

# THE ART OF SUSTAINABLE GROWTH.

GROUP ANNUAL REPORT 2009  
VIENNA INSURANCE GROUP  
(short version)

# HIGHLIGHTS 2009

## FUTURE-ORIENTED ACTIVITIES OF THE VIENNA INSURANCE GROUP

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- **V.I.G. is the leader in its core markets:**  
Number 1 overall and in the non-life segment in the CEE region
- **V.I.G. is continuing to strengthen its strategic position:**  
Cooperative cross-border distribution allows even better customer service
- **Future-oriented action programme:**  
Costs already reduced by EUR 60 million out of a potential of EUR 100 million – focus on material costs and extensive process improvements
- **Reorganisation of Group structure planned:**  
Group holding company to receive the name Vienna Insurance Group AG Wiener Versicherung Gruppe\*
- **Group management:**  
Dr. Peter Hagen becomes Deputy General Manager; Dr. Martin Simhandl confirmed as CFO

## STABILITY DURING DIFFICULT TIMES

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- **Profit before taxes of EUR 441.25 million in 2009:**  
Outstanding 2007 result exceeded
- **Premium volume:**  
V.I.G. exceeds 8 billion mark for the first time: EUR 8,019.28 million (+1.5%)
- **Combined Ratio:**  
At 96.3%, the Group's combined ratio is again significantly below 100%
- **Dividend of EUR 0.90 planned:**  
Dividend policy ensures continued attractive distributions – 2009 dividend payout ratio: 31.7%

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

# VIENNA INSURANCE GROUP KEY FIGURES

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

\* including bonus dividend

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

## LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

Dear Shareholders,  
Dear Madam/Sir,

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

This is also shown by the growth rates recorded by our business. In 2009, the Vienna Insurance Group recorded a slight increase of 1.5% in insurance premiums. This was due to two main factors. First, volume was impacted by major changes in currency relationships in the CEE markets relative to 2008. Second, our Group benefited from the premiums contributed by the companies in the s Versicherung Group that we acquired in 2008.

Consequently, the Vienna Insurance Group increased its life insurance premiums written by almost 6%, while non-life insurance recorded a decrease of just under 1.7% owing to currency effects. On a local basis, however, premium volume experienced respectable increases in most countries, including both Austria and the CEE region.

The Vienna Insurance Group also offers stability in terms of Group profit. Due to extraordinary income earned in the year just ended, a comparison with 2008 is not meaningful. One can, however, compare the 2009 profit before taxes of EUR 441.25 million to the record profit earned in 2007. The profit in the year just ended exceeded the profit of EUR 437.30 million earned in 2007, the last year before the economic crisis, thereby continuing the successful profit development of the Vienna Insurance Group.

In accordance with the policy we have followed for many years of distributing at least 30% of our Group profit after taxes, the Vienna Insurance Group plans to pay a dividend of EUR 0.90 per share for the year 2009.

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

During the course of its determined expansion in Austria and the CEE region, the Vienna Insurance Group has grown to become a family of about 50 insurance companies in recent years. Successful growth requires adjustments in the organisational structure of the Group. In order to better address these challenges, we feel that the next logical step is to establish a listed Group holding company whose shares would continue to be held by our shareholders by spinning off the insurance operations in Austria. Subject to a General Meeting resolution to this effect and official approval, the Group holding company would receive the name Vienna Insurance Group AG Wiener Versicherung Gruppe. The Wiener Städtische insurance company, the largest single company in the Group and the leading insurance company in Austria, will continue its insurance business operations in Austria.

The new changes in our company require additional efforts of our employees. I therefore feel that much prouder when I speak with our employees and encounter an entrepreneurial spirit that fills me with optimism about achieving the tasks that we have set for ourselves.

