



ONE PART OF THE WHOLE

HALF YEAR FINANCIAL REPORT 2011 | **VIENNA INSURANCE GROUP**

LETTER FROM THE CHAIRMAN OF THE MANAGING BOARD

**Dear Shareholders,
Dear Madam/Sir,**

As I have stated in the past, achieving stable business development for our customers and shareholders is an extremely important goal for the Group Managing Board. Given the resurgence of uncertainty with respect to the financial markets and the future development of important economic areas, I would like to stress this point again. I am glad to report that we have once again achieved this goal in the 2nd quarter of this year.



Premium income grew by 3.1% in the first six months of the year, moving us slightly above the growth achieved in the 1st quarter. Life insurance as a whole showed a slight 2.7% reduction due to restrained demand in Austria, while some CEE markets, such as the Czech Republic, continued to post strong growth. Property/casualty premium income grew strongly by 7.6%. Results were particularly good in Poland again, where total growth of 43.7% was recorded. Vienna Insurance Group benefited from targeted

expansion of its distribution channels in this dynamic market. In Romania we introduced restructuring measures aimed at improving administrative efficiency and we will continue to pursue this strategy. The resulting synergies are supposed to boost our earnings power in this market.

We set ourselves a target of increasing profit before taxes by approximately 10% in the current year. The 10.4% increase in profits to EUR 282.2 million recorded in the 1st half of 2011 shows that we are well on our way to achieving this target. The success of our CEE strategy is shown by the fact that the profit contribution from this region already exceeds that from Austria. In my view, we can be proud that these results place us among the top performers in the European competitive environment.

Please see the following pages of this report for detailed information on the favourable performance achieved during the 1st half of the year.

Sincerely,

A handwritten signature in black ink, which appears to be 'G. Geyer'.

Günter Geyer

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MANAGEMENT REPORT

ECONOMIC ENVIRONMENT

According to the Austrian Institute of Economic Research (*Österreichisches Institut für Wirtschaftsforschung – WIFO*), the Asian emerging markets provide the main source of growth for the ongoing expansion of the global economy. Recent data, however, show a slowdown in this momentum. Current financial market developments are also giving rise to uncertainty.

There is considerable variation in growth in the individual countries of the EU. While some are struggling with high national debt leading to austerity budgetary policies, the bursting of the real estate bubble and insufficient industrial competitiveness, others (including Austria, the Czech Republic and Slovakia) are benefiting from global economic demand.

Austria is currently on a solid growth path, and the labour market has picked up significantly. Inflation has, however, also risen sharply here due to high energy and commodity prices.

BUSINESS DEVELOPMENT (IN ACCORDANCE WITH IFRS)

The Vienna Insurance Group posted consolidated premium income of EUR 4.7 billion in the 1st half of 2011, an increase of 3.1% compared to the same period in the previous year.

1st half 2011 expenses for claims and insurance benefits net of reinsurers were EUR 3,348.7 million, down 2.0% compared to the 1st half of 2010.

Operating expenses, including acquisition expenses and less reinsurance commissions received, were EUR 897.1 million in the 1st half of 2011, which represented a slight increase of 1.3% compared to the previous year.

The Group posted 1st half 2011 profit before taxes of EUR 282.2 million, which represented a sharp 10.4% increase compared to the same period in the previous year.

VIG in the 1st half of the year:

- > **Group premiums up 3.1% at over EUR 4.7 billion**
- > **Profit before taxes up 10.4% at EUR 282.2 million**

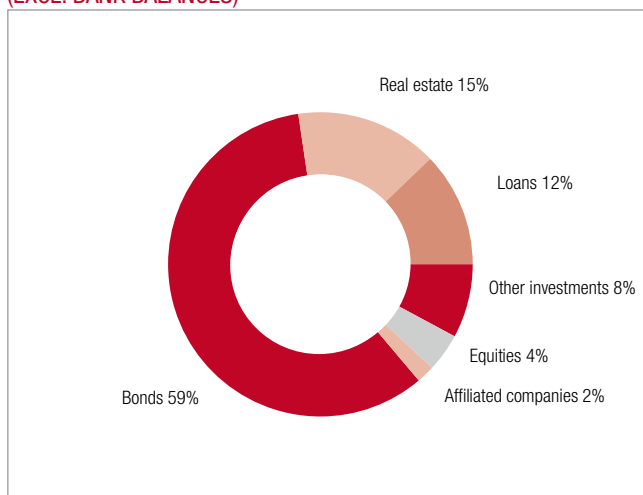
The Group combined ratio after reinsurance (not including investment income) was 97.1% for the 1st half of 2011, following 98.3% for the 1st half of 2010.

The 1st half 2011 financial result amounted to EUR 554.2 million.

1st half 2011 cash flow from operating activities came in at EUR 988.1 million, compared to EUR 1,075.5 million for the same period in the previous year. The net cash outflow from investing activities amounted to EUR 134.0 million (1st half 2010: net cash outflow of EUR 895.5 million). This change compared to the previous year is due to the cautious investment strategy currently followed by VIG as a result of the present capital market situation. Mainly due to the dividend payment in the 1st half of the year, VIG's 1st half 2011 cash flow from financing activities resulted in a net cash outflow of EUR 180.3 million (1st half of 2010: net cash outflow of EUR 28.9 million). The Group's cash and cash equivalents stood at EUR 1,071.0 million at 30 June 2011.

The Group held investments of around EUR 29.0 billion (including bank balances) as at 30 June 2011.

**BREAKDOWN OF INVESTMENTS AS OF 30 JUNE 2011
(EXCL. BANK BALANCES)**

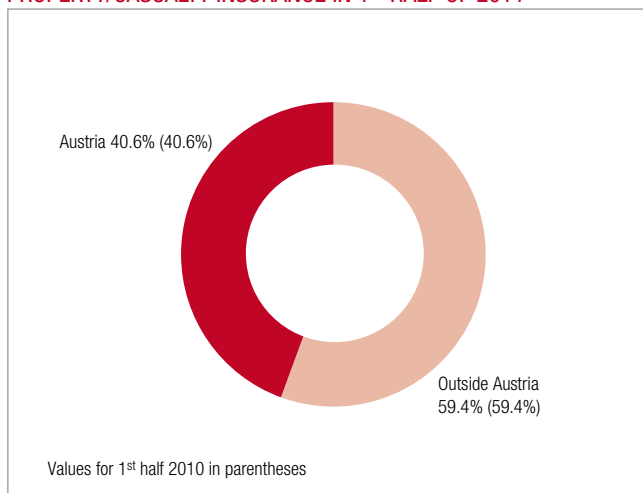


BUSINESS DEVELOPMENT BY LINES OF BUSINESS

Property/Casualty insurance

EUR 2.6 billion in premiums were written in property/casualty, up 7.6%.

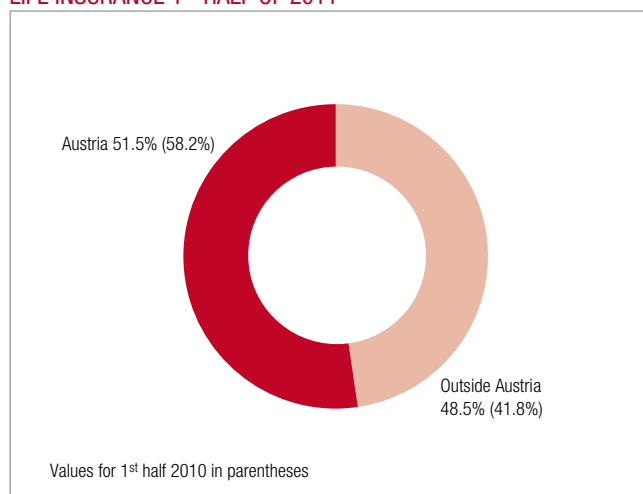
**PERCENTAGE OF PREMIUMS BY REGION IN
PROPERTY/CASUALTY INSURANCE IN 1ST HALF OF 2011**



Life insurance

The Group companies of Vienna Insurance Group wrote approximately EUR 2.0 billion (down 2.7%) in life insurance premiums. Direct regular premiums increased by 3.9%, while single-premiums (direct premiums) declined 10.8%, mainly due to a statutory change in the minimum lock-up period in Austria.

