative Impact Studies (QIS studies) were performed to calculate future solvency capital requirements. The goal of these studies is to examine whether the proposed valuation methods are appropriate and feasible, and the findings have, in the end, led to a large number of adjustments. In addition, participation in the field studies offers insurance companies the opportunity to prepare for the new rules and make a close examination of Solvency II.

A challenge for many insurance companies

The new rules, which EU member states must implement by the beginning of 2013, confront insurance companies with new challenges. The changes can be expected to lead to higher capital requirements for many companies.

VIG is very well prepared

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. Based on current requirements and the last QIS findings, the VIG is well prepared for the increased capital requirements under Solvency II at the group and the individual level.

Risk management changes

Due to the split into Wiener Städtische and the Vienna Insurance Group Holding in 2010, changes are needed in risk management. Group-specific aspects of risk management that Wiener Städtische was already dealing with are being reintegrated into the Vienna Insurance Group holding company. A new Group-wide risk management system is currently being built. The enterprise risk management department was established at the beginning of 2010 for this purpose. The department is responsible for Group-wide risk management and reports to the Managing Board as a whole. Its main objectives are further standardisation of risk management structures and processes, and successful implementation of Solvency II in the Vienna Insurance Group. The applicable risk policy is being reviewed and rolled out across the Group. In addition, Group-wide communications with respect to risk management are moving ahead.

Partial internal model

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

Qualitative risk management

With respect to future qualitative risk management requirements, the Vienna Insurance Group is establishing a uniform governance system appropriate for Solvency II that includes all necessary functions (risk management, compliance, actuarial function, internal auditing). A Group-wide risk inventory system is being implemented. The goal is to develop a consistent and comprehensive Group-wide risk reporting system that allows the risk situation of the Group to be controlled more easily while satisfying the requirements from the ORSA (Own Risk and Solvency Assessment). Internal control systems ensure compliance with the guidelines and requirements produced by the risk management system.

Implementation in VIG

- **Group-wide project for implementing Solvency II already in place since 2009**
- **The Enterprise Risk Management department deals extensively with the risk management issues of the Group**
- **New Group-wide risk management system being set up**
- **Current focus of work on Solvency II: develop and implement a partial internal model and establish a uniform governance system**

B

VIG
VIENNA INSURANCE GROUP

TWO
ZERO
ONE
ZERO

2010 – the year in numbers. We can look back on a successful year. We have implemented our strategy effectively and achieved further growth, both in the CEE region and in Austria. We are also well positioned for the future, and can build on the extensive experience we have gathered over many years.

THE VIENNA INSURANCE GROUP

PERFORMANCE 2010 (MANAGEMENT REPORT)

BUSINESS DEVELOPMENT OF THE GROUP IN 2010

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

To show the Group's business development by geography, the 24 countries to which the Group's activities extend are divided into the six geographical segments Austria, Czech Republic, Slovakia, Poland, Romania and Remaining markets. This classification differs from the presentation last year which distinguished between Other CEE markets and Other markets in addition to the individual countries listed. The newly introduced segment Remaining markets combines the two. This reflects the ongoing diversification within the Group. The markets Russia and Belarus were not included in the VIG consolidation circle in 2010 due to their secondary significance. The launch of Montenegro operations will only take place in 2011. Details on changes in the scope of consolidation appear in the notes starting on page 112.

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

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

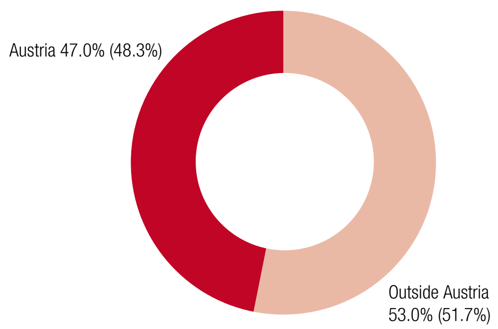
Premium volume

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

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

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

PREMIUM PERCENTAGE BY REGION IN 2010



Values for 2009 in parentheses

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

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

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

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

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

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

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

Combined ratio significantly below 100%
The Group's combined ratio (after reinsurance, but without taking into account investment income) amounted to 98.4% in 2010 and thus – despite an increase owing to natural disasters – continued to be below the 100% mark. The combined ratio is calculated from all underwriting income and expenses and the net payments for claims and insurance benefits, including the net change in technical provisions, divided by the net earned premiums in the property/casualty area.

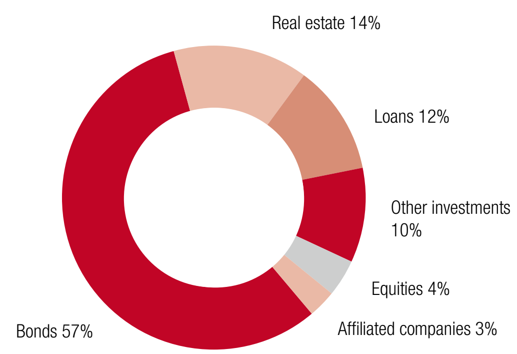
Financial results increase by almost 20%
A brief presentation of the financial results (excluding equity-accounted companies) is included under item 29 (Financial result) of the notes to the consolidated financial statements.

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

Investments rise above EUR 28 billion
A brief presentation of the investments is included on page 135 of the notes to the consolidated financial statements.

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

BREAKDOWN OF INVESTMENTS IN 2010



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

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

Equity

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

Underwriting provisions

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

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

Composition mathematical reserve

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

Maturity structure mathematical reserve

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

Composition provision for outstanding claims

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

Maturity structure provision for outstanding claims

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

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

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

RoE (Return on Equity)

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

Cash flow

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

BUSINESS DEVELOPMENT IN DETAIL

Group premium income

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

Premiums written by lines of business

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

Premiums written by region

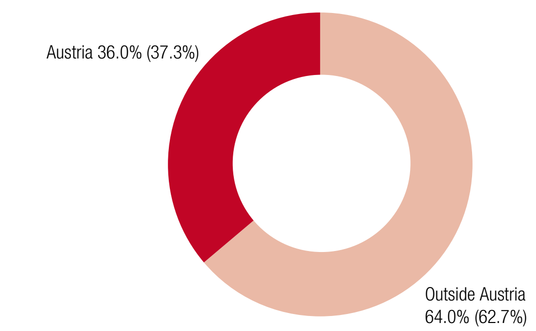
in EUR million	2008	2009	2010
Austria	3,755.72	3,874.15	4,041.14
Czech Republic	1,419.73	1,603.29	1,756.54
Slovakia	605.60	628.38	647.87
Poland	795.14	548.26	747.69
Romania	608.22	606.66	528.05
Remaining markets*	714.46	758.54	871.72
Total	**7,898.87**	**8,019.28**	**8,593.01**

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

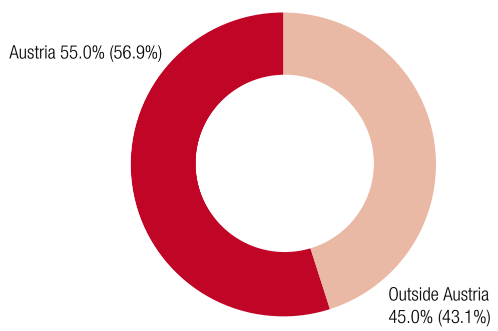
Property and casualty insurance

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

PROPERTY/CASUALTY PREMIUMS BY REGION IN 2010



LIFE INSURANCE PREMIUMS BY REGION IN 2010



Growth in life insurance premiums

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

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

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

Health insurance: a 5.2% gain in premiums

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

Profit before taxes

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

Profit before taxes by lines of business

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

Profit before taxes by region

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

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

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

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

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

Employees

The Vienna Insurance Group had a total of 25,006 employees in 2010, which is 2.5% more than in the previous year. The rise in employees resulted primarily from the initial consolidation of the companies listed on page 113 of the Group report.

Employees by region

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

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

SEGMENT REPORTING BY REGION

AUSTRIA

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

VIG companies in Austria

WIENER STÄDTISCHE VERSICHERUNG AG
Vienna Insurance Group

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

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

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

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

DONAU Versicherung AG
Vienna Insurance Group

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

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

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

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

Sparkassen Versicherung AG
Vienna Insurance Group

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

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

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

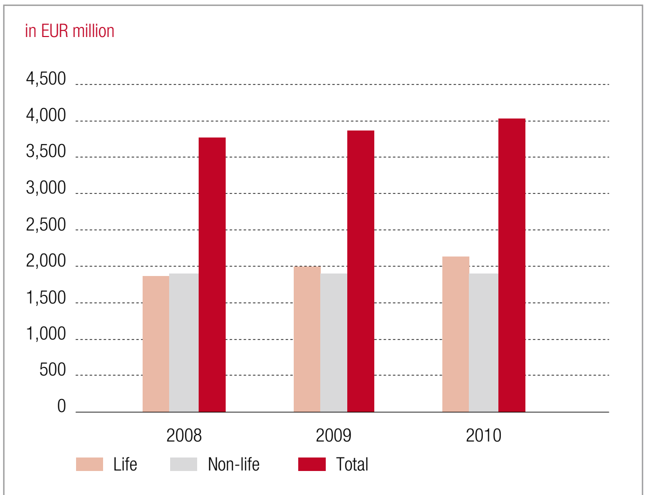
The product strategy for 2010 focused, in the single-premium area, on index-linked guarantee products (*s Garantie-Concept*) and on traditional private pensions and government-subsidised retirement provisions (*s Privat-Pension mit Prämien-Plus*) in the area of regular premium payments. In 2010 s Versicherung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

Business development in Austria in 2010

Premium development

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

PREMIUMS WRITTEN AUSTRIA



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

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

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

Expenses for claims and insurance expenses

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

Operating expenses

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

Profit before taxes: EUR 250.89 million

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

Combined ratio of 97.2%

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

Vienna Insurance Group in Austria*

in EUR million	2008	2009	2010
Premiums written	**3,755.72**	**3,874.15**	**4,041.14**
Life	1,872.36	1.985.43	2,146.70
Non-life	1,883.36	1.888.72	1,894.44
Profit before taxes	**344.33**	**247.49**	**250.89**

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

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CZECH REPUBLIC

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

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

VIG companies in the Czech Republic

Kooperativa pojišťovna, a.s.,
Vienna Insurance Group

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

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

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

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

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

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

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

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

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

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

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

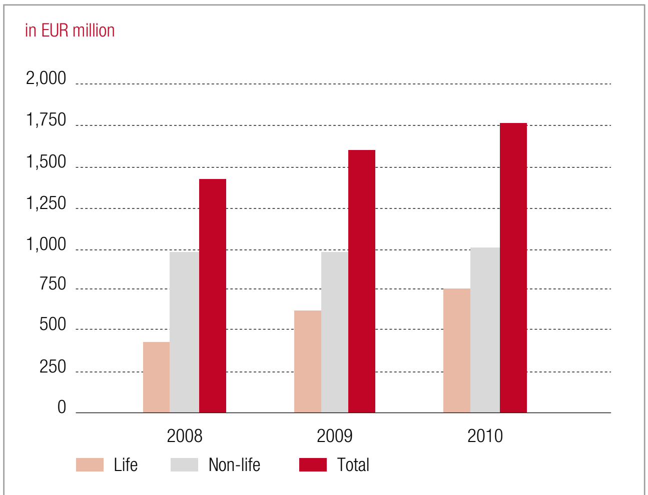
Again in 2010, PČS received a number of awards for its "Flexi" life insurance product. In the "Bank of the Year 2010" competition, this insurance solution came in second. By receiving the "Zlatá koruna" ("Golden Crown") award, the company continued with last year's victory. "Flexi" is one of the best-selling life insurance products on the market. The solution for the entire family combines the ideas of savings and insurance, and can be customised to one's current life circumstances.

Business development in the Czech Republic in 2010

Premium increase of 9.6%

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

PREMIUMS WRITTEN CZECH REPUBLIC



In the non-life area, premium income in 2010 was a total of EUR 1,004.35 million (2009: EUR 975.52 million) corresponding to an increase of 3.0% over the previous year. Kooperativa generated about 77% of the premiums in the non-life area.

The life insurance premium income generated by the Vienna Insurance Group in the Czech Republic increased from EUR 627.77 million to EUR 752.19 million in 2010. With gains of 19.8% over the previous year, life insurance proved to be a growth engine.