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

Sincerely yours,

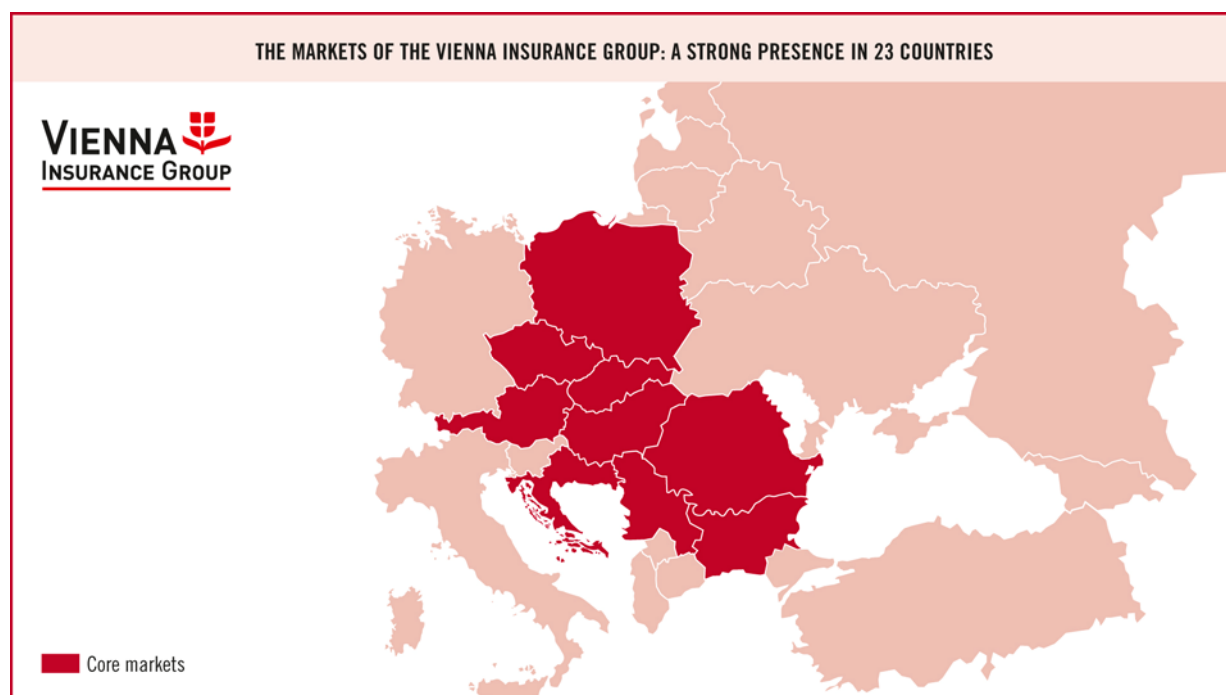


Günter Geyer

# THE COMPANY

## VIENNA INSURANCE GROUP

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



### Leading position in the CEE region

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

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

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

### Clear strategic orientation

The Vienna Insurance Group's international focus on Central and Eastern Europe is aimed at achieving long-term steady growth in premiums and earnings. In addition to strengthening its

market-leading position in Austria, the goals of the Vienna Insurance Group therefore also include an expansion of its insurance business in Central and Eastern Europe. The focus in this expansion will be on organic growth of the insurance companies. The Vienna Insurance Group has followed a clear strategy of value-oriented growth for many years, with a central focus on being a leader. The Vienna Insurance Group is already one of the market leaders in Austria, the Czech Republic, Slovakia, Romania, Albania, Bulgaria, Georgia and Ukraine.

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

The experience and solid market knowledge gained by the Vienna Insurance Group over the past 20 years is applied continuously to the Group's insurance business, which is broadly

diversified across countries, distribution channels and products. The unwavering path followed by the Group has led to similar strength in the structure of the business, which in turn is reflected in an excellent rating from Standard & Poor's (A+, stable outlook).

#### Stability during difficult times

The importance of a broad geographical market base becomes particularly clear during difficult economic times. The differences in economic momentum among different countries have a balanced effect on the Vienna Insurance Group. As a result, the Vienna Insurance Group achieved outstanding performance and successfully continued its growth in 2009, in spite of the currently difficult economic situation. The Vienna Insurance Group stands for financial stability, offering its customers a high level

of security in the present as well as in the future. Based on its knowledge of insurance markets in the CEE region, the Vienna Insurance Group feels that these markets, which are not yet saturated compared to Western Europe, are likely to continue showing growth rates above those for Western Europe over coming years.

#### Our employees are our path to success

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

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

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

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

The CEE markets of Georgia, Russia and Belarus were not yet included in the scope of consolidation of the Vienna Insurance Group in 2009.

Branch offices in Italy and Slovenia belong to Wiener Städtische Austria.

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

# STRATEGY AND MARKET

## OBJECTIVES AND STRATEGY

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

### The Vienna Insurance Group has the following objectives:

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

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

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

#### Think globally – act locally

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

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

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

#### Multi-brand policy

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

This allows established, well-known brands that already enjoy good customer recognition to be retained and helps to maintain the loyalty and commitment of local employees and managers. Established distribution relationships are also easier to continue

using an existing brand. On the whole, the business of insurance companies can be developed with great success in this manner.