**PERCENTAGE OF PREMIUMS BY REGION IN
LIFE INSURANCE 1ST HALF OF 2011**



Health insurance

In the health insurance segment the Vienna Insurance Group achieved premiums written of EUR 180.7 million. This represented an increase of 9.6%, which was largely due to the first-time consolidation of the Group companies in Georgia in the 2nd half of 2010.

Segment reporting by lines of business

in EUR mn	Gross premiums written		Profit before taxes	
	1.1.-30.6.2011	1.1.-30.6.2010	1.1.-30.6.2011	1.1.-30.6.2010
Property/Casualty	2,561.8	2,381.3	148.8	126.7
Life	1,986.7	2,042.4	112.0	113.5
Health	180.7	164.9	21.4	15.4
Total	4,729.2	4,588.6	282.2	255.6

BUSINESS DEVELOPMENT BY REGION

Austria

The Vienna Insurance Group companies in Austria wrote EUR 2.2 billion in premiums (down 3.8%) in the 1st half of 2011. Premiums written in property/casualty grew 7.7% to more than EUR 1.0 billion. Life insurance premiums dropped by 14.0% to approximately EUR 1.0 billion due to a statutory change in the minimum lock-up period for single-premium policies. The Group wrote premiums of EUR 169.3 million in the health insurance segment, representing an increase of 2.6%.

1st half 2011 profit before taxes increased 1.4% to EUR 140.0 million.

The combined ratio improved to reach an excellent level of 94.4%.

Czech Republic

Group companies in the Czech Republic increased premiums written by 12.0% to reach EUR 973.7 million.

Non-life premiums written rose by 4.4% to EUR 542.3 million. In life insurance, premiums written soared 23.3% to EUR 431.5 million.

The Vienna Insurance Group companies in the Czech Republic achieved a market share of 30.3% in the 1st half of 2011, making them number 1 in the insurance market.

Profit before taxes rose notably by 35.0% compared to the 1st half of 2010 to EUR 91.3 million.

The combined ratio was an excellent 93.6%, 2%-points below the level for the 1st half of 2010.

Slovakia

The Vienna Insurance Group companies in Slovakia increased premiums written by 3.9% to EUR 339.0 million.

Non-life premiums written rose 2.4% to EUR 171.3 million, while life insurance achieved strong growth of 5.4% in premiums written to reach EUR 167.7 million.

Group companies increased market share to 32.2% in the 1st half of 2011, thereby consolidating their position as number 1 in the Slovakian insurance market.

Profit before taxes amounted to EUR 28.6 million, representing a 121.6% jump compared to the 1st half of 2010.

The combined ratio stood at 95.3%.

Poland

The Group companies in Poland surged 43.7% in premiums written to EUR 498.1 million.

Non-life premiums written rose by 19.4% to EUR 323.3 million, and life insurance premiums written soared 131.0% to EUR 174.8 million.

Profit before taxes rose 140.3% compared to the 1st half of 2010 to EUR 24.6 million.

The combined ratio fell by more than 5%-points to 100%.

Romania

The economy in Romania is currently affected by government austerity measures which consequently dampen economic growth. This also affects the insurance market, in particular the motor leasing business.

In light of this, 1st half 2011 premiums rose slightly by 0.6% to a total of EUR 275.8 million and EUR 1.6 million profit before taxes.

Due to premium write-offs in the motor leasing business, non-life premiums written edged down to EUR 225.2 million. In life insurance, however, premiums written rose by 4.6% to EUR 50.5 million.

Due to first consequences of the restructuring measures the combined ratio fell approximately 4%-points to 105.9% despite an increase in the claims reserve compared to the 1st quarter of 2011.

Remaining markets

The remaining markets segment includes Albania, Bulgaria, Estonia, Croatia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Serbia, Turkey and Ukraine.

Group companies in this segment wrote EUR 410.3 million in premiums. Non-life premiums written surged by 16.5% to EUR 270.4 million, while life insurance premiums declined to EUR 139.9 million principally due to a drop in single premium business in Liechtenstein.

This segment reported an operating profit of EUR 17.1 million in the 1st half of 2011. As a result of the highly conservative policy being followed by the Vienna Insurance Group, insurance portfolios are being amortised in this segment. When this effect is taken into account, the segment shows a loss before taxes of EUR 3.9 million.

The combined ratio fell 1%-point to just 100%.

Segment reporting by region

in EUR mn	Gross premiums written		Profit before taxes	
	1.1.-30.6.2011	1.1.-30.6.2010	1.1.-30.6.2011	1.1.-30.6.2010
Austria	2,232.4	2,319.8	140.0	138.1
Czech Republic	973.7	869.3	91.3	67.6
Slovakia	339.0	326.3	28.6	12.9
Poland	498.1	346.5	24.6	10.2
Romania	275.8	274.0	1.6	14.3
Remaining markets	410.3	452.6	-3.9	12.5
Total	4,729.2	4,588.6	282.2	255.6

EMPLOYEES

The Vienna Insurance Group had a total of 24,968 employees in the 1st half of 2011, 38 fewer than in 2010.

RELATED PARTY TRANSACTIONS

These mainly concern minor reinsurance relationships between companies in the Group, financing at market terms, chiefly in the real estate area, and intercompany charges. These transactions have no material effect on the performance of the Company. No loans or guarantees were granted to the members of the Managing Board or Supervisory Board during the reporting period.

GROUP BUSINESS DEVELOPMENT IN 2ND QUARTER 2011

The Vienna Insurance Group posted 2nd quarter 2011 consolidated premium income of EUR 2.1 billion, up 3.3% over 2nd quarter 2010.

2nd quarter 2011 expenses for claims and insurance benefits less reinsurance amounted to EUR 1,669.0 million, down 1.2% compared to the same period in the previous year.

2nd quarter 2011 operating expenses, including acquisition expenses and less reinsurance commissions received, came in at EUR 440.3 million, marginally up 0.5% compared to the same period in the previous year.

2nd quarter 2011 profit before taxes was EUR 139.4 million, representing an increase of 14.1% compared to the same period in the previous year.

The 2nd quarter 2011 financial result was EUR 301.0 million (down 10.5% compared to the 2nd quarter 2010).

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Merger of the two Romanian companies BCR Non-life and Omnisig Non-life is planned

On 4 August 2011, the general meetings of BCR Non-Life and Omnisig Non-Life initiated the merger of the two Romanian non-life insurance companies. BCR Non-Life will be the absorbing company.

RISK REPORT

Dealing professionally with risk is one of the core competencies of the Vienna Insurance Group. Continuous refinement of risk management processes at the Group level and in the subsidiaries ensures targeted future-oriented identification, analysis, assessment and management of overall Group risks at all times. The Enterprise Risk Management (ERM) department that was established in the holding company last year works closely with other Group departments and local risk management departments for this purpose in order to further strengthen the existing risk culture and ensure systematic standardisation of processes.

As in recent periods, this means that the Vienna Insurance Group is excellently equipped to meet current and future solvency requirements under Solvency II given its strict observance of a qualified, conservative risk policy and its existing capital strength.

Current topics

In spite of the difficult economic environment, Standard & Poor's (S&P) confirmed its existing A+ rating with stable outlook for the Vienna Insurance Group in the beginning of 2011, thereby confirming the Group's high risk-bearing capacity.