Expenses for claims and insurance expenses

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

Operating expenses

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

Strong growth in profit before taxes of 36.1%

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

Combined ratio of 93.3%

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

Vienna Insurance Group in the Czech Republic*

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

* PČS included since October 2008.

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SLOVAKIA

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

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

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

VIG companies in Slovakia

Kooperativa poisťovňa, a.s.
Vienna Insurance Group

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

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

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

Komunálna poisťovňa, a.s.
Vienna Insurance Group

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

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

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

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

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

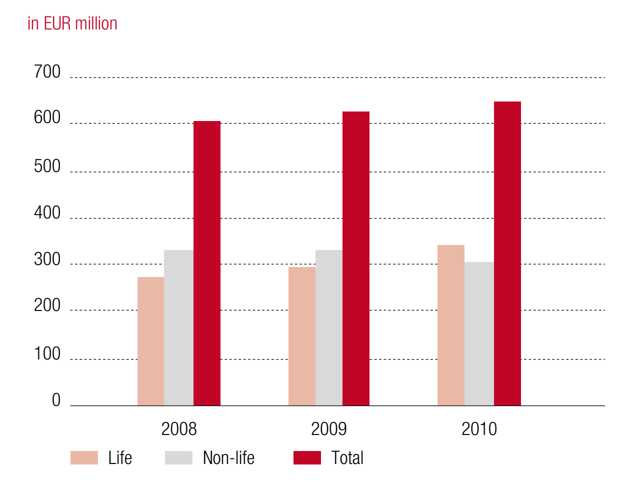
Since 2008, PSLSP has been part of VIG. PSLSP began insurance operations in early 2003. Today, it is among the top 10 life insurance companies in Slovakia. PSLSP's main distribution channel is Slovakia's largest commercial bank, Slovenská sporiteľňa, which has around 2.5 million customers and nearly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

Business development in Slovakia in 2010

Premium development

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

PREMIUMS WRITTEN SLOVAKIA



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

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

Expenses for claims and insurance expenses

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

Operating expenses

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

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

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

Combined ratio of 92.8%

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

Vienna Insurance Group in Slovakia*

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

* PSLSP included since October 2008.

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POLAND

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

VIG companies in Poland

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

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

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

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

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

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

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

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

InterRisk TU S.A.
Vienna Insurance Group

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

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

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

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

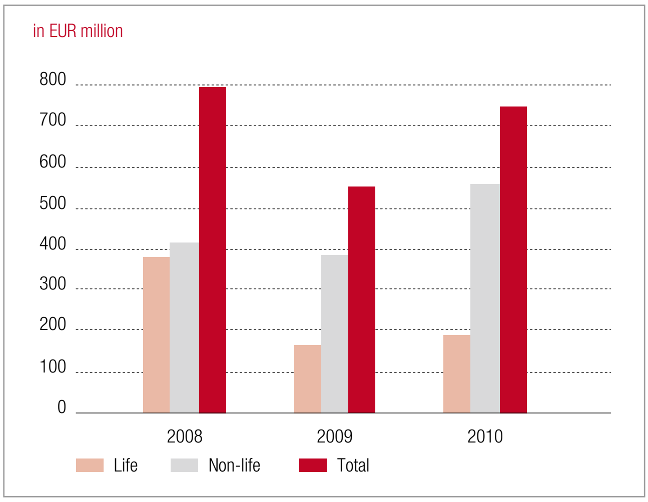
PZM operates very successfully primarily in the area of motor vehicle insurance. About 90% of the company's product portfolio is comprised of motor vehicle liability and own-damage insurance products. In 2010 however, PZM brought to market a new household insurance product called "Dom Max", receiving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

Business development in Poland in 2010

Premiums increase by an outstanding 36.4%

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

PREMIUMS WRITTEN POLAND



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

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

Expenses for claims and insurance expenses

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

Operating expenses

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

Profit before taxes: EUR 24.18 million

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

Combined Ratio over 100%

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

Vienna Insurance Group in Poland*

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

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

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ROMANIA

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

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

VIG companies in Romania

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

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

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

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

By its household insurance "Casa ta", Omniasig sets the tone for the market. Only recently introduced, it was voted best insurance product by the Romanian financial market magazine Piata Financiara.

Asigurarea Românească - Asirom
Vienna Insurance Group S.A.

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

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

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

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

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

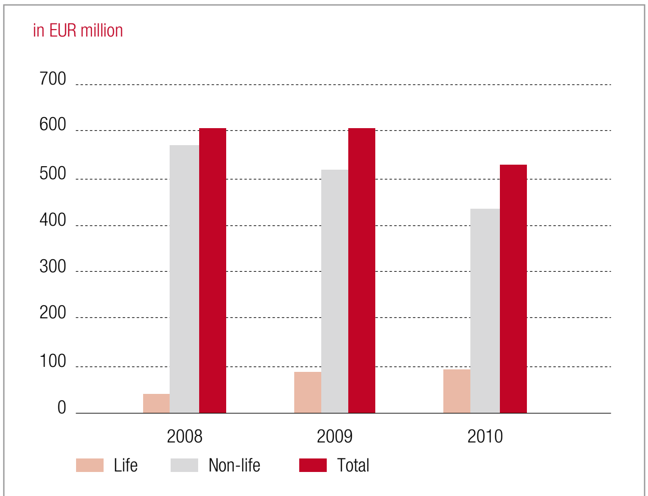
Since 2005, BCR Life has been present on the Romanian market with innovative life insurance products for individuals and with group life insurance policies. In the short time it has been doing business, it has secured a place among the most important life insurers of the country. In terms of premium volume, BCR Life has now become the second largest insurance company in this class. In 2010 BCR was able once again to impress not only its customers but also experts in the national financial press. Among others, it was honoured by the Romanian trade journal PRIMM with the "Insurer of the Year" award in the life insurance area. The magazine Piata Financiara awarded the company the title "Insurer of the Year" in the same category.

Business development in Romania in 2010

Premium development

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

PREMIUMS WRITTEN ROMANIA



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

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

Expenses for claims and insurance expenses

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

Operating expenses

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

Profit before taxes rises to EUR 28.51 million

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

Combined ratio of 101.1%

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

Vienna Insurance Group in Romania*

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

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

C

REMAINING MARKETS

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

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

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

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

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

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

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

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

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

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

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

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

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

Business development in the Remaining markets segment in 2010

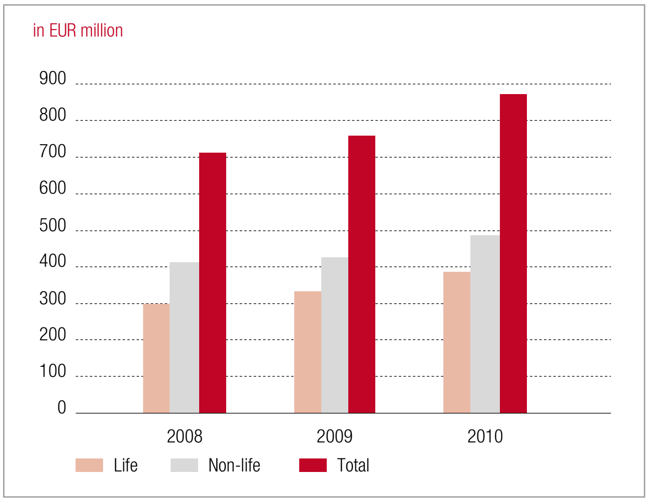
The companies in Russia and Belarus have not yet been included within the scope of consolidation of the Vienna Insurance Group.

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

Premium development

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

WRITTEN PREMIUMS REMAINING MARKETS



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

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

Expenses for claims and insurance expenses

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

Operating expenses

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

Profit before taxes

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

Combined ratio of 107.2%

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

Vienna Insurance Group in the Remaining markets segment*

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

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

Significant events after the balance sheet date

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

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

Research & development

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

Risk management

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

The detailed risk report for the Vienna Insurance Group is provided in the notes to the consolidated financial statements on pages 129-147.

Internal control and risk management system in the accounting process

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

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

The objectives of the annual financial statement process are:

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

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

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

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

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

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

OUTLOOK 2011

Economic development

Austria

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

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

CEE region

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

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

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

Insurance market

Austria

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

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

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

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

CEE region

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

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

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

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

Revision of IFRS 4

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

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

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

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

Vienna Insurance Group – Outlook

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

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

Alternative sales approaches and established bank distribution complement the traditional distribution channels. Through its cooperation with Erste Group, the Vienna Insurance Group has already acquired, as of 2008, another distribution partner of great importance, in particular for the life insurance class. Through its bank distribution, the s insurance companies in particular were able to fully exploit their potential in the life insurance area in 2010 and post high premium gains. Particularly when purchasing savings and investment products, customers prefer to deal with the bank advisors they know. It can be expected that banks as distribution channels will gain in popularity. Against this background, the Vienna Insurance Group will continue and intensify its successful cooperation with Erste Group in 2011.

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

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

CONSOLIDATED FINANCIAL STATEMENTS
IN ACCORDANCE WITH IFRS

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS
VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE

VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE

Consolidated financial statements in accordance with International Financial Reporting Standards (IFRS)	31.12.2010
Reporting period	1.1.2010 – 31.12.2010
Balance sheet comparison date	31.12.2009
Income statement comparison period	1.1.2009 – 31.12.2009
Currency	EUR

D

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2010

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

* Including trading assets

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2010

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

CONSOLIDATED SHAREHOLDERS' EQUITY

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

	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid-capital	Retained earnings	Other reserves	Sub-total	Minority interests	Share-holders' equity
in EUR '000								
As of 1 January 2009	**132,887**	**2,109,003**	**245,602**	**1,423,144**	**-38,763**	**3,871,873**	**266,917**	**4,138,790**
Capital increase / issuance of hybrid capital	0	0	250,000	0	0	250,000	0	250,000
Changes in scope of consolidation / ownership interests	0	0	0	3,625	0	3,625	-966	2,659
Total profit of the period incl. other comprehensive income after taxes	0	0	0	340,486	162,104	502,590	27,894	530,484
Dividend payment	0	0	0	-288,808	0	-288,808	-4,552	-293,360
As of 31 December 2009	**132,887**	**2,109,003**	**495,602**	**1,478,447**	**123,341**	**4,339,280**	**289,293**	**4,628,573**
As of 1 January 2010	**132,887**	**2,109,003**	**495,602**	**1,478,447**	**123,341**	**4,339,280**	**289,293**	**4,628,573**
Changes in scope of consolidation / ownership interests	0	0	0	20,520	2,083	22,603	80,738	103,341
Total profit of the period incl. other comprehensive income after taxes	0	0	0	379,752	46,977	426,729	31,586	458,315
Dividend payment*	0	0	0	-155,200	0	-155,200	-5,382	-160,582
As of 31 December 2010	**132,887**	**2,109,003**	**495,602**	**1,723,519**	**172,401**	**4,633,412**	**396,235**	**5,029,647**

* Including payment for servicing hybrid capital

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

The shareholders' share of changes recognised directly in the equity of the at equity consolidated companies is EUR 5,013,000 (EUR -1,308,000).

Composition Other reserves	31.12.2010	31.12.2009
Unrealised gains and losses	144,650	112,688
Currency reserve	27,751	10,653
Total	**172,401**	**123,341**

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

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

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

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OTHER COMPREHENSIVE INCOME

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

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

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

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

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY BUSINESS LINES

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

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

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

D

SEGMENT REPORTING

CONSOLIDATED INCOME STATEMENT BY BUSINESS LINES AND REGIONS

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Summary of significant accounting policies

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

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

Preparing consolidated financial statements in accordance with the IFRS as adopted in the European Union requires that estimates be made. In addition, application of the Company's accounting policies requires management to make assumptions. Areas with greater leeway for discretion, highly complex areas, or areas involving assumptions and estimates that are of critical importance to the consolidated financial statements are listed in the notes on page 119.

Amounts were rounded to improve readability and, where indicated, are shown in thousands of euros. Calculations, however, are done using exact amounts, including digits not shown, which may lead to rounding differences.

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

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

Scope and methods of consolidation

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

Associated companies are companies over which the Vienna Insurance Group has a significant influence, but does not exercise control. These companies are accounted for using the equity method. The consolidated financial statements include 4 Austrian companies and 14 foreign companies included at equity. In accordance with the requirements of IAS 39 "Financial instruments", 23 companies that are not of material importance were treated as financial instruments available for sale and measured accordingly at fair value.