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

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

#### Multi-channel distribution

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

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

#### Diversification

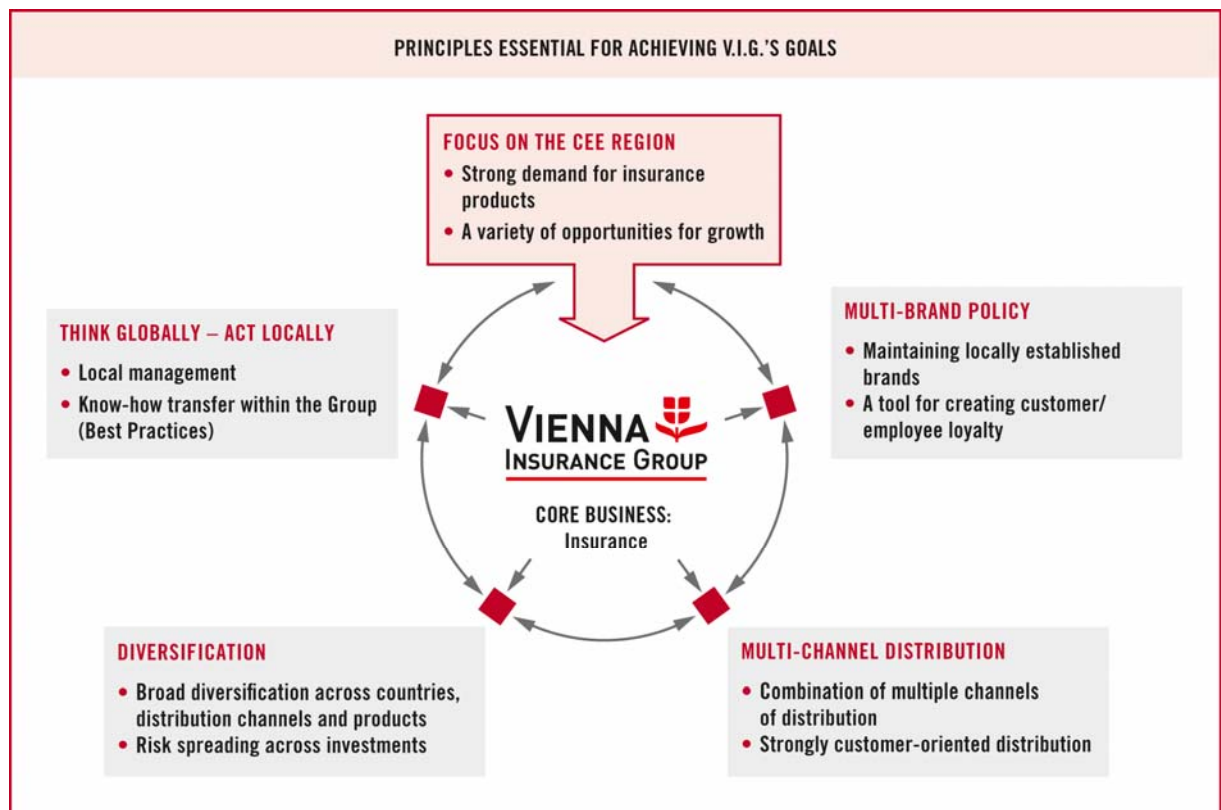
The Group stands out for its broad diversification across countries, distribution channels and products, thereby minimising risks. The Vienna Insurance Group now operates in 23 different markets, and attempts to use a variety of distribution channels

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

### Profitability steering

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

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



# Welcome to the family of VIENNA INSURANCE GROUP



AUSTRIA	CZECH REPUBLIC	SLOVAKIA	ROMANIA	POLAND
<b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP  <b>Ionau</b> VIENNA INSURANCE GROUP  <b>S-VERSICHERUNG</b> VIENNA INSURANCE GROUP	<b>Kooperativa</b> VIENNA INSURANCE GROUP  <b>ČPP</b> VIENNA INSURANCE GROUP  <b>POJIŠŤOVNA</b> ČESKÉ SPORITELNY VIENNA INSURANCE GROUP  <b>VIG Re</b>	<b>Kooperativa</b> VIENNA INSURANCE GROUP  <b>KOMUNÁLNA poisťovňa</b> VIENNA INSURANCE GROUP  <b>POIŠŤOVŇA</b> SLOVENSKEJ SPORITELNE VIENNA INSURANCE GROUP	<b>OMNIASIG</b> VIENNA INSURANCE GROUP  <b>OMNIASIG</b> ASIGURARI DE VIATA VIENNA INSURANCE GROUP  <b>ASIROM</b> VIENNA INSURANCE GROUP  <b>BCR ASIGURARI</b> VIENNA INSURANCE GROUP  <b>BCR ASIGURARI</b> DE VIATA VIENNA INSURANCE GROUP	<b>COMPENSA</b> VIENNA INSURANCE GROUP  <b>InterRisk</b> VIENNA INSURANCE GROUP  <b>BENEFIA</b> VIENNA INSURANCE GROUP  <b>PZM</b> TU S.A. VIENNA INSURANCE GROUP
GERMANY	HUNGARY	BULGARIA	ESTONIA	UKRAINE
<b>InterRisk</b> VIENNA INSURANCE GROUP	<b>UNION</b> BIZTOSÍTÓ VIENNA INSURANCE GROUP  <b>ERSTE BIZTOSÍTÓ</b> VIENNA INSURANCE GROUP	<b>BULSTRAD</b> VIENNA INSURANCE GROUP  <i>Life</i> <b>BULSTRAD</b> VIENNA INSURANCE GROUP  <b>BULGARSKI IGROTI</b> VIENNA INSURANCE GROUP	<b>COMPENSA</b> VIENNA INSURANCE GROUP	<b>КНЯЖА</b> VIENNA INSURANCE GROUP  <b>ГЛОБУС</b> VIENNA INSURANCE GROUP  <b>ЮПИТЕР</b> VIENNA INSURANCE GROUP  <b>УКРАЇНСЬКА</b> СТРАХОВА ГРУПА VIENNA INSURANCE GROUP
LIECHTENSTEIN	ITALY BRANCH	ALBANIA	LATVIA	GEORGIA
<b>VIENNA-LIFE</b> VIENNA INSURANCE GROUP	<b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP	<b>SIGMA</b> VIENNA INSURANCE GROUP	<b>COMPENSA</b> VIENNA INSURANCE GROUP	<b>GPIA</b> VIENNA INSURANCE GROUP  <b>IRAO</b> VIENNA INSURANCE GROUP
SLOVENIA BRANCH	CROATIA	MACEDONIA	LITHUANIA	TURKEY
<b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP	<b>KVARNER</b> VIENNA INSURANCE GROUP  <b>Life</b> VIENNA INSURANCE GROUP  <b>OSIGURANJE HELIOS</b> VIENNA INSURANCE GROUP  <b>ERSTE OSIGURANJE</b> VIENNA INSURANCE GROUP	<b>WINNER</b> VIENNA INSURANCE GROUP	<b>COMPENSA</b> VIENNA INSURANCE GROUP	<b>RAYSIGORTA</b> VIENNA INSURANCE GROUP
BELARUS	SERBIA			
<b>КУПАЛА</b> VIENNA INSURANCE GROUP  <b>Victoria</b> VIENNA INSURANCE GROUP	<b>WIENER STÄDTISCHE</b> VIENNA INSURANCE GROUP			