One of the current focuses of risk management is Group-wide implementation of the Solvency II requirements, which are due to take effect throughout the EU by the end of 2012. As a result, systematic efforts are being made to further strengthen risk management throughout the Group and refine existing internal control systems.

Outlook

VIG expects the favourable financial market trend in the 1st quarter of 2011 and the volatile phase in the 2nd quarter to be followed by continued high capital market volatility in the 2nd half of 2011. The conservative approach taken by the Vienna Insurance Group to date with respect to the financial markets remains unchanged.

OUTLOOK

The volatile financial markets, rising commodity prices and the effects of budget cut-backs are hampering the economic recovery in Europe and creating uncertainty. The Austrian Institute of Economic Research (*Österreichisches Institut für Wirtschaftsforschung* – WIFO) is predicting real GDP growth of 2.0% for the EU as a whole in 2011. For Austria WIFO expects real GDP growth of 3.0% in 2011.

Growth in the ten new EU member states of Central and Eastern Europe is likely to stabilise in 2011, and economic output is expected to rally in countries that were still flat in 2010. The Vienna Institute for International Economic Studies (*Wiener Institut für Internationale Wirtschaftsvergleiche* – WIIW) expects real GDP growth of 3.1% for this region as a whole in 2011.

For many years, the management of Vienna Insurance Group has aspired to minimise volatility in premiums and profit while ensuring a strong capital base for the Group. Continuing this successful and durable strategy, Vienna Insurance Group expects an increase in profit before taxes of about 10% and a low percentage growth of premium. Moreover, the Group has set itself the target of holding the combined ratio at about 97%. The prerequisite is, however, that the economic and legal framework will not deteriorate significantly and that damage caused by natural disasters will not develop dramatically.

CURRENT TOPICS

Changes in the Group Managing Board

The Managing Board of the Vienna Insurance Group has had the following members since 1 July 2011:

- Günter Geyer, General Manager, CEO
- Peter Hagen, Deputy General Manager
- Franz Fuchs
- Peter Höfingler
- Franz Kosyna
- Martin Simhandl, CFO

Deputy members for the Managing Board since 1 July 2011:

- Martin Diviš
- Roland Gröll
- Judit Havasi

Detailed information on the members and deputy members of the Managing Board is available on our website www.vig.com, under *Management*.

Vienna Insurance Group: Excellent result in the “Strategic Performance Test”

The Vienna Insurance Group dominates the “Banking and Insurance” category in the “Strategic Performance Test” and, for the second time in a row, has won the 3-year rating. The expert study, which has been carried out by strategy consultancy Contrast Management Consulting every year for the last 13 years, rates various criteria such as return on equity, annual growth and shareholder return.

Ringturm becomes the largest painting in Vienna

The wrapping of the Ringturm – the headquarters of the Vienna Insurance Group – represents a new highlight in the artistic commitment of the company. For a period of approximately ten weeks, Xenia Hausner transforms the Ringturm into an “Art Tower” with her work “A sense of family”.

The motif, designed especially for the Ringturm, shows an external scene, which at first glance gives the impression of a family idyll; a Sunday outing perhaps. The parents resemble figures in a Greek chorus warning of impending doom, but the daughter is unfazed by this and appears mischievously good-humoured, whilst the dog is already posing for a photo. A friend of the family sees the warning signs and is documenting everything.

Xenia Hausner’s artwork follows Christian Ludwig Attersee’s “Don Giovanni”, Robert Hammerstiel’s “Tower of Life” and Hubert Schmalix’s “Tower in Bloom” as the fourth in a series turning the Ringturm into an “Art Tower” in the centre of Vienna. This installation continues the Vienna Insurance Group tradition of promoting contemporary Austrian art and culture.

The massive artwork covers an area of around 4,000 square metres and will be on view until the middle of September 2011.

CAPITAL MARKETS & INVESTOR RELATIONS & SHARE

CAPITAL MARKETS

International Overview

International financial market prices were extremely volatile in the 1st half of 2011, and were hit by a rapid succession of positive and negative news. The positive reports mainly concerned the increasing strength of economic growth and the earnings of listed companies. On the other hand, markets were negatively affected by the severe earthquake in Japan, concerns about rising inflation and extensive reporting on the euro debt crisis. The comprehensive bailout for Greece at the end of the 1st half of the year closed the overall weak 2nd quarter of 2011 on a positive note. The relief quickly dispersed, however, due to speculation about the potential consequences of US insolvency. The agreement reached on increasing the US debt limit did not, however, reduce tension as had been expected. S&P's downgrade of the US credit rating from AAA to AA+ at the beginning of August then created further uncertainty in international capital markets. Upcoming fears of a US recession and the continuing debt crisis in Europe caused stock exchange prices to fall sharply.

Although the US Dow Jones Industrial Index (DJI) closed at 12,414.34 points on 30 June 2011, up 7.2% over the end 2010 level, recent developments led to the largest fall since the beginning of the financial crisis. As of the editorial deadline, the DJI had even fallen below the 11,000 mark. Due to ongoing concerns about the creditworthiness of peripheral European countries and the European Central Bank's interest rate increase, the Eurostoxx 50 Index was hit harder than the US equity market in the 2nd quarter of 2011. Even though the Eurostoxx 50 Index had risen by

2.0% to 2,848.53 points by the end of the 1st half of 2011, it subsequently fell to a current low of 2,153.77 points (minus 22.9%) on 10 August 2011. Following a sharp fall due to the earthquake, the Japanese Nikkei 225 leading index only rallied slightly in the 2nd quarter to end the 1st half of the year 4% below the level at the end of 2010. The Nikkei 225 then lost close to an additional 8% between the middle of the year and the editorial deadline.

The difficult market environment dampened price performance on emerging market stock markets worldwide. A continuation of strong growth forecasts and positive debt levels resulted in the CECE Index (calculated in EUR) for CEE countries recording an increase of 3.7% to 2,194.31 points over the 1st half of 2011, approximately three times the increase in the MSCI Emerging Markets Index. Market uncertainty then also caused considerable price losses in the CECE Index, which fell to an index level of approximately 1,700 points.

Vienna Stock Exchange

Prices rose at the beginning of the year on the Vienna Stock Exchange to break through the 3,000 point mark for the first time again in the 1st quarter of 2011, but price performance remained below the Eurostoxx 50 Index and the German DAX Index – with low volume – as the year went on. The ATX leading index closed at 2,766.73 points at the end of June 2011, 4.7% below its level at the end of 2010. Similar to events in international markets, the ATX Index also suffered a considerable loss that brought it below 2,100 points, worsening performance to a loss of more than 27% from the end of 2010 to the editorial deadline.

INVESTOR RELATIONS

The VIG roadshows to Paris and Stockholm met with great interest and positive feedback in the 2nd quarter of 2011. Management were fully booked up with meetings at the Deutsche Bank German & Austrian Corporate Conference in Frankfurt. The Managing Board also answered the questions of many existing shareholders and interested potential investors at a two-day roadshow in London at the beginning of July. Aside from the market environment and expectations for the major markets, the main focus was on VIG's capital resources in light of the upcoming changes to capital adequacy regulations for insurance companies (Solvency II). Management was able to present positive Group data in this area.

Due to increased demand, two investment banks extended their coverage to include the Vienna Insurance Group. In June, German-based Berenberg Bank published an analysis with a buy recommendation for VIG shares and an estimated target price of EUR 53.20. This was based on VIG's strong market position in the CEE region and its resulting long-term growth potential.

In its initial analysis in July, Barclays Capital in London also considered VIG's expertise in local markets and its broad network in the CEE region to be clear competitive advantages. Barclays Capital set a target price of EUR 45.00, with an "equal weight" recommendation assigned by its analysts. Recommendations are currently divided between "buy" and "hold". No analyst has issued a sell recommendation for VIG shares.