Fully controlled investment funds ("special funds") were fully consolidated in accordance with the requirements of SIC 12. Mutual funds in which the Vienna Insurance Group holds the majority of units are not fully consolidated, since Vienna Insurance Group does not have control over such mutual funds.

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

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

The following companies were deconsolidated during the financial year:

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

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

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

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

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

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

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

The insurance portfolio of BULGARSKI IMOTI LIFE Insurance Company AD, Sofia, which was deconsolidated as of 1 January 2010, was transferred to BULSTRAD LIFE VIENNA INSURANCE GROUP Joint Stock Company, Sofia, at the end of 2009. The sale of Omniasig Asigurari de Viata SA, Bucharest, became legally effective in the middle of 2010. Due to a loss of control, Omniasig Asigurari de Viata SA, Bucharest, was deconsolidated as of 1 January 2010.

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

Change in Group structure

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

Information on the companies included in the consolidated financial statements as of 31 December 2010 by means of full consolidation and those included using the equity method is provided in Note 4 "Participations" in the notes to the consolidated financial statements.

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

Balance sheet

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

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

Income statement

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

Non-profit housing societies

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

- Alpenländische Heimstätte, gemeinn. Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck
- Erste gemeinnützige Wohnungsgesellschaft - Heimstätte Ges.m.b.H., Vienna
- Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding
- Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg
- NEUE HEIMAT OÖ Gemeinnützige Wohnungs- und SiedlungsgesellschaftmbH, Linz
- "Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna

Beginning in 2010

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

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

Balance sheet	Non-profit housing development companies 2010
in EUR '000	
Investments	721,604
thereof investment property	652,648
Other assets	31,461
Total ASSETS	**753,065**
Shareholders' equity	195,737
Provisions	15,281
Liabilities	542,047
Total LIABILITIES AND SHAREHOLDERS' EQUITY	**753,065**

Income statement	Non-profit housing development companies 2010
in EUR '000	
Income	57,065
Expenses	-29,338
Financial result	-10,887
Profit before taxes	**16,840**

The non-profit housing societies were fully consolidated due to the existence of control based on extensive contractual agreements. Annual profit distributions and access to the assets of the companies is subject to statutory restrictions. The total profit before taxes of all consolidated non-profit housing societies was EUR 56,512,000 (EUR 37,351,000).

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

D

Classification of insurance policies

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

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

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

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

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

As permitted by IFRS 4, the option to present unrealised gains and losses with the same effects on balance sheet measurements of underwriting provisions, capitalised acquisition costs and purchased insurance portfolios as realised gains and losses has been applied. Consequently, net unrealised gains result in a "provision for deferred profit participation" in the Group company in question. Net unrealised losses are offset against any existing provision for deferred profit-related premium refunds and provision for future profit appropriation, with any remaining asset balance being reported as "deferred policyholder profit participation resulting from measurement differences". This deferred item is only recognised if it is highly probable, at the Group company level, that the item can be offset by future profits in which the policyholders participate.

Owing to the financial market crisis, in the previous year negative measurement differences in the fixed-income securities area resulted in asset-side items being reported at three Group companies for deferred policyholder profit participation resulting from measurement differences. Since the intention was to hold the securities in question on a long-term basis, it could be assumed that these negative measurement differences will be offset by future increases in value. There are, however, no asset-side deferred items due to measurement differences in the current financial year.

Recognition and accounting methods for insurance policies

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

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

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

Adequacy test for liabilities arising from insurance policies

Liabilities from insurance policies and financial insurance policies are tested at each reporting date for adequacy of the insurance liabilities recognised in the financial 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 the IFRS, the functional currency of Vienna Insurance Group subsidiaries located outside of the Eurozone is the currency of their respective country. All assets and liabilities reported in separate financial statements are translated to euros using the mean rate of exchange on the balance sheet date. Items in the income statement are translated using the average month-end mean rate of exchange during the reporting period. Foreign exchange gains and losses arising since 1 January 2004 have been recognised directly in equity under the "Differences arising from foreign exchange translation" item.

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

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

Impairment

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

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

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

Estimates

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

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

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

Accounting policies for specific items of the annual financial statements

Intangible assets

GOODWILL (A)

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

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

PURCHASED INSURANCE PORTFOLIOS (B)

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

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

OTHER INTANGIBLE ASSETS (C)

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

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

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

The fair value of capitalised trademark rights with indeterminate useful lives was calculated using two methods, the relief-from-royalty method and the incremental cash flow method. The relief-from-royalty method calculates the value of a trademark from future notional royalties that the company would have to pay if the trademark were licensed from another company at standard market terms. The royalties were calculated using the Knoppe formula used in practice in the tax area. The incremental cash flow method calculates the value of a trademark using future earnings contributions generated as a result of the trademark. The cash flows resulting from the two methods above were discounted using a standard market discount rate for Romania. The calculation was performed taking into account the 16% Romanian corporate income tax rate. The "tax amortisation benefit" was also taken into account in the relief-from-royalty method. The average of the trademark values from the two methods was recognised in the balance sheet as the fair value of the trademark.

Investments

GENERAL INFORMATION ON THE ACCOUNTING AND VALUATION OF INVESTMENTS

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

- The determination of fair value for financial assets and liabilities is generally based on an established market value or a price offered by brokers and dealers (level 1).
- In the case of non-listed financial instruments, or if a price cannot be immediately determined, fair value is determined either through the use of generally accepted valuation models based on the discounted cash flow method or through an estimate by management as to what amounts could be realised from an orderly sale under current market conditions (level 2).
- The fair value of certain financial instruments, particularly unlisted derivative financial instruments, is determined using pricing models which take into account factors including contract and market prices and their relation to one another, current value, counterparty credit worthiness, interest rate curve volatility, and early repayment of the underlying (level 3).

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

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

Financial instruments shown as investments are regularly tested for impairment. If impairments to fair value are necessary, these are recognised in profit or loss if the reduction in value is permanent, and the corresponding investment item is not otherwise being measured at fair value with recognition of unrealised profits and losses (financial instruments recognised at fair value through profit or loss and investments for unit-linked and index-linked life insurance). The assessment as to whether a reduction in value is permanent is based on an assessment of market conditions, the financial position of the issuer, and other factors. Information on impairments is provided on page 118.

Information on the nature and extent of risks arising from financial instruments is provided in the section entitled "Risk reporting" on page 129.

LAND AND BUILDINGS (D)

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

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

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

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

Useful life in years	from	to
Buildings	20	50

FINANCIAL INSTRUMENTS (E)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reinsurers' share in underwriting provisions (G)
The reinsurers' share in underwriting provisions is measured in accordance with contractual provisions.

The credit quality of each counterparty is taken into account when the reinsurers' share is measured. As a result of the good credit quality of the Group's reinsurers, no allowances were needed for reinsurer shares as of the 31 December 2010 and 31 December 2009 balance sheet dates.

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

Receivables (H)
The receivables shown in the balance sheet relate in particular to the following receivables:

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

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

Taxes (I)+(J)

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

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

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

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

Tax rates	31.12.2010	31.12.2009
in %		
Austria	25	25
Czech Republic	19	20
Slovakia	19	19
Poland	19	19
Romania	16	16
Albania	10	10
Bulgaria	10	10
Germany	30	30
Estonia**	0	0
Georgia	15	15
Croatia	20	20
Latvia	15	15
Liechtenstein*	20	20
Lithuania	15	20
Macedonia**	0	10
Serbia	10	10
Turkey	20	20
Ukraine	25	25
Hungary	19	20

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

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

Other assets (K)

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

Underwriting provisions

UNEARNED PREMIUMS (L)

Under the current version of IFRS 4, figures in annual financial statements prepared in accordance with national requirements may be used for the presentation of figures relating to insurance policies in the consolidated financial statements. In Austria, a cost discount of 15% is used when calculating unearned premiums in the property and casualty insurance area (10% for motor vehicle liability insurance), corresponding to an amount of EUR 26,952,000 (EUR 27,685,000). No acquisition costs in excess of this figure are capitalised. For foreign companies, in the property/casualty insurance area, a portion of the acquisition commissions is generally recognised in the same proportion as the ratio of earned premiums to written premiums. To ensure uniform presentation within the Group, these capitalised acquisition costs are also shown in the consolidated financial statements as a reduction in unearned premiums.

MATHEMATICAL RESERVE (M)

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

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

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

As of 31 December 2010: 3.14%
As of 31 December 2009: 3.24%

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

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

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

As of 31 December 2010: 3.00%
As of 31 December 2009: 3.00%

PROVISION FOR OUTSTANDING CLAIMS (N)

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

PROVISION FOR PROFIT-UNRELATED PREMIUM REFUNDS (O)

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

PROVISION FOR PROFIT-RELATED PREMIUM REFUNDS (P)

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

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

OTHER UNDERWRITING PROVISIONS (Q)

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

UNDERWRITING PROVISIONS FOR UNIT-LINKED AND INDEX-LINKED LIFE INSURANCE (R)

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

Provisions for pensions and similar obligations (S)

PENSION OBLIGATIONS

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

These obligations are recognised in accordance with IAS 19 by determining the present value of the defined benefit obligation (DBO). Calculation of the defined benefit obligation is performed using the projected unit credit method. In this method, future payments, calculated based on realistic assumptions, are accrued linearly over the period in which the beneficiary acquires these entitlements. Actuarial reports, which are used to calculate the necessary reserve amount for each balance sheet reporting date, are available for 31 December 2009 and 31 December 2010.

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

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

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

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

SEVERANCE OBLIGATIONS

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

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

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

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

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

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

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

OTHER NON-UNDERWRITING PROVISIONS (T)

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

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

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

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

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

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

* The exception in § 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 allocation according to origin principle, are shown as expenses for claims and insurance benefits. Expenses for loss prevention are also reported in this item. Expenses for claims and insurance benefits are reduced by the income gained from using existing contractual and statutory avenues of recourse (this applies in particular to property and casualty insurance). Changes in underwriting provisions, except for the change in the provision for lapses, are also shown under expenses for claims and insurance benefits.

Operating expenses
The Group's personnel and materials expenditures are assigned to the following income statement items using the allocation according to origin principle:

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

RISK REPORTING

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

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

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

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

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

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

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

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

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

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

General information

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

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

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

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

Reinsurance
The Vienna Insurance Group limits the potential liability from its insurance business by passing on some of the risks it assumes to the international reinsurance market. It spreads this reinsurance coverage over a large number of different international reinsurance companies that the Vienna Insurance Group believes offer adequate credit quality, so as to minimise the risk (credit risk) due to the insolvency of one reinsurer. No significant reinsurer default has occurred in the history of the Vienna Insurance Group. The monetary limit per reinsurer is set individually for each subsidiary.

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

Even for business segments where claims are settled quickly (for example, natural catastrophes, fire, technology, transport, storm, burglary, household, water pipes, motor vehicle own damage) and the number of reinsurers is higher, the preferred rating is a Standard & Poor's rating of A or higher. Only in a few cases – and for limited periods of time – are reinsurers with lower ratings accepted.