## VIENNA INSURANCE GROUP MARKETS

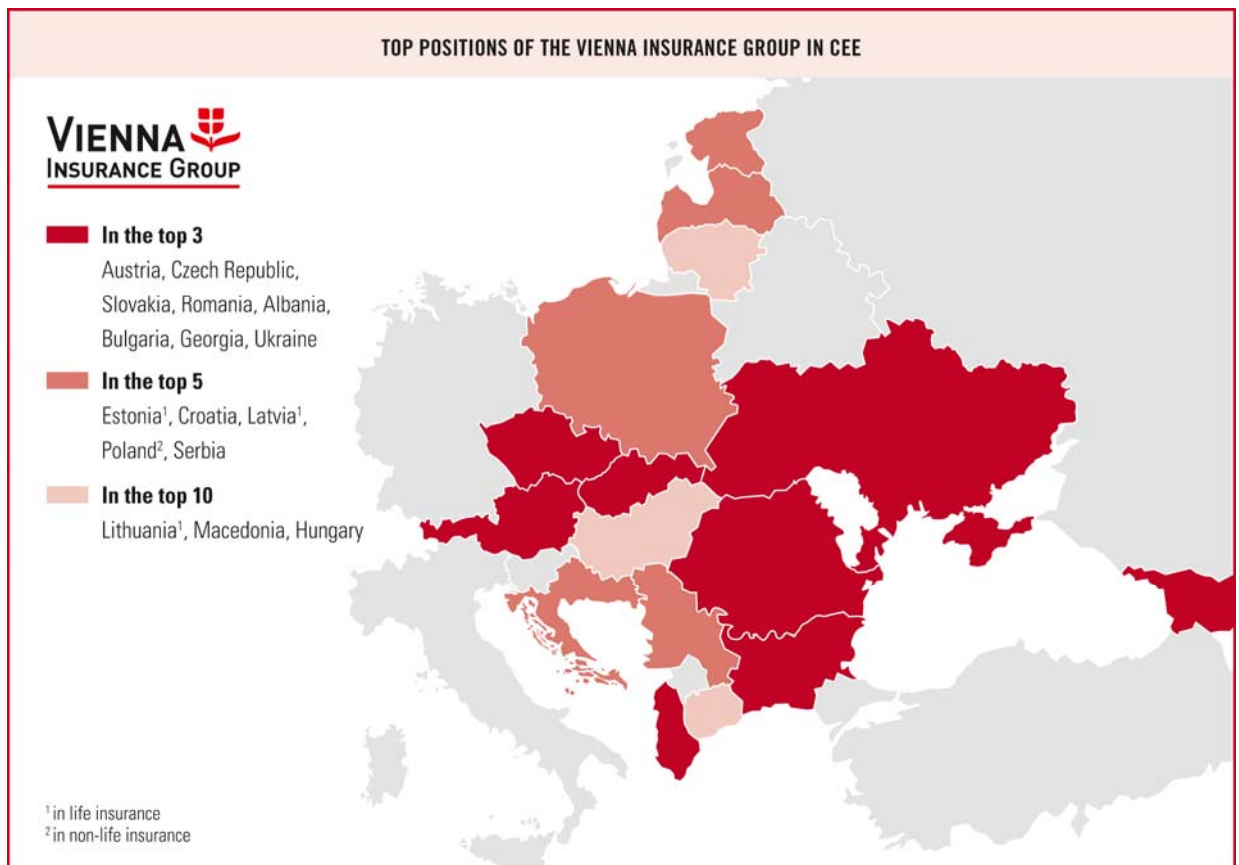
### Economic area with a future

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

economy. Due to its broad geographic base and leading position in the region, the Vienna Insurance Group is in the best possible position to benefit from this growth.