PERFORMANCE OF VIG SHARES

Vienna Insurance Group shares recorded positive price performance in the 1st quarter, reaching a high of EUR 43.65 on 18 February 2011, but lost ground steadily in the 2nd quarter starting in the middle of May to reach a low of EUR 36.03 for the 1st half of the year on 28 June 2011. The closing price of EUR 37.90 for the 1st half of 2011 ended up being 2.6% below the closing price at the end of 2010. As a result, even though VIG shares clearly outperformed the ATX Index over the 1st half of the year, their performance was still significantly below that of the MSCI Insurance Index. After following a flat sideways trend, by the beginning of August VIG shares had closed the gap to the MSCI that had existed since the beginning of the year. VIG shares were not, however, able to escape the dramatic events occurring in stock markets. As of the editorial deadline, they were trading at a price of EUR 31.00, reflecting somewhat better performance than the ATX Index and the international insurance sector since the middle of the year.

VIENNA INSURANCE GROUP SHARES

Overview of VIG shares

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

VIG financial calendar*

9M results for 2011	15 November 2011
Preliminary unconsolidated premiums 2011	24 January 2012
Results and embedded value for 2011	29 March 2012
Annual General Meeting	4 May 2012
Ex-dividend day	14 May 2012
Dividend payment day	14 May 2012
3M results for 2012	23 May 2012
6M results for 2012	22 August 2012
9M results for 2012	27 November 2012

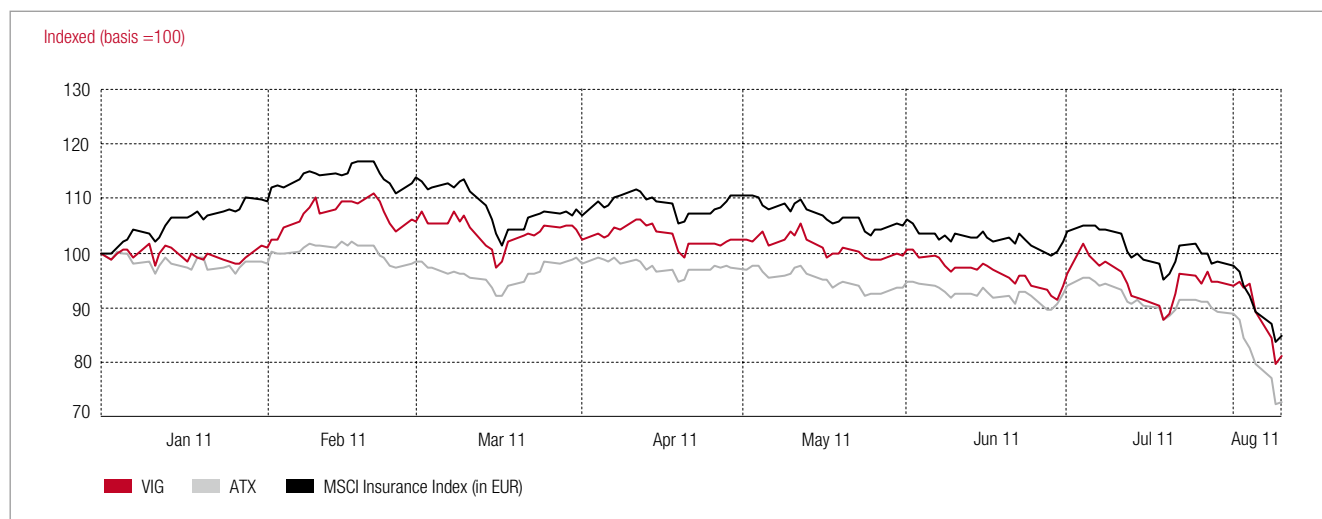
* Preliminary schedule

Key share information for 1st half 2011

High	EUR	43.65
Low	EUR	36.03
Year-end price	EUR	37.90
Market capitalisation	EUR	4.85 bn
Dividend 2010	EUR	1.00
Average daily stock exchange trading volume*	EUR	4.28 mn

* Using single countrying

VIENNA INSURANCE GROUP (VIG) COMPARED TO THE ATX AND MSCI INSURANCE INDEX (IN EUR) 1 JANUARY 2011 – 10 AUGUST 2011



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2011

ASSETS	30.6.2011	31.12.2010
in EUR '000		
A. Intangible assets		
I. Goodwill	1,797,396	1,796,692
II. Purchased insurance portfolios	88,621	111,029
III. Other intangible assets	186,343	196,438
Total intangible assets	2,072,360	2,104,159
B. Investments		
I. Land and buildings	4,104,223	4,071,079
II. Shares in at equity consolidated companies	119,980	116,163
III. Financial instruments	23,749,106	23,972,279
a) Loans and other investments	4,418,565	4,567,785
b) Other securities	19,330,541	19,404,494
Financial instruments held to maturity	3,133,673	3,060,983
Financial instruments available for sale	15,349,166	14,987,016
Financial instruments recognised at fair value through profit and loss*	847,702	1,356,495
Total investments	27,973,309	28,159,521
C. Investments of unit- and index-linked life insurance	5,618,231	5,478,603
D. Reinsurers' share in underwriting provisions	1,231,252	1,118,289
E. Receivables	1,777,458	1,681,458
F. Tax receivables and advance payments out of income tax	100,907	68,432
G. Deferred tax assets	92,224	107,600
H. Other assets	355,893	358,824
I. Cash and cash equivalents	1,070,950	396,030
Total ASSETS	40,292,584	39,472,916

* Including trading assets

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2011

LIABILITIES AND SHAREHOLDERS' EQUITY	30.6.2011	31.12.2010
in EUR '000		
A. Shareholders' equity		
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	1,806,103	1,723,519
V. Other reserves	152,785	172,401
VI. Non-controlling interests	401,895	396,235
Total shareholders' equity	5,098,275	5,029,647
B. Subordinated liabilities	532,574	539,410
C. Underwriting provisions		
I. Provision for unearned premiums	1,523,282	1,223,337
II. Mathematical reserve	18,535,798	18,231,511
III. Provision for outstanding claims	3,941,764	3,767,715
IV. Provisions for profit-unrelated premium refunds	54,453	65,444
V. Provision for profit-related premium refunds	622,424	701,858
VI. Other underwriting provisions	31,165	27,975
Total underwriting provisions	24,708,886	24,017,840
D. Underwriting provisions for unit- and index-linked life insurance	5,386,765	5,227,930
E. Non-underwriting provisions		
I. Provisions for pensions and similar obligations	305,893	309,801
II. Other provisions	226,887	247,718
Total non-underwriting provisions	532,780	557,519
F. Liabilities	3,602,521	3,675,373
G. Tax liabilities out of income tax	86,414	64,170
H. Deferred tax liabilities	123,542	127,399
I. Other liabilities	220,827	233,628
Total LIABILITIES AND SHAREHOLDERS' EQUITY	40,292,584	39,472,916

CONSOLIDATED SHAREHOLDERS' EQUITY

Change in consolidated shareholders' equity in financial years 2011 and 2010

	Share capital	Other capital reserves	Capital reserves from additional payments on hybrid capital	Retained earnings	Other reserves	Subtotal	Non-controlling interests	Shareholders' equity
in EUR '000								
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	-11,092	0	-11,092	530	-10,562
Total profit for the period incl. other comprehensive income after taxes	0	0	0	196,447	47,975	244,422	15,200	259,622
Dividend payment	0	0	0	0	0	0	-3,447	-3,447
As of 30 June 2010	132,887	2,109,003	495,602	1,663,802	171,316	4,572,610	301,576	4,874,186
As of 1 January 2011	132,887	2,109,003	495,602	1,723,519	172,401	4,633,412	396,235	5,029,647
Changes in scope of consolidation/ ownership interests	0	0	0	-4,502	0	-4,502	323	-4,179
Total profit for the period incl. other comprehensive income after taxes	0	0	0	215,086	-19,616	195,470	14,487	209,957
Dividend payment	0	0	0	-128,000	0	-128,000	-9,150	-137,150
As of 30 June 2011	132,887	2,109,003	495,602	1,806,103	152,785	4,696,380	401,895	5,098,275