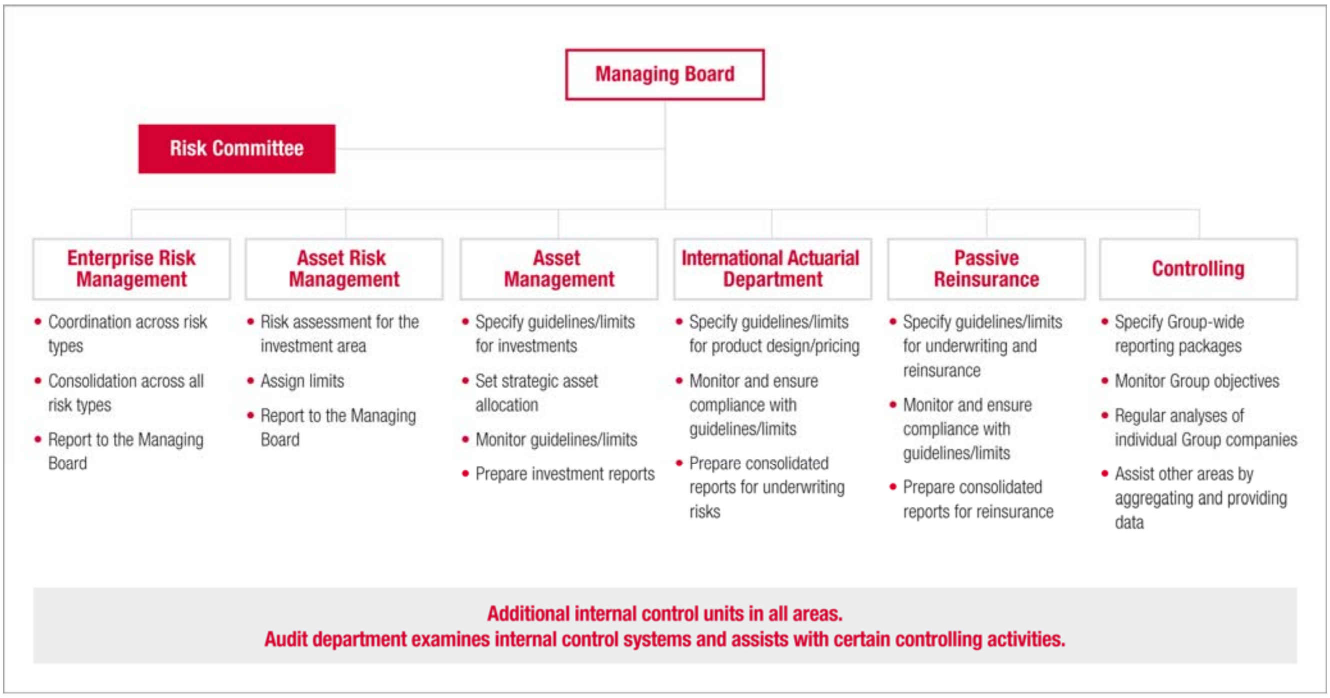
Other measures
The Vienna Insurance Group monitors the various market risks of its security portfolio using fair value valuations, value-at-risk (VaR) calculations, sensitivity analyses and stress tests.

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

Areas involved in risk monitoring and control

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

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



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

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

INVESTMENT RISK MANAGEMENT
The investment risk management department prepares a quarterly risk budget for the investment area. Compliance with the risk budget is reviewed weekly. Compliance with securities guidelines and the Company's own limit system is monitored on an ongoing basis. Periodic VaR calculations and analyses, as well as detailed stress tests, are performed for purposes of this monitoring.

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

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

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

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

Business risks

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

Guaranteed minimum interest rates

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

Loss reserves

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

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

Interest rate fluctuations

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

Share price risk

The Vienna Insurance Group has a share portfolio which, even including shares held by funds, constitutes 4% of investments. Among other things, the Vienna Insurance Group's share investments include participations in a number of Austrian companies and equity positions in other companies whose shares trade primarily on the Vienna Stock Exchange or stock exchanges in the Central and Eastern European region. Write-downs could be required if equity markets move downward.

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

Developments in Central and Eastern Europe
The expansion and development of business operations in the countries of Central and Eastern Europe is a core component of the Vienna Insurance Group's strategy. The Vienna Insurance Group has a very strong presence in these countries. Prescribed risk guidelines create a uniform risk management philosophy in all CEE countries. The presence of the corporate risk management department in the holding company makes risk management more consistent within the Group.

Risks from acquisitions
In the past, the Vienna Insurance Group acquired a number of companies in Central and Eastern European countries, or acquired participations in these companies.

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

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

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

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

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

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

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

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

Regulatory environment

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

These regulations govern such matters as:

- capitalisation of insurance companies and groups;
- admissibility of investments as security for underwriting provisions;
- licences of the various companies of the Vienna Insurance Group;
- marketing activities and the sale of insurance policies; and
- cancellation rights of policyholders.

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

Investments

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

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

The investment strategy for Austria can be summarised as follows:

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

Around 70% of the Vienna Insurance Group's investment portfolio consists of direct holdings of fixed-interest securities and loans. Holdings of shares and real estate amount to around 4% and 14%, respectively, in each case relative to the book value of the total investment portfolio.

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

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

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

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Maturity structures and rating categories

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

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

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

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

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

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

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

Maturity structure Financial instruments recognised at fair value through profit and loss*	Fair value 31.12.2010	 31.12.2009
in EUR '000		
no maturity	580,434	516,839
up to one year	44,945	186,079
more than one year up to five years	177,411	204,539
more than five years up to ten years	194,222	122,395
more than ten years	221,208	210,288
Total	**1,218,220**	**1,240,140**

* Excluding trading assets

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Rating categories - Standard & Poor´s Non-fixed-interest financial instruments recognised at fair value through profit and loss	Fair value 31.12.2010	 31.12.2009
in EUR '000		
AAA	60,477	67,674
AA	100,351	99,294
A	507,318	582,357
BBB	25,082	29,733
BB and lower	22,099	11,640
No rating	12,796	2,587
Total	**728,123**	**793,285**

Bonds

The bond portion of the Vienna Insurance Group securities portfolio represented approximately 60% of total investments as of 31 December 2010. When the bond portion of investment funds is included, bonds represent approximately 63% of total investments. The Vienna Insurance Group actively manages its bond portfolio using estimates of changes in interest rates, spreads and credit quality, taking into account limits related to individual issuers, credit quality, maturities, countries, currencies and issue volume. Investments in fixed-interest securities are almost always currency congruent, that is, are made in the same currency as the obligations to policyholders. The Vienna Insurance Group is currently not planning any investment strategy changes with respect to its bond portfolio.

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

Shares

As of 31 December 2010, the Vienna Insurance Group's share investments represented less than 4% of the book value of the total investment portfolio. In accordance with the investment guidelines for Austria, management is carried out using a top-down approach, subject to the constraint that diversification be used to minimise the market risk of the shares. Diversification is performed by markets and regions, sectors and industries, capitalisation (large, medium and small caps), business cycle (value, growth), and valuation allocations (fundamental or quantitative models). The overall proportion of shares is very small for Group companies in the CEE countries.

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

Loans/Lending

Vienna Insurance Group loans had a book value of EUR 3,468.4 million as of 31 December 2010 and a book value of EUR 3,780.3 million as of 31 December 2009.

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

Impairments of loans	Gross book value	Impairment	Net book value
in EUR '000			
Non-impaired loans	2,460,709	0	2,460,709
Impaired loans	161,332	119,693	41,639
Total	**2,622,041**	**119,693**	**2,502,348**

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

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

Land and buildings

The Vienna Insurance Group's real estate portfolio had a book value of EUR 4,071.1 million as of 31 December 2010 (market value of EUR 4,584.8 million), and a book value of EUR 3,301.2 million as of 31 December 2009 (market value of EUR 3,715.7 million). The portfolio of directly held real estate and real estate held in the form of participations is used primarily to create highly inflation-resistant long-term positions for the insurance business, and to create hidden reserves. The real estate portfolio represents approximately 14% of the total investment portfolio of the Vienna Insurance Group.

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

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

At equity consolidated companies

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

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

Market risk

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

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

Interest rate and share price risk

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

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

Market risk affecting earnings is controlled by calculating value-at-risk ("VaR") at regular intervals based on the "Investment and Risk Strategy" guidelines for securities and comparing it to the limit in relation to the risk budget. Value-at-risk is determined using a daily variance/covariance calculation. The Vienna Insurance Group statistically estimates the variances and covariances from market data for a 12-month period.

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

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

VaR Vienna Insurance Group	31.12.2010
in EUR millions	
10-day holding period	228.1
20-day holding period	322.6
Total risk capacity	969.0
20-day VaR as % of risk capacity	33%

Capital market scenario analysis

This analysis is carried out quarterly for all Vienna Insurance Group companies in order to check the risk capacity of the investments. The following table shows the stress parameters and the effect on capital of each scenario for 31 December 2010 (not including deferred profit participation or deferred taxes):

Reduction in market value	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
of shares	-20%	-10%	-20%	-20%	0%
of bonds	-5%	-3%	-5%	0%	-5%
of real estate	-5%	-10%	0%	-10%	-10%
Market value of assets less liabilites (in EUR millions)	**3,635.86**	**3,997.88**	**3,865.10**	**4,313.69**	**3,682.08**

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

Life insurance

The following table shows the changes in endowment insurance (not including risk insurance), risk insurance, annuity insurance, unit-linked and index-linked insurance, government-sponsored pension plans and the total.

	Endowment insurance (not incl. risk insurance)		Risk insurance		Annuity insurance		Unit- and index-linked insurance		Government sponsored pension plans		Total	
	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured	No. of policies	Amt. insured
Amount insured in EUR '000												
As of 1.1.2010	**3,089,020**	**28,978,663**	**1,804,400**	**36,325,964**	**697,001**	**10,244,161**	**1,062,376**	**11,012,679**	**433,160**	**7,802,633**	**7,085,957**	**94,364,100**
Changes in scope of consolidation	**-39,326**	**-140,412**	**-153,665**	**-519,377**	**-3,075**	**-6,061**	**0**	**0**	**0**	**0**	**-196,066**	**-665,850**
Additions												
New business	271,012	2,035,660	687,903	5,967,498	32,666	606,476	339,993	2,904,536	35,150	1,118,338	1,366,724	12,632,508
Increases	3,021	159,545	1,915	6,156	0	100,545	790	96,482	0	318,207	5,726	680,935
Total additions	**274,033**	**2,195,205**	**689,818**	**5,973,654**	**32,666**	**707,021**	**340,783**	**3,001,018**	**35,150**	**1,436,545**	**1,372,450**	**13,313,443**
Changes												
Changes in additions	104,714	1,688,938	70,844	635,743	29,183	755,881	41,632	1,435,109	2,445	66,711	248,818	4,582,382
Changes in disposals	-56,785	-1,003,271	-60,326	-1,038,997	-27,598	-825,395	-40,462	-1,038,246	-4,142	-298,053	-189,313	-4,203,962
Total changes	**47,929**	**685,667**	**10,518**	**-403,254**	**1,585**	**-69,514**	**1,170**	**396,863**	**-1,697**	**-231,342**	**59,505**	**378,420**
Disposals due to maturity												
Due to expiration	-126,965	-771,811	-360,266	-2,236,275	-21,373	-298,854	-8,274	-113,353	0	0	-516,878	-3,420,293
Due to death	-18,162	-109,117	-4,338	-138,904	-1,620	-26,116	-1,959	-19,675	-436	-6,352	-26,515	-300,164
Total disposals due to maturity	**-145,127**	**-880,928**	**-364,604**	**-2,375,179**	**-22,993**	**-324,970**	**-10,233**	**-133,028**	**-436**	**-6,352**	**-543,393**	**-3,720,457**
Premature disposals												
Due to non-redemption	-16,172	-156,022	-61,215	-294,194	-4,050	-71,658	-8,587	-128,963	-1,177	-36,353	-91,201	-687,190
Due to lapse without payment	-35,094	-321,816	-84,226	-1,142,909	-6,020	-89,824	-25,488	-370,749	-535	-9,064	-151,363	-1,934,362
Due to redemption	-138,946	-1,198,579	-7,845	-759,568	-47,503	-189,944	-31,358	-532,897	-322	-2,860	-225,974	-2,683,848
Due to waiver of premium	-62	-110,878	-6,299	-64,950	-12	-48,464	-8,422	-323,896	-733	-222,211	-15,528	-770,399
Total premature disposals	**-190,274**	**-1,787,295**	**-159,585**	**-2,261,621**	**-57,585**	**-399,890**	**-73,855**	**-1,356,505**	**-2,767**	**-270,488**	**-484,066**	**-6,075,799**
As of 31.12.2010	**3,036,255**	**29,050,900**	**1,826,882**	**36,740,187**	**647,599**	**10,150,747**	**1,320,241**	**12,921,027**	**463,410**	**8,730,996**	**7,294,387**	**97,593,857**

Embedded value sensitivity analyses for the life insurance business

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

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

The estimated trend of future profits is based on "best estimate" assumptions, i.e., a realistic assessment of economic and operational conditions based on future expectations and historical data, in which future risk is taken into account using stochastic models and an explicit calculation of capital commitment costs. When calculating the embedded value, numerous assumptions are made regarding operational and economic conditions, as well as other factors, some of which lie outside the control of the Vienna Insurance Group. Although the Vienna Insurance Group considers these assumptions sound and reasonable, future developments may differ materially from expectations. Publication of the embedded value is therefore no guarantee or warranty that the expected future profits on which this value is based will be realised in this fashion.