### Top positions in the region

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



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

# GROUP ACTIVITIES

## FORWARD-LOOKING ACTIVITIES

### 2009 Future-oriented action programme

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

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

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

### Making efficient use of synergies

Examples of some measures are described below:

#### Austria

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

#### Slovakia

A stronger use of Group synergies was made during the 2009 action programme to further increase efficiency and optimise the activities of the Vienna Insurance Group in Slovakia. The Group's Slovakian companies Kontinuita poisťovňa a.s., Vienna Insurance Group and Komunálna poisťovňa a.s., Vienna Insurance Group, were merged to form a strong composite

insurer, which can thus take more effective advantage of opportunities on the Slovakian market and provide the best possible service to customers.

#### Romania

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

#### Croatia

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

**Efficiency improvement measures being taken in all Group companies.**

### Reorganisation of Group structure

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

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

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

company, the largest single company in the Group and the leading insurance company in Austria, will continue its insurance business operations in Austria.

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

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

#### Standard & Poor's rating

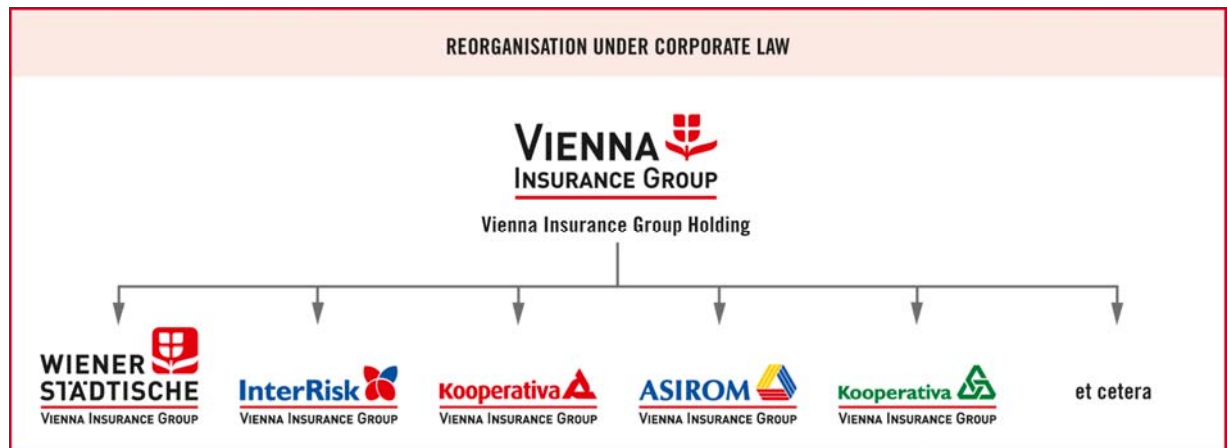
In January 2010, the international rating agency Standard & Poor's confirmed that it would retain its "A+" rating with stable outlook for the holding company even after the company division was performed.

## GROUP REINSURANCE COMPANY

### VIG Re

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

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



# INVESTOR RELATIONS

## VIENNA INSURANCE GROUP SHARE

### Performance 2009

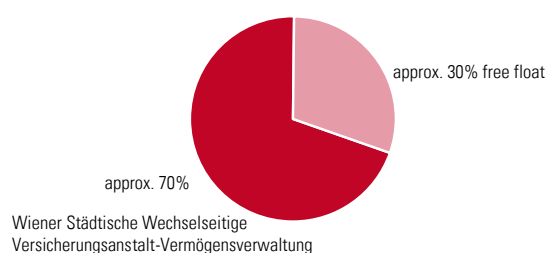
All in all, 2009 was a very good year for Vienna Insurance Group shareholders. The share's year-end closing price of EUR 36.00 represented a gain of close to 50%, which means that VIG shares even outperformed the ATX by around 7% in 2009. At the beginning of the year, the price of VIG shares tumbled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

The announcement of a bonus dividend and the stable earnings performance over the course of the year then helped the share price to record a strong recovery. The share price rose from its low for the year to almost double this value by the middle of May, thereby outperforming the ATX. A steady return of investor confidence in a rapid economic recovery in the CEE region and a solid earnings performance by the Vienna Insurance Group moved the share price to a high for the year of EUR 44.00 on 15 October 2009. After a number of short setbacks due to a return of capital market uncertainties, VIG shares closed out the year at a price of EUR 36.00. These uncertainties continued into the current year, causing the VIG share price to move sideways, accompanied by an increase in volatility.

### Dividend

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

### SHAREHOLDER STRUCTURE OF THE VIENNA INSURANCE GROUP



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



# RESOURCES AND RESPONSIBILITIES

## CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

### Values – the roots that bind

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

## VALUES

### Honesty and Integrity – we respect ...

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

### Leadership as a company and as individuals – we provide ...

Actions speak louder than words. All of our employees work towards the same goals, as is expected of them. We all lead through our expertise, creativity and teamwork.