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

CONSOLIDATED INCOME STATEMENT

for the period from 1 January to 30 June 2011 (including comparative period)	1.1.-30.6.2011	1.1.-30.6.2010
in EUR '000		
Premiums		
Premiums written – gross	4,729,247	4,588,600
Premiums written – reinsurers' share	-463,165	-442,329
Premiums written – retention	4,266,082	4,146,271
Change in unearned premium – gross	-300,105	-231,745
Change in unearned premium – reinsurers' share	104,528	85,739
Net earned premiums – retention	4,070,505	4,000,265
Financial result excl. at equity consolidated companies		
Income from investments	828,963	843,622
Expenses for investments and interest expenses	-283,384	-203,118
Total financial result excluding at equity consolidated companies	545,579	640,504
Result from shares in at equity consolidated companies	8,621	6,068
Other income	45,538	85,458
Expenses for claims and insurance benefits		
Expenses for claims and insurance benefits – gross	-3,564,167	-3,633,313
Expenses for claims and insurance benefits – reinsurers' share	215,498	216,759
Total expenses for claims and insurance benefits	-3,348,669	-3,416,554
Operating expenses		
Acquisition expenses	-779,250	-759,897
Other administrative expenses	-171,557	-182,133
Reinsurance commissions	53,725	56,201
Total operating expenses	-897,082	-885,829
Other expenses	-142,323	-174,293
Profit before taxes	282,169	255,619
Tax expense	-51,686	-45,820
Profit for the period	230,483	209,799
thereof attributable to shareholders of Vienna Insurance Group	215,086	196,447
thereof non-controlling interests in net profit for the period	15,397	13,352
Earnings per share (annualised)*		
Undiluted = diluted earnings per share (in EUR)	3.05	2.76

* The calculation of EPS includes accrued interest expenses for hybrid capital for the first time.

CONSOLIDATED INCOME STATEMENT

for the period from 1 April to 30 June 2011 (including comparative period)	1.4.-30.6.2011	1.4.-30.6.2010
in EUR '000		
Premiums		
Premiums written – gross	2,125,844	2,057,649
Premiums written – reinsurers' share	-96,649	-178,057
Premiums written – retention	2,029,195	1,879,592
Change in unearned premium – gross	47,877	71,347
Change in unearned premium – reinsurers' share	-85,384	2,161
Net earned premiums – retention	1,991,688	1,953,100
Financial result excl. at equity consolidated companies		
Income from investments	417,436	430,249
Expenses for investments and interest expenses	-123,272	-99,904
Total financial result excluding at equity consolidated companies	294,164	330,345
Result from shares in at equity consolidated companies	6,833	5,863
Other income	19,992	53,040
Expenses for claims and insurance benefits		
Expenses for claims and insurance benefits – gross	-1,761,321	-1,791,745
Expenses for claims and insurance benefits – reinsurers' share	92,335	103,035
Total expenses for claims and insurance benefits	-1,668,986	-1,688,710
Operating expenses		
Acquisition expenses	-387,166	-373,036
Other administrative expenses	-82,533	-91,643
Reinsurance commissions	29,447	26,424
Total operating expenses	-440,252	-438,255
Other expenses	-64,060	-93,199
Profit before taxes	139,379	122,184
Tax expense	-24,498	-21,648
Profit for the period	114,881	100,536
thereof attributable to shareholders of Vienna Insurance Group	105,970	95,229
thereof non-controlling interests in net profit for the period	8,911	5,307
Earnings per share (annualised)*		
Undiluted = diluted earnings per share (in EUR)	3.00	2.66

* The calculation of EPS includes accrued interest expenses for hybrid capital for the first time.

OTHER COMPREHENSIVE INCOME

	30.06.2011	30.06.2010
in EUR '000		
Profit for the period	230,483	209,799
+/- Exchange rates through equity	17,757	658
+/- Unrealised gains and losses from financial instruments available for sale	-48,921	59,902
Taxes on other comprehensive income*	10,638	-10,737
Other comprehensive income after taxes	209,957	259,622
thereof attributable to VIENNA INSURANCE GROUP shareholders	195,470	244,422
thereof non-controlling interests	14,487	15,200

* 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 to 30 June 2011 (including comparative period)	1.1.-30.6.2011	1.1.-30.6.2010
in EUR '000		
Profit for the period	230,483	209,799
Change in underwriting provisions net	890,795	1,231,052
Change in underwriting receivables and liabilities	-226,191	-368,095
Change in deposit receivables and liabilities, as well as in reinsurance receivables and liabilities	121,976	63,001
Change in other receivables and liabilities	-38,801	58,388
Changes in securities held for trading	24,664	12,196
Gain/loss from disposal of investments	-57,693	-84,551
Depreciation/appreciation of all other investments	84,788	58,107
Change in pension, severance and other personnel provisions	-3,907	-931
Change in deferred tax assets/liability	21,637	512
Change in other balance sheet items	-30,703	-23,530
Change in other intangible assets	33,358	4,367
Other cash-neutral income and expenses and adjustments to the result for the period	-62,328	-84,798
Cash flow from operating activities	988,078	1,075,517
Cash inflow from the sale of fully and at equity consolidated companies	0	13,786
Payments for the acquisition of fully and at equity consolidated companies	-3,817	-30,475
Cash inflow from the sale of financial instruments available for sale	1,623,161	1,137,252
Payments for the acquisition of financial instruments available for sale	-1,602,097	-1,848,426
Cash inflow from the sale of financial instruments held to maturities	120,911	246,587
Payments for the acquisition of financial instruments held to maturity	-121,045	-217,390
Cash inflow from the sale of land and buildings	5,447	84,048
Payments for the acquisition of land and buildings	-93,934	-92,710
Change in unit- and index-linked life insurance items	-202,233	-298,710
Change in other investments	139,626	110,569
Cash flow from investing activities	-133,981	-895,469
Capital increase incl. additional payments on hybrid capital	0	0
Non-controlling interest in capital increase	0	0
Decrease/increase in subordinated liabilities	-6,836	-123
Dividend payments	-137,150	-3,446
Cash in- and outflow from other financing activities	-36,341	-25,330
Cash flow from financing activities	-180,327	-28,899
Change in cash and cash equivalents	673,770	151,149
Cash and cash equivalents at beginning of period	396,030	484,523
Change in cash and cash equivalents	673,770	151,149
Change in scope of consolidation	0	49
Effects of foreign currency exchange differences in cash and cash equivalents	1,150	-11,633
Cash and cash equivalents at end of period	1,070,950	624,088
<i>thereof non-profit housing societies</i>	<i>110,158</i>	<i>71,291</i>
Additional information		
Received interest	455,113	394,688
Received dividends	80,408	86,300
Interest paid	40,788	33,871
Income taxes paid	50,435	38,488

SEGMENT REPORTING

CONSOLIDATED BALANCE SHEET BY LINES OF BUSINESS

ASSETS	Property/Casualty		Life		Health		Total	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
in EUR '000								
A. Intangible assets	1,145,355	1,173,367	926,961	930,759	44	33	2,072,360	2,104,159
B. Investments	8,164,228	8,217,807	18,737,003	18,947,060	1,072,078	994,654	27,973,309	28,159,521
C. Investments of unit- and index-linked life insurance	0	0	5,618,231	5,478,603	0	0	5,618,231	5,478,603
D. Reinsurers' share in underwriting provisions	1,102,461	989,125	127,310	127,695	1,481	1,469	1,231,252	1,118,289
E. Receivables	1,195,973	1,111,754	553,440	545,129	28,045	24,575	1,777,458	1,681,458
F. Tax receivables and advance payments out of income tax	69,880	56,424	30,844	11,821	183	187	100,907	68,432
H. Other assets	185,387	188,437	164,285	163,638	6,221	6,749	355,893	358,824
I. Cash and cash equivalents	444,284	220,266	537,424	149,123	89,242	26,641	1,070,950	396,030
Subtotal	12,307,568	11,957,180	26,695,498	26,353,828	1,197,294	1,054,308	40,200,360	39,365,316
Deferred tax assets							92,224	107,600
Total ASSETS							40,292,584	39,472,916