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

The projections of future profits are based on realistic assumptions for investment income, inflation, costs, taxes, lapses, mortality, morbidity and other key figures.

The interest rate curve used depends on an assessment of the risks associated with the realisation of future profits. In order to be able to make a statement on the impact of alternative interest rate curves, the embedded value as of 31 December 2010 and the increase in value resulting from new business in 2010 were calculated using an interest rate curve alternately increased and decreased by 1%.

Internal sensitivities are shown in the following table:

Sensitivities of the European Embedded Value of life insurance in Austria as of 31.12.2010	Change in % of the base value
European Embedded Value, Austria	
Decrease in level of equity and property values -10%	-3.97
Interest rate curve shift +1%	11.21
Interest rate curve shift -1%	-22.62
Administrative costs +10%	-2.36
Administrative costs -10%	2.33
Lapse rate improvement 10%	0.88
Lapse rate deterioration 10%	-0.98
Improvement in mortality and morbidity rates, endowment insurance +5%	0.53
Improvement in mortality rates for annuities +5%	-0.14
Value of new business, Austria	
Interest rate curve shift +1%	35.96
Interest rate curve shift -1%	-71.77
Administrative costs +10%	-6.88
Administrative costs -10%	6.35
Lapse rate improvement 10%	9.08
Lapse rate deterioration 10%	-7.11
Improvement in mortality and morbidity rates, endowment insurance +5%	2.42
Improvement in mortality rates for annuities +5%	-1.06

D

Property and casualty insurance provisions

General information

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

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

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

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

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

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

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

The final costs of the claims and claims settlement expenses depend on a number of variable circumstances. Between the time a claim is reported and final settlement, changing circumstances may require that the provisions that were formed be revised upwards or downwards. For example, changes in the law, the outcome of litigation and changes in medical costs, costs for materials for auto and house repair and hourly wage rates can have a substantial effect on the costs of claims. These factors may result in actual developments differing from expectations – sometimes substantially. Loss reserve estimates are regularly reviewed and updated, using the most recent information available to management. Any changes to provision estimates are reflected in the operating result. The Vienna Insurance Group's conservative policy toward provisions is shown in part by the fact that liquidation of loss reserves regularly leads to a profit.

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

Change in gross loss reserve

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

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

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

D

Reinsurance

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

Reinsurance guidelines
The Vienna Insurance Group reinsurance guidelines are jointly determined each year by the corporate reinsurance department and the member of the Managing Board responsible for reinsurance during the development of the reinsurance strategy for the next financial year.

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

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

RETENTION
It is a Group-wide policy that no more than EUR 50 million for the first natural catastrophe event and EUR 20 million for each additional event can be placed at risk on a PML (probable maximum loss) basis. The maximum Group-wide retention per individual loss is less than EUR 5 million.

SELECTION OF REINSURERS – DIVERSIFICATION
The Vienna Insurance Group and its Group companies divide their reinsurance coverage among many different international reinsurance companies of appropriate credit quality, so as to minimise the risk arising from one reinsurer's inability to pay. No significant reinsurer default has occurred in the history of the Vienna Insurance Group.

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

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

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

Reinsurance coverage using the example of Wiener Städtische

NATURAL CATASTROPHES

Wiener Städtische provides insurance for damage caused by natural catastrophes such as storms, hail, flooding or earthquakes. Wiener Städtische AG uses reinsurance coverage to limit its retention for natural catastrophes to EUR 18.5 million for the first loss event and EUR 4.5 million for each additional event.

CORPORATE CUSTOMER BUSINESS

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

PRIVATE CUSTOMER BUSINESS

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

Solvency II

During financial year 2009, the Managing Board of the Vienna Insurance Group established a Group-wide project managed centrally from Austria to implement Solvency II on the individual company and Group levels.

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

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

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

EXPLANATORY NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTANGIBLE ASSETS

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

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

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

Changes to goodwill essentially result from the acquisition and increase in shareholdings of the subsidiaries indicated in the section “Scope and methods of consolidation”.

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

Development of purchased insurance portfolio	31.12.2010	31.12.2009
in EUR '000		
Acquisition costs	188,177	155,531
Cumulative depreciation as of 31.12. of previous years	-107,028	-87,962
Book value as of 31.12. of the previous year	**81,149**	**67,569**
Exchange rate changes	319	71
Book value as of 1.1.	**81,468**	**67,640**
Additions	57,959	31,123
Disposals	0	-377
Changes in scope of consolidation	-8,318	921
Scheduled depreciation	-20,080	-15,758
Impairments	0	-2,400
Book value as of 31.12.	**111,029**	**81,149**
Cumulative depreciation as of 31.12.	118,866	107,028
Acquisition costs	**229,895**	**188,177**

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

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

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

2. LAND AND BUILDINGS

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

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

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

3. SHARES IN AT EQUITY CONSOLIDATED COMPANIES

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

4. PARTICIPATIONS – DETAILS

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

Affiliated companies and participations
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country of domicile	Interest in capital (%)[1]	Equity capital (EUR '000)	Last annual financial statements
Fully consolidated companies				
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	-77	2010
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna	Austria	55.00	92,808	2010
Alpenländische Heimstätte Gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.00	80,869	2010
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	27,888	2010
arithmetica Versicherungs- und Finanzmathematische Beratungs-GmbH, Vienna	Austria	100.00	385	2010
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest	Romania	99.10	71,264	2010
BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	21,249	2010
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	16,739	2010
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	-269	2010
BML Versicherungsmakler GmbH, Vienna	Austria	100.00	775,189	2010
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	99.91	214	2010
Bulgarski Imoti Non-Life Insurance Company AD, Sofia	Bulgaria	99.91	-1,362	2010
BULSTRAD LIFE VIENNA INSURANCE GROUP JSC., Sofia	Bulgaria	95.11	5,037	2010
BULSTRAD VIENNA INSURANCE GROUP PLC., Sofia	Bulgaria	97.08	19,886	2010
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00	2,175	2010
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	1,911	2010
CAME Holding GmbH, Vienna	Austria	100.00	28,249	2010
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00	-945	2010
CAPITOL, a.s., Bratislava	Slovakia	100.00	643	2010
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	98.39	84,194	2010
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00	19,635	2010
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	7,026	2010
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	99.89	47,501	2010
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	41,748	2010
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	11,140	2010
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00	23	2010
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	3,415	2010
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24	153,288	2010
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99.59	121,680	2010
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00	7,477	2010
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00	5,286	2010
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00	189,595	2010
Gemeinnützige Mürz-Ybbs-Siedlungsanlagen-GmbH, Kapfenberg	Austria	55.00	78,036	2010
Helios Vienna Insurance Group d.d., Zagreb	Croatia	100.00	22,234	2010
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	28,518	2010
IC Globus, Kiev	Ukraine	80.00	5,479	2010

D

Affiliated companies and participations
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

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

Affiliated companies and participations
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

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

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Affiliated companies and participations
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

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

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

5. LOANS AND OTHER INVESTMENTS

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

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

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

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

Composition of reclassfied loans

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

Maturity structure of loans

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

Maturity structure of reclassified loans

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

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

6. OTHER SECURITIES

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

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

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

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

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

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

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

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

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

* Including trading assets

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

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

Development of financial instruments assigned to level 3	Financial instruments available for sale	Financial instruments recognised at fair value through profit and loss	Trading assets
	31.12.2010	31.12.2010	31.12.2010
in EUR '000			
Book value as of 31.12. of the previous year	**323,626**	**5,525**	**6,247**
Exchange rate changes	0	14	0
Book value as of 1.1.	**323,626**	**5,539**	**6,247**
Reclassifications	-10,661	2,979	0
Additions	248,831	1,806	40,463
Disposals	-128,467	-2,256	-29,303
Changes in scope of consolidation	-20,449	0	0
Changes in value recognised in profit and loss	0	2,418	-1
Changes recognised directly in equity	254	0	0
Impairments	-6,758	0	0
Book value as of 31.12.	**406,376**	**10,486**	**17,406**

Fair value of derivative financial instruments	Fair value	
	31.12.2010	31.12.2009
in EUR '000		
Futures	0	1
Other structured products	333	0
Total	**333**	**1**

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

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

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

The balance sheet value corresponds to fair value.

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

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8. REINSURERS' SHARE IN UNDERWRITING PROVISIONS

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

Development	Book value as of 1.1.	Exchange rate changes	Additions	Amount used/ released	Changes in scope of consolidation	Book value as of 31.12.
in EUR '000						
Provision for unearned premiums	112,837	821	77,885	-98,065	16,078	109,556
Mathematical reserve	111,062	-79	10,600	-12,707	0	108,876
Provision for outstanding claims	885,114	14,244	540,107	-566,014	14,967	888,418
Provision for profit-unrelated premium refunds	4,438	117	8,514	-3,989	0	9,080
Other underwriting provisions	3,786	-47	943	-2,323	0	2,359
Total	**1,117,237**	**15,056**	**638,049**	**-683,098**	**31,045**	**1,118,289**

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

9. RECEIVABLES

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

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

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

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

10. TAX RECEIVABLES AND ADVANCE PAYMENTS OUT OF INCOME TAX

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

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

11. DEFERRED TAXES

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

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

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

12. OTHER ASSETS

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

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

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

13. CASH AND CASH EQUIVALENTS

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

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

14. CONSOLIDATED SHAREHOLDERS' EQUITY

Hybrid bonds

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

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

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

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

Since there were no potential dilution effects either in 2009 or in the current reporting period, the undiluted earnings per share equals the diluted earnings per share.

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

The Managing Board is authorised to increase the Company's share capital, in one or more tranches on or before 28 June 2015, by a nominal amount of EUR 66,443,734.10 through the issuance of 64,000,000 no-par value ordinary bearer or registered shares against cash contributions or contributions in kind. The terms of the share rights, the exclusion of shareholder pre-emption rights, and the other terms and conditions of the share issue are decided by the Managing Board, subject to Supervisory Board approval. Preference shares without voting rights may also be issued, with rights equivalent to those of existing preference shares. The issue prices of ordinary and preference shares may differ.

The General Meeting of 29 June 2010 authorised the Managing Board to issue, subject to Supervisory Board approval, one or more tranches of bearer convertible bonds with a total nominal value of up to EUR 2,000,000,000.00 on or before 28 June 2015, including authorisation to exclude shareholder pre-emption rights, and to grant the holders of convertible bonds conversion rights to up to 30,000,000 no-par value ordinary bearer shares with voting rights in accordance with the convertible bond terms to be established by the Managing Board. The share capital has consequently been raised pursuant to § 159 (2) no. 1 of the Austrian Stock Corporation Act (Aktiengesetz — AktG) by a contingent capital increase of up to EUR 31,145,500.36, through the issuance of up to 30,000,000 no-par value ordinary bearer shares with voting rights. The contingent capital increase will only be implemented to the extent that holders of convertible bonds issued on the basis of the General Shareholders' Meeting resolution of 29 June 2010 exercise the subscription or exchange rights they were granted. The Managing Board has not adopted any resolutions to date regarding the issuance of convertible bonds based on the authorisation granted on 29 June 2010.

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

The General Meeting of 24 April 2009 authorised the Managing Board to acquire the Company's own no-par value bearer shares pursuant to § 65(1) no. 4 and 8 AktG to the maximum extent permissible by law during a period of 30 months following the date the General Meeting resolution was adopted. The amount payable upon repurchase of the Company's own shares may not be more than a maximum of 50% below, or more than a maximum of 10% above, the average unweighted stock exchange closing price on the 10 stock exchange trading days preceding repurchase. The Managing Board may decide to make the purchase via the stock exchange, through a public offer or in any other legally permissible and expedient manner. The Managing Board has made no use of this authorisation to date. The Company held no treasury shares as of 31 December 2010.

Income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 1) were issued on 12 June 2008 and income bonds with a total nominal value of EUR 250,000,000.00 (Tranche 2) were issued on 23 April 2009 based on the authorisation granted by the General Meeting of 16 April 2008. The income bonds are traded on the Vienna Stock Exchange. The interest rate is 8% p.a. until 12 September 2018 (fixed interest rate), after which the income bonds pay variable interest. The Company has the right to call the bonds each quarter after the start of the variable interest period.