### Customer satisfaction – we deliver ...

We respect our customers, listen to their wishes, and understand their expectations. We strive to provide quality and service that exceeds our customers' expectations.

### People – we value ...

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

# PERFORMANCE 2009

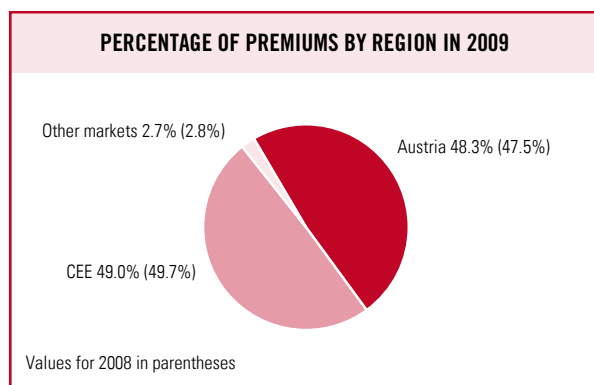
## BUSINESS DEVELOPMENT OF THE GROUP 2009

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

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

### Premium volume exceeds EUR 8 billion mark for the first time

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



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

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

### Expenses for claims and insurance benefits

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

### Operating expenses

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

### Profit before taxes

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

### Earnings per share

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

### Combined ratio significantly below 100%

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

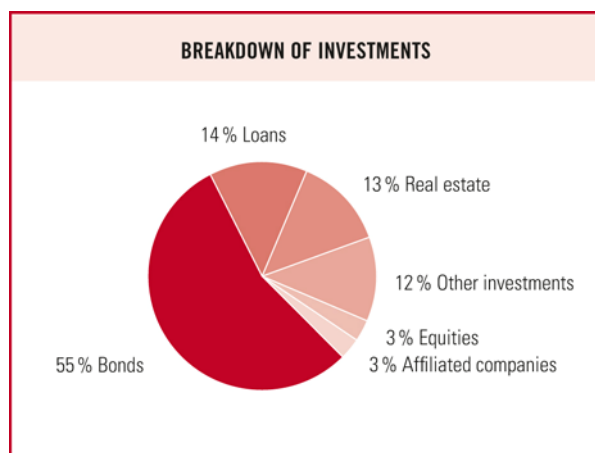
### Financial result

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

### Investments rise above EUR 25 billion

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

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



#### Equity

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

#### Underwriting provisions

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

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

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

#### RoE (Return on Equity)

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

#### Cash flow

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

## BUSINESS DEVELOPMENT IN DETAIL

### Group premium income

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

### Gross premiums written by business lines

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

### Gross premiums written by regions

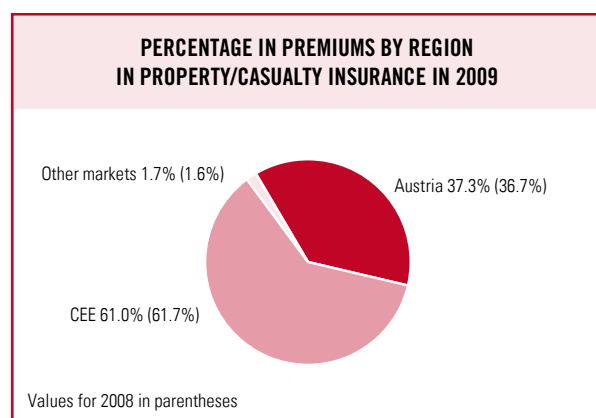
in EUR mn	2007	2008	2009
Austria	3,695.37	3,755.72	3,874.15
Czech Republic	1,130.47	1,419.73	1,603.29
Slovakia	494.52	605.60	628.38
Poland	543.14	795.14	548.26
Romania	413.49	608.22	606.66
Other CEE markets*	383.77	496.35	546.56
Other markets**	251.17	218.11	211.98
<b>Total</b>	<b>6,911.93</b>	<b>7,898.87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

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

\*\* Other markets: Germany, Liechtenstein

### Property and casualty insurance

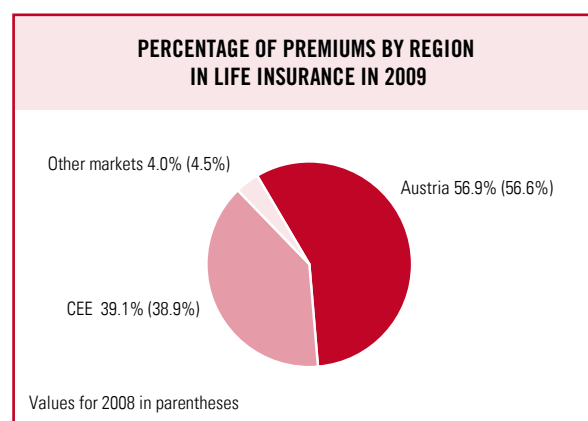
Vienna Insurance Group companies generated EUR 4,206.75 million in Group premiums in the property/casualty area in 2009 (2008: EUR 4,278.85 million). This area therefore recorded a slight decrease of 1.7%, primarily due to currency effects. The