LIABILITIES AND SHAREHOLDERS' EQUITY	Property/Casualty		Life		Health		Total	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
in EUR '000								
B. Subordinated liabilities	314,777	314,339	217,297	224,571	500	500	532,574	539,410
C. Underwriting provisions	5,073,470	4,638,882	18,675,953	18,456,683	959,463	922,275	24,708,886	24,017,840
D. Underwriting provisions for unit- and index-linked life insurance	0	0	5,386,765	5,227,930	0	0	5,386,765	5,227,930
E. Non-underwriting provisions	330,396	348,554	170,537	176,237	31,847	32,728	532,780	557,519
F. Liabilities	3,094,171	3,084,129	484,211	532,774	24,139	58,470	3,602,521	3,675,373
G. Tax liabilities out of income tax	56,758	40,389	13,450	11,769	16,206	12,012	86,414	64,170
I. Other liabilities	55,946	59,778	163,719	173,036	1,162	814	220,827	233,628
Subtotal	8,925,518	8,486,071	25,111,932	24,803,000	1,033,317	1,026,799	35,070,767	34,315,870
Deferred tax liabilities							123,542	127,399
Shareholders' equity							5,098,275	5,029,647
Total LIABILITIES AND SHAREHOLDERS' EQUITY							40,292,584	39,472,916

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 operations.

SEGMENT REPORTING

CONSOLIDATED INCOME STATEMENT BY LINES OF BUSINESS AND REGIONS

BUSINESS-LINES	Property/Casualty		Life		Health		Total	
	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10
in EUR '000								
Premiums written – gross	2,561,813	2,381,329	1,986,712	2,042,350	180,722	164,921	4,729,247	4,588,600
Net earned premiums	1,926,849	1,814,923	1,966,791	2,022,739	176,865	162,603	4,070,505	4,000,265
Financial result excl. at equity consolidated companies	107,171	103,634	420,138	522,579	18,270	14,291	545,579	640,504
Result from shares in at equity consolidated companies	7,327	2,909	1,294	3,099	0	60	8,621	6,068
Other income	27,879	22,243	17,635	63,212	24	3	45,538	85,458
Expenses for claims and insurance benefits	-1,259,156	-1,214,914	-1,935,711	-2,058,935	-153,802	-142,705	-3,348,669	-3,416,554
Operating expenses	-557,744	-520,359	-319,977	-346,835	-19,361	-18,635	-897,082	-885,829
Other expenses	-103,562	-81,761	-38,163	-92,367	-598	-165	-142,323	-174,293
Profit before taxes	148,764	126,675	112,007	113,492	21,398	15,452	282,169	255,619

REGIONS	Austria		Czech Republic		Slovakia		Poland	
	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10
in EUR '000								
Premiums written – gross	2,232,424	2,319,803	973,720	869,341	338,954	326,289	498,088	346,523
Net earned premiums	1,831,439	1,963,933	877,220	780,296	298,064	286,572	450,550	313,561
Financial result excl. at equity consolidated companies	386,447	475,369	66,170	60,788	23,650	23,003	26,398	26,321
Result from shares in at equity consolidated companies	6,406	5,156	2,215	912	0	0	0	0
Other income	9,342	5,628	15,164	7,431	2,800	2,395	2,715	3,032
Expenses for claims and insurance benefits	-1,748,633	-1,958,580	-615,915	-544,914	-228,251	-228,570	-324,458	-195,773
Operating expenses	-324,240	-336,630	-214,619	-202,749	-49,120	-44,319	-125,239	-131,753
Other expenses	-20,719	-16,786	-38,887	-34,120	-18,582	-26,193	-5,396	-5,163
Profit before taxes	140,042	138,090	91,348	67,644	28,561	12,888	24,570	10,225

	Romania		Remaining markets		Total		
	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	
in EUR '000							
Premiums written – gross		275,780	274,036	410,281	452,608	4,729,247	4,588,600
Net earned premiums		264,555	250,424	348,677	405,479	4,070,505	4,000,265
Financial result excl. at equity consolidated companies		11,064	20,200	31,850	34,823	545,579	640,504
Result from shares in at equity consolidated companies		0	0	0	0	8,621	6,068
Other income		6,915	9,046	8,602	57,926	45,538	85,458
Expenses for claims and insurance benefits		-195,940	-180,567	-235,472	-308,150	-3,348,669	-3,416,554
Operating expenses		-74,806	-75,783	-109,058	-94,595	-897,082	-885,829
Other expenses		-10,227	-8,999	-48,512	-83,032	-142,323	-174,293
Profit before taxes		1,561	14,321	-3,913	12,451	282,169	255,619

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2011

Summary of significant accounting policies

The consolidated financial statements for the 1st half of 2011 were prepared in accordance with International Financial Reporting Standards (IFRS), and are in compliance with IAS 34 “Interim Financial Reporting”.

Disclosures on seasonal and economic influences

Within the Vienna Insurance Group, seasonal fluctuations mainly take place in the areas of premiums, losses and financial result. Due to the large number of policies beginning in January, the 1st quarter is also normally the strongest quarter of the year in terms of premiums. In terms of losses, the 1st quarter (or 1st half) also normally shows a higher level of charges, mainly due to adverse environmental influences (snow, snow-melt, storms, floods). With respect to the financial result, the majority of dividend payments occur in the 2nd quarter, while many investment funds make distributions in the 4th quarter.

Estimates

Preparation of IFRS consolidated interim financial statements requires that discretionary assessments and assumptions be made about the future development of the Company that could have a material effect on the recognition and value of assets and liabilities, and on income and expenses during the financial year. The estimates relate in particular to the underwriting provisions. No material changes were made to the system used to calculate these estimates during the reporting period under review.

Related party transactions

These mainly concern minor reinsurance relationships between companies in the Group, financing at market terms, chiefly in the real estate area, and intercompany charges. These transactions have no material effect on the

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

Disclosures on changes in the scope of consolidation

PJSC Insurance Company “Ukrainian Insurance Group”, Kiev, was fully consolidated in the Vienna Insurance Group for the first time in the 3rd quarter of 2010. JSC “Insurance Company GPI Holding”, Tbilisi, International Insurance Company IRAO Ltd., Tbilisi, and TBIH Financial Services Group N.V., Amsterdam, were fully consolidated in the 4th quarter of 2010 with retroactive effect as of 1 July 2010. Ray Sigorta A.Ş. was also fully consolidated for the first time in the 3rd quarter of 2010 and was previously proportionally consolidated.

In addition, during the 1st half of 2010, our two Croatian companies, Helios Vienna Insurance Group d.d., Zagreb, and Cosmopolitan Life Vienna Insurance Group d.d., Zagreb, were merged. The combined entity now does business under the name Helios Vienna Insurance Group d.d., Zagreb.

The three non-profit housing societies Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna, Sozialbau gemeinnützige Wohnungsaktiengesellschaft, Vienna, Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna, as well as VIG REAL ESTATE DOO, Belgrade, were also fully consolidated in the Vienna Insurance Group financial statements for the first time in 2010.

Type and scale of transactions that are unusual in terms of type, amount or frequency

No such transactions occurred in the 1st half of 2011.