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

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

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

Payout	Per share 2010	Total 2010
in EUR		
Ordinary shares	0.90	115,200,000
Total	**0.90**	**115,200,000**

Proposed distribution of profits

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe ended financial year 2010 with net retained profits of EUR 200,852,110.42. The following appropriation of profits will be proposed to the Annual General Meeting: The 128 million shares are to receive a dividend of EUR 1.00 per share. The payment and ex-dividend dates for this dividend will be 16 May 2011. A total of EUR 128,000,000.00 will therefore be distributed. The net retained profits of EUR 72,852,110.42 remaining for financial year 2010 after distribution of the dividend is to be carried forward.

Adjusted capital

The adjusted capital to be disclosed under § 86h(5) VAG was equal to EUR 3,519,602,000 as of 31 December 2010, without deduction of equalisation provisions, and EUR 3,233,794,000 when reduced by the equalisation provisions. The adjusted capital calculation was performed before taking minority interests into account.

15. SUBORDINATED LIABILITIES

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

Issuing company	Issue date	Outstanding volume (EUR '000)	Maturity in years	Interest in %	Fair value
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.01.2005	171,000	17	First 12 years: 4.625% p.a.; thereafter variable	156,260
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	12.01.2005	120,000	unlimited 1)	First year: 4.25% p.a.; thereafter variable	103,656
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	20.04.2009	100,000	unlimited 2)	12M EURIBOR + 300 Basis points	100,000
DONAU Versicherung AG Vienna Insurance Group	15.04.+21.05.2004	4,500	unlimited 3)	4.95% p.a.	4,638
DONAU Versicherung AG Vienna Insurance Group	01.07.1999	3,500	unlimited 4)	4.95% p.a.	3,504
Sparkassen Versicherung AG Vienna Insurance Group	01.03.1999	16,640	unlimited 5)	4.90% p.a.	16,357
Sparkassen Versicherung AG Vienna Insurance Group	02.04.2001	7,500	until 02.04.2011 7)	6.25% p.a.	7,568
Sparkassen Versicherung AG Vienna Insurance Group	02.07.2001	20,500	unlimited 5)	6.10% p.a.	24,337
Sparkassen Versicherung AG Vienna Insurance Group	15.11.2003	28,200	unlimited 5)	4.95% p.a.	27,960
Sparkassen Versicherung AG Vienna Insurance Group	30.06.2006	41,400	unlimited 5)	4.75% p.a.	39,639
S.C. BCR Asigurări Vienna Insurance Group S.A.	24.04.2007	4,223	23.04.2012 8)	BUBOR + 50 Basis points	4,223
Kooperativa pojst'ovna, a.s., Vienna Insurance Group	22.12.2010	21,947	unlimited 6)	5.05% p.a.	20,373
Total		**539,410**			**508,515**

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

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

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

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

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

6) This can only be terminated with at least 5 years' notice.

7) These have already been terminated.

8) The right to ordinary and extraordinary termination is excluded for both parties.

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

16. PROVISION FOR UNEARNED PREMIUMS

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

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

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

17. MATHEMATICAL RESERVE

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

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

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

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

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

18. PROVISION FOR OUTSTANDING CLAIMS

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

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

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

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

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

Composition	31.12.2010	31.12.2009
in EUR '000		
Property/Casualty insurance	49,576	38,555
thereof profit-related	197	197
thereof profit-unrelated	49,379	38,358
Life insurance	702,766	559,786
thereof profit-related	701,661	558,943
thereof profit-unrelated	1,105	843
Health insurance	14,960	14,949
thereof profit-unrelated	14,960	14,949
Total	**767,302**	**613,290**
thereof life insurance deferred profit participation	**456,264**	**333,247**
Recognised through profit and loss	228,576	213,950
Recognised directly in equity	227,688	119,297

Development of life insurance	31.12.2010	31.12.2009
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**226,539**	**246,654**
Exchange rate changes	0	-202
Book value as of 1.1.	**226,539**	**246,452**
Addition/release	80,419	52,770
Changes in scope of consolidation	-734	-139
Transfer to mathematical reserve	-59,722	-72,544
Total	**246,502**	**226,539**
Deferred profit participation		
Book value as of 31.12. of the previous year	**333,247**	**102,752**
Book value as of 1.1.	**333,247**	**102,752**
Unrealised gains and losses on financial instruments available for sale	108,391	427,243
Revaluations recognised through profit and loss	14,626	-196,748
Book value as of 31.12.	**456,264**	**333,247**
Provision for premium refunds incl. deferred profit participation	**702,766**	**559,786**

Development health insurance	31.12.2010	31.12.2009
in EUR '000		
Provision for premium refunds		
Book value as of 31.12. of the previous year	**14,949**	**14,840**
Book value as of 1.1.	**14,949**	**14,840**
Addition/release	11	109
Total	**14,960**	**14,949**

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

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

20. OTHER UNDERWRITING PROVISIONS

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

Other underwriting provisions are primarily the provisions for lapses.

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

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

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

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

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

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

22. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

23. OTHER PROVISIONS

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

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

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

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

24. LIABILITIES

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

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

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

25. TAX LIABILITIES OUT OF INCOME TAX

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

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

26. OTHER LIABILITIES

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

27. CONTINGENT LIABILITIES AND RECEIVABLES

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

Litigation relating to coverage
In their capacity as insurance companies, the companies of the Vienna Insurance Group are involved in a number of court proceedings as defendants or have been threatened with litigation. In addition, there are proceedings in which the

companies of the Vienna Insurance Group are not involved as parties, but may be affected by the outcome of such lawsuits due to agreements with other insurers concerning participation in claims. In the opinion of Vienna Insurance Group, adequate provisions proportionate to the amount in dispute have been established for all claims in accordance with the law.

Off-balance sheet commitments

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

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

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

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

28. NET EARNED PREMIUMS

The premiums written and earned in the 2010 reporting period and the 2009 comparative period are broken down by segments as follows:

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

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

Premiums written	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
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
Remaining markets	426,325	331,522	0	757,847
Indirect business	69,810	14,585	85	84,480
Premiums written	**4,206,749**	**3,491,171**	**321,361**	**8,019,281**
REINSURERS' SHARE	-697,565	-33,203	-650	-731,418
Premiums written - retention	**3,509,184**	**3,457,968**	**320,711**	**7,287,863**

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

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

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

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

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

29. FINANCIAL RESULT

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

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

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

D

Composition Income	Current income 2009	Income from appreciation 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
Government bonds	53,863	0	0	53,863
Covered bonds	3,767	0	0	3,767
Corporate bonds	7,062	0	550	7,612
Bonds from banks	5,046	0	27	5,073
Subordinated bonds	12	0	0	12
Financial instruments reclassified as held to maturity	53,425	0	0	53,425
Government bonds	42,057	0	0	42,057
Covered bonds	8,899	0	0	8,899
Corporate bonds	39	0	0	39
Bonds from banks	2,366	0	0	2,366
Subordinated bonds	64	0	0	64
Financial instruments available for sale	591,972	6,669	288,161	886,802
Bonds	508,454	6,669	79,431	594,554
Government bonds	164,130	816	12,710	177,656
Covered bonds	60,974	0	9,241	70,215
Corporate bonds	53,476	4,058	11,831	69,365
Bonds from banks	150,665	994	36,279	187,938
Subordinated bonds	79,209	801	9,370	89,380
Shares and other participations	43,210	0	190,838	234,048
Investment funds	39,484	0	5,214	44,698
Other securities	824	0	12,678	13,502
Financial instruments held for trading	7,383	5,872	32,653	45,908
Bonds	6,815	3,318	4,584	14,717
Government bonds	5,578	1,996	3,610	11,184
Covered bonds	0	32	0	32
Corporate bonds	1,237	1,290	974	3,501
Shares and other non-fixed-interest securities	321	2,104	1,109	3,534
Investment funds	244	424	175	843
Derivatives	0	0	26,785	26,785
Other securities	3	26	0	29
Financial instruments recognised at fair value through profit and loss	44,580	58,018	11,128	113,726
Bonds	20,354	40,462	1,415	62,231
Government bonds	2,704	4,523	43	7,270
Covered bonds	2,101	1,439	0	3,540
Corporate bonds	40	0	0	40
Bonds from banks	12,757	23,510	1,258	37,525
Subordinated bonds	2,752	10,990	114	13,856
Shares and other non-fixed-interest securities	41	151	7,322	7,514
Investment funds	21,783	13,025	1,070	35,878
Other securities	2,402	4,380	1,321	8,103
Other investments	128,629	0	0	128,629
Unit- and index-linked life insurance	26,436	0	13,900	40,336
Total	**1,350,883**	**70,559**	**366,472**	**1,787,914**
thereof participations	*47,443*	*0*	*95,865*	*143,308*

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

D

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

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

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Composition Expenses	**Depreciation of investments**	**Exchange rate changes**	**Losses from disposal of investments**	**Total**
	2009	**2009**	**2009**	**2009**
in EUR '000				
Self-used land and buildings	12,336	0	149	12,485
Third-party used land and buildings	85,931	0	310	86,241
Loans	54,561	-2,491	467	52,537
Reclassified loans	9,546	0	10,450	19,996
Financial instruments held to maturity	0	-1,544	311	-1,233
Government bonds	0	-1,547	299	-1,248
Covered bonds	0	2	0	2
Corporate bonds	0	0	12	12
Bonds from banks	0	1	0	1
Financial instruments available for sale	190,820	808	104,860	296,488
Bonds	33,134	-1,003	26,071	58,202
Government bonds	181	-873	4,817	4,125
Covered bonds	0	-121	1,181	1,060
Corporate bonds	3,835	-9	116	3,942
Bonds from banks	16,031	0	694	16,725
Subordinated bonds	13,087	0	19,263	32,350
Shares and other participations	68,296	1,172	26,408	95,876
Investment funds	81,456	639	46,735	128,830
Other securities	7,934	0	5,646	13,580
Financial instruments held for trading	3,414	-82	80,722	84,054
Bonds	2,518	-82	1,544	3,980
Government bonds	1,903	-82	445	2,266
Corporate bonds	615	0	1,099	1,714
Bonds from banks	0	0	0	0
Shares and other non-fixed-interest securities	144	0	55	199
Investment funds	114	0	13	127
Derivatives	0	0	79,110	79,110
Other securities	638	0	0	638
Financial instruments recognised at fair value through profit and loss	31,897	175	5,578	37,650
Bonds	27,998	118	1,619	29,735
Government bonds	3,753	119	29	3,901
Covered bonds	289	3	1	293
Corporate bonds	0	-4	146	142
Bonds from banks	18,127	0	1,084	19,211
Subordinated bonds	5,829	0	359	6,188
Shares and other non-fixed-interest securities	0	-4	0	-4
Investment funds	2,942	61	910	3,913
Other securities	957	0	3,049	4,006
Other investments	2,728	-173	0	2,555
Unit- and index-linked life insurance	0	0	10,679	10,679
Total	**391,233**	**-3,307**	**213,526**	**601,452**
thereof impairments	*258,237*	*0*	*0*	*258,237*
thereof participations	*32,466*	*0*	*1,565*	*34,031*

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

30. RESULT FROM SHARES IN AT EQUITY CONSOLIDATED COMPANIES

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

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

31. OTHER INCOME

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

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

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

32. EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

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

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

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33. OPERATING EXPENSES

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

Composition	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
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**

34. OTHER EXPENSES

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

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

Composition	Property/ Casualty 2009	Life 2009	Health 2009	Total 2009
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**

35. TAX EXPENSE

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

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

The income tax rate of the parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is used as the Group tax rate. EUR 16,379,000 (EUR 45,376,000) in loss carry-forwards was not recognised. Deferred tax liabilities of EUR 36,828,000 (EUR 41,017,000) were applied against the revaluation reserve with no effect on profit or loss. This amount represents the deferred taxes on the variance in financial instruments available for sale.

36. OTHER INFORMATION

Employee statistics	2010	2009
Austria	6,493	6,368
Field staff	2,875	2,965
Office employees	3,618	3,403
Outside Austria	18,513	18,018
Field staff	10,373	10,101
Office employees	8,140	7,917
Total	**25,006**	**24,386**

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

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

* Previous year figures before demerger

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

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

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

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

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

37. AUDITING FEES AND AUDITING SERVICES

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

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

38. RELATED PARTIES

Related parties

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

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

Likewise, no loans or guarantees existed as of 31 December 2010 or 31 December 2009.