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

### Growth in life insurance premiums

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



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

### Health insurance premiums up 2.3%

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

## Profit before taxes

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

### Profit before taxes by business lines

in EUR mn	2007	2008	2009
Property/Casualty	265.07	414.23	238.86
Life	157.20	102.40	177.77
Health	15.03	24.17	24.62
<b>Total</b>	<b>437.30</b>	<b>540.80</b>	<b>441.25</b>

### Profit before taxes by regions

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

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

\*\* Other markets: Germany, Liechtenstein

### Property and casualty insurance

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

### Life insurance

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

### Health insurance

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

## Employees

The Vienna Insurance Group had a total of 24,386 employees in 2009, which is 4.2% more than the previous year.

### Employees by region

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

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

\*\* Other markets: Germany, Liechtenstein

## Sales

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

### Significant events after the balance sheet reporting date

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

## Risk management

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

# OUTLOOK 2010

## THE INSURANCE MARKET 2010

### Austria

According to the most recent projections of the Austrian Association of Insurance Companies (*Verband der Versicherungsunternehmen Österreichs* - VVO), the Austrian insurance market recorded a decline in 2009. Due to the effects of the downturn in the Austrian economy, the market is expected to experience a further decline in total premiums in 2010. In the life insurance area, the latest expert projections forecast a further 3% decrease in premiums for 2010 as a whole. Premium volume is also expected to decline in the property/casualty area due to the troubled economic situation. In 2010, a decline of 0.5% in premium volume is expected in this area. Health insurance is likely to continue to grow, as it does every year. The latest projections from VVO predict a moderate increase of 2.5% in health insurance premiums.

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

### CEE

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

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

Life insurance already plays an important role in countries like the Czech Republic, Slovakia, Poland and Hungary in particular. This insurance segment offers even more convergence potential in the CEE countries than non-life insurance. The growth in health insurance depends on the degree of liberalisation in the different markets and on a certain level of prosperity.

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

## VIENNA INSURANCE GROUP – OUTLOOK

It is a stated goal of the Vienna Insurance Group to offer customers and investors great stability in spite of fluctuations in the economy. That is precisely what the Group did in 2009 by achieving a profit before taxes of EUR 441.25 million. The Vienna Insurance Group provided outstanding performance in the previous two years and continues to display further successful growth. In 2010, the management of the Vienna Insurance Group expects a single-digit increase in premiums, and expects profit before taxes to grow by about 10%.

### Forward-looking action programme

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

### Reorganisation of Group structure

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

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

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

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

\* including trading assets

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2009

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

## CONSOLIDATED SHAREHOLDERS' EQUITY

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

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

\* Including payment for servicing hybrid capital.

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

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

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

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

**OTHER COMPREHENSIVE INCOME**

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

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

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

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

## SEGMENT REPORTING

## CONSOLIDATED BALANCE SHEET BY LINES OF BUSINESS

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

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

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

## SEGMENT REPORTING

## CONSOLIDATED INCOME STATEMENT BY LINES OF BUSINESS AND REGIONS

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

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

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

## PREMIUMS WRITTEN

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

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

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

## FINANCIAL RESULT

Composition Income	Property/Casualty		Life		Health		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
in EUR '000								
Current income	177,507	207,080	1,132,041	1,024,471	41,335	38,879	1,350,883	1,270,430
Exchange rate changes	0	0	0	0	0	0	0	0
Income from appreciations	11,505	12,112	55,917	41,050	3,137	328	70,559	53,490
Income from the disposal of investments	155,041	249,185	195,191	606,584	16,240	7,693	366,472	863,462
<b>Total</b>	<b>344,053</b>	<b>468,377</b>	<b>1,383,149</b>	<b>1,672,105</b>	<b>60,712</b>	<b>46,900</b>	<b>1,787,914</b>	<b>2,187,382</b>

Composition Expenses	Property/Casualty		Life		Health		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
in EUR '000								
Depreciations of investments	80,545	78,927	305,369	507,333	5,319	15,471	391,233	601,731
Exchange rate changes	1,090	-11,159	-4,384	-760	-13	-9	-3,307	-11,928
Losses from disposal of investments	30,507	37,041	156,588	382,321	26,431	9,814	213,526	429,176
Interest expenses	31,222	31,693	84,116	99,560	7,117	6,739	122,455	137,992
Personnel provisions	12,665	11,727	20,290	18,225	5,236	4,660	38,191	34,612
Interest on borrowings	18,557	19,966	63,826	81,335	1,881	2,079	84,264	103,380
Other expenses	37,786	27,503	89,775	86,371	6,481	2,606	134,042	116,480
<b>Total</b>	<b>181,150</b>	<b>164,005</b>	<b>631,464</b>	<b>1,074,825</b>	<b>45,335</b>	<b>34,621</b>	<b>857,949</b>	<b>1,273,451</b>