Changes in contingent liabilities and claims

There were no changes in this area during the reporting period just ended relative to the 1st half of 2010.

INTANGIBLE ASSETS

Composition	30.6.2011	31.12.2010
in EUR '000		
Goodwill	1,797,396	1,796,692
Purchased insurance portfolios	88,621	111,029
Other intangible assets	186,343	196,438
Purchased software	58,180	58,617
Other	128,163	137,821
Total	2,072,360	2,104,159

OTHER SECURITIES

Development	Held to maturity		Available for sale		Trading assets		Recognised at fair value through profit and loss	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
in EUR '000								
Acquisition costs	3,074,423	2,907,377						
Cumulative depreciation as of 31.12. of previous years	-13,440	-17,063						
Book value as of 31.12. of the previous year	3,060,983	2,890,314	14,987,016	13,514,370	138,275	118,916	1,218,220	1,240,140
Exchange rate changes	66,661	121,653	12,083	24,521	-541	-1,268	660	7,210
Book value as of 1.1.	3,127,644	3,011,967	14,999,099	13,538,891	137,734	117,648	1,218,880	1,247,350
Reclassifications	5,074	0	481,607	-9,138	1,563	0	-486,102	-3,443
Additions	118,194	476,609	1,602,096	3,429,472	331,308	334,768	123,363	223,552
Disposals	-117,239	-430,837	-1,598,387	-1,958,686	-292,889	-317,861	-182,484	-274,583
Changes in scope of consolidation	0	3,244	0	-163,625	0	0	0	16,810
Changes in value recognised in profit and loss	0	0	0	37,661	140	3,720	-3,811	8,554
Changes recognised directly in equity	0	0	-115,906	153,256	0	0	0	0
Impairments	0	0	-19,343	-40,815	0	0	0	-20
Book value as of 30.6. and 31.12. respectively	3,133,673	3,060,983	15,349,166	14,987,016	177,856	138,275	669,846	1,218,220
Cumulative appreciation/depreciation as of 30.6. and 31.12. respectively	13,742	13,440						
Acquisition costs	3,147,415	3,074,423						

The securities stated at fair value through profit or loss were reclassified as securities available for sale due to a change in the review method used for portions of the funds since the beginning of the year.

REINSURERS' SHARE IN UNDERWRITING PROVISIONS

Composition	Property/ Casualty	Life	Health	Total	Total
	30.6.2011	30.6.2011	30.6.2011	30.6.2011	31.12.2010
in EUR '000					
Provision for unearned premiums	169,200	6,877	8	176,085	109,556
Mathematical reserve	5	107,206	1,400	108,611	108,876
Provisions for outstanding claims	922,879	12,936	73	935,888	888,418
Provision for profit-unrelated premium refunds	7,617	0	0	7,617	9,080
Other underwriting provisions	2,760	291	0	3,051	2,359
Total	1,102,461	127,310	1,481	1,231,252	1,118,289

RECEIVABLES

Composition	Property/ Casualty	Life	Health	Total	Total
	30.6.2011	30.6.2011	30.6.2011	30.6.2011	31.12.2010
in EUR '000					
Underwriting	909,500	165,700	14,248	1,089,448	1,059,781
Receivables from direct insurance business	832,608	160,183	14,215	1,007,006	895,829
from policyholders	645,906	142,646	13,984	802,536	700,367
from insurance intermediaries	126,150	17,028	231	143,409	141,241
from insurance companies	60,552	509	0	61,061	54,221
Receivables from reinsurance business	76,892	5,517	33	82,442	163,952
Non-underwriting	286,473	387,740	13,797	688,010	621,677
Other receivables	286,473	387,740	13,797	688,010	621,677
Total	1,195,973	553,440	28,045	1,777,458	1,681,458

EARNINGS PER SHARE

	1.1.-30.6.2011		1.1.-30.6.2010	
Profit for the period	EUR '000	230,483	EUR '000	209,799
Profit for the period after non-controlling interests	EUR '000	215,086	EUR '000	196,447
Interest on hybrid capital	EUR '000	19,836	EUR '000	19,836
Number of shares	Units	128,000,000	Units	128,000,000
Earnings per share	EUR	3.05	EUR	2.76

	1.4.-30.6.2011		1.4.-30.6.2010	
Profit for the period	EUR '000	114,881	EUR '000	100,536
Profit for the period after non-controlling interests	EUR '000	105,970	EUR '000	95,229
Interest on hybrid capital	EUR '000	9,973	EUR '000	9,973
Number of shares	Units	128,000,000	Units	128,000,000
Earnings per share	EUR	3.00	EUR	2.66

The calculation of EPS includes accrued interest expenses for hybrid capital for the first time.

UNDERWRITING PROVISIONS – GROSS

Composition	Property/ Casualty	Life	Health	Total	Total
	30.6.2011	30.6.2011	30.6.2011	30.6.2011	31.12.2010
in EUR '000					
Provision for unearned premiums	1,353,803	151,687	17,792	1,523,282	1,223,337
Mathematical reserve	145	17,658,050	877,603	18,535,798	18,231,511
thereof for guaranteed policy benefits	145	16,249,463	877,603	17,127,211	16,796,350
thereof for allocated and committed profit shares	0	1,408,587	0	1,408,587	1,435,161
Provisions for outstanding claims	3,653,341	238,112	50,311	3,941,764	3,767,715
Provision for premium refunds	40,563	623,314	13,000	676,877	767,302
thereof profit-related	197	622,227	0	622,424	701,858
thereof profit-unrelated	40,366	1,087	13,000	54,453	65,444
Other underwriting provisions	25,618	4,790	757	31,165	27,975
Total	5,073,470	18,675,953	959,463	24,708,886	24,017,840

LIABILITIES

Composition	Property/ Casualty	Life	Health	Total	Total
	30.6.2011	30.6.2011	30.6.2011	30.6.2011	31.12.2010
in EUR '000					
Underwriting	480,360	250,627	15,301	746,288	820,562
Liabilities from direct business	344,615	135,640	12,043	492,298	607,313
to policyholders	180,087	94,368	12,043	286,498	432,665
to insurance intermediaries	130,514	40,477	0	170,991	160,599
to insurance companies	34,014	556	0	34,570	13,798
arising from financial insurance contracts	0	239	0	239	251
Liabilities from reinsurance business	135,156	9,899	1,805	146,860	105,774
Deposits from ceded reinsurance business	589	105,088	1,453	107,130	107,475
Non-underwriting	2,613,811	233,584	8,838	2,856,233	2,854,811
Liabilities to financial institutions	981,100	101,199	12	1,082,311	1,116,632
Other liabilities	1,632,711	132,385	8,826	1,773,922	1,738,179
Total	3,094,171	484,211	24,139	3,602,521	3,675,373

INFORMATION RELATING TO THE CONSOLIDATED INCOME STATEMENT

PREMIUMS WRITTEN

Property/Casualty insurance	Gross 1.1.-30.6.2011	Gross 1.1.-30.6.2010
in EUR '000		
Direct business		
Casualty insurance	172,284	159,920
Land vehicle own-damage insurance	507,496	497,129
Rail vehicle own-damage	775	788
Aircraft own-damage insurance	5,526	3,426
Sea, lake and river shipping own-damage insurance	5,055	4,269
Transport insurance	27,053	25,576
Fire explosion, other natural risks, nuclear energy	463,494	436,021
Other property	236,816	218,615
Carrier insurance	3,640	3,010
Aircraft liability insurance	4,693	3,505
Sea, lake and river shipping liability insurance	1,659	1,170
General liability insurance	258,856	216,642
Liability insurance for farm vehicles having their own drive train	715,091	666,378
Credit insurance	68	253
Guarantee insurance	9,116	9,907
Insurance for miscellaneous financial losses	62,286	59,681
Legal expenses insurance	26,334	25,964
Assistance insurance, travel health insurance	22,156	16,139
Subtotal	2,522,398	2,348,393
Indirect business		
Marine, aviation, and transport insurance	3,226	918
Other insurances	36,189	32,018
Subtotal	39,415	32,936
Total premiums written in Property/Casualty	2,561,813	2,381,329