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

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

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

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

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39. LEASING BUSINESS

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

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

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

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

Deputy Chairman:
Komm.-Rat Dr. Karl Skyba

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

Employee representatives (until effective date of the demerger on 3 August 2010):
Peter Grimm
Brigitta Kinast-Pötsch
Franz Urban
Gerd Wiehart
Peter Winkler

Members of the Managing Board and Supervisory Board received no advances or loans in financial year 2010. There were no loans outstanding to members of the Managing Board or Supervisory Board as of 31 December 2010.

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

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

Chairman:
Dr. Günter Geyer

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

Compensation plan for members of the Managing Board:

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

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

The performance-related portion of the remuneration has an upper limit and accounts for approximately 40% of the possible total income. The awarding of such compensation presupposes that consideration has been given to the sustainable development of the Company and the Group. The Managing Board is not entitled to the performance-related component of compensation if earnings fall below certain thresholds. Even if the target is fully met for one financial year, because of the focus on sustainability the full variable compensation is only awarded if the result reported in the following year is also satisfactory.

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

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

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

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

A pension is normally received only if a Managing Board member's position is not extended not through any fault of his or her own or the Managing Board member retires due to illness or age.

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

The total expenses (cash claims and provisions for future claims) for severance and pensions of EUR 17,228,000 in 2010 (2009: 12,154,000) include EUR 1,550,000 (2009: EUR 1,343,000) in severance and pension expenses (cash claims and provisions for future claims) for executive staff (*leitende Angestellte*) within the meaning of § 80(1) AktG and former members of the Managing Board and their survivors, and provisions for future severance and pension claims of members of the Managing Board.

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

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

The Managing Board:

Dr. Günter Geyer

Dr. Peter Hagen

Dr. Martin Simhandl

Ing. Martin Diviš, MBA

Franz Fuchs

Mag. Peter Höfinger

Vienna, 14 March 2011

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (formerly VIENNA INSURANCE GROUP Wiener Städtische Versicherung AG), Vienna, for the fiscal year from January 1 to December 31, 2010. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2010, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2010, and the notes to the consolidated financial statements.

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

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

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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International 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 comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2010 and of its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary provisions of Section 80b VAG in conjunction with Section 245a UGB.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

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

Vienna, 14 March 2011

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Günter Wiltschek
Austrian Certified Public Accountant

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

DECLARATION BY THE MANAGING BOARD

We declare to the best of our knowledge that the consolidated financial statements prepared in accordance with applicable accounting standards give a true and fair view of the Group's net assets, financial position and results of operations, the Group management report presents the business development, performance and position of the Group so as to give a true and fair view of its net assets, financial position and results of operations, and the Group management report provides a description of the principal risks and uncertainties to which the Group is exposed.

The declaration for the annual financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is issued in the annual report of this company.

The Managing Board:

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

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

Dr. Martin Simhandl
CFO
Member of the Managing Board

Ing. Martin Diviš, MBA
Member of the Managing Board

Franz Fuchs
Member of the Managing Board

Mag. Peter Höfinger
Member of the Managing Board

Vienna, 14 March 2011

Managing Board areas of responsibility:
Dr. Günter Geyer: Group management, strategic planning, public relations, marketing, sponsoring, legal matters, human resources;
Country responsibilities: Austria (including branch offices in Italy and Slovenia), Slovakia
Dr. Peter Hagen: Group cost structure, Group IT/Back Office, SAP Smile Solutions, VIG RE, internal capital model project (Solvency II project)
Dr. Martin Simhandl: asset management, asset risk management, equity investment management, finance and accounting;
Country responsibilities: Germany, Liechtenstein, Turkey
Ing. Martin Diviš, MBA: performance management motor vehicle insurance; Country responsibilities: Georgia, Czech Republic, Ukraine
Franz Fuchs: performance management personal insurance; Country responsibilities: Baltic States, Poland, Romania
Mag. Peter Höfinger: international corporate and large customer business, Vienna International Underwriters (VIU), reinsurance;
Country responsibilities: Bulgaria, Montenegro, Russia, Serbia, Hungary, Belarus

GLOSSARY

ALM (Asset and Liability Management)
ALM refers to the continuous matching of corporate assets and liabilities. It ensures that promised payments are covered by achievable returns. ALM serves as a management instrument for developing a strategy with which financial goals can be achieved within prescribed risk limits.

Assets under management
Total capital assets that are valued at fair value, under management by the group, and where the group is responsible for asset performance.

Associated companies
The parent company and its subsidiaries are considered to be associated companies if the parent company is able to exert control over the business policies of the subsidiary. Examples of this are where the parent company directly or indirectly holds more than half of all voting rights, a controlling agreement exists, or it is possible to appoint the majority of the members of the Managing Board or other executive bodies of the subsidiary (§ 244 UGB).

Available for sale securities
Available for sale securities include securities that were not acquired with the intention of being held-to-maturity, or for short-term trading purposes. These available for sale securities are recognised at market value as of the balance sheet reporting date.

Cash flow
A key figure used in the analysis of shares and companies. It represents the inflow and outflow of liquid assets during a specific accounting period. Cash flow is essentially calculated by adding together the profit for the year, depreciation, changes in long-term provisions, and income taxes.

Cash flow statement
A presentation of the changes in cash and cash equivalents during a fiscal year, broken down into the three areas of ordinary activities, investing activities, and financing activities.

Ceded reinsurance premiums
Share of the premiums to which the reinsurer is entitled in return for reinsuring certain risks.

CEE (Central and Eastern Europe)
The Vienna Insurance Group defines the “CEE” region as all the growth markets in Central and Eastern Europe in which the Group operates. This includes the Czech Republic, Slovakia, Poland, Romania, Albania, Bulgaria, Estonia, Georgia, Croatia, Latvia, Lithuania, Macedonia, Montenegro, Russia, Serbia, Slovenia, Turkey, Ukraine, Hungary, and Belarus. Note that differences may exist between this definition and the definition of CEE used by other companies, financial institutions (e.g. IMF, OECD, WIFO, IHS), etc.

Claims incurred but not reported
Losses that are reported in the current fiscal year but occurred in the previous year. Each year as of the balance sheet reporting date, a reserve (= incurred but not reported reserve, IBNR) is formed for losses that relate to the financial statement year but are not reported until the following year.

Combined Ratio (net)
When the total of all items in the income statement that contribute to the profit before taxes, except for income from capital assets and the value of gross earned premiums itself, is divided by gross earned premiums, the result is called the combined ratio. If this ratio is less than 100%, the company is earning a profit from the underwriting portion of the business. This ratio is only calculated for property and casualty insurance. Since the reinsurers’ share is taken into account in the calculation, the result is a net combined ratio.

Consolidation
The financial assets of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intercompany capital combinations, interim profit/loss, payables and receivables, and income and expenses between group companies are eliminated.

Core markets
Collective term for the ten VIG markets Austria, Czech Republic, Poland, Romania, Slovakia, Bulgaria, Croatia, Hungary, Serbia, and Ukraine.

Deposits on assumed and ceded reinsurance business
A claim by the reinsuring company against the ceding company for deposits that it retains. When business is assumed, the reinsurer's share of premiums and claims are retained as security by the ceding insurance company. The deposits on ceded reinsurance item is analogous.

Derivative financial instruments (derivatives)
Financial contracts whose value depends on the price of an underlying asset. Derivatives can be classified systematically according to the nature of the underlying asset (interest rates, share prices, currency rates, or commodity prices). Options, futures, forwards and swaps are important examples of derivative financial instruments.

Direct business
Insurance business where an immediate legal relationship exists between the insurer and policyholder.

Earned premiums
The portion of premiums written which is allocated to the current fiscal year.

Earnings per share (basic/diluted)
The ratio of consolidated net income divided by the average number of shares outstanding. The diluted earnings per share include convertible securities that have been exercised, or are still available for exercise, in the calculation of the number of shares and net income. The convertible securities consist of convertible bonds and stock options.

Enterprise Risk Management (ERM)
Risk and opportunity management. The tasks of ERM are identification, assessment, analysis and control of opportunities and risks.

Equity method
Shares in associated companies are recognised using this method. As a rule, the value recognised corresponds to the Group's proportional share of the equity in these companies. In the case of shares in companies that prepare their own consolidated financial statements, the consolidated equity is recognised instead. For current valuation, the value recognised is adjusted using a proportional share of changes to equity, with the shares in net income being allocated to consolidated net income and disbursed profit distributions deducted.

Erste Group
The short version for Erste Group Bank AG.

Expenses for insurance claims
These are comprised of the payments for insurance claims, payments for claims investigation, claims settlement, and claims prevention, and from the change in the associated reserves.

Fair value
A security value calculated using a theoretical pricing model that takes into account factors on which the price depends.

Financial result
Income and expenses for capital assets and interest. This includes, for example, income from securities, loans, real estate and equity interests, as well as bank interest, and expenses incurred in the financial area, such as scheduled depreciation on owned real estate, unscheduled write-downs of securities to listed market prices, bank fees, etc.

Gross domestic product (GDP)
A measure of a country's economic production. All goods and services produced or provided within a country (by citizens or foreigners) during a specified period, valued at current prices (market prices) or constant prices (prices in a certain base year By using a constant price level in the calculations, price increases can be eliminated so that the figures presented over time are independent of inflation. GDP at constant prices is also known as real GDP.

Gross/Net

In insurance terminology, "gross/net" means before or after reinsurance has been deducted ("net" is also used to mean "for own account"). In connection with income from equity interests, the term "net" is used when related expenses have already been deducted from income (e.g., write-offs and losses from sale).Therefore, (net) income from equity interests equals the profit or loss from these interests.

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards. Since 2002, the designation IFRS has stood for the overall framework of all standards adopted by the International Accounting Standards Board. Previously adopted standards continue to be referred to as International Accounting Standards (IAS).

Income from capital assets and interest income

Income from capital assets and other interest income is comprised of income from equity interests (from associated companies), income from land and buildings, income from other capital assets, income from write-ups, gains from the sale of capital assets, and other income from capital assets and interest income.

Indirect business

Insurance business where the company acts as a reinsurer.

Insurance density

Annual per capita insurance premiums, used as an indicator for the state of development of a country's insurance sector.

Insurance payments (net)

Expenses (after deducting reinsurance) for insurance claims.

Insurance supervisory authority

The Austrian insurance supervisory authority is a part of the Austrian Financial Market Authority (FMA) that was established as an independent authority in April 2002. Its supervision extends to private-sector insurance companies with registered offices in Austria.

Loss provision

A provision for losses that have already been incurred but have not yet been settled. Claims and claims settlement expenses can be divided into two categories: provisions for known but still outstanding claims, and provisions for claims that have been incurred but have not yet been reported, or the correct amount has not been reported ("IBNR", "IBNER").

Market capitalisation

Stock exchange value or market capitalisation means the value of a stock corporation calculated by multiplying the current stock exchange price by the total number of shares issued.

Market value

The value of an asset on the balance sheet that can be realised by selling it in the market to a third party.

Mathematical reserve

A reserve calculated according to mathematical principles for future insurance payments in the life and health insurance areas. In the health insurance area, this is also referred to as an ageing reserve.

Minority interest

Shares in the equity of affiliated companies that are not held by Group companies.

Minority interest in net income/loss

The share of net income/loss allocated not to the Group, but to shareholders outside of the Group holding interests in associated companies.

Non-life
Non-life insurance includes the property and casualty insurance and health insurance segments.

Operating expenses
Operating expenses for retained insurance business are broken down into policy writing expenses, and other operating expenses, less reinsurance commissions and profit commissions for reinsurance cessions. Expenses for claims investigation, loss prevention, and claims processing (claims handling expenses) or for making insurance payments (settlement costs) are shown in the expenses for insurance claims item.

Present value
Current value of a cash amount to be received in the future, calculated through discounting by a known discount rate.

Options
Derivative financial instruments which entitle, but do not obligate, the buyer to purchase (call option) or sell (put option) an underlying asset at a future point in time for a specified price. In contrast, the seller of the option is obligated to deliver or purchase the asset and receives a premium for providing the option.

Organic growth
Organic growth means the growth of a company resulting from the company's own financial strength. Such growth is therefore not the result of purchasing other companies.

Personal insurance
Comprised of life, health and casualty insurance.

Premium
Agreed fee paid in exchange for assumption of risk by an insurance company.

Premium refund (profit-dependent)
The policyholder's profit participation in the profit of the insurance class in question (life / health / property and casualty).