## EARNINGS PER SHARE

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

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

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

## EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross		Reinsurers' share		Retention	
	2009	2008	2009	2008	2009	2008
in EUR '000						
<b>Property/Casualty insurance</b>						
Expenses for claims and insurance benefits						
Payments for claims and insurance benefits	2,594,037	2,426,211	-449,672	-415,594	2,144,365	2,010,617
Changes in provision for outstanding claims	71,049	291,031	9,428	-150,940	80,477	140,091
<b>Subtotal</b>	<b>2,665,086</b>	<b>2,717,242</b>	<b>-440,244</b>	<b>-566,534</b>	<b>2,224,842</b>	<b>2,150,708</b>
Change in mathematical reserve	5	-3	0	0	5	-3
Change in other underwriting provisions	4,959	3,807	1	-1,688	4,960	2,119
Expenses for profit-unrelated premium refunds	31,299	24,167	-3,905	-1,255	27,394	22,912
<b>Total expenses</b>	<b>2,701,349</b>	<b>2,745,213</b>	<b>-444,148</b>	<b>-569,477</b>	<b>2,257,201</b>	<b>2,175,736</b>
<b>Life insurance</b>						
Expenses for claims and insurance benefits						
Payments for claims and insurance benefits	2,479,617	2,036,582	-24,819	-24,328	2,454,798	2,012,254
Changes in provision for outstanding claims	12,863	12,635	1,346	-709	14,209	11,926
<b>Subtotal</b>	<b>2,492,480</b>	<b>2,049,217</b>	<b>-23,473</b>	<b>-25,037</b>	<b>2,469,007</b>	<b>2,024,180</b>
Change in mathematical reserve	896,110	1,017,239	7,472	-10,839	903,582	1,006,400
Change in other underwriting provisions	-388	1,305	26	-23	-362	1,282
Expenses for profit-related and profit-unrelated premium refunds	-25,141	140,084	0	-25	-25,141	140,059
<b>Total expenses</b>	<b>3,363,061</b>	<b>3,207,845</b>	<b>-15,975</b>	<b>-35,924</b>	<b>3,347,086</b>	<b>3,171,921</b>
<b>Health insurance</b>						
Expenses for claims and insurance benefits						
Payments for claims and insurance benefits	214,134	211,591	-1,007	-692	213,127	210,899
Changes in provision for outstanding claims	684	856	-19	33	665	889
<b>Subtotal</b>	<b>214,818</b>	<b>212,447</b>	<b>-1,026</b>	<b>-659</b>	<b>213,792</b>	<b>211,788</b>
Change in mathematical reserve	47,941	35,721	-117	-168	47,824	35,553
Expenses for profit-unrelated premium refunds	11,255	12,359	0	0	11,255	12,359
<b>Total expenses</b>	<b>274,014</b>	<b>260,527</b>	<b>-1,143</b>	<b>-827</b>	<b>272,871</b>	<b>259,700</b>
<b>TOTAL</b>	<b>6,338,424</b>	<b>6,213,585</b>	<b>-461,266</b>	<b>-606,228</b>	<b>5,877,158</b>	<b>5,607,357</b>

## OPERATING EXPENSES

Composition	Property/ Casualty	Life	Health	Total
	2009	2009	2009	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
<b>Subtotal</b>	<b>848,124</b>	<b>517,080</b>	<b>24,254</b>	<b>1,389,458</b>
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
<b>Subtotal</b>	<b>227,680</b>	<b>129,952</b>	<b>12,545</b>	<b>370,177</b>
Received reinsurance commissions	-102,130	-7,967	-115	-110,212
<b>Total</b>	<b>973,674</b>	<b>639,065</b>	<b>36,684</b>	<b>1,649,423</b>

Composition	Property/ Casualty	Life	Health	Total
	2008	2008	2008	2008
in EUR '000				
Acquisition expenses				
Commission expenses	604,493	284,648	6,853	895,994
Pro rata personnel expenses	165,468	67,533	10,387	243,388
Pro rata material expenses	125,971	100,438	10,172	236,581
<b>Subtotal</b>	<b>895,932</b>	<b>452,619</b>	<b>27,412</b>	<b>1,375,963</b>
Administrative expenses				
Pro rata personnel expenses	115,989	53,282	6,696	175,967
Pro rata material expenses	122,606	66,935	7,618	197,159
<b>Subtotal</b>	<b>238,595</b>	<b>120,217</b>	<b>14,314</b>	<b>373,126</b>
Received reinsurance commissions	-176,188	-10,665	-116	-186,969
<b>Total</b>	<b>958,339</b>	<b>562,171</b>	<b>41,610</b>	<b>1,562,120</b>

## OTHER INFORMATION

Employee statistics	31.12.2009	31.12.2008
Austria		
Field staff	2,965	2,961
Office employees	3,403	3,380
Outside Austria		
Field staff	10,101	8,821
Office employees	7,917	8,231
<b>Total</b>	<b>24,386</b>	<b>23,393</b>

**Key share information for 2009**

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

\* using single counting

**V.I.G. financial calendar\***

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

\* preliminary schedule

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In case of doubt, the German version is authoritative.

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