Direct business life insurance	1.1.-30.6.2011	1.1.-30.6.2010
in EUR '000		
Regular premiums	1,163,978	1,120,185
Single premium policies	815,552	914,003
Total premiums written direct in Life	1,979,530	2,034,188
thereof:	1,979,530	2,034,188
Policies with profit participation	977,328	976,397
Policies without profit participation	169,122	159,179
Unit-linked policies	724,164	704,540
Index-linked policies	108,916	194,072

FINANCIAL RESULT

Composition: Income	Property/Casualty		Life		Health		Total	
	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10
in EUR '000								
Current income	244,522	93,135	467,821	556,765	21,811	22,370	734,154	672,270
Income from appreciation	3,158	7,513	5,815	45,797	230	648	9,203	53,958
Income from the disposal of investments	15,362	41,308	65,742	73,549	4,502	2,537	85,606	117,394
Total	263,042	141,956	539,378	676,111	26,543	25,555	828,963	843,622

Composition: Expenses	Property/Casualty		Life		Health		Total	
	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10	1.1.-30.6.11	1.1.-30.6.10
in EUR '000								
Depreciation of investments	48,131	8,293	23,066	49,610	1,066	2,542	72,263	60,445
Impairment of investments	1,545	4,151	23,648	5,883	206	2,968	25,399	13,002
Exchange rate changes	773	-3,920	6,476	-5,037	8	10	7,257	-8,947
Losses from disposal of investments	6,080	4,800	20,807	19,132	766	745	27,653	24,677
Interest expenses	35,541	11,919	15,718	39,482	2,762	2,969	54,021	54,370
Other expenses	63,801	13,079	29,525	44,462	3,465	2,030	96,791	59,571
Total	155,871	38,322	119,240	153,532	8,273	11,264	283,384	203,118

EXPENSES FOR CLAIMS AND INSURANCE BENEFITS

Composition	Gross		Reinsurers' share		Retention	
	1.1.-30.6.2011	1.1.-30.6.2010	1.1.-30.6.2011	1.1.-30.6.2010	1.1.-30.6.2011	1.1.-30.6.2010
in EUR '000						
Property/Casualty insurance						
Expenses for claims and insurance benefits						
Payments for claims and insurance benefits	1,333,962	1,295,624	-174,538	-177,100	1,159,424	1,118,524
Changes in provision for outstanding claims	121,296	104,967	-27,981	-26,707	93,315	78,260
Subtotal	1,455,258	1,400,591	-202,519	-203,807	1,252,739	1,196,784
Change in mathematical reserve	10	3	-1	-1	9	2
Change in other underwriting provisions	1,329	5,302	-429	-205	900	5,097
Expenses for profit-unrelated premium refunds	3,914	12,576	1,594	455	5,508	13,031
Total expenses	1,460,511	1,418,472	-201,355	-203,558	1,259,156	1,214,914
Life insurance						
Expenses for claims and insurance benefits						
Payments for claims and insurance benefits	1,447,166	1,207,599	-13,919	-10,983	1,433,247	1,196,616
Changes in provision for outstanding claims	25,803	23,198	66	-442	25,869	22,756
Subtotal	1,472,969	1,230,797	-13,853	-11,425	1,459,116	1,219,372
Change in mathematical reserve	425,200	733,352	497	-3,440	425,697	729,912
Change in other underwriting provisions	104	680	-223	-32	-119	648
Expenses for profit-related and profit-unrelated premium refunds	51,017	109,003	0	0	51,017	109,003
Total expenses	1,949,290	2,073,832	-13,579	-14,897	1,935,711	2,058,935
Health insurance						
Expenses for claims and insurance benefits						
Payments for claims and insurance benefits	108,442	102,263	-751	451	107,691	102,714
Changes in provision for outstanding claims	-338	4,272	214	3	-124	4,275
Subtotal	108,104	106,535	-537	454	107,567	106,989
Change in mathematical reserve	36,574	23,988	-27	1,242	36,547	25,230
Expenses for profit-unrelated premium refunds	9,688	10,486	0	0	9,688	10,486
Total expenses	154,366	141,009	-564	1,696	153,802	142,705
Total	3,564,167	3,633,313	-215,498	-216,759	3,348,669	3,416,554

OPERATING EXPENSES

Composition	Property/ Casualty	Life	Health	Total
	1.1.-30.6.2011	1.1.-30.6.2011	1.1.-30.6.2011	1.1.-30.6.2011
in EUR '000				
Acquisition expenses	504,977	261,716	12,557	779,250
Subtotal	504,977	261,716	12,557	779,250
Administrative expenses	102,971	61,722	6,864	171,557
Pro rata personnel expenses	57,143	24,274	3,549	84,966
Pro rata material expenses	45,828	37,448	3,315	86,591
Subtotal	102,971	61,722	6,864	171,557
Received reinsurance commissions	-50,204	-3,461	-60	-53,725
Total	557,744	319,977	19,361	897,082

Composition	Property/ Casualty	Life	Health	Total
	1.1.-30.6.2010	1.1.-30.6.2010	1.1.-30.6.2010	1.1.-30.6.2010
in EUR '000				
Acquisition expenses	462,668	284,911	12,318	759,897
Subtotal	462,668	284,911	12,318	759,897
Administrative expenses	110,210	65,548	6,375	182,133
Pro rata personnel expenses	58,979	26,773	3,028	88,780
Pro rata material expenses	51,231	38,775	3,347	93,353
Subtotal	110,210	65,548	6,375	182,133
Received reinsurance commissions	-52,519	-3,624	-58	-56,201
Total	520,359	346,835	18,635	885,829

OTHER INFORMATION

Employee statistics	30.6.2011	31.12.2010
Austria	6,509	6,493
Field staff	2,829	2,875
Office employees	3,680	3,618
Outside Austria	18,459	18,513
Field staff	10,343	10,373
Office employees	8,116	8,140
Total	24,968	25,006

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DECLARATION BY THE MANAGING BOARD

We confirm to the best of our knowledge that the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the

first six months of the financial year and their impact on the interim financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed. The interim report was not audited or reviewed by an auditor.

Managing Board:



Günter Geyer
General Manager, CEO
Chairman of the Managing Board



Peter Hagen
Deputy General Manager
Member of the Managing Board



Franz Fuchs
Member of the Managing Board



Peter Höfinger
Member of the Managing Board



Franz Kosyna
Member of the Managing Board



Martin Simhandl
CFO
Member of the Managing Board

Vienna, 10 August 2011

Areas of responsibility of the Managing Board:

Günter Geyer: management of the Group, strategic planning, public relations, marketing, sponsoring, legal matters, human resources; Country responsibilities: Austria (incl. coordination s Versicherungsgruppe)

Peter Hagen: performance management motor vehicle insurance, internal capital model project (project Solvency II), Group cost structure, VIG RE; Country responsibility: Czech Republic

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

Peter Höfinger: international corporate and large customer business, Vienna International Underwriters (VIU), reinsurance; Country responsibilities: Bulgaria, Russia, Hungary, Belarus

Franz Kosyna: Group IT/back office, SAP Smile Solutions; Country Responsibilities: Slovakia, Albania (incl. Kosovo), Croatia, Macedonia, Montenegro, Serbia

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

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NOTES

Calculation differences may arise when rounded amounts and percentages are summed automatically.

The interim 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.

All references in the text are to be understood as referring equally to men and women without discrimination.

In case of doubt, the German version is authoritative.

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