Premium refund (profit-independent)
Contractually accorded refund of premiums to the policyholder.

Premiums written
Direct business premiums written are comprised of set premiums, not including premium or fire service taxes, plus policyholder collateral payments, reduced by premiums cancelled during the fiscal year. In indirect business, the premiums written correspond to the premiums that the ceding insurer has indicated for offset. In co-insurance business, the premiums written by each co-insurer correspond to the share of premiums allotted to it.

Price-earnings ratio
A financial ratio for evaluating shares. The price-earnings ratio (P/E ratio) shows the price of the share in relation to the earnings per share in a comparative period or future period. If the comparative period is defined as one year, the price-earnings ratio is the end-of-year price divided by the earnings per share for the year.

Profit participation
See premium refund (profit-dependent).

Rating
A rating is an evaluation of an insurance company or insurance products carried out by a rating agency. The evaluation is expressed as a kind of grading. The rating is presented using symbols, and comprises a number of different classes. It is very similar to a school grading system.

Reinsurance
Reinsurance is when an insurance company insures a portion of its risk with another insurance company.

Retained Earnings
Retained earnings are the profits generated by the company that have not been distributed as dividends.

Return on Equity (RoE)
Profit before taxes as a percentage of average equity, calculated using values at the beginning and end of the year.

Securities held to maturity

Held-to-maturity securities comprise debt securities that are intended to be held to maturity, and can be held to maturity. They are measured at cost upon initial recognition, which is equal to fair value at the time of acquisition. Subsequent measurement is performed at acquisition cost carried forward. A write-down is recognised in profit or loss in the case of permanent impairment.

Segment reporting

Presentation of the consolidated financial statements broken down according to the property and casualty insurance, life insurance, and health insurance areas as primary segments, and according to regions as secondary segments.

Single premium

A special type of premium payment used for life insurance. A (high) amount is paid as a single premium at the start of the policy.

Solvency II

Solvency II is a fundamental reform of insurance supervisory law in Europe, particularly solvency regulations relating to the capital adequacy of insurance companies. Solvency II is intended to create methods for the riskbased management of the total solvency of insurance companies. The static system for determining capital adequacy currently in effect will be replaced by a riskbased system, which goes beyond the current capital adequacy provisions of the Insurance Supervision Act to also take into account, in particular, qualitative factors (e.g. internal risk management).

Standard & Poor's

Standard & Poor's is an internationally recognised rating agency. It analyses and evaluates companies, countries and bonds, among other things. It uses its own rating scale, which ranges from AAA for the highest category to CC for the lowest when rating the financial strength of insurance companies. The ratings can be modified by adding a plus or minus sign.

Stress test

Stress tests are a special form of scenario analysis. The objective is to arrive at a quantitative assessment of the potential losses incurred by portfolios in the event of extreme market fluctuations.

UGB

As of 1 January 2007 Austrian Corporation Code (Unternehmensgesetzbuch)

Underwriter

Underwriters are responsible for evaluating risks in the insurance industry, and have the authority to underwrite risks. An underwriter estimates the probability and size of a loss as precisely as possible, calculates insurance premiums and establishes policy terms.

Underwriting provisions

These consist of the provision for outstanding claims, actuarial reserve, unearned premiums, provisions for profit-dependent and profit-independent premium refunds, the equalisation provision, and other underwriting reserves.

Unearned premiums

The portion of premiums written that were specified for the period following the annual financial statement reporting date and are therefore not included in the income for the financial year. These premiums are used to cover obligations arising after the balance sheet reporting date.

Unit-linked and index-linked life insurance

Insurance policies where the capital investment is made at the policy-holder's risk. The investments in this area are valued at fair value, with the underwriting reserves shown at the value of the capital assets.

VAG

The Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz) includes provisions governing the organization and supervision of insurance companies.

Value at Risk (VaR)
Value-at-Risk is a procedure used to calculate potential losses arising from price changes affecting the trading position. This loss potential is expressed using a specific confidence limit (e.g. 98%), and is calculated based on market-related price changes.

Vienna Insurance Group (VIG)
Name used for the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. As a rule, when the Vienna Insurance Group (VIG) is mentioned, the Group as a whole is meant. If a statement refers exclusively to the activities of the Group holding company, the word "Holding" is added to the end of the name.

Volatility
Fluctuations in security prices, currency rates, and interest rates.

Wiener Städtische
The name of the largest single company of the Vienna Insurance Group with insurance business in Austria, WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group.

ADDRESSES OF GROUP COMPANIES

COUNTRY	POSTAL ADDRESS	PHONE	E-MAIL/INTERNET ADDRESS
AUSTRIA			
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	A-1010 Vienna Schottenring 30	+43 (0) 50 350 20000	info@vig.com www.vig.com
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	A-1010 Vienna Schottenring 30	+43 (0) 50 350 20000	kundenservice@staedtische.co.at www.wienerstaedtische.at
DONAU Versicherung AG Vienna Insurance Group	A-1010 Vienna Schottenring 15	+43 (0) 50 330 70000	donau@donauversicherung.at www.donauversicherung.at
Sparkassen Versicherung AG Vienna Insurance Group	A-1010 Vienna Wipplingerstraße 36-38	+43 (0) 50100 75400	sag@s-versicherung.at www.s-versicherung.at
Italy (branch)			
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	I-00147 Rome Via Cristoforo Colombo 112	+39 (0) 6 510 70 11	wiener@wieneritalia.com www.wieneritalia.com
DONAU Versicherung AG Vienna Insurance Group	I-20139 Milan Via Bernardo Quaranta 45	+39 (0) 2 897569 1	info@donauassicurazioni.it www.donauassicurazioni.it
Slovenia (branch)			
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	SI-1000 Ljubljana Masarykova 14	+386 (0) 1 300 17 00	info@wienerstaedtische.si www.wienerstaedtische.si
CZECH REPUBLIC			
Kooperativa pojišt'ovna, a.s. Vienna Insurance Group	CZ-110 01 Prague 1 Templová 747	+420 221 000 111	info@koop.cz www.koop.cz
Česká podnikatelská pojišt'ovna, a.s. Vienna Insurance Group	CZ-140 21 Prague 4 Budejovická 5	+420 261 02 2170	pojistovna@cpp.cz www.cpp.cz
Pojišťovna České spořitelny, a.s. Vienna Insurance Group	CZ-530 02 Pardubice Nám. Republiky 115	+420 466 051 522	pojistovnacs@pojistovnacs.cz www.pojistovnacs.cz
VIG RE zajišt'ovna, a.s.	CZ-110 02 Prague 1 Klimentská 46	+420 221 715 505	info@vig-re.com www.vig-re.com
SLOVAKIA			
Kooperativa poišt'ovna, a.s. Vienna Insurance Group	SK-816 23 Bratislava Štefanovičova 4	+421 (0) 2 572 99 198	info@koop.sk www.koop.sk
Komunálna poišt'ovna, a.s., Vienna Insurance Group	SK-811 05 Bratislava Štefánikova 8	+421 (0) 2 482 105 01	info@kpas.sk www.kpas.sk
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group	SK-832 68 Bratislava 3 Tomášikova 48	+421 (0) 2 4862 9300	pslsp@pslsp.sk www.pslsp.sk
POLAND			
Compensa TU na Życie S.A. Vienna Insurance Group	PL-02-342 Warsaw Aleje Jerozolimskie 162	+48 22 501 6100	centrala@compensazycie.com.pl www.compensa.pl
Compensa TU S.A. Vienna Insurance Group	PL-02-342 Warsaw Aleje Jerozolimskie 162	+48 22 501 6100	centrala@compensa.com.pl www.compensa.pl
InterRisk TU S.A. Vienna Insurance Group	PL-00-668 Warsaw ul. Noakowskiego 22	+48 22 537 68 03	sekretariat@interrisk.pl www.interrisk.pl

COUNTRY	POSTAL ADDRESS	PHONE	E-MAIL/INTERNET ADDRESS
Benefia TU na Życie S.A. Vienna Insurance Group	PL-01-793 Warsaw ul. Rydygiera 21	+48 22 525 11 11	centrala@benefia.pl www.benefia.pl
Benefia TU Majatkowych S.A. Vienna Insurance Group	PL-01-793 Warrsaw ul. Rydygiera 21 A	+48 22 544 14 70-71	centrala@benefia.pl www.benefia.pl
Polski Żwiazek Motorowy TU S.A. Vienna Insurance Group	PL-02-342 Warsaw Aleje Jerozolimskie 162 A	+48 22 532 84 70	centrala@pzmtu.pl www.pzmtu.pl
ROMANIA			
Omniasig Vienna Insurance Group S.A.	RO-011 862 Bucharest B-dul Aviatorilor, Nr. 28, Sector1	+40 (0) 21 231 50 40	secretary@omniasig.ro www.omniasig.ro
Asigurarea Romaneasca – Asirom Vienna Insurance Group S.A.	RO-020 912 Bucharest Carol I Nr. 31-33, Sector 2	+40 (0) 21 601 1300	pr@asirom.com.ro www.asirom.com.ro
BCR Asigurari de Viata Vienna Insurance Group S.A.	RO-011 843 Bucharest Rabat no 21, Sector 1	+40 (0) 21 206 90 40	office@bcrasigviata.ro www.bcrasigviata.ro
BCR Asigurari Vienna Insurance Group S.A.	RO- 011 886 Bucharest Str. Grigore Mora, Nr. 23, Sector 1	+40 (0) 21 405 74 20	office@bcrasig.ro www.bcrasigurari.ro
FURTHER MARKETS			
ALBANIA			
Sigma Sh.a.	AL-Tirana Rruga: Komuna e Parisit Pall. Lura, P.O.B. 1714	+355 (0) 42 258 254	info@sigma-al.com www.sigma-al.com
Interalbanian Sh.a	AL-Tirana Rr. Sulejman Delvina, Zayed Business Center	+355 4 2229578	www.interalbanian.com
BULGARIA			
Bulstrad Vienna Insurance Group	BG-1000 Sofia Positano Square 5	+359 (0) 2 985 66 10	public@bulstrad.bg www.bulstrad.bg
Bulstrad Life Vienna Insurance Group	BG-1301 Sofia Sveta Sofia Street 6	+359 (0) 2 915 30 10	bullife@bulstradlife.bg www.bulstradlife.bg
Bulgarski Imoti Non-Life Insurance Company	BG-1408 Sofia Balsha Str. 8	+359 (0) 2 915 87 87	office@bulgarskiimoti.bg www.bulgarskiimoti.bg
GERMANY			
InterRisk Versicherungs-AG Vienna Insurance Group	D-65203 Wiesbaden Karl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de
InterRisk Lebensversicherungs-AG Vienna Insurance Group	D-65203 Wiesbaden Karl-Bosch-Straße 5	+49 (0) 611 27 87-0	info@interrisk.de www.interrisk.de

COUNTRY	POSTAL ADDRESS	PHONE	E-MAIL/INTERNET ADDRESS
ESTONIA			
Compensa Life Vienna Insurance Group	EE-10119 Tallinn Roosikrantsi 11	+372 610 3000	info@compensalife.ee www.compensalife.ee
GEORGIA			
JSC GPI Insurance Company Holding	GE-0171 Tbilisi Kostava Str. 67	+995 (0) 32 505 111	info@gpih.ge www.gpih.ge
IRAO Ltd. International Insurance Company	GE-0162 Tbilisi A. Kazbegi Str. 46	+995 (0) 32 949 111	office@irao.ge www.irao.ge
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ADDRESS · NOTES · INFORMATION

NOTES

This annual report also includes forward-looking statements based on current assumptions and estimates that are made by the Management of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe to the best of its knowledge. Information offered using the words "expectation" or "target" or similar formulations indicate such forward-looking statements. The projections that are related to the future development of the company represent estimates that were made on the basis of the information available as of the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialise or if risks arise at a level that was not anticipated.

Note regarding rounding: Calculation differences may arise when rounded amounts and percentages are summed automatically.

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

Our aim was to keep the Annual Report as easy to read and as fluent as possible. For this reason, we have dispensed with formulations such as "he/she", "his/her", etc. It should be understood that the text always refers to women and men equally without discrimination.

Website – online report

The annual report is available in the German and in the English languages and can also be downloaded in both languages as a pdf file from our website (www.vig.com) under Investor Relations.

In the event of doubt, the German version is authoritative.

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